

Hackensack Meridian Health, Inc.

**Consolidated Reports on Federal Awards in
Accordance With the Uniform Guidance and State
Awards in Accordance With the New Jersey
Department of the Treasury Circular 15-08-OMB
December 31, 2022
Employer Identification Numbers: 22-1487576**

Hackensack Meridian Health, Inc.

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December 31, 2022

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Part I
Consolidated Financial Statements



Report of Independent Auditors

To the Board of Trustees of
Hackensack Meridian Health, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Hackensack Meridian Health, Inc. and its subsidiaries (the "Network"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, 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 the Network as of December 31, 2022 and 2021, 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 the Network and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS 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 the Network's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Network'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 taken as a whole. The accompanying schedules of expenditures of federal and state awards, schedule of financial responsibility ratios and supplemental schedule of expenditures of local awards and supplemental schedule of budget and actual expenditures for State of New Jersey Department of Health grant programs as of and for the year ended December 31, 2022 (the "supplemental information") are 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)*, the *State of New Jersey Treasury Circular 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid and the Department of Education* respectively, and are 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 supplemental information, excluding the supplemental schedule of expenditures of local awards and supplemental schedule of budget and actual expenditures for State of New Jersey Department of Health grant programs, 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, excluding the supplemental schedule of expenditures of local awards and supplemental



schedule of budget and actual expenditures for State of New Jersey Department of Health grant programs, are 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 April 20, 2023, except with respect to Note 18 to the consolidated financial statements and the opinion on the supplemental schedule of financial responsibility ratios, as to which the date is September 28, 2023, on our consideration of the Network'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 December 31, 2022. 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 the Network's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

New York, New York

April 20, 2023, except with respect to Note 18 to the consolidated financial statements and the opinion on the supplemental schedule of financial responsibility ratios, as to which the date is September 28, 2023.

Hackensack Meridian Health, Inc.
Consolidated Balance Sheets
December 31, 2022 and 2021

<i>(in thousands)</i>	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 221,189	\$ 388,483
Patient accounts receivable, net	756,330	720,440
Pledges receivable, net	79,881	72,857
Current assets held for sale	16,609	20,761
Other current assets	586,322	511,141
Assets limited as to use and investments, current portion	<u>1,309,005</u>	<u>1,369,088</u>
Total current assets	2,969,336	3,082,770
Assets limited as to use and investments, noncurrent portion	2,813,344	3,770,142
Investment in joint ventures	185,814	170,506
Property and equipment, net	3,408,719	3,174,922
Operating lease right-of-use assets	266,545	218,323
Other assets held for sale	152,005	153,776
Other assets	<u>158,230</u>	<u>172,727</u>
Total assets	<u>\$ 9,953,993</u>	<u>\$ 10,743,166</u>
Liabilities and Net Assets		
Current liabilities		
Current maturities of long-term debt and finance lease obligations	\$ 159,849	\$ 80,507
Current portion of operating lease obligations	37,889	35,531
Accounts payable and accrued expenses	1,135,424	1,125,389
Current liabilities held for sale	593	5,383
Other current liabilities	<u>196,437</u>	<u>520,081</u>
Total current liabilities	1,530,192	1,766,891
Long-term debt and finance lease obligations, less current maturities	2,997,127	3,068,244
Long-term operating lease obligations	237,632	190,689
Accrued pension benefits	57,338	110,470
Other liabilities held for sale	30,696	40,970
Other liabilities	<u>444,675</u>	<u>454,860</u>
Total liabilities	<u>5,297,660</u>	<u>5,632,124</u>
Net assets		
Without donor restrictions controlled by the Network	4,272,065	4,731,239
Without donor restrictions attributable to noncontrolling interests	<u>55,375</u>	<u>79,915</u>
Net assets without donor restrictions	4,327,440	4,811,154
Net assets with donor restrictions	<u>328,893</u>	<u>299,888</u>
Total net assets	<u>4,656,333</u>	<u>5,111,042</u>
Total liabilities and net assets	<u>\$ 9,953,993</u>	<u>\$ 10,743,166</u>

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

Hackensack Meridian Health, Inc.
Consolidated Statements of Operations
Years Ended December 31, 2022 and 2021

<i>(in thousands)</i>	2022	2021
Unrestricted revenues and other support		
Net patient service revenue	\$ 6,319,095	\$ 6,072,280
Other revenue	505,795	478,133
Net gain on equity investments	900	40,397
Net assets released from restriction used for operating activities	<u>21,989</u>	<u>16,052</u>
Total unrestricted revenues and other support	<u>6,847,779</u>	<u>6,606,862</u>
Expenses		
Salaries and contracted labor	2,746,695	2,495,018
Physician salaries and fees	531,840	495,302
Employee benefits	566,047	591,601
Supplies and other	2,551,932	2,484,920
Depreciation and amortization	269,234	266,780
Interest	<u>84,541</u>	<u>90,394</u>
Total expenses	<u>6,750,289</u>	<u>6,424,015</u>
Excess of revenues over expenses before other operating adjustments	97,490	182,847
Other operating adjustments		
Investment (loss) income, net	(603,355)	326,075
Net unrealized realized gain on derivative instruments	-	9,253
Other gains, net	<u>45,033</u>	<u>49,762</u>
(Deficit) excess of revenues over expenses	(460,832)	567,937
Other adjustments in net assets without donor restrictions		
Net assets released from restriction for capital acquisitions	49,835	21,318
Pension-related adjustments	6,887	161,524
Other changes	(29,448)	2,809
(Distributions to) contributions from noncontrolling interests	<u>(10,691)</u>	<u>5,405</u>
(Decrease) increase in net assets without donor restrictions before discontinued operations	(444,249)	758,993
Loss on discontinued operations	<u>(39,465)</u>	<u>(52,513)</u>
(Decrease) increase in net assets without donor restrictions	<u>\$ (483,714)</u>	<u>\$ 706,480</u>

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

Hackensack Meridian Health, Inc.
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2022 and 2021

<i>(in thousands)</i>	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Balances at December 31, 2020	\$ 4,104,674	\$ 238,393	\$ 4,343,067
Excess of revenues over expenses	567,937	-	567,937
Investment income	-	19,486	19,486
Contributions	-	68,972	68,972
Net assets released from restriction for capital acquisitions	21,318	(21,318)	-
Net assets released from restriction used for operating activities	-	(16,052)	(16,052)
Pension-related adjustments	161,524	-	161,524
Other changes	2,809	10,407	13,216
Contributions from noncontrolling interests	5,405	-	5,405
Increase in net assets before discontinued operations	758,993	61,495	820,488
Loss on discontinued operations	(52,513)	-	(52,513)
Increase in net assets	706,480	61,495	767,975
Balances at December 31, 2021	4,811,154	299,888	5,111,042
Deficit of revenues over expenses	(460,832)	-	(460,832)
Investment loss	-	(1,057)	(1,057)
Contributions	-	77,130	77,130
Net assets released from restriction for capital acquisitions	49,835	(49,835)	-
Net assets released from restriction used for operating activities	-	(21,989)	(21,989)
Pension-related adjustments	6,887	-	6,887
Other changes	(29,448)	24,756	(4,692)
Distributions to noncontrolling interests	(10,691)	-	(10,691)
(Decrease) increase in net assets before discontinued operations	(444,249)	29,005	(415,244)
Loss on discontinued operations	(39,465)	-	(39,465)
(Decrease) increase in net assets	(483,714)	29,005	(454,709)
Balances at December 31, 2022	\$ 4,327,440	\$ 328,893	\$ 4,656,333

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

Hackensack Meridian Health, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

<i>(in thousands)</i>	2022	2021
Cash flows from operating activities		
(Decrease) increase in net assets	\$ (454,709)	\$ 767,975
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	269,234	270,510
Loss (gain) on disposal of property and equipment	271	(6,540)
(Gain) loss on assets held for sale	(25,000)	29,824
Amortization of deferred financing costs	765	1,015
Amortization of bond premium	(3,492)	(4,047)
Net unrealized/realized gain on derivative instruments	-	(9,253)
Net gain on equity investments	(900)	(40,397)
Distributions from joint ventures	30,642	-
Realized and unrealized loss (gain) on investments	669,996	(295,662)
Restricted contributions for capital acquisitions	(8,171)	(25,520)
Pension-related adjustments	(6,887)	(161,524)
Changes in assets and liabilities		
Patient accounts receivable and pledges receivable	(38,384)	(156,172)
Other assets	(120,702)	(25,287)
Accounts payable and accrued expenses	(18,337)	157,301
Accrued pension benefits	(46,245)	(45,360)
Other liabilities	(277,166)	(349,520)
Net cash (used in) provided by operating activities	<u>(29,085)</u>	<u>107,343</u>
Cash flows from investing activities		
Purchases of property and equipment	(527,502)	(474,454)
Proceeds from sales of property and equipment	57,040	58,884
Contributions to joint ventures	(48,047)	-
Sales of investment securities	3,339,423	2,950,437
Purchases of investment securities	(2,973,631)	(3,131,016)
Net cash used in investing activities	<u>(152,717)</u>	<u>(596,149)</u>
Cash flows from financing activities		
Repayment on long-term debt and finance lease obligations	(260,281)	(82,329)
Proceeds from borrowings	292,217	16,412
(Distributions to) contributions from noncontrolling interests	(10,691)	5,405
Restricted contributions for capital acquisitions	10,647	51,449
Net cash used in financing activities	<u>31,892</u>	<u>(9,063)</u>
Change in cash, cash equivalents and restricted cash	(149,910)	(497,869)
Cash, cash equivalents and restricted cash		
Beginning of year	<u>566,659</u>	<u>1,064,528</u>
End of year	<u>\$ 416,749</u>	<u>\$ 566,659</u>
Supplemental information		
Cash paid for interest expense	\$ 93,672	\$ 93,786
Change in noncash acquisitions of property and equipment	16,408	(15,160)
Right-of-use assets obtained in exchange for operating lease obligations	77,161	20,668

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

Hackensack Meridian Health, Inc.

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

(in thousands)

1. Organization

Hackensack Meridian Health, Inc. (the “Parent”) and its subsidiaries and controlled entities (“HMH” or the “Network”) comprise an integrated health care delivery system. The Network is incorporated as a New Jersey non-profit, nonstock corporation established to promote and carry out charitable, scientific, academic and research activities and was created as a result of the merger of Hackensack University Health Network, Inc. (“HUHN”) and Meridian Health System, Inc. (“MHS”). The surviving parent entity was renamed Hackensack Meridian Health, Inc. on July 1, 2016. The Parent is the sole corporate member of the following entities: HMH Hospitals Corporation (“HMHC”); Hackensack Meridian Ambulatory Care, Inc (“HMAC”), formerly HMH Residential Care, Inc. (“HMHCRC”); Hackensack Meridian Health Foundation, Inc. and its nine foundation subsidiaries (“HMHF”); Hackensack Meridian School of Medicine, a New Jersey Nonprofit Corporation, and Bergen Health Management System, Inc. (“BHMS”). Effective as of April 1, 2022, Hackensack Meridian Health Realty Corporation was merged into HMAC.

On January 4, 2022, Hackensack Meridian LTACH, LLC was formed with HMHC as its sole member.

Effective February 3, 2021, Meridian Health Foundation, Inc. was renamed to Hackensack Meridian Health Foundation, Inc., and the membership of three foundations (Hackensack University Medical Center Foundation, Inc., Palisades Medical Center Foundation, Inc., and John F. Kennedy Medical Center Foundation, Inc.), were then transferred to HMHF so that HMHF became the parent company to all existing Foundations, with the exception of Muhlenberg Foundation, Inc. (“MRMCF”) which remains a subsidiary of Muhlenberg Regional Medical Center, Inc. (“MRMC”).

On January 1, 2019, the Parent became the sole corporate member of HMH Carrier Clinic, Inc. (“Carrier”). Carrier is a non-profit, tax-exempt, behavioral healthcare system treating patients with psychiatric, emotional, and addictive illnesses. Carrier’s service area encompasses the entire state of New Jersey. On April 1, 2021, the membership in Carrier was transferred from HMH to HMHC.

On January 1, 2018, the Parent became the sole corporate member of JFK Health System, Inc. (“JFK Health”) and subsequently on January 1, 2019, JFK Health merged into the Parent. JFK Health was the parent company of the Community Hospital Group, Inc. d/b/a JFK Medical Center. On January 31, 2021, JFK Hartwyck at Edison Estates, a facility owned by Oak Tree, an affiliate of HMH, was sold in the amount of \$20,000. On July 1, 2021, the Community Hospital Group, Inc. d/b/a JFK Medical Center merged into HMHC.

The Parent was also the sole shareholder of Hackensack Meridian Health Ventures, Inc. and its subsidiaries (“HMHV”). On January 1, 2022, the shares in HMHV were transferred from the Parent to HMAC. The Parent is the sole member of Meridian Accountable Care Organization, LLC (“MACO”), Hackensack Physician-Hospital Alliance ACO, LLC (“ACO”), JFK Population Health Company, LLC (“JFKPH”), and Hackensack Meridian Health Partners, LLC (“HMHP”). On January 1, 2023, the memberships in MACO, ACO and JFKPH were transferred from the Parent to HMHP.

HMHC is the sole corporate member of HMH Casualty Company Ltd. (“HMHCCL”), and 20 Prospect Holdings, LLC. HMHCCL is a wholly owned, off-shore insurance company domiciled in Bermuda.

Hackensack Meridian Health, Inc.

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

(in thousands)

The HMH Physician Division includes seventeen professional corporations (four taxable and thirteen tax exempt) consolidated with the Network and provides other physician practice development strategies. During 2022, two of the tax-exempt professional corporations were dissolved.

The Network operates an extensive acute care hospital system which consists of three academic medical centers (which include two children's hospitals and a cancer center), seven community hospitals, a long-term acute care hospital, and a behavioral health hospital as follows:

- Hackensack University Medical Center ("HUMC"), located in Hackensack, New Jersey, is an academic medical center and the largest stand-alone medical center in the state with 803 beds. HUMC includes the Joseph M. Sanzari Children's Hospital, the Donna A. Sanzari Women's Hospital, the John Theurer Cancer Center, and the Heart and Vascular Hospital;
- Jersey Shore University Medical Center ("JSUMC"), located in Neptune, New Jersey, is a major academic medical center and regional trauma center with 618 beds that includes the K. Hovnanian Children's Hospital;
- JFK University Medical Center ("JFK"), located in Edison, New Jersey, is a 499-bed academic medical center;
- Riverview Medical Center ("RMC"), located in Red Bank, New Jersey, is a 460-bed community hospital;
- Raritan Bay Medical Center ("RBMC"), located in Perth Amboy, New Jersey, is a 377-bed community hospital and includes Hackensack Meridian Long Term Acute Care Hospital;
- Ocean University Medical Center, located in Brick, New Jersey, is a 357-bed academic medical center;
- Carrier, located in Belle Mead, New Jersey is a 297-bed behavioral health hospital that includes Blake Recovery Center;
- Bayshore Medical Center ("BMC"), located in Holmdel, New Jersey, is a 211-bed community hospital;
- Palisades Medical Center ("PMC"), located in North Bergen, New Jersey, is a 197-bed community hospital;
- Southern Ocean Medical Center ("SOMC"), located in Manahawkin, New Jersey, is a 176-bed community hospital; and
- Old Bridge Medical Center, located in Old Bridge, New Jersey, is a 113-bed community hospital.

The Hackensack Meridian School of Medicine ("SOM") was formed in 2015 as the first new private school of medicine in New Jersey in over fifty years. In conjunction with the formation of the SOM, the Network through its real estate holding company, Kingsland Street Urban Renewal, LLC, entered into a long-term lease for two buildings in the town of Nutley and the city of Clifton, New Jersey. On July 3, 2020, the SOM received accreditation to operate as a school of medicine.

Hackensack Meridian Health, Inc.

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

(in thousands)

Over the past several years, HMH has continued to expand its network through acquisitions and partnerships with various unrelated entities as a means to continue to fulfill its mission to the surrounding communities that HMH serves.

Joint ventures in which the Network exerts significant influence in the operations of the unconsolidated entities, primarily through shared representation on the governing bodies of the investee and equal voting rights, and has an equity interest of more than 20% but equal to or less than 50%, are accounted for under the equity method of accounting. Income from joint ventures is reflected in the net gain on equity investments in the consolidated statements of operations.

During 2012, HUMC entered into two separate joint ventures with an unrelated entity. Under the first joint venture arrangement, entered into on March 23, 2012, HUMC contributed the existing property and equipment of the former Pascack Valley Hospital campus for a 35% interest in the joint venture which was valued at \$51,100. The joint venture owns 100% of Pascack Valley Medical Center (“Pascack Valley”). The investment in the Pascack Valley joint venture recorded on the consolidated balance sheets was \$38,421 and \$38,064 as of December 31, 2022 and 2021, respectively.

Under the second joint venture, entered into on July 1, 2012, HUMC purchased a 20% ownership interest in the joint venture which owns 100% of Mountainside Medical Center (“Mountainside”). For its ownership interest, HUMC contributed \$10,644 in cash and entered into a nonrecourse loan agreement with its joint venture partner. In July 2016, HUMC entered into a bank loan and used the proceeds to pay off the remaining outstanding balance on the nonrecourse loan and its accrued interest. The investment in the Mountainside joint venture recorded on the consolidated balance sheets was \$42,666 and \$38,844 as of December 31, 2022 and 2021, respectively.

During 2012, HUMC and a separate unrelated entity formed a joint venture limited liability company which purchased a 51% interest in two ambulatory surgical centers (the “Centers”) located in Bergen County, New Jersey, with HUMC receiving 50.1% voting rights in the joint venture entity. As a result, HUMC consolidated the Centers and reflected a noncontrolling interest for the equity related to the previous owners and the unrelated party in accordance with ASC 810. Effective as of December 31, 2017, HUMC transferred all of its interest in the joint venture to Hackensack Meridian Ambulatory Ventures, Inc. The net assets acquired of the Centers were \$34,950 (including net goodwill of \$34,250). As of December 31, 2022 and 2021, the unamortized goodwill balance was \$20,549 and \$23,975, respectively.

During 2019, Hackensack Meridian Ambulatory Ventures, Inc. and a separate unrelated entity formed a joint venture limited liability company which acquired a 51% interest in three ambulatory surgical centers (the “ASC Centers”) located in Barnegat, New Jersey, Edison, New Jersey, and Maywood, New Jersey, with Hackensack Meridian Ambulatory Ventures, Inc. receiving 51% voting rights in the joint venture entity.

During 2021, HMH contributed 100% of HMH’s membership in a billing company in exchange for shares in a new billing company. HMH previously held 20% of the legacy billing company shares and now owns 12% of the new billing company shares. HMH recorded a gain of \$20,519 as a result of this exchange in the consolidated statement of operations. The investment in the billing company joint venture recorded on the consolidated balance sheets was \$20,892 and \$20,540 as of December 31, 2022 and 2021, respectively.

Hackensack Meridian Health, Inc.
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

(in thousands)

On January 1, 2022, Hackensack Meridian Ambulatory Ventures, Inc. merged into HMAC, transferring the interest in each of these joint ventures to HMAC.

The following schedule of changes in consolidated net assets without donor restriction attributable to the Network and the noncontrolling interests reconciles beginning and ending balances of the Network's controlling interest and the noncontrolling interests for the years ended December 31, 2022 and 2021:

	Total	The Network (Controlling Interest)	Noncontrolling Interests
Balances at December 31, 2020	<u>\$ 4,104,674</u>	<u>\$ 4,021,365</u>	<u>\$ 83,309</u>
Excess of revenues over expenses	567,937	560,114	7,823
Contributions from noncontrolling interests	5,405	-	5,405
Other changes	<u>185,651</u>	<u>185,651</u>	<u>-</u>
Change in net assets without donor restrictions before discontinued operations	758,993	745,765	13,228
Loss on discontinued operations	<u>(52,513)</u>	<u>(35,891)</u>	<u>(16,622)</u>
Balances at December 31, 2021	<u>4,811,154</u>	<u>4,731,239</u>	<u>79,915</u>
(Deficit) excess of revenues over expenses	(460,832)	(474,047)	13,215
Distribution to noncontrolling interests	(10,691)	-	(10,691)
Other changes	<u>27,274</u>	<u>50,480</u>	<u>(23,206)</u>
Change in net assets without donor restrictions before discontinued operations	(444,249)	(423,567)	(20,682)
Loss on discontinued operations	<u>(39,465)</u>	<u>(35,607)</u>	<u>(3,858)</u>
Balances at December 31, 2022	<u>\$ 4,327,440</u>	<u>\$ 4,272,065</u>	<u>\$ 55,375</u>

2. COVID-19 Government Funding

Coronavirus Aid, Relief, and Economic Security Act ("CARES Act")

In response to the economic impact of COVID-19, the CARES Act was enacted by Congress and was subsequently signed into law on March 27, 2020. Through the end of 2020, additional legislation has been signed into law. Led by the CARES Act, these pieces of legislation included a variety of economic assistance provisions for businesses and individuals, including \$178 billion in Provider Relief Fund government grants ("PRF") for hospitals, nursing homes, surgical centers, outpatient clinics, and physician practices. In accordance with ASC 958-605, funds received are deemed refundable advances until conditions are met.

As the conditions were met and restrictions were satisfied in the same period as the funding was received, in accordance with the simultaneous release policy, HMH recognized all funding received in the consolidated statements of operations as follows:

	2022	2021
Other revenue	\$ 44,871	\$ 5,466
Loss on discontinued operations	131	334
	<u>\$ 45,002</u>	<u>\$ 5,800</u>

Hackensack Meridian Health, Inc.
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

(in thousands)

Federal Emergency Management Agency (“FEMA”)

Due to the related operating and capital expense incurred by the Network in response to COVID-19, the Network has submitted claims to FEMA. During 2022 and 2021, the Network has recorded the following obligated FEMA funds within the consolidated statements of operations:

	2022	2021
Other revenue	\$ 164,601	\$ 151,507
Other changes	233	8,778
Loss on discontinued operations	5,532	14,500
	<u>\$ 170,366</u>	<u>\$ 174,785</u>

The Network has additional claims outstanding and under review with FEMA as of December 31, 2022 related to operating and capital expenses incurred related to COVID-19. In accordance with generally accepted accounting principles, the Network will recognize those claims in the year the related funds are obligated by FEMA.

Specific to PRF and FEMA funds received, HMH believes the amount of revenue recognized in the consolidated statements of operations is appropriate based on information contained in laws and regulations, as well as interpretations issued by the U.S. Department of Health and Human Services (“HHS”) and FEMA policies governing the funding, which was publicly available at December 31, 2022. As this crisis has evolved, and through new legislation, HHS has made multiple modifications to its guidance since its passage. The potential financial impacts of future changes in guidance may impact the Network’s ability to retain some or all of the distributions received.

Medicare Accelerated Payments

Under the CARES Act, the Network received \$614,598 in advance payments from the Centers for Medicare and Medicaid Services (“CMS”) in April 2020 for which repayment began in April 2021. Under ASC 606, the liability represents a contract liability. During the recoupment period HMH reduced the contract liability based upon Medicare claims recognized as revenue. As of December 31, 2022 and 2021, HMH has a remaining liability of \$33 and \$368,412, respectively, which is included in other current liabilities in the consolidated balance sheets.

Deferred Payment of Employer Payroll Taxes

As allowed under the CARES Act, beginning in May 2020 and through December 2020, the Network has deferred its payments of the employer portion of social security payroll tax. The CARES Act requires payment of 50% of these deferred taxes by December 31, 2021 and the remaining 50% of these deferred taxes by December 31, 2022. As of December 31, 2022 and 2021, HMH has a remaining liability of \$6,421 and \$51,038, respectively, which is included in accounts payable and accrued expenses on the consolidated balance sheets. The remaining liability was paid in January 2023.

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3. Significant Accounting Policies

The following is a summary of the Network's significant accounting policies:

Principles of Consolidation

The consolidated financial statements include the accounts of Hackensack Meridian Health, Inc. and all of its subsidiaries in which a controlling interest is maintained. Intercompany balances and transactions are eliminated. Controlling interest in for-profit subsidiaries is determined by majority ownership interest. For those consolidated subsidiaries where HMM's ownership is less than 100%, the outside parties' interests are shown as net assets without donor restrictions attributable to noncontrolling interests. Investments in joint ventures over which HMM has significant influence but not a controlling interest are recognized using the equity method of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include implicit price concessions, the contractual discounts on accounts receivable, valuation of alternative investments, estimated amounts due to and from third-party payors, professional liability reserves and accrued pension benefit liabilities. Actual results could differ from those estimates.

Income Taxes

All of the not-for-profit entities included in the consolidated financial statements are corporations as described in Section 501(c)(3) of the Internal Revenue Code ("Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. These entities, except for the physician practices, are also exempt from state income taxes. Per the requirement to assess for tax uncertainty, management has determined that it does not have any significant uncertain tax positions required to be accrued or reported.

The for-profit corporations are subject to federal and state income taxes.

Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents and restricted cash include investments in highly-liquid instruments with original maturities of three months or less. The Network elected to treat highly-liquid short-term investments held within assets limited as to use and investments as cash equivalents. Cash is also held in the assets limited as to use and investments portfolio and in current assets held for sale. At December 31, 2022 and 2021, the Network had cash balances held at a financial institution that exceeded federal depository insurance limits. Management believes that the credit risk related to these deposits is minimal.

ASU 2016-18, *Restricted Cash*, addresses the presentation, disclosure, and cash flow classification of restricted cash and requires that the statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents.

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The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	2022	2021
Cash and cash equivalents	\$ 221,189	\$ 388,483
Cash and cash equivalents included in assets limited as to use and investments	195,560	176,653
Cash and cash equivalents included in assets held for sale	<u>-</u>	<u>1,523</u>
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	<u>\$ 416,749</u>	<u>\$ 566,659</u>

Assets Limited as to Use and Investments

Investments and assets limited as to use are recorded at fair value, which are based on the assumptions and methods described in the “Fair Value Measurements” section of this note.

Assets limited as to use include cash and investments set aside by the Network Board of Trustees (the “Board”) for future capital improvements over which the Board retains control and may, at its discretion, subsequently use for other purposes, assets held by trustees under indenture agreements, assets held in connection with the captive insurance program, assets held for deferred employee benefit plans, and donor-restricted assets.

Investment income or losses (including realized and unrealized gains and losses on investments, interest, and dividends) are included in the accompanying consolidated statements of operations as other operating adjustments, unless the income or loss is restricted by donor or law. In addition, certain investment income is reported within other revenue in the statements of operations as it is utilized as a direct offset for specific programmatic operating expenses. Gains and losses on sales of investment assets are determined using the first-in, first-out method. Investments classified as current assets are available to support current operations.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Financial Instruments

The Network has entered into interest rate swap agreements to manage its exposure to fluctuations in interest rates (interest rate risk) and lower cost of capital. These swap agreements involve the exchange of fixed and variable rate interest payments between the Network and counterparties based on common notional principal amounts and maturity dates that correspond to the Network’s outstanding long-term debt. During 2021, the Network terminated four interest rate swap agreements which were originally entered into to mitigate variable rate exposure and take advantage of low interest rates.

The Network recognizes all derivatives at fair value within other liabilities on the consolidated balance sheets. Changes in fair value of these instruments are reported in the consolidated statements of operations as discussed in Note 9.

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Fair Value Measurements

FASB ASC Topic 820, Fair Value Measurements and Disclosures (“ASC Topic 820”), establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the Network and unobservable inputs reflect the Network’s own assumptions about how market participants would value an asset or liability based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The guidance describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

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

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

Assets and liabilities measured at fair value are based on one or more of three valuation techniques. The three valuation techniques are as follows:

- Market Approach (M) – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;
- Cost Approach (C) – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and
- Income Approach (I) – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Inputs are used in applying the various valuation techniques and broadly refer to the assumptions the market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors. The Network utilizes the best available information in measuring fair value.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments held by the Network:

- Cash, Cash Equivalents, and Mutual Funds – Estimated fair values of cash equivalents and mutual funds are based on daily values (closing price on primary market) that are validated with a sufficient level of observable activity (i.e., purchases and sales).

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- Corporate Equity Securities – Securities listed on national stock exchanges are valued at the last published sales price on the last business day of the year; over-the-counter securities for which no sale was reported on the last business day of the year are valued at the latest reported bid price from a published source.
- U.S. Government, Municipal, Corporate Debt, and Commercial mortgage-backed securities/asset-backed securities – Valued on the basis of the quoted market prices at year-end. If quoted market prices are not available for the investments, these investments are valued based on yields currently available on comparable securities or issuers with similar credit ratings.
- Futures – Valued on the basis of quoted market prices at year-end.
- Alternative Investments - Fair value of alternative investments are measured based on unobservable inputs that cannot be corroborated by observable market data. The Network accounts for these investments within its assets limited as to use and investments portfolios using the net asset value as a practical expedient and as such, these investments are excluded from the fair value hierarchy. The Network's alternative investments include holdings in common/collective trusts, limited partnerships and limited liability companies engaging in a variety of investment strategies. Alternative Investments are valued utilizing a net asset value ("NAV") provided by the respective fund manager in accordance with ASC Topic 820. Such estimates do not reflect redemption fees as the Network does not intend to sell such investments before the expiration of the early redemption periods. The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on historical cost, appraisals, or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate.

Inventories

Inventories are stated at lower of cost (determined on an average cost basis) or net realizable value and are included in other current assets on the consolidated balance sheets.

Property and Equipment

Property and equipment are recorded at cost. The Network determines depreciation using the straight-line method, over the estimated useful life of each class of depreciable asset. Estimated lives range from 3 to 20 years for equipment and up to 40 years for buildings.

Finance leases are recorded at their present value at the inception of the lease. Property and equipment under finance leases is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated statements of operations. Gains and losses resulting from the retirement of property and equipment are included in the results of current operations.

Gifts of long-lived assets such as property and equipment are determined at their fair value at the date of the gift and reported as an increase to net assets without donor restrictions unless explicit

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donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Right-of-Use Assets and Lease Liabilities

Under ASU 2016-02, Leases (Topic 842) lessees are required to recognize the following for all leases (with the exception of leases with a term of twelve months or less) at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. Leases are classified as either operating or finance. Operating leases result in straight-line expense in the statement of operations (similar to previous operating leases), while finance leases result in more expense being recognized in the earlier years of the lease term (similar to previous capital leases).

Long-Lived Assets and Goodwill

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are deemed to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value, less cost to sell.

The Network amortizes goodwill on a straight-line basis and tests for impairment when a triggering event occurs that indicates that the fair value of the reporting unit may be below its carrying amount. For the year ended December 31, 2022 and 2021, the Network recorded \$12,006 and \$11,283, respectively, in amortization of goodwill and intangibles within depreciation and amortization in the consolidated statements of operations.

Deferred Financing Costs

Deferred financing costs include legal, financing, and placement fees associated with the issuance of long-term debt and are presented net of the related long-term debt issuances. These costs are amortized using the effective interest method over the period the related obligations are outstanding.

Professional, General and Workers Compensation Liabilities

The Network's policy is to accrue an estimate of the ultimate cost of malpractice and workers compensation claims covered through either its wholly owned captive insurance companies or insurance policies with third party insurers. These accrued liabilities are included in other liabilities in the accompanying consolidated balance sheets. The Network also records an estimate for insurance recoveries associated with these claims, which is recorded in other assets in the consolidated balance sheets.

Net Assets

Net assets without donor restrictions are derived from gifts that are not subject to explicit donor-imposed restrictions. Resources arising from the results of operations or assets set aside by the

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Board of Trustees are classified as without donor restrictions for external reporting purposes. Included in net assets without donor restrictions are board-designated endowment funds of \$86,305 and \$84,699 at December 31, 2022 and 2021, respectively.

Net assets with donor restrictions are those funds whose use has been limited by donors to a specified time period and/or purpose. Net assets are available for the funding of healthcare services and capital acquisitions. Certain donor restrictions are perpetual in nature and the income from those funds is expendable to support various health care services.

Net assets with donor restrictions are available for the following purposes at December 31, 2022 and 2021:

	2022	2021
Healthcare services	\$ 115,480	\$ 106,917
Investments held in perpetuity	74,089	72,947
Equipment	51,564	39,582
Research	51,245	31,345
Scholarships	20,219	34,279
Other	16,296	14,818
Total net assets with donor restrictions	<u>\$ 328,893</u>	<u>\$ 299,888</u>

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as the cost basis. 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 accomplished, 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. Net assets released from restrictions for capital acquisitions are excluded from excess of revenues over expenses within the consolidated statements of operations. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as net assets without donor restrictions.

Consistent with regulatory requirements, the respective Boards of the Foundations described in Note 1, require the preservation of the fair value of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result, the Foundations classify net assets with donor restrictions as (a) the original value of gifts donated to the restricted endowment, (b) the original value of subsequent gifts to the restricted endowment, and (c) accumulations to the restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Net Patient Service Revenue and Patient Accounts Receivable

Net patient service revenue is reported at the amount that reflects the consideration to which the Network expects to be entitled in exchange for providing patient care. These amounts are net of appropriate discounts to give recognition to differences between the Network's charges and reimbursement rates from third party payors. The Network is reimbursed from third party payors under various methodologies based on the level of care provided. Certain net revenues received are subject to audit and retroactive adjustment for which amounts are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final

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settlements are determined. The Network bills patients and third-party payors several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

The Network determines performance obligations based on the nature of the services provided. The Network recognizes revenues for performance obligations satisfied over time based on actual charges incurred in relation to total expected charges. Performance obligations satisfied relate to patients registered to receive either or both an inpatient or outpatient service. For inpatient services, the Network measures performance obligations from time of admission to the point when there are no further services required for the patient, which is generally the time of discharge. For outpatient services, performance obligations are satisfied at a point in time, generally when: (1) services are provided; and (2) we do not believe the patient requires additional services.

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

The Network determines the transaction price based on gross charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Network's policy, and implicit price concessions provided to uninsured patients. The Network determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Network determines its estimate of implicit price concessions based on its historical collection experience with these classes of patients using a portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. The financial statement effects of using this practical expedient are not materially different from an individual contract approach.

A summary of the payment arrangements with major third-party payors is as follows:

- Medicare - inpatient acute care services and most outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Select outpatient services are paid based on a Medicare fee-based schedule or cost-based reimbursement. The Network is reimbursed for cost reimbursable items, allowable bad debt, and graduate medical education at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Network. The Network's Medicare cost reports have been audited and finalized through December 31, 2018 except for 2010 for HUMC and RMC, 2011 for RMC, and 2018 for HUMC, PMC and JFK. SOMC has been audited and finalized through December 31, 2019.

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- Medicaid - inpatient acute care services rendered to Medicaid program beneficiaries are reimbursed under a prospective methodology in accordance with N.J.A.C. 10:52 sub-chapter 14. Outpatient services are paid based upon a cost reimbursement methodology and certain services are paid based on a Medicaid fee schedule. The Network's Medicaid cost reports have been audited and finalized by the Medicaid fiscal intermediary through December 31, 2019 except for 2007 through 2009 for HUMC.
- The Network has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per patient day, per case or procedure and discounts from established charges.

Generally, patients who are covered by third-party payors are responsible for related co-pays, co-insurance and deductibles, which vary in amount. The Network provides services to uninsured patients and offers uninsured patients a discount from standard charges. The Network estimates the transaction price for patients with co-pays, co-insurance and deductibles and for those who are uninsured based on historical collection experience and current market conditions. Under the Network's uninsured discount programs, the discount offered to certain uninsured patients is recognized as a contractual discount, which reduces net operating revenues at the time the self-pay accounts are recorded. The uninsured patient accounts, net of contractual discounts recorded, are further reduced to their net realizable value at the time they are recorded through implicit price concessions based on historical collection trends for self-pay accounts and other factors that affect the estimation process. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenues in the period of the change. For the years ended December 31, 2022 and 2021, the Network recorded \$295,477 and \$317,363 of implicit price concessions as a direct reduction of net patient service revenues.

The components of net patient service revenue for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Gross charges	\$ 24,152,961	\$ 23,503,463
Contractual discounts and implicit price concessions	(17,878,916)	(17,475,221)
Change in estimate of prior year's net patient service revenue	11,290	10,412
Charity care subsidy	11,408	8,366
Hospital relief subsidy	22,352	25,260
	<u>\$ 6,319,095</u>	<u>\$ 6,072,280</u>

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The mix of patient service revenue, net of contractual discounts and implicit price concessions from patients and third-party payors for the years ended December 31, 2022 and 2021 is as follows:

Net Patient Service Revenue %	2022	2021
Medicare, including Managed Medicare	31%	32%
Medicaid, including Managed Medicaid	9%	9%
NJ Blue Cross	26%	26%
Other third party payors	33%	31%
Self pay	1%	2%
	100%	100%

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation for which action for noncompliance includes fines, penalties and exclusion from the Medicare and Medicaid programs. The Network believes that they are currently in compliance with all applicable laws and regulations. The Network has established a Corporate Compliance Program to monitor compliance with various regulations.

Other Revenue

The Network recognizes other revenue, which is not related to patient medical care but is central to the day-to-day operations of the Network. Other revenue primarily includes grant revenue, including CARES Act and FEMA funding, tuition revenue and other support service revenue.

Performance Indicator

The consolidated statements of operations include (deficit) excess of revenues over expenses as the performance indicator. Changes in net assets without donor restrictions which are excluded from (deficit) excess of revenues over expenses, consistent with industry practice, include loss on discontinued operations, noncontrolling interest attributable to acquisitions, contributions from and distributions to noncontrolling interests, non-service pension cost related adjustments, net assets released from restriction for capital acquisitions and other changes.

The Network differentiates its core operating activities through the use of excess of revenues over expenses before federal legislative relief and other operating adjustments as an intermediate measure of operations. For the purposes of display, investment income, contribution revenue without donor restrictions, loss on extinguishment of debt and certain other transactions, which management does not consider being components of the Network's core operating activities, are reported as other operating adjustments in the consolidated statements of operations. Certain investment income is reported within other revenue in the statements of operations as it is utilized as a direct offset for specific programmatic expenses.

New Authoritative Pronouncements, Adopted

In March 2020, the FASB issued ASU 2021-01, Reference Rate Reform (Topic 848) which provides temporary optional guidance to ease the potential burden in accounting for reference rate reform due to the discontinuation of the London Interbank Offered Rate ("LIBOR"). The amendments apply to contracts, hedges and other transactions affected by reference rate reform

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due to reference to LIBOR or another reference rate expected to be discontinued. The effective date of this standard was deferred from December 31, 2022, to December 31, 2024. HMH adopted this standard in 2022, and as of February 1, 2023, the remaining LIBOR debt arrangement was converted to a short-term bank yield interest rate.

Reclassifications

Certain previously reported amounts in the 2021 consolidated financial statements have been reclassified in order to conform to 2022 presentation.

4. Charity and Uncompensated Care

The Network provides care to patients who meet certain criteria defined by the New Jersey Department of Health and Senior Services without charge or at amounts less than its established rates. The Network maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished. The Network receives partial reimbursement for the uncompensated care provided. Of the Network's total consolidated operating expenses reported, estimated costs of \$107,360 and \$109,894 for the years ended December 31, 2022 and 2021, respectively, are attributable to providing services to charity patients. The estimated costs of providing charity services are based on a calculation which applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Network's total operating expenses, divided by gross patient service revenue.

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5. Assets Limited as to Use and Investments

The following tables provide a summary of the Network's assets limited as to use and investments that are measured at fair value on a recurring basis at December 31, 2022 and 2021:

	2022		Total
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Under board of trustees designation			
Cash and cash equivalents	\$ 165,936	\$ -	\$ 165,936
Mutual funds	1,049,702	-	1,049,702
Corporate equity securities	4,328	-	4,328
Exchange traded securities	804,851	-	804,851
Commercial mortgage-backed securities/asset-backed securities	-	31,911	31,911
Corporate debt securities	-	188,654	188,654
U.S. government obligations	-	156,855	156,855
	<u>2,024,817</u>	<u>377,420</u>	<u>2,402,237</u>
Accrued interest			895
Alternative investments: common/collective trusts			380,784
Alternative investments: hedge funds and limited partnerships			1,306,295
Total under Board of Trustees designation			<u>4,090,211</u>
Under donor designation			
Cash and cash equivalents	1,337	-	1,337
Mutual funds	2,514	-	2,514
Total under donor designation	<u>3,851</u>	<u>-</u>	<u>3,851</u>
Under bond indenture agreements held by trustee			
Cash and cash equivalents	28,287	-	28,287
Total under bond indenture agreements held by trustee	<u>\$ 28,287</u>	<u>\$ -</u>	<u>28,287</u>
Total assets limited as to use and investments			<u>\$ 4,122,349</u>

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	2021		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Under board of trustees designation			
Cash and cash equivalents	\$ 125,193	\$ -	\$ 125,193
Mutual funds	1,345,871	-	1,345,871
Corporate equity securities	22,159	-	22,159
Exchange traded securities	1,245,038	-	1,245,038
Commercial mortgage-backed securities/asset-backed securities	-	63,887	63,887
Corporate debt securities	-	282,982	282,982
U.S. government obligations	-	444,643	444,643
	<u>2,738,261</u>	<u>791,512</u>	<u>3,529,773</u>
Accrued interest			427
Alternative investments: common/collective trusts			1,127,632
Alternative investments: hedge funds and limited partnerships			426,953
Total under Board of Trustees designation			<u>5,084,785</u>
Under donor designation			
Cash and cash equivalents	1,151	-	1,151
Mutual funds	2,985	-	2,985
Total under donor designation	<u>4,136</u>	<u>-</u>	<u>4,136</u>
Under bond indenture agreements held by trustee			
Cash and cash equivalents	50,309	-	50,309
Total under bond indenture agreements held by trustee	<u>\$ 50,309</u>	<u>\$ -</u>	<u>50,309</u>
Total assets limited as to use and investments			<u>\$ 5,139,230</u>

Alternative investments are excluded from the fair value hierarchy table as they are valued using NAV as a practical expedient.

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The following tables represent the Network's investments measured at NAV as a practical expedient and the respective liquidity terms as of December 31, 2022 and 2021:

Redemption Frequency	2022	
	Redeemable Alternative Investments	
	Fair Value	Redemption Notice Period
Less than One Month	\$ 666,389	varies from 2 - 10 days
One to Three Months	331,095	varies from 3 - 10 days
Three to Six Months	139,789	varies from 5 - 90 days
Six to Twelve Months	204,464	varies from 5 - 90 days
One to Two Years	122,172	varies from 5 - 90 days
Two to Three Years	126,651	varies from 5 - 90 days
Three to Four Years	27,609	varies from 5 - 90 days
	<u>\$ 1,618,169</u>	

Remaining Life	Non Redeemable Alternative Investments	
	Fair Value	Unfunded Commitment
Less than one year	\$ 2,909	\$ 3,467
One to five years	19,678	20,000
Five to ten years	46,323	162,869
	<u>\$ 68,910</u>	<u>\$ 186,336</u>

Redemption Frequency	2021	
	Redeemable Alternative Investments	
	Fair Value	Redemption Notice Period
Less than One Month	\$ 1,138,464	varies from 2 - 10 days
One to Three Months	15,138	varies from 3 - 10 days
Three to Six Months	91,704	varies from 5 - 90 days
Six to Twelve Months	274,613	varies from 5 - 90 days
One to Two Years	10,194	varies from 5 - 90 days
Two to Three Years	-	varies from 5 - 90 days
Three to Four Years	-	varies from 5 - 90 days
	<u>\$ 1,530,113</u>	

Remaining Life	Non Redeemable Alternative Investments	
	Fair Value	Unfunded Commitment
Less than one year	\$ 7,773	\$ 4,400
One to five years	2,155	40,071
Five to ten years	14,544	52,709
	<u>\$ 24,472</u>	<u>\$ 97,180</u>

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Assets limited as to use and investments are reported on the consolidated balance sheets at December 31, 2022 and 2021 as follows:

	2022	2021
Assets limited as to use and investments, current portion	\$ 1,309,005	\$ 1,369,088
Assets limited as to use and investments, noncurrent portion	<u>2,813,344</u>	<u>3,770,142</u>
	<u>\$ 4,122,349</u>	<u>\$ 5,139,230</u>

Assets under bond indenture agreements held by trustees are maintained in the following accounts at December 31, 2022 and 2021:

	2022	2021
Debt service fund, principal	\$ 593	\$ 15,316
Debt service fund, interest	26,280	28,682
Debt service reserve fund	<u>1,414</u>	<u>6,311</u>
Total assets under bond indenture agreements	<u>\$ 28,287</u>	<u>\$ 50,309</u>

Investment income consists of the following for the years ended December 31, 2022 and 2021:

	2022	2021
Interest and dividend income	\$ 79,280	\$ 65,153
Realized (loss) gain and net change in unrealized (loss) gain	(669,996)	295,662
Investment management fees and other	<u>(6,773)</u>	<u>(12,652)</u>
	<u>\$ (597,489)</u>	<u>\$ 348,163</u>

As of December 31, 2022 and 2021, \$5,866 and \$22,088, respectively, of investment income is recorded in other revenue within the consolidated statements of operations.

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6. Liquidity and Availability of Resources

The Network's financial assets and resources available to meet the cash needs for general expenditures within one year of the date of the consolidated statements of financial position were as follows:

	2022	2021
Financial assets		
Cash and cash equivalents	\$ 221,189	\$ 388,483
Patient accounts receivable, net	756,330	720,440
Pledges receivable, net	38,680	31,847
Assets limited as to use and investments under board of trustees designation	<u>3,747,778</u>	<u>5,057,892</u>
Total financial assets available within one year	4,763,977	6,198,662
Liquidity resources		
Bank lines of credit (undrawn)	<u>109,724</u>	<u>184,724</u>
Total financial assets and resources available within one year	<u>\$ 4,873,701</u>	<u>\$ 6,383,386</u>

As part of the Network's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Assets limited as to use and investments in the table above are all under Board of Trustees designation. These assets could be used for general expenditures but would require approval from the Board of Trustees. These assets exclude alternative investments with lock-up provisions greater than one year of \$342,433 and \$26,893 as of December 31, 2022 and 2021, respectively (see Note 5 for disclosures about investments).

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7. Property and Equipment

Property and equipment, including assets held under finance lease obligations, consist of the following at December 31, 2022 and 2021:

	2022	2021
Land	\$ 133,731	\$ 135,293
Land improvements	35,692	35,114
Buildings and fixed equipment	3,216,014	3,270,877
Major movable equipment	<u>1,985,467</u>	<u>1,720,920</u>
	5,370,904	5,162,204
Accumulated depreciation and amortization	(2,622,401)	(2,432,106)
Construction-in-progress	<u>660,216</u>	<u>444,824</u>
Property and equipment, net	<u>\$ 3,408,719</u>	<u>\$ 3,174,922</u>

Depreciation expense for the years ended December 31, 2022 and 2021 was \$252,579 and \$250,422, respectively.

8. Long-Term Debt and Finance Lease Obligations

The Network has various bond issues outstanding, primarily issued through the New Jersey Health Care Facilities Financing Authority (the "Authority"), as well as various bank loans, mortgages and finance lease obligations. During 2017, the Network established one legally obligated group for certain borrowings with the Authority and other lenders. This obligated group is represented by Hackensack Meridian Health and HMHHC ("Obligated Group"). The Obligated Group is subject to the covenants of the Master Trust Indenture ("MTI") with the Authority.

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Long-term debt and finance lease obligations consist of the following at December 31, 2022 and 2021:

	2022	2021
Revenue Bonds		
Series 2020, 2.675%, due September 1, 2041	\$ 500,000	\$ 500,000
Series 2020, 2.875%, due September 1, 2050	500,000	500,000
Series 2018, 4.211%, due July 1, 2048	300,000	300,000
Series 2017, 4.5%, due July 1, 2057	300,000	300,000
Series 2016A, 3.97% and 0.75% at December 31, 2022 and 2021, respectively, due July 1, 2038	115,580	118,154
Series 2015A, 2.5%, due November 1, 2045	99,306	103,640
Series 2006, 0.09% at December 31, 2021, refinanced with Series 2022 A-1 loan*	-	13,360
Series 2006 A-3, 0.10% at December 31, 2021, refinanced with Series 2022 A-1 loan*	-	3,500
Series 2006 A-4, 0.09% at December 31, 2021, refinanced with Series 2022 A-1 loan*	-	8,830
Series 2006 A-5, 0.09% at December 31, 2021, refinanced with Series 2022 A-1 loan*	-	10,915
Series 2004 A-3, 0.10% at December 31, 2021, refinanced with Series 2022 A-1 loan*	-	8,450
Series 2003, 0.10% at December 31, 2021, refinanced with Series 2022 A-1 loan*	-	57,830
Series 1998A, 0.09% at December 31, 2021, refinanced with Series 2022 A-1 loan*	-	5,900
Refunding Bonds		
Series 2017A, 2.5% to 5.0%, which mature annually from July 1, 2020 through July 1, 2040	443,490	459,640
Series 2017A, 4.0% to 5.25%, which mature annually from July 1, 2043 through July 1, 2057	98,920	98,920
Series 2013A, 2.0% and 5.0%, in varying maturities through July 1, 2032	19,220	20,290
Series 2011, 2.0% and 5.0%, refinanced with Series 2022 A-2 loan	-	79,205
Bank Loans		
Series 2020, 2.50%, a term of 180 months with a 15-year amortization and a fixed monthly payment of \$794; commencing April 1, 2020 and ending April 1, 2035	187,720	192,425
Series 2016, 2.59%, a term of 300 months with a 25-year amortization and a fixed monthly payment of \$92; commencing July 28, 2016 and ending July 28, 2041	16,346	17,013
Series 2015A (tax exempt), 2.38%, a term of 300 months with a 25-year amortization, and a fixed monthly payment of \$372; commencing August 12, 2015 and ending July 12, 2040	64,252	67,142
Series 2015B, 3.31%, a term of 120 months with a 10-year amortization, and a fixed monthly payment of \$177; commencing August 12, 2015 and ending August 1, 2025	28,346	29,503
Series 2022 A-1; a term of 12 years commencing April 1, 2022 and ending March 31, 2034; annual principal payments and monthly interest at a fixed floating rate of 4.52% at December 31, 2022	104,790	-
Series 2022 A-2; a term of 5 years commencing August 1, 2022 and ending July 1, 2027; annual principal payments and monthly interest at a fixed floating rate of 4.46% at December 31, 2022	68,830	-
Other		
Township of Clifton Redevelopment Area Bonds	924	944
Township of Nutley Redevelopment Area Bonds	924	944
Series 2019 Capital Asset Loan, 3.44% and 1.89% at December 31, 2022 and 2021, respectively	13,500	17,357
New Jersey Economic Development Authority Series 1997 Revenue Bonds, 4.1% to 5.7%, due annually from January 1, 1998 through January 1, 2022	-	2,317
Accreted bond interest payable on the capital appreciation portion of the Series 1997 bonds due between January 1, 2012 and January 1, 2022	-	6,883
Various commercial mortgages with fixed interest rates ranging from 3.625% to 4.75%	13,060	24,731
Line of credit; with a floating interest rate of 4.95% at December 31, 2022, due March 29, 2023	100,000	-
Other long-term borrowings	15,118	32,606
Total long-term debt	<u>2,990,326</u>	<u>2,980,499</u>
Finance lease obligations		
Lease obligations and other obligations with interest rates ranging from 4.00% to 4.07%	140,225	144,047
Total finance lease obligations	<u>140,225</u>	<u>144,047</u>
Total long-term debt and finance lease obligations	3,130,551	3,124,546
Current portion of accreted interest, included in accrued interest payable	-	(6,883)
Original issue premium, net	40,407	46,284
Deferred financing costs, net of accumulated amortization	(13,982)	(15,196)
Current portion	(159,849)	(80,507)
Long-term debt and finance lease obligations, net of current portion	<u>\$ 2,997,127</u>	<u>\$ 3,068,244</u>

*Interest is payable monthly and determined weekly based upon market rates with a 12% per annum maximum

On April 1, 2022 the Network closed on Series 2022 A-1 and Series 2022 A-2 taxable bank loans in the amounts of \$108,785 and \$68,830, respectively. These financings were used to refinance various revenue and refunding bonds. Interest is paid monthly at a floating rate with a fixed spread. The interest rate was 4.52% and 4.46%, respectively, as of December 31, 2022.

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There is no noncompliance with any required covenants related to the Network's outstanding debt at December 31, 2022 and 2021. The Obligated Group's most restrictive covenants are meeting minimum requirements for debt service coverage ratio, debt-to-capitalization ratio and cushion ratio.

The future principal payments on long-term debt and payments on finance lease obligations are as follows:

	Long-Term Debt	Finance Lease Obligations	Total
2023	\$ 155,786	\$ 7,464	\$ 163,250
2024	59,933	7,650	67,583
2025	142,667	7,842	150,509
2026	58,346	8,038	66,384
2027	58,470	8,239	66,709
Thereafter	<u>2,515,124</u>	<u>139,839</u>	<u>2,654,963</u>
	2,990,326	179,072	3,169,398
Amounts representing interest on finance lease obligations	<u>-</u>	<u>(38,847)</u>	<u>(38,847)</u>
Total long-term debt and finance lease obligations	<u>\$ 2,990,326</u>	<u>\$ 140,225</u>	<u>\$ 3,130,551</u>

9. Interest Rate Swap Agreements

During 2021, the Network terminated four interest rate swap agreements which were originally entered into to mitigate variable rate exposure and take advantage of low interest rates. Under the terms of the agreements, the Network was paying fixed interest rates of 3.33% to 3.65% in exchange for variable rate payments equal to either 67% or 68% of the one-month LIBOR rate. The notional amounts on these swap agreements were tied to estimated outstanding principal on the underlying loan.

Prior to the dates of termination, the Network had recognized an unrealized gain of \$71,821 for 2021. Additionally in the consolidated statement of operations for the year ended December 31, 2021, the Network paid and recorded a loss on termination attributed to these interest rate swap agreements of \$62,568.

10. Pension Plans, Postretirement Health Care and Postemployment

The Network sponsors a tax-qualified noncontributory defined benefit plan, the Consolidated Pension Plan of Hackensack Meridian Health ("Consolidated Plan"). The Consolidated Plan consists of seven legacy defined benefit plans that used to be maintained separately by BMC, Carrier, HUMC, JFK, MHC, PMC and RBMC. These plans have been merged into a single plan as of December 31, 2020.

As of December 31, 2021, the Consolidated Plan had become completely frozen to the remaining benefit accruals. This resulted in a curtailment gain that was offset by the Consolidated Plan's unrecognized loss, and since the Consolidated Plan had no prior service cost, there was no impact on the net benefit cost.

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Certain participants of the legacy HUMC plan have also accrued benefits under a 457(f) deferred compensation plan ("HUMC SERP") where benefit accruals were frozen as of December 31, 2010.

Pursuant to ASU 2018-14, the Network has disclosed the weighted average interest crediting rate (for JFK and Meridian legacy plans) and additional information for plans with Accumulated Benefit Obligation (ABO) or Projected Benefit Obligation (PBO) in excess of plan assets.

The following table sets forth the funded status of the combined defined benefit pension plans for the years ended December 31, 2022 and 2021:

	2022	2021
Change in projected benefit obligation		
Projected benefit obligation at beginning of year	\$ 2,079,096	\$ 2,199,472
Service cost	-	11,930
Interest cost	60,272	57,493
Actuarial gain	(475,429)	(71,745)
Benefits paid	(88,626)	(102,780)
Curtailement gain	-	(11,328)
Settlements	(7,850)	(3,946)
Net projected benefit obligation at end of year	<u>1,567,463</u>	<u>2,079,096</u>
Change in plan assets		
Fair value of plan assets at beginning of year	1,961,612	1,875,761
Actual return on plan assets	(366,315)	183,620
Employer contributions	7,862	8,957
Benefits paid	(88,626)	(102,780)
Settlements	(7,850)	(3,946)
Fair value of plan assets at end of year	<u>1,506,683</u>	<u>1,961,612</u>
Funded status at end of year	<u>\$ (60,780)</u>	<u>\$ (117,484)</u>
Accumulated benefit obligation, end of year	<u>\$ 1,567,463</u>	<u>\$ 2,079,096</u>
Amounts recognized in the consolidated balance sheets consist of		
Current liability (included in accounts payable and accrued expenses)	\$ 3,442	\$ 7,014
Accrued pension benefits	57,338	110,470
Total accrued pension liability	<u>\$ 60,780</u>	<u>\$ 117,484</u>
Amounts recognized in net assets without donor restrictions not yet captured within net periodic benefit costs consist of		
Net loss	<u>\$ 403,622</u>	<u>\$ 410,509</u>
	<u>\$ 403,622</u>	<u>\$ 410,509</u>
Amounts in net assets without donor restrictions expected to be recognized in the following fiscal year's net periodic benefit cost		
Net loss	<u>\$ 9,804</u>	<u>\$ 8,216</u>
	<u>\$ 9,804</u>	<u>\$ 8,216</u>
Additional information for plans with projected benefit obligations in excess of plan assets		
Projected benefit obligation	\$ 1,567,463	\$ 2,079,096
Fair value of plan assets	1,506,683	1,961,612

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At December 31, 2022 and 2021, the respective plans utilized discount rates as described below for the determination of the benefit obligations and the net periodic benefit cost. The discount rate was derived using the bond matching method and determined with an analysis of bonds available with an "AA-" or better rating rated by S&P or Moody's. A hypothetical bond portfolio was constructed to match the expected monthly benefit payments under the plans.

	2022	2021
Weighted-average assumptions used to determine benefit obligations		
Discount rate	5.50 %	2.98 %
Interest crediting rate	4.00 %	3.80 %
Weighted average assumptions used to determine net periodic benefit cost		
Discount rate	2.98 %	2.68 %
Expected return on plan assets	5.96 %	6.58 %
Rate of compensation increase	N/A	3.00 %
Interest crediting rate	3.80 %	4.10 %

The net periodic pension cost and pension-related adjustments included the following components for the years ended December 31, 2022 and 2021:

	2022	2021
Net periodic benefit cost		
Service cost	\$ -	\$ 11,930
Interest cost	60,272	57,493
Expected return on assets	(113,737)	(120,337)
Settlement loss	3,292	1,758
Actuarial gain	8,216	13,411
Net periodic benefit cost	<u>(41,957)</u>	<u>(35,745)</u>
Pension-related adjustments		
Net actuarial gain	<u>(6,887)</u>	<u>(161,524)</u>
Total pension-related adjustments	<u>(6,887)</u>	<u>(161,524)</u>
Total net periodic benefit cost and pension-related adjustments	<u>\$ (48,844)</u>	<u>\$ (197,269)</u>

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Pursuant to ASU 2017-07, only the service cost of the net periodic pension cost is included in employee benefits in the consolidated statements of operations. The other components of net periodic benefit cost represent gains of \$41,957 and \$47,675 for the years ended December 31, 2022 and 2021, respectively, and are included in other gains, net in the consolidated statements of operations.

Funding Policy

The Network's funding policy for the defined benefit plan is to contribute annually an amount at least as much as the minimum amount required by the Employee Retirement Income Security Act of 1974 (ERISA), plus additional amounts, which may be approved by the Board or delegated committees and management from time to time.

Investment Policy

The pension investment portfolio is managed by a dedicated internal investment office with oversight from the Investment Committee of the Board of Trustees. As such, the investment policy and strategy with respect to all defined benefit plan portfolios is to provide for growth of capital with a moderate level of volatility by investing in assets based on the plan's target allocations. The expected long-term rate of return assumption is based on forward-looking return forecasts for specific modeled asset classes. The long-term forecasts are based on their analysis of long-cycle historical data as well as their longer-term global views. The target allocations are expected to achieve a long-term rate of return of 6.97% for all of the Plans.

The strategic asset allocations of the pension plan assets are as follows:

	2022	2021
Public equity	44 %	44 %
Credit (including private)	10	10
Real assets	4	4
Hedge funds	10	10
Treasury / investment grade credit	31	31
Cash	1	1
	<u>100 %</u>	<u>100 %</u>

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Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the Plans' investments at fair value as of December 31, 2022 and 2021:

	2022		Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Cash and cash equivalents	\$ 43,646	\$ -	\$ 43,646
Exchange traded securities	197,665	-	197,665
Corporate debt securities	-	118,333	118,333
US Government and municipal securities	-	87,285	87,285
Mutual funds	348,842	-	348,842
Total assets at fair value	<u>\$ 590,153</u>	<u>\$ 205,618</u>	795,771
Common collective trusts			331,783
Alternative investments			379,129
			<u>\$ 1,506,683</u>

	2021		Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Cash and cash equivalents	\$ 43,369	\$ -	\$ 43,369
Exchange traded securities	279,090	-	279,090
Corporate debt securities	-	202,346	202,346
US Government and municipal securities	-	18,732	18,732
Mutual funds	694,290	-	694,290
Total assets at fair value	<u>\$ 1,016,749</u>	<u>\$ 221,078</u>	1,237,827
Common collective trusts			460,022
Alternative investments			263,763
			<u>\$ 1,961,612</u>

Refer to footnote 3 for further disclosure regarding the manner in which fair value of plan assets has been determined.

Common/collective trusts and alternative investments in the Plans' investments are excluded from the fair value hierarchy table as they are valued using NAV as a practical expedient.

At December 31, 2022 and 2021, the Network's remaining outstanding funding commitments to alternative investments were \$21,180 and \$22,015, respectively.

Contributions

Based on its current funded status, the Network is not required to make a contribution to its Plan in 2022.

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Estimated Future Benefit Payments

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

	Pension Benefits
2023	\$ 110,106
2024	107,810
2025	111,998
2026	111,460
2027	115,052
2028–2032	575,662

Defined Contribution Plans

As of December 31, 2022, the Network sponsors four 401(k) savings plans where all eligible employees of HMM are contributing and receiving matching contributions. In addition, there are two legacy defined contribution plans. The Network also maintains frozen legacy 403(b) and 401(a)/401(k) plans. Total matching contributions to the defined contribution plans for the years ended December 31, 2022 and 2021 were \$78,387 and \$71,967, respectively.

Other Benefit Plans

Certain employees of the Network participate in various postemployment benefit plans. In connection with these plans, the Network funds the expenses as incurred.

Certain employees of the Network participate in various deferred compensation plans established pursuant to Sections 457(b) and 457(f) of the Code. For 457(b) plans, the Network deposits amounts with trustees on behalf of the participating employees. Under the terms of these plans, the Network is not responsible for investment gains or losses incurred. The assets set aside are designated for payments under the plans, but may revert to the Network under certain specified circumstances. The participating employees will receive the account balance at retirement. Therefore, at December 31, 2022 and 2021, amounts on deposit with the trustees (at fair value) were equal to the liability under the 457(b) plans. For 457(f) plans, the Network funds benefit payments and expenses as incurred.

The Network has recognized liabilities, in connection with a self-insured medical and dental plan for its employees of \$18,491 and \$21,863 at December 31, 2022 and 2021, respectively. This liability is included in accounts payable and accrued expenses in the consolidated balance sheets.

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11. Leases

The Network has operating leases primarily for real estate, including medical office buildings, corporate and other administrative offices, as well as medical and office equipment. Lease expense for operating lease payments is recognized on a straight-line basis over the term of the lease. Operating lease assets and liabilities are recognized based on the present value of lease payments over the lease term. Since the Network's leases do not have a readily determinable implicit discount rate, the Network uses its incremental borrowing rate to calculate the present value of lease payments. As a practical expedient, the Network has made an accounting policy election for all asset classes not to separate lease components from nonlease components in the event that the agreement contains both. The Network includes both the lease and nonlease components for purposes of calculating the right-of-use asset and related lease liability (if the nonlease components are fixed). For finance leases, interest expense on the lease liability is recognized using the effective interest method and amortization of the right-to-use asset is recognized on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term. The Network's policy for equipment leases with future minimum lease payments totaling less than \$50 is to expense as paid as they are immaterial.

The table below presents certain information related to the lease costs for finance and operating leases:

	2022	2021
Lease cost		
Finance lease cost		
Amortization of leased assets	\$ 4,818	\$ 5,037
Interest on lease liabilities	3,499	3,595
Total finance lease cost	<u>8,317</u>	<u>8,632</u>
Operating lease cost	43,985	41,464
Short-term and variable lease costs, net of sublease income	<u>24,496</u>	<u>26,156</u>
Total operating lease cost	<u>68,481</u>	<u>67,620</u>
Total lease cost	<u>\$ 76,798</u>	<u>\$ 76,252</u>

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Supplemental consolidated balance sheet information related to operating and finance leases at December 31, 2022 and 2021 is as follows:

Classification on the Consolidated Balance Sheet		2022	2021
Assets			
Operating lease assets	Operating lease right-of-use assets	\$ 266,545	\$ 218,323
Finance lease assets	Property and equipment, net	90,742	96,401
	Total lease assets	<u>\$ 357,287</u>	<u>\$ 314,724</u>
Liabilities			
Current			
Operating	Current portion of operating lease obligations	\$ 37,889	\$ 35,531
Finance	Current maturities of long-term debt and finance lease obligations	4,063	3,822
Noncurrent			
Operating	Long-term operating lease obligations	237,632	190,689
Finance	Long-term debt and finance lease obligations, less current maturities	136,162	140,225
	Total lease liabilities	<u>\$ 415,746</u>	<u>\$ 370,267</u>
Weighted-average remaining lease term (in years)			
	Operating leases	11	9
	Finance leases	19	20
Weighted-average discount rate			
	Operating leases	3.69 %	3.18 %
	Finance leases	4.07	4.07

The table below presents supplemental cash flow information related to leases:

	2022	2021
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows for operating leases	\$ 44,924	\$ 43,107
Operating cash flows for finance leases	7,038	7,582

Future minimum lease payments under operating leases at December 31, 2022 is as follows:

2023	\$ 45,744
2024	43,177
2025	39,838
2026	37,041
2027	32,765
Thereafter	<u>141,111</u>
Total minimum lease payments	339,676
Less: Imputed interest	<u>(64,155)</u>
Total lease liabilities	<u>\$ 275,521</u>

12. Functional Expenses

The Network provides general health care services and programs. Expenses that can be identified with a specific program are charged directly. Other expenses that are common to program and management services are allocated by various statistical bases.

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Expenses related to providing these services consist of the following:

	2022			2021		
	Program Services	Management Services	Total	Program Services	Management Services	Total
Salaries and contracted labor	\$ 2,140,645	\$ 606,050	\$ 2,746,695	\$ 1,919,189	\$ 575,829	\$ 2,495,018
Physician salaries and fees	463,642	68,198	531,840	451,898	43,404	495,302
Employee benefits	463,961	102,086	566,047	458,340	133,261	591,601
Supplies and other	1,811,524	740,408	2,551,932	1,735,020	749,900	2,484,920
Depreciation and amortization	188,569	80,665	269,234	187,225	79,555	266,780
Interest	57,416	27,125	84,541	63,751	26,643	90,394
Total expenses	5,125,757	1,624,532	6,750,289	4,815,423	1,608,592	6,424,015
Other components of net periodic benefit cost	(41,957)	-	(41,957)	(47,675)	-	(47,675)
	<u>\$ 5,083,800</u>	<u>\$ 1,624,532</u>	<u>\$ 6,708,332</u>	<u>\$ 4,767,748</u>	<u>\$ 1,608,592</u>	<u>\$ 6,376,340</u>

13. Commitments and Contingencies

Lines of Credit

The Network had available lines of credit totaling \$225,000 and \$200,000 at December 31, 2022 and 2021, respectively. The Network had standby letters of credit totaling \$15,276 at December 31, 2022 and 2021, ear-marked against these lines as collateral for certain insurance policies at HMHHC. In addition, as of December 31, 2022, the Network drew down an additional \$100,000 on the line of credit which is included in current maturities of long-term debt and finance obligations in the consolidated balance sheet. As of December 31, 2022 and 2021 \$109,724 and \$184,724, respectively, were available for cash demands. As of March 17, 2023, the line of credit was repaid to the financial institutions with the proceeds from the sale of the long-term care portfolio (see Note 16).

Litigation

Various suits, investigations and claims arising in the normal course of operations are pending or are on appeal against the Network. Such suits and claims are either specifically covered by insurance or are not material. While the outcome of these suits cannot be determined with certainty at this time, management believes that any loss which may arise from those suits and claims will not have a material adverse effect on the consolidated financial position or consolidated results of operations of the Network.

14. Professional and General Liability Insurance

The Network maintains alternative risk finance programs for its facilities via wholly owned Bermuda domiciled captive insurance companies. Additionally, certain risks are covered through third party insurance policies.

Hackensack Meridian Health, Inc.
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

(in thousands)

The Network's consolidated balance sheets include the following estimated liabilities included in other liabilities for hospital professional liability ("HPL"), employed (physician) provider professional liability ("EPPL") general liability ("GL") and workers compensation ("WC") at December 31, 2022 and 2021:

Type of Coverage	Nature of Claims	2022	2021
HMHCCL insurance liabilities	HPL, GL, EPPL and WC	\$ 123,702	\$ 117,970
Third party insured liabilities	WC	12,554	18,514
Incurred but not reported	HPL, GL and WC	81,446	75,074
		<u>\$ 217,702</u>	<u>\$ 211,558</u>

Additionally, the Network has recorded estimated insurance recoveries totaling \$19,868 and \$23,010 at December 31, 2022 and 2021, which is included in other assets on the consolidated balance sheets, respectively. The total represents estimated recoveries from the captives' reinsurance policies as well as third party insurance policies.

Captive Insurance Companies

As of January 1, 2021, HMHCCL provided funding for HPL and GL exposures of \$4,000 for each incident for the Network. The HPL coverage on this program responds to claims and suits on a claims-made basis and the GL responds to claims and suits on an occurrence basis.

Reinsurance and Excess Coverage

For the years ended December 31, 2022 and 2021, HMHCCL purchased annual reinsurance policies in the amount of \$100,000, per claim subject to an annual aggregate of \$100,000, in excess of HMHCCL's primary and first excess layer.

Self-Insured Workers Compensation

HMH maintained a self-insured workers compensation program for the years ended December 31, 2022 and 2021. HMH has recorded an estimated liability for claims incurred but not yet reported on the consolidated balance sheets as of December 31, 2022 and 2021 of \$40,634 and \$35,420, respectively. Excess workers compensation coverage is purchased in the commercial market place in excess of \$750 per claim. In addition, the captive excess coverage includes excess employers liability insurance over and above that provided under the excess workers compensation coverage.

Hackensack Meridian Health, Inc.
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

(in thousands)

15. Concentration of Credit Risk

The Network grants credit without collateral to its patients, most of whom are local residents and are insured under third party payor agreements.

Concentrations of net accounts receivable from patients and third party payors were as follows:

	2022	2021
Medicare and Medicaid	41%	36%
Managed Care and Commercial	47	53
Other third party payors	12	11
	<u>100%</u>	<u>100%</u>

16. Discontinued Operations

During 2021, the Network entered into a Purchase and Sale agreement and letters of intent relating to the sale of its nursing homes and assisted living facilities included within HMAc. During 2022, the final buyer was determined, and the terms of sale were amended. The sale of the facilities is anticipated to be completed within two separate transactions during 2023. There is expected to be various forms of continuing involvement subsequent to the closure of these transactions for preferred provider relationships and pharmacy services. The sale of Prospect Heights Care Center and West Caldwell Care Center (“JV Facilities”), of which the Network has 51% ownership, represents one transaction for which a definitive agreement with an unrelated third party entity was entered into on December 31, 2022. The JV Facilities are expected to close later in 2023. A second transaction (“LTC Portfolio”), for which a definitive agreement with the same unrelated third party entity was entered into March 22, 2022, and amended on December 31, 2022, includes the following entities that are 100% wholly owned by the Network: Meridian Nursing and Rehabilitation at Brick, Meridian Nursing and Rehabilitation at Ocean Grove, Meridian Nursing and Rehabilitation at Shrewsbury, Meridian Subacute Rehabilitation, Bayshore Health Care Center, The Harborage, JFK at Cedar Brook, JFK Hartwyck at Oak Tree, Regent Care Center, The Willows at Holmdel, and JFK at Whispering Knoll. LTC Portfolio closed on March 16, 2023 with the exception of Oak Tree which closed on March 31, 2023. HMAc received \$216,350 related to the sale of the LTC portfolio. HMAc paid the outstanding \$100,000 balance on the line of credit with these proceeds on March 17, 2023.

Hackensack Meridian Health, Inc.
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

(in thousands)

As of December 31, 2022 and 2021, assets and liabilities of the two disposal groups have been classified as held for sale within the consolidated balance sheets. The two disposal groups share incurred losses from operations for the years ended December 31, 2022 and 2021, respectively. These losses are included in loss on discontinued operations in the consolidated statements of operations of \$39,465 and \$52,513. Included in loss on discontinued operations for the year ended December 31, 2021 is an impairment loss of \$29,800 attributed to the expected loss on sale of the JV Facilities. The impairment loss considers the quoted sale price agreed upon between the parties for the transactions and the carrying value of the net assets. The sales result in the elimination of substantially all ownership in nursing homes and assisted living facilities.

The following table sets forth the components of discontinued operations:

	2022	2021
Net patient service revenue	\$ 161,787	\$ 178,947
Other revenue	<u>40,284</u>	<u>24,410</u>
Total unrestricted revenues and other support	<u>202,071</u>	<u>203,357</u>
Salaries and contracted labor	146,612	123,174
Physician salaries and fees	-	33
Employee benefits	28,842	30,551
Supplies and other expenses	64,098	61,930
Depreciation and amortization	-	33,554
Interest	<u>1,984</u>	<u>6,628</u>
Total expenses	<u>241,536</u>	<u>255,870</u>
Loss on discontinued operations	<u>\$ (39,465)</u>	<u>(52,513)</u>

Hackensack Meridian Health, Inc.
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

(in thousands)

The following table provides the components of assets and liabilities held for sale:

	2022	2021
Cash and cash equivalents	\$ -	\$ 277
Assets limited as to use and short-term investments, current portion	-	379
Patient accounts receivable, net	16,609	18,995
Other current assets	-	1,110
Current assets held for sale	<u>16,609</u>	<u>20,761</u>
Assets limited as to use and investments, noncurrent portion	-	867
Property and equipment, net of accumulated depreciation and impairment loss of \$0 in 2022 and \$91,899 in 2021) ¹	145,294	145,071
Operating lease right-of-use assets	173	208
Other assets	6,538	7,630
Other assets held for sale	<u>152,005</u>	<u>153,776</u>
Total assets held for sale	<u>\$ 168,614</u>	<u>\$ 174,537</u>
Current maturities of long-term debt and finance lease obligations	\$ 558	\$ 776
Current portion of operating lease obligations	35	35
Accounts payable and accrued expenses	-	4,489
Other current liabilities	-	83
Current liabilities held for sale	<u>593</u>	<u>5,383</u>
Long-term debt and finance lease obligations	30,544	40,788
Long-term operating lease obligations	152	181
Other liabilities held for sale	<u>30,696</u>	<u>40,969</u>
Total liabilities held for sale	<u>\$ 31,289</u>	<u>\$ 46,352</u>

¹ Property and equipment is predominately comprised of building and fixed equipment.

² Long-term debt is comprised of four commercial mortgages with fixed interest rates between 3.625% and 4.75%.

Cash flow activities from discontinued operations include:

	2022	2021
Depreciation expense, including impairment loss of \$29,824 in 2021	\$ -	\$ 33,649
Gain on sale of discontinued operations	25,000	-
Capital expenditures	223	2,353
Repayment on long-term debt	531	741

17. Subsequent Events

The Network performed an evaluation of subsequent events through April 20, 2023, which is the date the consolidated financial statements are issued. There are no subsequent events identified except for those previously disclosed.

Hackensack Meridian Health, Inc.
Notes to Consolidated Financial Statements
December 31, 2022 and 2021

(in thousands)

18. U.S. Department of Education Title IV Supplemental Information

The Network participates in federal Title IV student financial assistance programs, which require it to meet standards of financial responsibility based on criteria determined by the U.S. Department of Education (ED), as set forth in 34 CFR 668.171. The criteria for private institutions include the annual calculation by ED of a financial responsibility composite score, as further outlined in 34 CFR 668.172, using audited consolidated financial statements submitted through ED's eZ-Audit system. The composite score has been and will continue to be based on three ratios: Primary Reserve, Equity, and Net Income.

Inputs related to property, plant and equipment, net and long term debt are divided between pre-implementation (2019) financial statement amounts and post implementation property, plant and equipment, net and long-term debt acquired subsequent to the implementation.

Hackensack Meridian Health, Inc.

Notes to Consolidated Financial Statements

December 31, 2022 and 2021

(in thousands)

These ratios as presented within the supplemental schedule of financial responsibility ratios for the year ended December 31, 2022 utilize the following financial data of the Network, which are not otherwise presented in the consolidated financial statements or other notes to the consolidated financial statements, as of and for the year ended December 31, 2022:

Required Input Per Standards	Ratio(s) Uses	Input Amount	Related Financial Statement Amount Not Used as Input on Supplementary Schedule
Assets			
Unsecured related party receivables (contributions receivable)	Primary reserve / Equity ratio	\$ 12,469	
Pre-Implementation property and equipment net:			
a. Ending balance of last financial statements submitted to Department of Education	N/A		\$ 2,424,910
b. Less: subsequent depreciation and disposals	N/A		(132,365)
c. Balance of pre-Implementation property and equipment, net	Primary reserve	2,292,545	
Post-implementation property and equipment, net -purchase with outstanding debt	Primary reserve	13,186	
Post-implementation property and equipment, net -purchase without outstanding debt	Primary reserve	664,045	
Pre-implementation construction in progress without outstanding debt	Primary reserve	-	
Pre-implementation construction in progress with outstanding debt	Primary reserve	-	
Post-implementation construction in progress without outstanding debt	Primary reserve	438,943	
Post-implementation construction in progress with outstanding debt	Primary reserve	-	
Total property, plant, equipment, net	N/A		3,408,719
Pre-implementation operating lease right of use assets			
	Primary reserve / Equity ratio	-	
Post-implementation operating lease right of use assets - purchase with outstanding debt			
	Primary reserve	266,545	
Post-implementation operating lease right of use assets - purchase without outstanding debt			
	Primary reserve	-	
Total operating lease right of use assets	N/A		266,545
Intangible assets	Primary reserve / Equity ratio	61,617	
Liabilities			
Pre-Implementation long term debt and finance lease obligations:			
a. Last ending balance submitted to Department of Education, up to Property and Equipment	N/A		1,926,222
b. Less: Unallowable debt-greater than property and equipment	N/A		-
c. Less: Subsequent debt repayments	N/A		(70,152)
d. Balance of Pre-Implementation long term debt and finance lease obligations	Primary reserve	1,856,070	
Allowable post-implementation debt used for capitalized long-lived assets	Primary reserve	13,186	
Construction in progress financed with short term debt	Primary reserve	-	
Long-term debt for operations and unspent capital funds	N/A		1,287,720
Post-implementation bonds payable and other debt, net	Primary reserve	-	
Other long term debt	N/A		-
Total long-term debt and finance lease obligations	N/A		3,156,976
Right of use liabilities - for long-term purposes pre-implementation			
	Primary reserve / Equity ratio	-	
Right of use liabilities- for long-term purposes post-implementation			
	Primary reserve	275,521	
Total right of use liabilities	N/A		275,521
Net assets with donor restrictions			
Restricted in perpetuity	Primary reserve	74,960	
Other net assets with donor restrictions:			
a. Annuities with donor restrictions	Primary reserve	1,709	
b. Term endowments	Primary reserve	4,543	
c. Life income funds	Primary reserve	11,171	
d. Other net assets restricted by purpose and time	N/A		236,510
Total net assets with donor restrictions	N/A	328,893	
Revenue and gains without donor restrictions			
Total unrestricted revenues and other support of \$6,638,307 (which includes investment income of \$5,866 - Note 5) and federal legislative relief of \$209,472	N/A		6,847,779
Other gains, including non-service component of net periodic pension / post-employment	N/A		45,033
Investment income, net	N/A		-
Gain on derivative investments	N/A		-
Pension related adjustments	N/A		6,887
Nonoperating activities: net assets released from restriction for capital acquisitions, contributions from non controlling interests and other changes	N/A		49,835
Total revenue and gains without donor restrictions	Net income	6,949,534	
Expenses and losses without donor restrictions			
Total operating expenses without donor restriction	Primary reserve	6,750,289	6,750,289
Total losses without donor restrictions	Primary reserve	682,959	-
Non operating activities: pension related adjustments	N/A	-	-
Non operating activities: net investment loss	N/A	-	-
Non operating activities: unrealized loss on derivative investments	N/A	-	-
Total losses without donor restrictions	Primary reserve	-	-
Less: pension related adjustments	Primary reserve	-	-
Total expenses and losses without donor restrictions	Primary reserve / Net income	\$ 6,750,289	

Part II
Supplementary Information

Hackensack Meridian Health, Inc.

Schedule of Financial Responsibility Ratios

As of and For the Year Ended December 31, 2022

Location in Financial Statements or Related Notes	Financial Element	GAAP Financial Statement Line Item or Disclosure	Amount Used as Ratio Input
<i>(in thousands)</i>			
Primary Reserve Ratio: Expendable Net Assets			
Consolidated balance sheets	Net assets without donor restrictions	4,327,440	4,327,440
Consolidated balance sheets	Net assets with donor restrictions	328,893	328,893
Note 18, U.S. Department of Education Title IV Supplemental Information	Unsecured related party receivable - contributions receivable	-	12,469
Consolidated balance sheets	Total property, plant, and equipment, net	3,408,719	-
Note 18, U.S. Department of Education Title IV Supplemental Information	Property, plant and equipment, net - pre-implementation	-	2,292,545
Note 18, U.S. Department of Education Title IV Supplemental Information	Property, plant and equipment, net - post-implementation with outstanding debt for original purchase	-	13,186
Note 18, U.S. Department of Education Title IV Supplemental Information	Property, plant and equipment, net - post-implementation without outstanding debt for original purchase	-	664,045
Note 18, U.S. Department of Education Title IV Supplemental Information	Construction in progress - post implementation with outstanding debt for original purchase	-	-
Note 18, U.S. Department of Education Title IV Supplemental Information	Construction in progress - post implementation without outstanding debt for original purchase	-	438,943
Note 11, Leases	Total lease right-of-use assets	266,545	-
Note 18, U.S. Department of Education Title IV Supplemental Information	Lease right-of-use assets - pre-implementation	-	-
Note 18, U.S. Department of Education Title IV Supplemental Information	Lease right of use assets, post-implementation	-	266,545
Note 18, U.S. Department of Education Title IV Supplemental Information	Intangible assets	-	61,617
Note 10, Pension Plans, Postretirement Health Care and Postemployment	Post-employment and pension liabilities	60,780	60,780
Note 8, Long-Term Debt	Total long-term debt	3,156,976	-
Note 18, U.S. Department of Education Title IV Supplemental Information	Long-term debt - for long-term purposes - pre- implementation	-	1,856,070
Note 18, U.S. Department of Education Title IV Supplemental Information	Long-term debt - for long-term purposes - post- implementation	-	13,186
Note 18, U.S. Department of Education Title IV Supplemental Information	Line of credit for construction in progress	-	-
Note 11, Leases	Total liability related to lease right-of-use assets	275,521	-
Note 18, U.S. Department of Education Title IV Supplemental Information	Liability related to lease right-of-use assets - pre- implementation	-	-
Note 18, U.S. Department of Education Title IV Supplemental Information	Liability related to lease right-of-use assets - post-implementation	-	275,521
Note 18, U.S. Department of Education Title IV Supplemental Information	Net assets with donor restrictions: restricted in perpetuity	-	74,960
Note 18, U.S. Department of Education Title IV Supplemental Information	Annuities with donor restrictions	-	1,709
Note 18, U.S. Department of Education Title IV Supplemental Information	Term endowments with donor restrictions	-	4,543
Note 18, U.S. Department of Education Title IV Supplemental Information	Life income funds with donor restrictions	-	11,171
Primary Reserve Ratio: Expenses and Losses			
Consolidated statement of operations	Total expenses without donor restrictions	6,750,289	6,750,289
Note 18, U.S. Department of Education Title IV Supplemental Information	Total losses without donor restrictions	-	682,959
Consolidated statement of operations	Pension related changes other than Net periodic benefit costs	-	-
Equity Ratio			
Modified Net Assets			
Consolidated balance sheets	Net assets without donor restrictions	4,327,440	4,327,440
Consolidated balance sheets	Net assets with donor restrictions	328,893	328,893
Note 18, U.S. Department of Education Title IV Supplemental Information	Intangible assets	-	61,617
Note 18, U.S. Department of Education Title IV Supplemental Information	Unsecured related party receivable	-	12,469
Modified Assets			
Consolidated balance sheets	Total assets	9,953,993	9,953,993
Note 18, U.S. Department of Education Title IV Supplemental Information	Intangible assets	-	61,617
Note 18, U.S. Department of Education Title IV Supplemental Information	Unsecured related party receivable	-	12,469
Note 18, U.S. Department of Education Title IV Supplemental Information	Lease right-of-use assets - pre-implementation	-	-
Note 18, U.S. Department of Education Title IV Supplemental Information	Liability related to lease right-of-use assets - pre- implementation	-	-
Net Income Ratio:			
Consolidated statement of operations	Change in net assets without donor restrictions	(483,714)	(483,714)
Note 18, U.S. Department of Education Title IV Supplemental Information	Total revenues and gains without donor restrictions	-	6,949,534

Hackensack Meridian Health, Inc.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2022

Federal Program	ALN	Direct	Pass Through	Pass-Through Entity	Pass-Through Entity Sponsor Number / Contract Award Number	Total Expenditures	Pass To Subrecipients
RESEARCH AND DEVELOPMENT CLUSTER							
U.S. Department of Health and Human Services							
DOD: Chemigenomic Drug Discovery for Tuberculosis	12.420	\$ -	\$ 51,851	Harvard T.H. Chan School of Public Health	W81XWH-17-1-0692	\$ 51,851	\$ -
Remineralization of Paralyzed Limb Muscle by Nerve-Muscle-Endplate Grafting Technique	12.420	749,082	-			749,082	-
COVID-19 - Phase II Randomized Study of Convalescent Plasma as Treatment for Subjects with Early COVID-19 Infection	12.420	397,735	-			397,735	-
Biomarkers and Pathogenesis of Cutaneous Fibrosis	12.420	198,419	-			198,419	-
Pinpointing Functional Noncoding Mutations in ccRCC	12.420	32,097	-			32,097	-
Role of Core-Binding Factor Rearrangements in Triple-Negative Breast Cancer Progression and Immune Evasion	12.420	95,731	-			95,731	-
		<u>1,473,064</u>	<u>51,851</u>			<u>1,524,915</u>	<u>-</u>
DNA Repair Phenotype the Missing Link in Breast Cancer Risk Assessment	93.113	-	<u>148,339</u>	The Trustees at Columbia	U01ES029660	<u>148,339</u>	-
Simulation to Improve Infection Prevention and Patient Safety: The SIPPS Trial	93.226	-	<u>103,210</u>	The Trustees at Columbia	R18HS026418	<u>103,210</u>	-
COVID-19 - Network of Networks Expanding Clinical and Translational Approaches to Predict Severe Illness in Children	93.310	-	60,000	Rutgers, The State University of New Jersey	SUB00002492	60,000	-
Development Impact of NICU Exposures (DINE)	93.310	-	4,798	Albert Einstein College of Medicine, Inc.	UH300023320	4,798	-
Development Impact of NICU Exposures (DINE)	93.310	-	40,648	Albert Einstein College of Medicine, Inc.	5UH300023320-08	40,648	-
			<u>105,446</u>			<u>105,446</u>	<u>-</u>
Patients Perceptions of Electronic Health Record Use During Initial Oncology Outpatient Clinic Visits	93.361	-	<u>4,737</u>	Stevens Institute of Technology	R15NR018965	<u>4,737</u>	-
Multilevel Interventions to Increase Adherence to Lung Cancer Screening	93.393	-	5,115	Kaiser Foundation Research Institute	5R01CA262015-02	5,115	-
TMEM, MENAcalc, and MENAIV as Prognostic and Predictive Markers for Breast Cancer Metastasis	93.393	-	130,986	Albert Einstein College of Medicine, Inc.	R01CA240646	130,986	-
Bridging Information Divides and Gaps to Ensure Survivorship	93.393	-	9,754	Georgetown University	425039-GR424901-HUMC	9,754	-
Empathic Communication Skills Training to Reduce Lung Cancer Stigma	93.393	-	6,054	Sloan Kettering Institute for Cancer Research	5R01CA255522-02	6,054	-
Home-based Virtual Reality System for the Treatment of Chemotherapy-Related Cognitive Impairments	93.393	-	16,300	Bright Cloud International Corp.	1R43CA232936-01A1	16,300	-
			<u>168,209</u>			<u>168,209</u>	<u>-</u>
Molecular Markers of Risk of Subsequent Invasive Breast Cancer in Women with Ductal Carcinoma in Situ	93.394	-	<u>170,165</u>	NIH/Albert Einstein College of Medicine, Inc.	R01CA218429	<u>170,165</u>	-
A Reciprocal Support Writing Intervention to Reduce Symptoms During Stem Cell Transplant Study	93.395	-	54,898	Northwestern University	R01CA2236963	54,898	-
Targeting Transcriptional Co-repressor CoRest Complex in Melanoma	93.395	198,005	-			198,005	36,522
		<u>198,005</u>	<u>54,898</u>			<u>252,903</u>	<u>36,522</u>
Harnessing the Thymus for Long-term Tumor Control with Hematopoietic Stem Cell-Derived Naive CAR T Cells	93.396	<u>374,500</u>	-			<u>374,500</u>	<u>6,665</u>
Georgetown University Lombardi Comprehensive Cancer Center Support Grant	93.397	-	15,770	Georgetown University	425115-GR425017-HUMC	15,770	-
Epigenetic Therapies - New Approaches, Project 1	93.397	-	206,221	Coriell Institute for Medical Research	1P50CA254897-01A1	206,221	-
Epigenetic Therapies - New Approaches, Pathology Core	93.397	-	21,657	Coriell Institute for Medical Research	1P50CA254897-01A1	21,657	-
			<u>243,648</u>			<u>243,648</u>	<u>-</u>
Leveraging Behavioral Science to Improve Patient Understanding of Advanced Cancer	93.398	236,310	-			236,310	-
Elucidating the Role of SMAD4 in Colorectal Cancer	93.398	137,385	-			137,385	-
Experimental Evolution of Pancreatic Cancer	93.398	127,200	-			127,200	-
		<u>500,895</u>	<u>-</u>			<u>500,895</u>	<u>-</u>
NIDILRR Disability and Rehab. Research Projects TBI Model Systems	93.433	252,694	-			252,694	-
Characterization and Treatment of Chronic Pain After Severe Traumatic Brain Injury	93.433	-	9,000	Craig Hospital	90DPTB0017-04-00	9,000	-
		<u>252,694</u>	<u>9,000</u>			<u>261,694</u>	<u>-</u>
Hackensack University Medical Center Accountable Health Communities Track 2 Assistance Intervention: Improving Population Health in Bergen County, New Jersey	93.650	<u>362,397</u>	-			<u>362,397</u>	<u>-</u>
COVID-19 - CLOCK Consortium for PASC Phase II RECOVER Pediatric Cohort	93.838	-	25,104	Rutgers, The State University of New Jersey	OT2HL161847-01	25,104	-
Exhaled Small RNA Biomarkers to Detect and Monitor Airway Disease	93.838	-	262,221	Albert Einstein College of Medicine, Inc.	R33HL156279	262,221	-
			<u>287,325</u>			<u>287,325</u>	<u>-</u>
DOT1L Reconstitution of Plasmacytoid Dendritic Cells and Alloimmunity	93.839	<u>893,861</u>	-			<u>893,861</u>	<u>105,477</u>
Leptin Reduction as a Potent Mitigative Strategy for the Treatment of PASC	93.847	-	<u>98,066</u>	The University of Texas Southwestern Medical Center	3R01DK127274-02S1	<u>98,066</u>	-
Targeting Lewy Body Specific Pathology Using Biomarkers	93.853	-	104,674	The Trustees of Columbia University in the City of New York	5U01NS100600-06	104,674	-
Comparing Treatment Approaches to Promote Inpatient Rehabilitation Effectiveness for Traumatic Brain Injury (CARE 4 TBI)	93.853	-	17,417	The Ohio State University	UG3NS117844/GR125942	17,417	-
			<u>122,091</u>			<u>122,091</u>	<u>-</u>

The accompanying notes on pages 49-50 are an integral part of this schedule.

Hackensack Meridian Health, Inc.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2022

Federal Program	ALN	Direct	Pass Through	Pass-Through Entity	Pass-Through Entity Sponsor Number / Contract Award Number	Total Expenditures	Pass To Subrecipients
NIH: Center to Develop Therapeutic Countermeasures to High-Threat Bacterial Agents	93.855	8,350,046	-			8,350,046	4,070,289
Novel Bi-specific Immunotherapeutic Against High-Threat Gram-Negative Pathogens	93.855	1,535,690	-			1,535,690	-
Combating Natural Resistance and Persistence in Non-TB Mycobacterial Disease	93.855	562,069	-			562,069	-
NIH: Critical Factors Influencing Echinocandin Resistance in Candida Glabrata	93.855	488,113	-			488,113	-
NIH: Novel Bi-specific Immunopharmacology Against Multi-Drug Resistant Gram-Negative Bacterial Infections	93.855	2,242,509	-			2,242,509	195,484
NIH: Siderophore Inhibitors for Tuberculosis that Block Mycobactin Biosynthesis	93.855	-	186,908	University of Minnesota	R01AI136445	186,908	-
NIH: Target Based Discovery of Next Generation Pyrazinamide	93.855	693,625	-			693,625	179,290
NIH: Targeting Biotin Metabolism in Mycobacterium Tuberculosis	93.855	-	183,820	Regents of the University of Minnesota	1R01AI143784-01	183,820	-
NIH: The Molecular Basis of the Carbapenem Resistance Epidemic	93.855	283,141	-			283,141	109,358
Using Collaborative Cross Mice to Develop a Novel Model of Mycobacterium Abscesses Lung Infection	93.855	11,012	-			11,012	-
A Dual-Beta-Lactam Strategy for Treating Multidrug Resistant M Abscessus	93.855	1,047,164	-			1,047,164	353,529
Lesion-Centric Optimization of Multidrug Therapies for Tuberculosis	93.855	-	29,785	Trustees of Tufts College	R01AI150684	29,785	-
Novel Strategies for Antibiotic Combinations to Combat Gram-Negative Superbugs	93.855	-	216,534	The Research Foundation for SUNY	R01AI14856001	216,534	-
Bacterial Characteristics of Community-Associated Carbapenem-Resistant Enterobacteriaceae	93.855	-	1,169	UNC at Chapel Hill	R01AI143910	1,169	-
Translational Approaches to Improve Understanding and Outcome in Tuberculous Meningitis	93.855	728,970	-			728,970	219,461
Ezr2 Regulates Follicular Helper T Cell Differentiation	93.855	490,155	-			490,155	149,093
Tcf1 Programs CD8 T Cell Responses to Enhance Viral and Cancer Immunity	93.855	480,594	-			480,594	195,625
Immunometabolic Regulations of Pulmonary TB Pathogenesis by Adipose Tissue	93.855	992,477	-			992,477	213
Polyclonality of Carbapenem Resistant Enterobacteriaceae Bloodstream Infections	93.855	-	99,319	University of Pittsburgh	1R21AI152018-01A1	99,319	-
Harnessing B Cells for TB Vaccine Development to Improve Therapy of TB and TB-HIV Coinfection	93.855	1,437,864	-			1,437,864	382,076
Determinants of TB Control, Relapse and Reinfection	93.855	-	848,165	Weill Cornell Medicine	1U19AI162568-01	848,165	-
Transmission Aerobiology of M. Tuberculosis: Genes and Metabolic Pathways That Sustain Mtb Across an Evolutionary Bottleneck	93.855	-	770,607	Weill Cornell Medicine	1P01AI159402-01	770,607	-
Defining STIM1 Function at the Immunological Synapse	93.855	-	15,436	Temple University	5R01AI152506-02	15,436	-
Synthetic Rescue of Antigen-Driven T Cells and Alk Immununity	93.855	-	408,794	Temple University	5R01AI143256-03	408,794	-
A Preclinical Program for Targeting Mycobacterium Tuberculosis KasA	93.855	-	123,874	Rutgers, The State University of New Jersey	1R01AI153145-01A1	123,874	-
Modulating Costimulation Pathways to Improve Follicular Helper T Cell and Antibody Responses	93.855	-	30,839	VA New Jersey Health Care System	101BX005771-01	30,839	-
C5a/C5aR1 Signaling in Protective Immunity During Invasive Candidiasis	93.855	177,455	-			177,455	-
Eliciting Mediators of Genetic Instability in Candida glabrata	93.855	23,208	-			23,208	-
Modulating Costimulation Pathways to Improve Follicular Helper T Cell and Antibody Responses	93.855	-	17,809	VA New Jersey Health Care System	36C24E22D0032	17,809	-
Identifying Drug-resistant Can	93.855	5,460	-			5,460	-
Antibiotic Resistance Among Hypermutator Carbapenem Resistant Klebsiella Pneumoniae	93.855	-	28,517	University of Pittsburgh	1R21AI166847-01A1	28,517	-
COVID-19 - Metropoliitan AntiViral Drug Accelerator	93.855	5,621,844	-			5,621,844	3,384,906
Antibacterial Resistance Leadership Group (ARLG)	93.855	-	406,248	Duke University	5UM1AI104681-10	406,248	-
Antibacterial Resistance Leadership Group (ARLG)	93.855	-	30,695	Duke University	5UM1AI104681-11	30,695	-
Restoring Beta-Lactam Efficacy Against Methicillin-Resistant Staphylococci	93.855	-	88,550	Prokaryotics, Inc.	R44AI136213	88,550	-
HX NIH CTCF in CD8 Tcell	93.855	119,736	-			119,736	7,983
		<u>25,291,132</u>	<u>3,487,059</u>			<u>28,778,191</u>	<u>9,247,307</u>
The Patient Journey for Children with Medical Complexity During the Pandemic Era and Its Implications	93.865	-	9,757	The Trustees of the Stevens Institute of Technology	R15HD109791	9,757	-
Epigenetics of Down Syndrome	93.865	1,033,599	-			1,033,599	781,756
		<u>1,033,599</u>	<u>9,757</u>			<u>1,043,356</u>	<u>781,756</u>
Rejuvenation of Aged Hematopoietic Stem Cells and Endothelial Niches by Thrombospondin -1 Blockade	93.866	675,571	-			675,571	-
mTOR Dependent Regulation of Hematopoietic Stem Cell Aging and Longevity	93.866	-	112,239	New York University, on behalf of its Grossman School of Medicine	1R56AG073379-01	112,239	-
Telehealth Combining Virtual Reality Adaptable Games and Drug Therapy for Early Alzheimer's Disease	93.866	-	15,462	Bright Cloud International Corp.	1R43AG0605035-01	15,462	-
		<u>675,571</u>	<u>127,701</u>			<u>803,272</u>	-
Ending the Epidemic: To Perform Enhanced HIV Services	93.940	-	30,000	State of New Jersey Department of Health	DH22ZEHE022	30,000	-
Total U.S. Department of Health and Human Services		<u>31,055,718</u>	<u>5,221,502</u>			<u>36,277,220</u>	<u>10,177,727</u>
Total Research and Development Cluster		<u>31,055,718</u>	<u>5,221,502</u>			<u>36,277,220</u>	<u>10,177,727</u>
STUDENT FINANCIAL ASSISTANCE CLUSTER							
U.S. Department of Education							
Federal Supplemental Education Opportunity Grant Program	84.007	36,400	-			36,400	-
Federal Supplemental Education Opportunity Grant Program	84.007	33,100	-			33,100	-
		<u>69,500</u>	-			<u>69,500</u>	-
Federal Pell Grant Program	84.063	390,163	-			390,163	-
Federal Pell Grant Program	84.063	342,189	-			342,189	-
		<u>732,352</u>	-			<u>732,352</u>	-
Federal Direct Student Loans	84.268	1,880,086	-			1,880,086	-
Federal Direct Student Loans	84.268	2,334,314	-			2,334,314	-
Federal Direct Student Loans-Hackensack Meridian School of Medicine	84.268	20,354,340	-			20,354,340	-
		<u>24,568,740</u>	-			<u>24,568,740</u>	-
Total U.S. Department of Education		<u>25,370,592</u>	-			<u>25,370,592</u>	-
Total Student Financial Assistance Cluster		<u>25,370,592</u>	-			<u>25,370,592</u>	-

The accompanying notes on pages 49-50 are an integral part of this schedule.

Hackensack Meridian Health, Inc.

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2022

Federal Program	ALN	Direct	Pass Through	Pass-Through Entity	Pass-Through Entity Sponsor Number / Contract Award Number	Total Expenditures	Pass To Subrecipients
OTHER PROGRAMS							
U.S. Department of Justice							
Project Heal: Expansion of Community-Based Violence Intervention & Prevention Initiatives	16.045	<u>173,085</u>	-			<u>173,085</u>	-
New Jersey Hospital-Based Violence Intervention Program	16.575	-	919,987	State of New Jersey Department of Law and Public Safety-Office of Attorney General	2019-V2-GX-0051	919,987	233,039
Community-Based Violence Intervention Program	16.575	-	284,365	State of New Jersey Department of Law and Public Safety-Office of Attorney General	22-CBVI-07	284,365	205,838
Total U.S. Department of Justice		<u>173,085</u>	<u>1,204,352</u>			<u>1,204,352</u>	<u>438,877</u>
U.S. Department of The Treasury							
COVID-19 - Coronavirus State Fiscal Recovery Fund	21.027	-	14,661,726	New Jersey Department of Community Affairs	G2022-06	14,661,726	-
Total U.S. Department of The Treasury		-	<u>14,661,726</u>			<u>14,661,726</u>	-
U.S. Department of Education							
Services: Early Intervention System, Special Education Grants for Infants and Families	84.181	-	2,779,604	State of New Jersey Department of Health	04-2156-EIP-H-0	2,779,604	-
COVID-19 - CARES ACT: Higher Education Emergency Relief Funds	84.425F	57,928	-			57,928	-
Total U.S. Department of Education		<u>57,928</u>	<u>2,779,604</u>			<u>2,837,532</u>	-
U.S. Department of Health and Human Services							
New Jersey Family-Centered Mental Health Access Program Telehealth	93.110	-	90,333	New Jersey Chapter, American Academy of Pediatrics	DFHS22PMH002	90,333	-
New Jersey Family-Centered Mental Health Access Program Telehealth	93.110	-	25,897	New Jersey Chapter, American Academy of Pediatrics	DFHS23PMH002	25,897	-
Severe Combined Immunodeficiency (SCID) Screening and Education	93.110	-	6,000	The Regents of the University of California, San Francisco	13107ac	6,000	-
		-	<u>122,230</u>			<u>122,230</u>	-
Pediatric AIDS 2022	93.153	-	111,667	State of New Jersey Department of Health	DFHS22PDA006	111,667	-
Pediatric AIDS 2023	93.153	-	22,755	State of New Jersey Department of Health	DFHS23PDA007	22,755	-
		-	<u>134,422</u>			<u>134,422</u>	-
HMH Carrier Clinic Mental Health Awareness in Identifying Disturbances in Emotions Program (AIDE)	93.243	111,769	-			111,769	-
ICARE Integrated Care for Addiction Recovery Expansion	93.243	292,714	-			292,714	-
ICARE Integrated Care for Addiction Recovery Expansion	93.243	127,869	-			127,869	-
		<u>532,352</u>	-			<u>532,352</u>	-
ANE- Nurse Practitioner Residency Program	93.247	400,638	-			400,638	-
ANE- Nurse Practitioner Residency Program	93.247	351,384	-			351,384	-
		<u>752,022</u>	-			<u>752,022</u>	-
COVID-19 - SARS-CoV-2 Hospital Testing 2021	93.323	-	3,293,896	State of New Jersey Department of Health	PHLP21CHT004	3,293,896	-
Integrated Care for Kids Model	93.378	2,532,907	-			2,532,907	2,217,889
COVID-19 - HRSA COVID-19 Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund	93.461	1,164,055	-			1,164,055	-
Community Project Funding/Congressionally Directed Spending - Construction	93.493	775,000	-			775,000	-
COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498	5,927,703	-			5,927,703	-
New Jersey Home Visiting Initiative: Parents as Teachers	93.870	-	82,045	State of New Jersey Department of Children and Family Services	23TBXP	82,045	-
New Jersey Home Visiting Initiative: Parents as Teachers	93.870	-	110,653	State of New Jersey Department of Children and Family Services	22TBXP	110,653	-
		-	<u>192,698</u>			<u>192,698</u>	-
COVID-19 - PHILEP Emergency Funding 2021	93.889	-	131,555	State of New Jersey Department of Health	PHLP21EMG004	131,555	-
COVID-19 - Ryan White	93.914	1,500	-	Middlesex County Department of Human Services	POHS2164	1,500	-
Ryan White - January 1, 2022 - February 28, 2022	93.914	37,715	-	Middlesex County Department of Human Services	POHS2164	37,715	-
Ryan White - March 1, 2022 - December 31, 2022	93.914	204,457	-	Middlesex County Department of Human Services	POHS2164	204,457	-
Ryan White	93.914	42,865	-	City of Paterson Department of Human Resources	G219818	42,865	-
Ryan White	93.914	120,990	-	City of Paterson Department of Human Resources	G229618	120,990	-
		-	<u>407,527</u>			<u>407,527</u>	-
HIV/Aids Ryan White Part B Application 2021	93.917	-	250,775	State of New Jersey Department of Health	DHST21RWB013	250,775	-
HIV/Aids Ryan White Part B Application 2022	93.917	-	813,592	State of New Jersey Department of Health	DHST22RWB007	813,592	-
HIV/Aids Ryan White Part B Application 2021	93.917	-	98,826	State of New Jersey Department of Health	DHST21RWB014	98,826	-
HIV/Aids Ryan White Part B Application 2022	93.917	-	256,235	State of New Jersey Department of Health	DHST22RWB008	256,235	-
		-	<u>1,419,428</u>			<u>1,419,428</u>	-
Ryan White HIV/AIDS Dental Reimbursement	93.924	17,997	-			17,997	-
Child Evaluation Center	93.994	-	47,927	State of New Jersey Department of Health	DFHS22EVL005	47,927	-
Child Evaluation Center	93.994	-	54,000	State of New Jersey Department of Health	DFHS23EVL006	54,000	-
Special Child Health Child Evaluation Centers 2023	93.994	-	26,939	State of New Jersey Department of Health	DFHS23EVL003	26,939	-
Special Child Health Child Evaluation Centers 2022	93.994	-	21,984	State of New Jersey Department of Health	DFHS22EVL009	21,984	-
		-	<u>150,850</u>			<u>150,850</u>	-
Total U.S. Department of Health and Human Services		<u>11,702,036</u>	<u>5,852,698</u>			<u>17,554,734</u>	<u>2,217,889</u>
U.S. Department of Homeland Security							
SFP2-2002-0068PWUSAR IAN DEPL	97.025	-	21,812	State of New Jersey Department of Law and Public Safety-Office of Attorney General	1200DG16106	21,812	-
COVID-19 - Federal Emergency Management Agency Disaster Relief Fund	97.036	-	170,366,255	New Jersey Office of Emergency Management	4488	170,366,255	-
Urban Area Security Initiative	97.067	-	149,999	State of New Jersey Office of Homeland Security and Preparedness	EMW-2020-SS-00042	149,999	-
Total U.S. Department of Homeland Security		-	<u>170,538,066</u>			<u>170,538,066</u>	-
Total Expenditures of Federal Awards		\$ 68,359,399	\$ 200,257,856			\$ 268,617,215	\$ 12,834,993

The accompanying notes on pages 49-50 are an integral part of this schedule.

Hackensack Meridian Health, Inc.

Notes to the Schedule of Expenditures of Federal Awards

December 31, 2022

(in thousands)

1. Basis of Presentation

Federal Awards

The accompanying Schedule of Expenditures of Federal Awards (the "Federal Schedule") presents the activities of the federal financial assistance programs of Hackensack Meridian Health, Inc. and its subsidiaries (the "Network") that have been financed by the U.S. Government.

The information in this Federal Schedule is presented in accordance with the requirements of the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Federal Schedule may differ from amounts presented in or used in preparation of the consolidated financial statements. All financial assistance received directly from federal agencies, as well as financial assistance passed through other governmental agencies or nonprofit organizations, are included on the Federal Schedule. Direct and indirect costs are charged to awards in accordance with cost principles contained in the Department of Health and Human Services ("DHHS"), U.S. Office of the Assistant Secretary Comptroller ("OASC"), OASC-3, *A Guide for Hospitals*. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. The accompanying Federal Schedule is presented on the accrual basis of accounting. Because the Federal Schedule presents only a selected portion of the activities of the Network, it is not intended to, and does not, present the consolidated financial position, results of operations, and changes in net assets or cash flows of the Network.

The Network does not use the 10% de-minimis indirect cost rate for sponsored programs. The Network charges indirect costs to federal awards based on award-specific rates as defined in each grant award. While certain awards on the Federal Schedule have program names identified as award year 2023, only expenses incurred during the year ended December 31, 2022 are reported on the Federal Schedule. These awards have grant periods that do not align with the Network's calendar year end.

2. Pass-through Awards

Full Assistance Listing Numbers ("ALN") and pass through award numbers are presented where available and applicable.

3. Federal Direct Student Loan Program

The Network is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, the total outstanding loans are not included in the Network's consolidated financial statements. It is not practical to determine the balance of loans outstanding to students under this program as of December 31, 2022. The schedule of expenditures of federal awards includes loans granted in 2022.

Hackensack Meridian Health, Inc.
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2022

(in thousands)

4. COVID-19 – HRSA COVID-19 Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund

The Network conducted COVID-19 testing and/or provided treatment for uninsured individuals with a COVID-19 primary diagnosis on or after February 4, 2020 and as such has requested claims reimbursement under DHHS ALN 93.461 Health Resources and Services Administration's ("HRSA") COVID-19 Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund. The Network has recorded \$1,164 on the Federal Schedule from DHHS on claims with service dates during fiscal year 2022 which were fully reimbursed as of December 31, 2022 (claims for testing and treatment were accepted through March 22, 2022 and claims for vaccine administration were accepted through April 5, 2022).

5. COVID-19 – Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

The Federal Schedule includes grant activity related to the DHHS Coronavirus Aid Relief and Economic Security ("CARES") Act ALN 93.498 Provider Relief Fund ("PRF"). The PRF is administered by HRSA. As required based on guidance in the 2022 OMB Compliance Supplement, the Federal Schedule includes all Period 3 funds received between January 1, 2021 and June 30, 2021 and expended by June 30, 2022 and all Period 4 funds received between July 1, 2021 to December 31, 2021 and expended by December 31, 2022 as reported to HRSA via the PRF Reporting Portal. The Federal Schedule, thus, includes \$5,927 of lost revenue. Pursuant to the guidance provided by DHHS, the Network will include all PRF funds received between January 1, 2022 and December 31, 2022 (Periods 5 and 6) on its Federal Schedule for the year ending December 31, 2023.

6. COVID-19 – Federal Emergency Management Agency Disaster Relief Fund ("FEMA")

As of December 31, 2022, the Network recorded \$170,366 of claims to FEMA under ALN 97.036. The claims submitted represented incurred eligible capital and operating expenses attributed to the Network's response to COVID-19 which were not only expended but also obligated by the federal and state agencies. The Network has additional claims outstanding and under review with FEMA as of December 31, 2022 which will be recognized in the year the related funds are obligated by the federal and state agencies.

Hackensack Meridian Health, Inc.

Schedule of Expenditures of State Awards

Year Ended December 31, 2022

Title	Grant/Contract Account Number	Grant Award Period End	State	Federal	Total	Total Grant Period Expenditures
State of New Jersey Department of Children and Family Services						
Division of Child Protection & Permanency						
Pediatric AIDS	22AUNC	7/1/2021 - 6/30/2022	\$ 54,904	\$ -	\$ 54,904	\$ 109,810
Pediatric AIDS	23AUNC	7/1/2022 - 6/30/2023	54,905	-	54,905	54,905
Regional Diagnostic Treatment Center	21EZBN	7/1/2021 - 6/30/2022	1,534,474	-	1,534,474	2,092,273
Regional Diagnostic Treatment Center	23EZBN	7/1/2022 - 6/30/2023	1,003,211	-	1,003,211	1,003,211
New Jersey Home Visiting Initiative: Parents as Teachers	22TBXP	12/1/2021 - 6/30/2022	-	110,653	110,653	141,969
New Jersey Home Visiting Initiative: Parents as Teachers	23TBXP	7/1/2022 - 6/30/2023	-	82,045	82,045	82,045
Total Division of Child Protection & Permanency			<u>2,647,494</u>	<u>192,698</u>	<u>2,840,192</u>	<u>3,484,213</u>
Mental Health Collaborative	22CTNC	7/1/2021 - 6/30/2022	2,021,168	-	2,021,168	4,221,856
Mental Health Collaborative	23CTNC	7/1/2022 - 6/30/2023	3,155,407	-	3,155,407	3,155,407
Total Mental Health Collaborative			<u>5,176,575</u>	<u>-</u>	<u>5,176,575</u>	<u>7,377,263</u>
Residential Treatment and Community Home:						
EMYL - Swan Lodge IRTS	22AAGR	1/1/2022 - 6/30/2025	3,628,170	-	3,628,170	3,628,170
EMYL Res. Svcs. (RTC)	17FETR	5/1/2017 - 6/30/2022	3,273,823	-	3,273,823	27,913,876
EMYL Res. Svcs. (RTC)	23FETR	7/1/2022 - 6/30/2026	3,196,210	-	3,196,210	3,196,210
Carrier - EMYL Wolf Lodge (Co-Occurring RTC)	17FETR	5/1/2017 - 6/30/2022	1,023,509	-	1,023,509	10,490,519
Carrier - EMYL Wolf Lodge (Co-Occurring RTC)	23AQTR	7/1/2022 - 6/30/2026	802,824	-	802,824	802,824
Sunflower Lodge PCH	21AATR	1/1/2021 - 12/31/2024	1,181,005	-	1,181,005	2,274,019
Lotus Lodge PCH	21AATR	1/1/2021 - 12/31/2024	1,039,394	-	1,039,394	2,100,098
Total Residential Treatment and Community Home			<u>14,144,935</u>	<u>-</u>	<u>14,144,935</u>	<u>50,405,716</u>
Total State of New Jersey Department of Children and Family Services			<u>21,969,004</u>	<u>192,698</u>	<u>22,161,702</u>	<u>61,267,192</u>
State of New Jersey Department of Health						
Division of Mental Health and Addiction Services						
Emergency Services	20202	1/1/2022 - 12/31/2022	222,629	-	222,629	222,629
Emergency Services	20206	1/1/2022 - 12/31/2022	284,743	-	284,743	284,743
Emergency Services	20107	1/1/2022 - 12/31/2022	448,406	-	448,406	448,406
Psych Services	61004	7/1/2022 - 6/30/2023	38,570	-	38,570	38,570
Psych Services	61005	7/1/2022 - 6/30/2023	38,570	-	38,570	38,570
Pass-through from County of Somerset						
Inpatient Mental Health Services Individuals Referred from Short Term Care Facility or Psychiatric Screening Center and for Middlesex and Monmouth County Residents	10403	1/1/2022 - 12/31/2022	1,998,553	-	1,998,553	1,998,553
New Jersey Family-Centered Mental Health Access Program Telehealth	DFHS22PMH002	10/1/2021 - 9/30/2022	-	90,333	90,333	123,152
New Jersey Family-Centered Mental Health Access Program Telehealth	DFHS23PMH002	10/1/2022 - 9/30/2023	-	25,897	25,897	25,897
Total Division of Mental Health and Addiction Services			<u>3,031,471</u>	<u>116,230</u>	<u>3,147,701</u>	<u>3,180,520</u>
Division of Family Health Services						
Child Evaluation Center	DFHS22EVL005	7/1/2021 - 6/30/2022	88,799	47,927	136,726	272,478
Child Evaluation Center	DFHS23EVL006	7/1/2022 - 6/30/2023	86,584	54,000	140,584	140,584
Special Child Health Child Evaluation Centers 2022	DFHS22EVL009	7/1/2021 - 6/30/2022	46,717	21,984	68,701	134,434
Special Child Health Child Evaluation Centers 2023	DFHS23EVL003	7/1/2022 - 6/30/2023	40,408	26,939	67,347	67,347
Childhood Lead Exposure Prevention Program	OLPH22CLP028	7/1/2021 - 6/30/2022	81,346	-	81,346	197,936
Childhood Lead Exposure Prevention Program	OLPH23CLP027	7/1/2022 - 6/30/2023	152,622	-	152,622	152,622
Total Division of Family Health Services			<u>496,476</u>	<u>150,850</u>	<u>647,326</u>	<u>965,401</u>
Division of HIV, STD, TB						
HIV/AIDS Ryan White Part B Application 2021	DHST21RWB013	4/1/2021 - 3/31/2022	-	250,775	250,775	941,248
HIV/AIDS Ryan White Part B Application 2022	DHST22RWB007	4/1/2022 - 3/31/2023	-	813,592	813,592	813,592
HIV/AIDS Ryan White Part B Application 2021	DHST21RWB014	4/1/2021 - 3/31/2022	-	98,826	98,826	351,057
HIV/AIDS Ryan White Part B Application 2022	DHST22RWB008	4/1/2022 - 3/31/2023	-	256,235	256,235	256,235
DHSTS State HIV Services 2022	DHST22HIV015	1/1/2022 - 6/30/2022	119,248	-	119,248	119,248
DHSTS State HIV Services 2023	DHST23HIV040	7/1/2022 - 6/30/2023	135,086	-	135,086	135,086
DHSTS State HIV Services 2022	DHST22HIV011	1/1/2022 - 6/30/2022	158,675	-	158,675	158,675
DHSTS State HIV Services 2023	DHST23HIV030	7/1/2022 - 6/30/2023	181,109	-	181,109	181,109
Pediatric AIDS 2022	DFHS22PDA006	8/1/2021 - 7/31/2022	-	111,667	111,667	196,700
Pediatric AIDS 2023	DFHS23PDA007	8/1/2022 - 7/31/2023	-	22,755	22,755	22,755
Total Division of HIV, STD, TB			<u>594,118</u>	<u>1,553,850</u>	<u>2,147,968</u>	<u>3,175,705</u>

The accompanying notes on page 53 are an integral part of this schedule.

Hackensack Meridian Health, Inc.

Schedule of Expenditures of State Awards

Year Ended December 31, 2022

Title	Grant/Contract Account Number	Grant Award Period End	State	Federal	Total	Total Grant Period Expenditures
Services: Early Intervention System, Special Education Grants for Infants and Families	04-2156-EIP-H-0	1/1/2004 - Open ended	-	2,779,604	2,779,604	2,779,604
Ending the Epidemic: To Perform Enhanced HIV Services	DHST22EHE022	4/1/2022 - 7/31/2022	-	30,000	30,000	30,000
Dedicated Grant-in-Aid 2022	MGMT22GIA015	7/1/2021 - 6/30/2022	3,648,975	-	3,648,975	7,000,000
Dedicated Grant-in-Aid 2023	MGMT22GIA011	7/1/2022 - 6/30/2023	3,972,804	-	3,972,804	3,972,804
Dedicated Grant-in-Aid 2022	MGMT22GIA018	7/1/2021 - 6/30/2023	37,000	-	37,000	37,000
Newborn Screening and Genetic Services 2022	DFHS22NWB003	7/1/2021 - 6/30/2022	132,849	-	132,849	222,020
Newborn Screening and Genetic Services 2023	DFHS23NWB009	7/1/2022 - 6/30/2023	110,779	-	110,779	110,779
Screen NJ	PO 1402908	7/1/2021 - 6/30/2022	21,857	-	21,857	29,164
Outreach and Education	DFHS22OTR002	7/1/2021 - 6/30/2022	33,729	-	33,729	69,000
Outreach and Education	DFHS23OTR002	7/1/2022 - 6/30/2023	36,169	-	36,169	36,169
Tobacco Prevention and Cessation Services	DCHS22TPC005	7/1/2021 - 6/30/2022	173,084	-	173,084	360,000
Tobacco Prevention and Cessation Services	DCHS23TPC004	7/1/2022 - 6/30/2023	182,421	-	182,421	182,421
Identifying and Characterizing Functional Noncoding Mutations in Multiple Myeloma	COCR22RBC009	6/1/2022 - 5/31/2023	116,197	-	116,197	116,197
Speech Indicators of Dysfunction and Recovery Following Mild Traumatic Brain Injury	CBIR22PIL018	4/1/2022 - 3/31/2024	5,676	-	5,676	5,676
COVID-19 - Health Equity Response to COVID-19 Activity B2 2022	OOPH22HED001	8/1/2021 - 5/31/2024	123,687	-	123,687	198,434
COVID-19 - PHILEP Emergency Funding 2021	PHLP21EMG004	7/1/2020 - 6/30/2022	-	131,555	131,555	281,652
COVID-19 - SARS-CoV-2 Hospital Testing 2021	PHLP21CHT004	10/1/2020 - 12/31/2023	-	3,293,896	3,293,896	6,651,136
Total State of New Jersey Department of Health			12,717,292	8,055,985	20,773,277	29,403,682
State of New Jersey Department of Human Services						
DMHAS	10109	1/1/2022 - 12/31/2022	188,945	-	188,945	188,945
NJ ARP Stabilization Grant	FR-003040 - JSUMC	1/1/2022 - 12/31/2022	80,000	-	80,000	80,000
NJ ARP Stabilization Grant	FR-003040 - PMC	1/1/2022 - 12/31/2022	80,000	-	80,000	80,000
NJ ARP Stabilization Grant	FR-003040 - BMHS	1/1/2022 - 12/31/2022	80,000	-	80,000	80,000
NJ ARP Stabilization Grant	FR-003323 - OMC	1/1/2022 - 12/31/2022	40,000	-	40,000	40,000
NJ ARP Stabilization Grant	FR-003040 - JFK	1/1/2022 - 12/31/2022	80,000	-	80,000	80,000
NJ ARP Stabilization Grant	FR-003233 - RMC	1/1/2022 - 12/31/2022	40,000	-	40,000	40,000
Phase III HRBG	14113	1/1/2022 - 12/31/2022	95,853	-	95,853	95,853
Phase II HRBG	10925	1/1/2022 - 12/31/2022	2,000	-	2,000	2,000
Phase I HRBG	7642	1/1/2022 - 12/31/2022	33,000	-	33,000	33,000
Total State of New Jersey Department of Human Services			719,798	-	719,798	719,798
New Jersey Department of Banking and Insurance						
Navigator Cooperative Agreement	21-100-082-2000	9/16/2021 - 9/15/2022	22,550	-	22,550	36,532
Total New Jersey Department of Banking and Insurance			22,550	-	22,550	36,532
State of New Jersey Department of Law and Public Safety-Office of Attorney General						
New Jersey Hospital - Based Violence Intervention Program	2019-V2-GX-0051	10/1/2021 - 9/30/2022	-	919,987	919,987	1,122,015
Community-Based Violence Intervention Program	22-CBVI-07	2/1/2022 - 12/31/2022	-	284,365	284,365	284,365
SPF2022-0068PWUSAR IAN DEPL	1200DG16106	2/1/2022 - 12/31/2022	-	21,812	21,812	21,812
Total State of New Jersey Department of Law and Public Safety-Office of Attorney General			-	1,226,164	1,226,164	1,428,192
New Jersey Office of Emergency Management						
COVID-19 - Federal Emergency Management Agency Disaster Relief Fund	4488	1/20/2020 - 12/31/2022	-	170,366,255	170,366,255	422,449,084
Total New Jersey Office of Emergency Management			-	170,366,255	170,366,255	422,449,084
New Jersey Economic Development Authority						
COVID-19 - New Jersey Sustain and Serve Grant	PROD-00288813	8/1/2021 - 6/30/2022	401,205	-	401,205	628,005
COVID-19 - New Jersey Sustain and Serve Grant	PROD-0030311	11/15/2022 - 5/31/2023	36,000	-	36,000	36,000
Total New Jersey Economic Development Authority			437,205	-	437,205	664,005
New Jersey Department of Community Affairs						
COVID-19 - Coronavirus State Fiscal Recovery Fund	G2022-06	7/1/2022 - 12/31/2026	-	14,661,726	14,661,726	14,661,726
Total New Jersey Department of Community Affairs			-	14,661,726	14,661,726	14,661,726
State of New Jersey Office of Homeland Security and Preparedness						
Urban Area Security Initiative	EMW-2020-SS-00042	9/1/2020 - 8/31/2023	-	149,999	149,999	149,999
Total State of New Jersey Office of Homeland Security and Preparedness			-	149,999	149,999	149,999
Total Expenditures of State Awards			\$ 35,865,849	\$ 194,652,827	\$ 230,518,676	\$ 530,780,210

The accompanying notes on page 53 are an integral part of this schedule.

Hackensack Meridian Health, Inc.

Notes to the Schedule of Expenditures of State Awards

Year Ended December 31, 2022

1. Basis of Presentation

State Awards

The accompanying Schedule of Expenditures of State Awards (the “State Schedule”) presents the activities of the state financial assistance programs of the Network that have been financed by the State of New Jersey.

The information in this State Schedule is presented in accordance with the requirements of New Jersey Department of Treasury Circular 15-08 OMB, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* (“15-08”). Therefore, some amounts presented in this State Schedule may differ from amounts presented in or used in preparation of the basic consolidated financial statements. For purposes of the State Schedule, state awards include any assistance provided by a state agency directly or indirectly in the form of grants and contracts. Federal awards to the State of New Jersey which the state has passed through to the Network have been included in the Network’s Federal Schedule in accordance with the Uniform Guidance and the State Schedule in accordance with 15-08. Direct and indirect costs are charged to awards in accordance with cost principles contained in the Department of Health and Human Services, OASC, OASC-3, *A Guide for Hospitals*. Under these cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. The State Schedule is presented on the accrual basis of accounting. Because the State Schedule presents only a selected portion of the activities of the Network, it is not intended to, and does not present the consolidated financial position, results of operations, changes in net assets or cash flows of the Network.

The Network charges indirect costs to state awards based on award-specific rates as defined in each grant award. For state awards with program names identified as award year 2021 or 2023, only expenses incurred during the year ended December 31, 2022 are reported on the State Schedule. These awards have grant periods that do not align with the Network’s calendar year end.

2. COVID-19 – Federal Emergency Management Agency Disaster Relief Fund (“FEMA”)

As of December 31, 2022, the Network recorded \$170,366 of claims to FEMA under ALN 97.036. The claims submitted represented incurred eligible capital and operating expenses attributed to the Network’s response to COVID-19 which were not only expended but also obligated by the federal and state agencies. The Network has additional claims outstanding and under review with FEMA as of December 31, 2022 which will be recognized in the year the related funds are obligated by the federal and state agencies.

Hackensack Meridian Health, Inc.
Supplemental Schedule of Expenditures of Local Awards (Unaudited)
Year Ended December 31, 2022

	Grant/Contract Number	Local Expenditures
Monmouth County Department of Human Services		
Division of Mental Health - Jersey Shore University Medical Center	P.O. DMH262341	\$ 48,490
Division of Mental Health - Riverview Medical Center	P.O. DMH262340	48,490
Monmouth County Board of Health		
STD Clinic	P.O. 270007	23,656
Total Local Expenditures		<u>\$ 120,636</u>

The accompanying note on page 64 is an integral part of this schedule.

Hackensack Meridian Health, Inc.
Supplemental Schedule of Budgeted and Actual Expenditures for State of New Jersey Department of Health Grant Programs (Unaudited)
Year Ended December 31, 2022

	Final Approved Budget	Expenditures January 1, 2022 to December 31, 2022
Pediatric AIDS 2022		
Grant Contract Number: DFHS22PDA006		
Grant Period: August 1, 2021 to July 31, 2022		
Salaries and Wages	\$ 190,429	\$ 107,755
Consultants and Professional Services Cost	5,200	3,912
Travel, Conferences and Meetings	1,071	-
	<u>\$ 196,700</u>	<u>\$ 111,667</u>
Pediatric AIDS 2023		
Grant Contract Number: DFHS23PDA007		
Grant Period: August 1, 2022 to July 31, 2023		
Salaries and Wages	\$ 177,767	\$ 22,755
Consultants and Professional Services Cost	5,200	-
	<u>\$ 182,967</u>	<u>\$ 22,755</u>
Child Evaluation Center		
Grant Contract Number: DFHS22EVL005		
Grant Period: July 1, 2021 to June 30, 2022		
Salaries and Wages	\$ 266,528	\$ 134,448
Office Expense and Related Cost	1,700	1,152
Program Expense and Related Costs	3,000	1,126
Staff Training and Education Cost	750	-
Travel, Conferences and Meetings	500	-
	<u>\$ 272,478</u>	<u>\$ 136,726</u>
Child Evaluation Center		
Grant Contract Number: DFHS23EVL006		
Grant Period: July 1, 2022 to June 30, 2023		
Salaries and Wages	\$ 266,528	\$ 138,744
Office Expense and Related Cost	8,150	1,360
Staff Training and Education Cost	3,280	480
	<u>\$ 277,958</u>	<u>\$ 140,584</u>
HIV/AIDS Ryan White Part B Application 2021		
Grant Contract Number: DHST21RWB014		
Grant Period: April 1, 2021 to March 31, 2022		
Salaries and Wages	\$ 261,659	\$ 62,724
Consultants and Professional Services Cost	52,025	9,100
Program Expense and Related Costs	57,114	31,588
Less Program Income	(19,741)	(4,586)
	<u>\$ 351,057</u>	<u>\$ 98,826</u>

The accompanying note on page 64 is an integral part of this schedule.

Hackensack Meridian Health, Inc.
Supplemental Schedule of Budgeted and Actual Expenditures for State of New Jersey Department of Health Grant Programs (Unaudited)
Year Ended December 31, 2022

	Final Approved Budget	Expenditures January 1, 2022 to December 31, 2022
HIV/AIDS Ryan White Part B Application 2022		
Grant Contract Number: DHST22RWB008		
Grant Period: April 1, 2022 to March 31, 2023		
Salaries and Wages	\$ 254,286	\$ 203,504
Consultants and Professional Services Cost	48,224	24,721
Program Expense and Related Costs	54,959	45,115
Less Program Income	(23,965)	(17,105)
	<u>\$ 333,504</u>	<u>\$ 256,235</u>
HIV/AIDS Ryan White Part B Application 2021		
Grant Contract Number: DHST21RWB013		
Grant Period: April 1, 2021 to March 31, 2022		
Salaries and Wages	\$ 917,219	\$ 272,216
Supplies	168,086	5,151
Facility Cost	55,913	13,978
Less Program Income	(91,529)	(40,570)
	<u>\$ 1,049,689</u>	<u>\$ 250,775</u>
HIV/AIDS Ryan White Part B Application 2022		
Grant Contract Number: DHST22RWB007		
Grant Period: April 1, 2022 to March 31, 2023		
Salaries and Wages	\$ 940,583	\$ 695,081
Supplies	213,321	174,502
Facility Cost	98,421	73,816
Less Program Income	(223,627)	(129,807)
	<u>\$ 1,028,698</u>	<u>\$ 813,592</u>
DHSTS State HIV Services 2022		
Grant Contract Number: DHST22HIV015		
Grant Period: January 1, 2022 to June 30, 2022		
Salaries and Wages	\$ 133,194	\$ 119,248
Office Expense and Related Cost	1,000	-
Program Expense and Related Costs	40,806	-
	<u>\$ 175,000</u>	<u>\$ 119,248</u>
DHSTS State HIV Services 2023		
Grant Contract Number: DHST23HIV040		
Grant Period: July 1, 2022 to June 30, 2023		
Salaries and Wages	\$ 301,165	\$ 123,427
Office Expense and Related Cost	5,835	-
Program Expense and Related Costs	36,500	11,659
Travel, Conferences and Meetings	6,500	-
	<u>\$ 350,000</u>	<u>\$ 135,086</u>

The accompanying note on page 64 is an integral part of this schedule.

Hackensack Meridian Health, Inc.
Supplemental Schedule of Budgeted and Actual Expenditures for State of New Jersey Department of Health Grant Programs (Unaudited)
Year Ended December 31, 2022

	Final Approved Budget	Expenditures January 1, 2022 to December 31, 2022
DHSTS State HIV Services 2022		
Grant Contract Number: DHST22HIV011		
Grant Period: January 1, 2022 to June 30, 2022		
Salaries and Wages	\$ 168,750	\$ 158,675
	<u>\$ 168,750</u>	<u>\$ 158,675</u>
DHSTS State HIV Services 2023		
Grant Contract Number: DHST23HIV030		
Grant Period: July 1, 2022 to June 30, 2023		
Salaries and Wages	\$ 337,500	\$ 181,109
	<u>\$ 337,500</u>	<u>\$ 181,109</u>
Dedicated Grant-in-Aid 2022		
Grant Contract Number: MGMT22GIA015		
Grant Period: July 1, 2021 to June 30, 2022		
Facility Cost	\$ 700,000	\$ 350,000
Other	6,300,000	3,298,975
	<u>\$ 7,000,000</u>	<u>\$ 3,648,975</u>
Dedicated Grant-in-Aid 2022		
Grant Contract Number: MGMT22GIA018		
Grant Period: July 1, 2021 to June 30, 2023		
Construction and Alterations and Renovations	\$ 4,963,000	\$ -
Consultants and Professional Services Cost	37,000	37,000
	<u>\$ 5,000,000</u>	<u>\$ 37,000</u>
Dedicated Grant-in-Aid 2023		
Grant Contract Number: MGMT23GIA011		
Grant Period: July 1, 2022 to June 30, 2023		
Facility Cost	\$ 700,000	\$ 350,000
Other	6,300,000	3,622,804
	<u>\$ 7,000,000</u>	<u>\$ 3,972,804</u>
Emergency Services		
Grant Contract Number: 20202		
Grant Period: January 1, 2022 to December 31, 2022		
Salaries and Wages	\$ 2,075,810	\$ 2,127,805
Supplies	19,388	12,042
Spec. Assistance to Clients	880	-
Furniture	4,500	3,856
Total Costs	<u>2,100,578</u>	<u>2,143,703</u>
Revenues		
Client-Generated Fees	(186,781)	(615,001)
Hospital Subsidy	(1,691,168)	(1,306,073)
Net Operating Costs	<u>\$ 222,629</u>	<u>\$ 222,629</u>

The accompanying note on page 64 is an integral part of this schedule.

Hackensack Meridian Health, Inc.
Supplemental Schedule of Budgeted and Actual Expenditures for State of New Jersey Department of Health Grant Programs (Unaudited)
Year Ended December 31, 2022

	Final Approved Budget	Expenditures January 1, 2022 to December 31, 2022
Emergency Services		
Grant Contract Number: 20206		
Grant Period: January 1, 2022 to December 31, 2022		
Salaries and Wages	\$ 610,427	\$ 575,580
Supplies	1,225	3,692
Other	690	-
Total Costs	<u>612,342</u>	<u>579,272</u>
Revenues	-	
Client-Generated Fees	(123,167)	(126,518)
Hospital Subsidy	<u>(204,432)</u>	<u>(168,011)</u>
Net Operating Costs	<u>\$ 284,743</u>	<u>\$ 284,743</u>

Emergency Services		
Grant Contract Number: 20107		
Grant Period: January 1, 2022 to December 31, 2022		
Salaries and Wages	\$ 1,445,834	\$ 1,676,613
Supplies	3,500	11,559
Other	2,000	-
Total Costs	<u>1,451,334</u>	<u>1,688,172</u>
Revenues		
Client-Generated Fees	(252,556)	(369,030)
Hospital Subsidy	<u>(750,372)</u>	<u>(870,736)</u>
Net Operating Costs	<u>\$ 448,406</u>	<u>\$ 448,406</u>

New Jersey Family-Centered Mental Health Access Program Telehealth		
Grant Contract Number: DFHS22PMH002		
Grant Period: October 1, 2021 to September 30, 2022		
Salaries and Wages	\$ 118,842	\$ 85,995
Supplies	2,500	-
Mileage	1,150	4,338
Mobile Device Supplemental	660	-
	<u>\$ 123,152</u>	<u>\$ 90,333</u>

New Jersey Family-Centered Mental Health Access Program Telehealth		
Grant Contract Number: DFHS23PMH002		
Grant Period: October 1, 2022 to September 30, 2023		
Salaries and Wages	\$ 122,224	\$ 25,740
Supplies	2,001	-
Mileage	1,150	157
Mobile Device Supplemental	660	-
	<u>\$ 126,035</u>	<u>\$ 25,897</u>

The accompanying note on page 64 is an integral part of this schedule.

Hackensack Meridian Health, Inc.
Supplemental Schedule of Budgeted and Actual Expenditures for State of New Jersey Department of Health Grant Programs (Unaudited)
Year Ended December 31, 2022

	Final Approved Budget	Expenditures January 1, 2022 to December 31, 2022
Psych Services		
Grant Contract Number: 61004		
Grant Period: July 1, 2022 to June 30, 2023		
Salaries and Wages	\$ 75,971	\$ 38,570
Other	24,029	-
	<u>\$ 100,000</u>	<u>\$ 38,570</u>
Psych Services		
Grant Contract Number: 61005		
Grant Period: July 1, 2022 to June 30, 2023		
Salaries and Wages	\$ 75,971	\$ 38,570
Other	24,029	-
	<u>\$ 100,000</u>	<u>\$ 38,570</u>
COVID-19 - Health Equity Response to COVID-19 Activity B2 2022		
Grant Contract Number: OOPH22HED001		
Grant Period: August 1, 2021 to May 31, 2024		
Salaries and Wages	\$ 337,224	\$ 67,198
Fringe Benefits	90,038	19,486
Supplies	2,000	274
Training	21,918	-
Other	29,500	25,485
Facility Cost	48,070	11,244
	<u>\$ 528,750</u>	<u>\$ 123,687</u>
COVID-19 - SARS-CoV-2 Hospital Testing 2021		
Grant Contract Number: PHL21CHT004		
Grant Period: October 1, 2020 to December 31, 2023		
Salaries and Wages	\$ 911,913	\$ 522,601
Fringe Benefits	246,216	112,429
Construction and Alterations and Renovations	402,780	-
Equipment	1,491,770	791,751
Other	6,432,923	247,822
Indirect Costs	91,190	55,386
	<u>\$ 9,576,792</u>	<u>\$ 1,729,989</u>
Speech Indicators of Dysfunction and Recovery Following Mild Traumatic Brain Injury		
Grant Contract Number: CBIR22PIL018		
Grant Period: April 1, 2022 to March 31, 2024		
Salaries and Wages	\$ 6,250	\$ 4,730
Indirect Costs	1,250	946
	<u>\$ 7,500</u>	<u>\$ 5,676</u>

The accompanying note on page 64 is an integral part of this schedule.

Hackensack Meridian Health, Inc.
Supplemental Schedule of Budgeted and Actual Expenditures for State of New Jersey Department of Health Grant Programs (Unaudited)
Year Ended December 31, 2022

	Final Approved Budget	Expenditures January 1, 2022 to December 31, 2022
Screen NJ		
Grant Contract Number: PO 1402908		
Grant Period: July 1, 2021 to June 30, 2022		
Salaries and Wages	\$ 64,000	\$ 18,765
Other	41,893	3,092
	<u>\$ 105,893</u>	<u>\$ 21,857</u>
Special Child Health Child Evaluation Centers 2023		
Grant Contract Number: DFHS23EVL003		
Grant Period: July 1, 2022 to June 30, 2023		
Salaries and Wages	\$ 91,173	\$ 46,534
Fringe Benefits	24,217	13,077
Facility Cost	3,544	1,772
Consultants and Professional Services Cost	14,000	4,800
Supplies	1,000	859
Training	500	305
	<u>\$ 134,434</u>	<u>\$ 67,347</u>
Special Child Health Child Evaluation Centers 2022		
Grant Contract Number: DFHS22EVL009		
Grant Period: July 1, 2021 to June 30, 2022		
Salaries and Wages	\$ 89,247	\$ 43,619
Fringe Benefits	23,057	10,595
Facility Cost	4,230	2,114
Consultants and Professional Services Cost	16,000	11,200
Supplies	1,400	821
Training	500	352
	<u>\$ 134,434</u>	<u>\$ 68,701</u>
Childhood Lead Exposure Prevention Program		
Grant Contract Number: OLPH23CLP027		
Grant Period: July 1, 2022 to June 30, 2023		
Nurse Case Management	\$ 290,914	\$ 152,622
	<u>\$ 290,914</u>	<u>\$ 152,622</u>
Childhood Lead Exposure Prevention Program		
Grant Contract Number: OLPH22CLP028		
Grant Period: July 1, 2021 to June 30, 2022		
Nurse Case Management	\$ 197,936	\$ 81,346
	<u>\$ 197,936</u>	<u>\$ 81,346</u>

The accompanying note on page 64 is an integral part of this schedule.

Hackensack Meridian Health, Inc.
Supplemental Schedule of Budgeted and Actual Expenditures for State of New Jersey Department of Health Grant Programs (Unaudited)
Year Ended December 31, 2022

	Final Approved Budget	Expenditures January 1, 2022 to December 31, 2022
Services: Early Intervention System, Special Education Grants for Infants and Families		
Grant Contract Number: 04-2156-EIP-H-0		
Grant Period: January 1, 2004 to Open ended		
Special Education Services for Infants and Families	Open Ended	\$ 2,779,604
	<u>\$ -</u>	<u>\$ 2,779,604</u>
Newborn Screening and Genetic Services 2022		
Grant Contract Number: DFHS22NWB003		
Grant Period: July 1, 2021 to June 30, 2022		
Salaries and Wages	\$ 196,144	\$ 114,305
Program Expense and Related Costs	18,000	15,144
Travel, Conferences and Meetings	7,876	3,400
	<u>\$ 222,020</u>	<u>\$ 132,849</u>
Newborn Screening and Genetic Services 2023		
Grant Contract Number: DFHS23NWB009		
Grant Period: July 1, 2022 to June 30, 2023		
Salaries and Wages	\$ 196,354	\$ 106,545
Program Expense and Related Costs	18,590	2,280
Travel, Conferences and Meetings	7,876	1,954
	<u>\$ 222,820</u>	<u>\$ 110,779</u>
Tobacco Prevention and Cessation Services		
Grant Contract Number: DCHS22TPC005		
Grant Period: July 1, 2021 to June 30, 2022		
Salaries and Wages	\$ 213,022	\$ 103,914
Fringe Benefits	56,876	22,290
Consultants and Professional Services Cost	2,000	150
Supplies	55,375	28,873
Travel, Conferences and Meetings	-	286
Indirect Costs	32,727	17,570
	<u>\$ 360,000</u>	<u>\$ 173,084</u>
Tobacco Prevention and Cessation Services		
Grant Contract Number: DCHS23TPC004		
Grant Period: July 1, 2022 to June 30, 2023		
Salaries and Wages	\$ 245,662	\$ 110,886
Fringe Benefits	64,610	32,525
Supplies	17,002	22,426
Indirect Costs	32,726	16,584
	<u>\$ 360,000</u>	<u>\$ 182,421</u>

The accompanying note on page 64 is an integral part of this schedule.

Hackensack Meridian Health, Inc.
Supplemental Schedule of Budgeted and Actual Expenditures for State of New Jersey Department of Health Grant Programs (Unaudited)
Year Ended December 31, 2022

	Final Approved Budget	Expenditures January 1, 2022 to December 31, 2022
Ending the Epidemic: To Perform Enhanced HIV Services		
Grant Contract Number: DHST22EHE022		
Grant Period: April 1, 2022 to July 31, 2022		
Salaries and Wages	\$ 23,256	\$ 22,820
Fringe Benefits	6,744	7,180
	<u>\$ 30,000</u>	<u>\$ 30,000</u>
Inpatient Mental Health Services Individuals Referred from Short Term Care Facility or Psychiatric Screening Center and for Middlesex and Monmouth County Residents		
Grant Contract Number: 10403		
Grant Period: January 1, 2022 to December 31, 2022		
Inpatient Services	\$ 3,373,639	\$ 1,998,553
	<u>\$ 3,373,639</u>	<u>\$ 1,998,553</u>
Outreach and Education		
Grant Contract Number: DFHS22OTR002		
Grant Period: July 1, 2021 to June 30, 2022		
Salaries and Wages	\$ 54,745	\$ 27,166
Fringe Benefits	14,255	6,563
Family Programming	2,500	-
	<u>\$ 71,500</u>	<u>\$ 33,729</u>
Outreach and Education		
Grant Contract Number: DFHS23OTR002		
Grant Period: July 1, 2022 to June 30, 2023		
Salaries and Wages	\$ 53,684	\$ 28,081
Fringe Benefits	15,568	8,088
Family Programming	2,000	-
	<u>\$ 71,252</u>	<u>\$ 36,169</u>
Identifying and Characterizing Functional Noncoding Mutations in Multiple Myeloma		
Grant Contract Number: COCR22RBG009		
Grant Period: June 1, 2022 to May 31, 2023		
Salaries and Wages	\$ 132,976	\$ 63,105
Fringe Benefits	38,563	18,031
Supplies	24,961	26,799
Other	53,500	8,262
	<u>\$ 250,000</u>	<u>\$ 116,197</u>

The accompanying note on page 64 is an integral part of this schedule.

Hackensack Meridian Health, Inc.
Supplemental Schedule of Budgeted and Actual Expenditures for State of New Jersey Department of Health Grant Programs (Unaudited)
Year Ended December 31, 2022

	Final Approved Budget	Expenditures January 1, 2022 to December 31, 2022
COVID-19 - PHILEP Emergency Funding 2021		
Grant Contract Number: PHLP21EMG004		
Grant Period: July 1, 2020 to June 30, 2022		
Salaries and Wages	\$ 132,880	\$ 46,958
Fringe Benefits	34,375	13,520
Supplies	123,810	65,638
Other	14,967	5,439
	<u>\$ 306,032</u>	<u>\$ 131,555</u>

The accompanying note on page 64 is an integral part of this schedule.

Hackensack Meridian Health, Inc.

Note to Supplemental Schedule of Expenditures of Local Awards (Unaudited) and Supplemental Schedule of Budgeted and Actual Expenditures for State of New Jersey Department of Health Grant Programs (Unaudited) Year Ended December 31, 2022

1. Basis of Presentation

The accompanying Supplemental Schedule of Expenditures of Local Awards and Supplemental Schedules of Budgeted and Actual Expenditures for State of New Jersey Department of Health Grant Programs for the year ended December 31, 2022 on pages 54-63, are presented for the purpose of additional analysis by the various departments of the State of New Jersey and are not a required part of the consolidated financial statements. The supplemental state schedules are prepared on the accrual basis of accounting. The information on these schedules was derived from the underlying books and records used to prepare the State Schedule.

Part III
Reports on Internal Controls and Compliance



**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
Hackensack Meridian Health, Inc.

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 Hackensack Meridian Health, Inc. and its subsidiaries (the "Network"), which comprise the consolidated balance sheet as of December 31, 2022 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 April 20, 2023, except with respect to Note 18 to the consolidated financial statements and the opinion on the supplemental schedule of financial responsibility ratios, as to which the date is September 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Network'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 the Network's internal control. Accordingly, we do not express an opinion on the effectiveness of the Network'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 Network'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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Network'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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

PricewaterhouseCoopers LLP

New York, New York

April 20, 2023, except with respect to Note 18 to the consolidated financial statements and the opinion on the supplemental schedule of financial responsibility ratios, as to which the date is September 28, 2023.



**Report of Independent Auditors on Compliance for Each Major Program and on Internal Control Over
Compliance Required by Uniform Guidance and the State of New
Jersey Department of the Treasury Circular 15-08-OMB**

To the Board of Trustees of
Hackensack Meridian Health, Inc.

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Hackensack Meridian Health, Inc. and its subsidiaries' (the "Network") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* and the State of New Jersey Department of the Treasury *Circular 15-08-OMB Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* ("Treasury Circular 15-08 OMB") that could have a direct and material effect on each of the Network's major federal and state programs for the year ended December 31, 2022. The Network's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Network 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 and state programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal and State 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; 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); and Treasury Circular 15-08 OMB. Our responsibilities under those standards, Uniform Guidance and the Treasury Circular 15-08 OMB are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Network 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 and state program. Our audit does not provide a legal determination of the Network'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 the Network's federal and state 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 the Network'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*, Uniform Guidance, and the Treasury Circular 15-08 OMB 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 the Network's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, Uniform Guidance, and the Treasury Circular 15-08 OMB, 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 the Network'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 the Network'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 and the Treasury Circular 15-08 OMB, but not for the purpose of expressing an opinion on the effectiveness of the Network'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 or state 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 or state 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 or state 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 and Treasury Circular 15-08 OMB. Accordingly, this report is not suitable for any other purpose.

PricewaterhouseCoopers LLP

New York, New York
September 28, 2023

Part IV
Schedule of Findings and Questioned Costs

Hackensack Meridian Health, Inc.
Schedule of Findings and Questioned Costs
December 31, 2022

Section I – Summary of Auditor’s Results
Consolidated Financial Statements

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X None reported
- Noncompliance material to consolidated financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes X 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)? Yes X No

Identification of major federal programs: ALN’s	<i>Name of Federal Program or Cluster</i>
Various	Research and Development Cluster
93.461	COVID-19 - HRSA COVID-19 Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund
97.036	COVID-19 - Federal Emergency Management Agency Disaster Relief Fund
93.498	COVID-19 – Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution
21.027	COVID-19 - Coronavirus State Fiscal Recovery Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? X Yes No

Hackensack Meridian Health, Inc.
Schedule of Findings and Questioned Costs
December 31, 2022

State Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major state programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) and New Jersey Department of the Treasury *Circular 15-08*? Yes No

Identification of major state programs:
Grant Number(s)

Name of State Award

21AATR

Sunflower Lodge PCH, Lotus Lodge PCH

22CTNC & 23CTNC

Mental Health Collaborative

G2022-06

COVID-19 - Coronavirus State Fiscal Recovery Fund

4488

COVID-19 - Federal Emergency Management Agency Disaster Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

Yes No

Hackensack Meridian Health, Inc.
Schedule of Findings and Questioned Costs
December 31, 2022

Section II – Financial Statement Findings

As a result of our audit, no instances of noncompliance related to the financial statements, that are required to be reported in accordance with *Government Auditing Standards*, were identified.

Section III – Federal and State Award Finding and Questioned Costs

A. Federal Awards

No federal award findings and questioned costs were reported as a result of our audit.

B. State Awards

No state award findings and questioned costs were reported as a result of our audit.

Hackensack Meridian Health, Inc.
Summary Schedule of Prior Audit Findings
December 31, 2022

There were no prior year audit findings that require an update in this report.