GEISINGER

Consolidated Financial Statements and
Information on Federal Awards

December 31, 2022 and 2021

(With Independent Auditors' Reports Thereon)

GEISINGER

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KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Directors
Geisinger Health:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Geisinger Health and its subsidiaries (collectively referred to as "Geisinger"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Geisinger 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 U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Geisinger and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 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 Geisinger'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 Geisinger's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary schedule of financial responsibility data as of and for the year ended December 31, 2022 is presented for purposes of additional analysis as required by the US Department of Education, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 1, 2023, on our consideration of Geisinger'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. 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 Geisinger's 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 Geisinger's internal control over financial reporting and compliance.

KPMG LLP

New York, New York
March 1, 2023

Geisinger
Consolidated Balance Sheets
December 31, 2022 and 2021

(dollars in thousands)		2022	2021
Assets			
Current assets			
Cash and cash equivalents	$	512,626	160,894
Investments		848,246	954,065
Accounts receivable		695,053	626,095
Inventories and other		266,904	256,730
Total current assets		2,322,829	1,997,784
Investments		2,555,081	3,639,473
Property and equipment, net		1,825,616	1,725,013
Right of use assets		68,727	67,381
Other assets, net		474,755	528,331
Total assets	$	7,247,008	7,957,982
Liabilities and Net Assets			
Current liabilities			
Current installments of long-term debt	$	12,428	71,524
Lines of credit		350,000	—
Accounts payable		152,208	96,278
Medical claims payable		188,456	143,223
CMS advances		—	184,808
Accrued expenses and other		655,315	617,478
Total current liabilities		1,358,407	1,113,311
Long-term debt, net of current installments		1,689,305	1,711,128
Operating lease liabilities		54,719	52,571
Other liabilities and contingencies		507,713	573,389
Total liabilities		3,610,144	3,450,399
Net assets			
Without donor restrictions		3,471,909	4,306,970
With donor restrictions		161,012	182,353
Noncontrolling interest		3,943	18,260
Total net assets		3,636,864	4,507,583
Total liabilities and net assets	$	7,247,008	7,957,982

See accompanying notes to consolidated financial statements.

Geisinger
Consolidated Statements of Operations
Years Ended December 31, 2022 and 2021

(dollars in thousands)		**2022**	**2021**
Net assets without donor restrictions			
Revenues			
Net patient service revenue	$	3,071,586	2,861,584
Premium revenue		3,545,245	3,234,598
Other revenue		254,014	330,007
		6,870,845	6,426,189
Expenses			
Salaries and benefits		2,900,786	2,579,915
Medical claims		1,715,861	1,593,674
Supplies		1,249,053	1,085,132
Purchased services		608,088	534,845
Depreciation and amortization		227,402	216,801
Other		408,625	343,186
		7,109,815	6,353,553
Operating (loss) income		(238,970)	72,636
Investing and financing activities			
Investment earnings, net		(551,727)	529,491
Interest expense		(62,110)	(63,542)
Unrealized gain on derivatives		11,156	7,289
Loss on extinguishment of debt		—	(979)
(Losses) gains from investing and financing activities		(602,681)	472,259
Other non-service periodic pension (costs) income		(430)	2,379
(Deficiency) excess of revenues over expenses	$	(842,081)	547,274

See accompanying notes to consolidated financial statements.

Geisinger
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2022 and 2021

(dollars in thousands)		2022	2021
(Deficiency) excess of revenues over expenses	$	(842,081)	547,274
Other changes in net assets without donor restrictions			
Unrealized gain on derivatives		14,978	5,259
Pension liability adjustments		(15,621)	8,450
Net assets released from restriction for capital purchases		2,054	8,707
Net (distributions to) contributions from noncontrolling interest		(8,708)	12,504
(Decrease) increase in net assets without donor restrictions		(849,378)	582,194
Changes in net assets with donor restrictions			
Donor contributions		8,957	6,938
Investment earnings, net		(20,422)	20,039
Net assets released from restriction to fund operations		(7,822)	(5,320)
Net assets released from restriction for capital purchases		(2,054)	(8,707)
(Decrease) increase in net assets with donor restrictions		(21,341)	12,950
(Decrease) increase in net assets		(870,719)	595,144
Net assets			
Beginning of year		4,507,583	3,912,439
End of year	$	3,636,864	4,507,583

See accompanying notes to consolidated financial statements.

Geisinger
Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021

(dollars in thousands)		2022	2021
Cash flows from operating activities			
(Decrease) increase in net assets	$	(870,719)	595,144
Decrease (increase) in net assets attributable to noncontrolling interest		14,317	(12,293)
(Decrease) increase in net assets attributable to Geisinger		(856,402)	582,851
Adjustments to reconcile change in net assets to net cash used in operating activities			
Depreciation and amortization		218,594	206,001
Unrealized gain on derivatives		(26,134)	(12,548)
Investment earnings, net		572,149	(549,530)
Restricted contributions		(8,957)	(6,938)
Noncontrolling interest		(5,609)	(211)
Pension liability adjustments		15,621	(8,450)
Loss on extinguishment of debt		—	979
Net change in operating assets and liabilities			
Accounts receivable		(68,958)	(40,049)
Inventories and other		(10,174)	(40,538)
Accounts payable		55,930	14,759
Medical claims payable		45,233	(28,982)
CMS advance		(184,808)	(128,797)
Accrued expenses and other		45,731	(34,416)
Other assets and liabilities		(2,443)	(18,136)
Net cash used in operating activities		(210,227)	(64,005)
Cash flows from investing activities			
Purchases of property and equipment		(334,702)	(367,898)
Purchases of investments		(7,932,795)	(2,918,358)
Sales of investments		8,550,857	2,780,578
Investment in joint ventures		984	3,415
Net cash provided by (used in) investing activities		284,344	(502,263)
Cash flows from financing activities			
Proceeds from issuance of debt		—	113,580
Repayment of debt		(72,634)	(134,663)
Proceeds from line of credit		657,000	—
Repayment of line of credit		(307,000)	—
Net (distribution to) proceeds from noncontrolling interest		(8,708)	12,504
Proceeds from restricted contributions		8,957	6,938
Net cash provided by (used in) financing activities		277,615	(1,641)
Increase (decrease) in cash and cash equivalents		351,732	(567,909)
Cash and cash equivalents			
Beginning of period		160,894	728,803
End of period	$	512,626	160,894

See accompanying notes to consolidated financial statements.

(1) Organization

As of December 31, 2022, Geisinger Health and its subsidiaries (collectively referred to as "Geisinger") comprise a physician-led, integrated health services organization that has as its main components: (i) an array of health services providers, including six wholly-controlled acute-care hospitals with multiple campuses, joint venture facilities and a drug and alcohol treatment facility; (ii) multispecialty physician group practices; (iii) insurance operations, including a licensed health maintenance organization and a non-licensed, risk assuming Preferred Provider Organization; and (iv) a community-based medical college and degree-granting institution. Geisinger operates across Pennsylvania, with the most concentrated presence in central and northeastern Pennsylvania, outside the major metropolitan areas.

Geisinger Health serves as the corporate parent and exercises control over Geisinger's affiliated entities subject to corporate, legal, and/or regulatory limitations. Geisinger Health and subsidiary corporate entities comprising substantially all financial and operational activity are tax-exempt pursuant to Sections 501(c)(2), 501(c)(3), or 501(c)(4) of the Internal Revenue Code.

The accompanying consolidated financial statements include the accounts of Geisinger Health and its subsidiaries. All significant intercompany transactions have been eliminated.

(2) Summary of Significant Accounting Policies

These consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The following is a summary of the significant accounting and reporting policies used in preparing the consolidated financial statements.

Cash and Cash Equivalents
Cash and cash equivalents include investments in highly liquid debt instruments purchased with an initial maturity of three months or less. Cash equivalents held in investment custody accounts are reported as investments.

Investments and Investment Earnings, Net
Investments are measured at fair value. Interest income, dividends, and realized and unrealized gains and losses, net of investment-related expenses, on investments without donor restrictions are recorded as investment earnings, net within investing and financing activities in the Consolidated Statements of Operations. Restricted interest income, dividends, and realized and unrealized gains and losses on trusts held as donor restricted endowment funds are recorded as investment earnings, net in changes in net assets with donor restrictions in the Consolidated Statements of Changes in Net Assets.

Geisinger's alternative investments, which include private equity and hedge funds, are reported at fair value, as estimated and reported by general partners, based upon the underlying net asset value ("NAV") of the fund or partnership as a practical expedient. Adjustment from NAV is required when Geisinger expects to sell the investment at a value other than NAV. Interest income, dividends, and realized and unrealized gains and losses from these investments are recorded within investment earnings, net in the Consolidated Statements of Operations.

Market risk exists to the extent that the values of Geisinger's financial assets fluctuate as a result of changes in market prices. Changes in market prices can arise from factors specific to individual securities or their respective issuers or factors affecting all securities traded in a particular market. Relevant factors for Geisinger are both volatility and liquidity of specific securities and markets in which Geisinger holds investments. Geisinger employs the services of professional investment managers and has established investment guidelines to ensure that the portfolio is diversified and exposure to market risk is managed. Due to the level of risk associated with investments and the level of uncertainty related to changes in their value, it is at least reasonably possible that changes in market valuations in the near term could materially affect account balances and the amounts reported in the consolidated financial statements.

Amounts necessary to meet current liabilities have been reclassified to current investments in the Consolidated Balance Sheets.

Investments in Joint Ventures
Geisinger has invested in joint ventures primarily for the purpose of promoting health and fulfilling health and wellness needs in the communities it serves. Generally, when ownership exceeds 50 percent, Geisinger consolidates the joint venture’s financial statements. When ownership is 50 percent or less and Geisinger exercises substantial influence over the investee’s operating and financial policies, the equity method of accounting is applied. Under the equity method of accounting, the investment is recorded at cost and adjusted for changes in the investee’s equity. When Geisinger does not exercise substantial influence, the joint venture is recognized at its initial cost or estimated fair value and evaluated for impairment on an annual basis. Geisinger’s investment in joint ventures, included in other assets, net in the Consolidated Balance Sheets, totaled $67 million and $69 million at December 31, 2022 and 2021, respectively.

Inventories
Inventories are stated at the lower of cost or market. Cost is determined using the average cost method.

Property and Equipment
Property and equipment and construction in progress are recorded at the lower of cost or fair value, if impaired. Depreciation is recorded using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized over the shorter of their useful life or the term of the related lease and renewal periods using the straight-line method. Repairs and maintenance are expensed as incurred. Leased assets and software licenses are amortized over the shorter of their useful life or the term of the lease or license agreement using the straight-line method. The cost of assets and the related accumulated depreciation are removed from the Consolidated Balance Sheets upon retirement or disposition and any gain or loss is reported in other expenses in the Consolidated Statements of Operations.

Geisinger recognizes an impairment loss if events or changes in circumstances indicate that the value of the assets may be impaired and the carrying amount of a long-lived asset is not recoverable from its future undiscounted cash flows and measures any impairment loss as the difference between the carrying amount and the fair value of the asset.

Leases
Geisinger determines if an arrangement is or contains a lease at contract inception and recognizes an asset and a lease liability for leases at the commencement date.

Contract terms determine whether a lease will be accounted for as an operating or finance lease.

For operating leases, the lease liability is measured at the present value of the unpaid lease payments. The right of use (“ROU”) asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense is recognized on a straight-line basis over the lease term.

For finance leases, the lease liability is initially measured in the same manner as operating leases and is subsequently measured at amortized cost using the effective-interest method. The asset is subsequently amortized using the straight-line method from the lease commencement date to the earlier of the end of its

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useful life or lease term, unless the lease transfers ownership to Geisinger. Amortization of the asset and interest expense of the lease liability are recognized and presented separately.

Geisinger has elected not to recognize ROU assets and lease liabilities for short-term leases that have an initial term of 12 months or less and recognizes the lease payments associated with its short-term leases as an expense on a straight-line basis over the lease term.

Geisinger uses the initial lease term to determine the ROU asset and the lease liability at the commencement date and for the amortization period of the ROU asset. Geisinger monitors inputs that require reassessment including the lease term. If needed, an adjustment is made to the ROU asset's carrying amount unless doing so would reduce the carrying amount of the ROU asset to less than zero. In that case, the adjustment amount would be recorded in profit or loss.

Several key estimates and judgments are used to determine the ROU assets and operating lease liabilities including the discount rate used to discount the unpaid lease payments to present value, lease term and lease payments. The lessee is required to discount its unpaid lease payments using the interest rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate. Generally, Geisinger cannot determine the interest rate implicit in the lease because it does not have access to the lessor's estimated residual value or the amount of the lessor's deferred initial direct costs. Therefore, Geisinger uses its incremental borrowing rate for purposes of discounting its leases.

The incremental borrowing rate is the rate of interest Geisinger would have to pay to borrow an amount equal to the lease payments under similar terms and conditions.

Contribution and Grant Revenue and Pledges Receivable
Unconditional donor promises to give cash, marketable securities, and other assets are reported at fair value and discounted to present value at the date the promise is received to the extent estimated to be collectible. Conditional donor promises to give and indications of intentions to give are not recognized until all donor-imposed conditions are met. Pledges received with donor restrictions that limit the use of the donated assets are reported as donor contributions in net assets with donor restrictions in the Consolidated Statements of Changes in Net 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 transferred to net assets without donor restrictions and reported in the Consolidated Statements of Changes in Net Assets as net assets released from restriction to fund operations and within other revenue reported in the Consolidated Statements of Operations. Donor contributions restricted for capital purchases are released from restriction when the asset is placed in service.

Geisinger has elected to report restricted contributions and grants whose restrictions are met in the same reporting period as other revenue without donor restrictions in the Consolidated Statements of Operations.

Pledges receivable are reported in other assets, net in the Consolidated Balance Sheets.

Goodwill
Goodwill represents the excess of the purchase price over the estimated fair value of the net assets of acquired entities. Goodwill is included in other assets, net in the Consolidated Balance Sheets and totaled $53 million as of December 31, 2022 and 2021.

Geisinger does not amortize goodwill but evaluates the amounts for impairment annually and as events or changes in circumstances indicate that the value of the asset may be impaired. Impairment testing consists of internal qualitative assessments and considers other publicly available market information. If the carrying amount of the goodwill exceeds the estimated fair value, an impairment charge to current operations is recorded to reduce the carrying amount to estimated fair value. As of December 31, 2022 and 2021, there was no indication of impairment of goodwill.

Accrued Medical Claims
Geisinger Health Plan ("GHP"), Geisinger Indemnity Insurance Corporation ("GIIC"), and Geisinger Quality Options ("GQO") are at risk for certain medical costs of their members up to reinsurance limits. Accrued medical claims and related expenses (hospitalization and other medical services) are recorded in medical claims payable in the Consolidated Balance Sheets and include amounts based on management's estimate for claims, which are expected to be paid after the end of the period for services provided to members during the policy period. The estimate of costs incurred for obligations to provide services is based on historical data, current membership, health service utilization statistics, and other related information. These accruals are continually monitored and reviewed and, as settlements are made or accruals adjusted, differences are reflected in current operations. Changes in assumptions for medical costs as well as changes in actual experience could cause these estimates to change in the near term.

Derivative Instruments
Geisinger enters into derivative contracts as a means for initiating or hedging certain exposures. Derivatives may include interest rate swaps, index futures, foreign currency futures, commodity futures, US Government bond futures and total return equity swaps. Derivatives are either exchange–traded or private contracts negotiated with counterparties. Derivative financial instruments involve, to a varying degree, elements of market and credit risk. The counterparties to the agreements relating to the derivatives are major financial institutions with high credit ratings. Geisinger continually monitors the credit ratings of the counterparties and does not believe that there is significant risk of nonperformance by these counterparties.

All derivatives are reported in the Consolidated Balance Sheets at fair value, including those that are designated and qualify as cash flow hedging instruments. The gain or loss on the effective portion of the derivative is reported as an unrealized gain or loss on derivatives in other changes in net assets without donor restrictions in the Consolidated Statements of Changes in Net Assets. The gain or loss on the ineffective portion of the derivative and changes in value of derivatives not designated as hedging instruments are recognized as an unrealized gain or loss on derivatives under investing and financing activities in the Consolidated Statements of Operations.

Net Asset Classification
Net assets without donor restrictions include net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions include net assets whose use is subject to donor-imposed restrictions to support operations or for capital purchases that will be met either by the actions of Geisinger or the passage of time and net assets that have been restricted by donors to be maintained by Geisinger, or a designated trustee, in perpetuity.

Net assets restricted to be maintained in perpetuity are recorded at the original fair value of gifts donated to Geisinger through endowments. Unless otherwise directed by the donor, gifts received for endowments are invested in accordance with Geisinger's investment policy. From time to time, the fair value of investments associated with individual donor-restricted endowments may fall below the original gift amount. Deficiencies of this nature, which are referred to as endowments in a deficit position, are reported as investment earnings, net with donor restrictions in the Consolidated Statements of Changes in Net Assets.

Geisinger annually appropriates a portion of each endowment, 4.25% as of December 31, 2022 and 2021, for spending in accordance with the donor's intent. In order to preserve the real value of a donor's gift and to sustain funding consistent with donor intent, the annual appropriation rate is set to strike a reasonable

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balance between long-term objectives of preserving and growing each endowment for the future and providing stable, annual appropriations. The difference between the endowment original value and the market value of the endowment is recorded as investment earnings, net within net assets with donor restrictions.

Geisinger does not maintain any board designated endowments.

Net Patient Service Revenue and Accounts Receivable

Net patient service revenue is reported at the amount that reflects the consideration to which Geisinger expects to be entitled in exchange for providing healthcare services. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by Geisinger. Revenue for performance obligations satisfied at a point in time is recognized when services are provided and completed. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. Geisinger believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation. Geisinger measures the performance obligation from start of services to the point when it has completed services for that patient, which is generally at the time of discharge. This span of services is considered to be a single performance obligation.

Geisinger records net patient service revenue based on standard charges for services provided, reduced by explicit contractual adjustments provided to third-party payors and implicit price concessions provided to patients as reductions from established billing rates. Geisinger determines its estimates of explicit and implicit price concessions based on historical data which considers experience, market conditions, and other factors.

Explicit and implicit price concessions to net patient service revenue are recorded at the time the performance obligations are satisfied. Substantially all changes to these concessions, as a result of subsequent reassessment, are recognized in the period the change is identified as adjustments to net patient service revenue. Amounts recognized due to changes in estimates of explicit and implicit price concessions for the years ended December 31, 2022 and 2021 are not significant. Subsequent changes that are determined to be a result of an adverse change in the patient’s or payor’s ability to pay and are material are recorded as bad debt expense. No bad debt expense was recorded for the years ended December 31, 2022 and 2021 related to net patient service revenue.

Charity Care

Geisinger provides services to all patients regardless of ability to pay. In accordance with Geisinger’s policy, a patient is classified as a charity patient based on income eligibility criteria. Geisinger also provides free care to certain other patients that are determined to be in need. The charges for charity care provided by Geisinger are entirely offset by the related implicit price concessions and therefore, are not recognized as net patient service revenue.

Additionally, Geisinger sponsors other charitable programs that provide substantial benefit to the broader community. Such programs include services to the needy and elderly population requiring special support, various clinical outreach programs, and health education and promotion.

Premium Revenue and Accounts Receivable

Premium revenue is generally received in advance and is recognized as revenue ratably over the period for which the enrolled member is entitled to healthcare services. Premiums billed and collected in advance are recorded as unearned premiums and are included in accrued expenses and other in the Consolidated

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Balance Sheets. Unearned premiums totaled $9 million and $4 million at December 31, 2022 and 2021, respectively.

Geisinger's insurance operations are subject to the Affordable Care Act ("ACA"). The ACA creates state health insurance exchanges, which provide individuals and small businesses with access to affordable and quality health insurance. GHP and GQO participate in the Pennsylvania exchange. Risk adjustment is a permanent program under the ACA which aims to transfer funds from qualified individual and small group insurance plans with below average risk scores to plans with above average risk scores in the same market. Risk adjustment is complex and involves significant estimation and uncertainties with respect to both recorded amounts and timing of collections or payments. Accounts receivable, net includes expected collections of $35 million and $12 million related to this program in the Consolidated Balance Sheets at December 31, 2022 and 2021, respectively.

Other Revenue
Geisinger's other revenue consists of contracts that vary in duration and in performance obligations. Revenues are recognized when the performance obligations identified within the individual contracts are satisfied and collections can be reasonably assured. Certain revenue streams such as contributions, federal and state grants, and pledges, are reported as other revenue in the Consolidated Statements of Operations.

Performance Indicator
The performance indicator, (deficiency) excess of revenues over expenses, consistent with industry practice, includes all revenues, expenses, and net gains and losses for the reporting period classified as without donor restrictions. Net assets released from restriction for capital purchases, certain pension liability adjustments, unrealized gains on the effective portion of derivatives and net (distributions to) contributions from noncontrolling interest are reported outside the performance indicator.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include implicit and explicit price concessions for revenue transactions, depreciation, accrued medical claims, medical legal liabilities, workers' compensation liabilities, derivatives, alternative investments, ACA risk adjustment assets (liabilities), ROU assets and operating lease liabilities, and expected rate of return on investments used to value defined-benefit pension liabilities. Actual results could differ from those estimates.

COVID-19 Pandemic
On March 11, 2020, the World Health Organization declared the outbreak of the 2019 Novel Coronavirus Disease (COVID 19) a pandemic and on March 13, 2020, the President of the United States declared a public health emergency which has continued through December 31, 2022.

The Coronavirus Aid, Relief, and Economic Security ("CARES") Act and the American Rescue Plan Act of 2021 ("ARP Act") provided economic relief to the healthcare industry by providing cash flow and compensation for incremental expenses or revenue losses attributable to the COVID 19 pandemic.

Geisinger received federal grant revenue from CARES and ARP Act programs totaling $14 million and $42 million which is included in other revenue in the December 31, 2022 and 2021 Consolidated Statements of Operations, respectively.

December 31, 2022 and 2021 (dollars in thousands unless otherwise noted)

As permitted by the CARES Act, in 2020 Geisinger deferred payment of Federal Insurance Contributions Act taxes. A deferred liability of $33 million is included in accrued expenses and other in the December 31, 2021 Consolidated Balance Sheet. In accordance with the CARES Act, all deferred taxes were paid before December 31, 2022.

As part of the expansion of the Centers for Medicare and Medicaid Services (“CMS”) accelerated and advanced payment program (the “Program”) under the CARES Act Geisinger received interest free advances. CMS advances totaled $185 million at December 31, 2021. All payments advanced to Geisinger under the Program were repaid before December 31, 2022.

Recently Adopted Accounting Standards
Effective January 1, 2022, Geisinger adopted Accounting Standards Update (ASU) 2020-07 Not-for-Profit Entities (Topic 958): Presentation and disclosures by not-for-profit entities for contributed nonfinancial assets which requires entities to provide additional information on the contributions of nonfinancial assets. This ASU did not impact financial results or disclosures in 2022.

(3) Liquidity and Availability of Resources

Liquid financial resources are utilized by Geisinger to meet short-term, one year or less, expenditure needs. Geisinger’s investment strategy is to maintain liquid resources sufficient to meet short-term needs and invest the excess. Geisinger’s long-term investments without donor restrictions, except for alternative investments, are intended for long-term uses but are available for short-term needs. The following summarizes Geisinger’s financial assets and liquidity resources available within one year to meet the needs of Geisinger as of December 31:

	2022	2021
Financial assets:		
Cash and cash equivalents	$ 512,626	160,894
Accounts receivable	695,053	626,095
Investments	3,403,327	4,593,538
Total financial assets	4,611,006	5,380,527
Less restricted investments:		
To meet donor intentions	127,653	141,203
Under debt agreements	9	87,020
Under insurance arrangements	7,573	7,574
For research grants	2,459	1,640
Under other third-party arrangements	—	5,000
Total restricted investments	137,694	242,437
Plus available liquidity resources:		
Undrawn lines of credit (note 17)	150,000	500,000
	$ 4,623,312	5,638,090

December 31, 2022 and 2021 (dollars in thousands unless otherwise noted)

(4) Investments

Geisinger's investments consist of the following at December 31:

		2022	2021
Cash equivalents	$	321,924	193,346
Commingled equities		710,550	—
Equity funds		230,442	2,302,435
Marketable equity securities		472,022	100,770
Fixed income securities		606,259	486,681
Fixed income funds		—	1,209,482
U.S. government and agency obligations		678,943	189,098
Alternative investments		383,187	111,726
	$	3,403,327	4,593,538

(5) Fair Value Measurements

Geisinger values certain financial and nonfinancial assets and liabilities by applying fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is broken down into three levels based on inputs that market participants would use in valuing the asset based on market data obtained from sources independent of Geisinger as follows:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable.

Level 3: Unobservable inputs for the asset or liability.

Inputs broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. Geisinger's investment strategy is to maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3).

Geisinger considers observable data to be that market data, which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Geisinger's perceived risk of that instrument.

Assets are disclosed within the hierarchy based on the lowest (or least observable) input that is significant to the measurement. Geisinger's assessment of the significance of an input requires judgment, which may affect the valuation and categorization within the fair value hierarchy. The fair value of assets and liabilities using Level 3 inputs are generally determined by using pricing models or discounted cash flow methods, which all require significant management judgment or estimation.

The basis for fair value hierarchy and NAV are established below:

Cash and Cash Equivalents
Cash equivalents include short-term investments and fixed income investments with initial maturities of less than three months. Cash equivalents are valued using observable market data and are categorized as Level 1 based on quoted market prices in active markets. The majority of these investments are held in money market accounts.

Equity Funds
Equity funds consist of commingled trust funds and mutual funds that are valued based upon quoted market prices in active markets obtained from exchange or dealer markets for identical assets. Equity funds are categorized as Level 1 with no valuation adjustments applied.

Commingled Equities
Commingled equities consist of commingled trust funds and limited partnerships whose underlying holdings predominantly include marketable equity securities. Commingled equities are valued at NAV and are not categorized in the fair value hierarchy.

Marketable Equity Securities
Marketable equity securities consist of individual securities and equity exchange-traded funds that are generally valued based upon quoted market prices in active markets obtained from exchange or dealer markets and are accordingly categorized as Level 1 with no valuation adjustments applied.

Fixed Income Securities
Fixed income securities consist of individual securities and fixed income exchange-traded funds, which are valued based upon quoted market prices or dealer or broker quotations. Fixed income exchange-traded funds are categorized as Level 1 and individual securities are categorized as Level 2.

Fixed Income Funds
Fixed income funds consist of commingled trust funds and mutual funds, which are valued based upon quoted market prices in active markets obtained from exchange or dealer markets for identical assets and categorized as Level 1.

U.S. Government and Agency Obligations
U.S. Government and agency obligations consist of individual securities and are valued based on quoted market prices or dealer/broker quotations. Direct obligations of the U.S. Government are categorized as Level 1 and agency obligations are categorized as Level 2.

Alternative Investments
Alternative investments include private equity and hedge funds.

Private equity investments are in the form of limited partnership interests. The fund managers primarily invest in private investments for which there is no readily determinable market value. The fund manager may value the underlying private investments based on an appraised value, discounted cash flow, industry comparables, or some other method. These limited partnership investments are valued at NAV and are not categorized in the fair value hierarchy.

Hedge funds are equity and fixed income managed funds consisting of limited partnership interests. The fund managers invest in a variety of securities based on the strategy of the fund, which may or may not be quoted in an active market. The hedge funds are valued at NAV and are not categorized in the fair value hierarchy.

(Continued)

December 31, 2022 and 2021 (dollars in thousands unless otherwise noted)

Assets Held in Trust

Assets held in trust represent Geisinger's beneficial interest in perpetual and other trusts that are maintained and administered by independent trustees and are valued based on the fair value of the assets held in trust. Trusts that are perpetual, whereby the original corpus cannot be expended, and trusts that have donor-imposed restrictions are reported as net assets with donor restrictions. Distributions from trusts are recorded as investment earnings in net assets without donor restriction or as investment earnings in net assets with donor restrictions if their use is restricted by the donor. Assets held in trust are included in other assets, net in the Consolidated Balance Sheets. These assets are categorized as Level 3.

Derivative Instruments

Geisinger enters into derivative contracts as a means for initiating or hedging certain exposures. Derivative instruments are categorized as Level 2 and are included in other liabilities and contingencies in the Consolidated Balance Sheets.

The following tables set forth Geisinger's assets and liabilities at December 31, 2022 and 2021 by level within the fair value hierarchy and NAV:

	2022				
	Level 1	**Level 2**	**Level 3**	**NAV**	**Total**
Cash and cash equivalents	$ 834,550	—	—	—	834,550
Equity funds	230,442	—	—	—	230,442
Commingled equities	—	—	—	710,550	710,550
Marketable equity securities	472,022	—	—	—	472,022
Fixed income securities	245,291	360,968	—	—	606,259
U.S. government and agency obligations	528,176	150,767	—	—	678,943
Alternative Investments	—	—	—	383,187	383,187
Assets held in trust	—	—	31,719	—	31,719
Derivative instruments	—	(11,047)	—	—	(11,047)
	$ 2,310,481	500,688	31,719	1,093,737	3,936,625

	2021				
	Level 1	**Level 2**	**Level 3**	**NAV**	**Total**
Cash and cash equivalents	$ 354,240	—	—	—	354,240
Equity funds	2,302,435	—	—	—	2,302,435
Marketable equity securities	100,770	—	—	—	100,770
Fixed income securities	—	486,681	—	—	486,681
Fixed income funds	1,209,482	—	—	—	1,209,482
U.S. government and agency obligations	133,172	55,926	—	—	189,098
Alternative Investments	—	—	—	111,726	111,726
Assets held in trust	—	—	38,118	—	38,118
Derivative instruments	—	(37,180)	—	—	(37,180)
	$ 4,100,099	505,427	38,118	111,726	4,755,370

During the years ended December 31, 2022 and 2021, there were no transfers among levels or significant changes in Level 3 investments.

December 31, 2022 and 2021 (dollars in thousands unless otherwise noted)

Details on remaining estimated life, current redemption terms, and restrictions by asset class and type of investment are provided below:

Investment types	Remaining life	Redemption terms	Redemption restrictions
Cash equivalents	N/A	Daily	None
Commingled equities	N/A	Monthly with 5 to 30 day notice	None
Equity funds	N/A	Daily	None
Marketable equity securities	N/A	Daily	None
Fixed income securities	N/A	Daily	None
Fixed income funds	N/A	Daily	None
U.S. government and agency obligations	N/A	Daily	None
Hedge funds	N/A	Monthly to semiannually with 30 to 180 day notice	Various
Private equity	1 to 10 years	Redemptions not permitted. Distributions received as underlying investments are liquidated.	N/A

Geisinger has committed to fund certain private equity investments, which were not yet drawn at December 31, 2022. These unfunded commitments totaled $49 million at December 31, 2022. Such commitments have terms from 1 to 10 years.

(6) Property and Equipment, Net

Property, equipment, and accumulated depreciation and amortization consist of the following at December 31:

	Estimated useful lives	2022	2021
Land		$ 106,460	91,670
Land improvements	(3–40 years)	81,582	76,924
Buildings and building improvements	(5–40 years)	1,083,439	955,865
Equipment	(3–30 years)	1,981,277	1,820,570
Computer software	(3–10 years)	449,816	429,888
		3,702,574	3,374,917
Accumulated depreciation and amortization		(2,047,582)	(1,951,521)
		1,654,992	1,423,396
Construction in progress		170,624	301,617
		$ 1,825,616	1,725,013

Construction in progress consists primarily of software implementation projects and clinical facility construction and renovation projects.

December 31, 2022 and 2021 (dollars in thousands unless otherwise noted)

Depreciation expense related to property and equipment for the years ended December 31, 2022 and 2021 totaled $226 million and $215 million, respectively.

(7) Long-Term Debt

Long-term debt consists of the following:

	Interest rate mode	Final maturity	Average interest rate	December 31 2022	December 31 2021
Series A of 2021 Bonds	Fixed	06/01/41	1.7 %	$ 103,580	108,580
Series A of 2020 Bonds	Fixed	04/01/50	3.7 %	422,240	480,050
Series B of 2020 Bonds	Fixed	04/01/43	1.5 %	139,560	139,560
Series C of 2020 Bonds	Fixed	04/01/43	1.9 %	89,540	89,540
Series D of 2020 Bonds	Fixed	04/01/41	3.0 %	39,080	39,080
Series A-1 of 2017 Bonds	Fixed	02/15/47	4.1 %	350,370	350,370
Series A-2 of 2017 Bonds	Fixed	02/15/39	3.6 %	218,410	219,295
Series A of 2014 Bonds	Fixed	06/01/41	4.2 %	48,040	48,040
Series B of 2014 Bonds	Variable	06/01/28	2.1 %	62,700	62,700
Series 2007 Bonds	Variable	05/01/37	1.5 %	68,850	68,850
Series A of 1998 Bonds	Fixed	08/15/23	5.2 %	4,325	9,525
Total tax-exempt revenue bonds				1,546,695	1,615,590
Other long-term debt and financing leases				14,313	17,968
Total debt				1,561,008	1,633,558
Less current installments				(12,428)	(71,524)
Net unamortized premium				148,617	157,424
Deferred debt issue costs				(7,892)	(8,330)
				$ 1,689,305	1,711,128

Average interest rates include the impact of amortizing the discount or premium.

Maturities of long-term debt for the next five years ended December 31 and thereafter are as follows:

2023	$ 12,428
2024	13,157
2025	12,641
2026	12,396
2027	11,601
Thereafter	1,498,785
	$ 1,561,008

Montour County, Pennsylvania, established the Geisinger Authority (the “Authority”) for the purpose of financing through tax-exempt bonds certain capital projects of Geisinger and other nonprofit organizations within the Commonwealth of Pennsylvania and, under certain circumstances, contiguous states. All outstanding bonds were issued through the Authority.

December 31, 2022 and 2021 (dollars in thousands unless otherwise noted)

During 2021, the Authority issued Series 2021 Bonds on behalf of Geisinger Health with total proceeds of $114 million which were used to refund existing debt. As a result of this transaction Geisinger recognized a loss on extinguishment of debt totaling $1 million.

Fixed rate bonds have various installments of principal due prior to maturity. Variable rate bonds have balloon payments due upon maturity.

The Amended and Restated Master Trust Indenture dated June 1, 2020 (the “MTI”) and various bank obligations require Geisinger to maintain, as of December 31, a Debt Service Coverage Ratio (as defined in the MTI and bank documents) of at least 110%, and to comply with various other covenants.

Net interest paid, including the effect of swap agreements, totaled $64 million and $66 million during the years ended December 31, 2022 and 2021, respectively.

(8) Derivative Instruments

Geisinger is the fixed-payor party to interest rate swap agreements which, during their term, effectively convert variable rates to fixed rates. Net interest paid or received under the swap agreements is included in interest expense in the Consolidated Statements of Operations. The changes in fair value of an effective cash flow hedge are reported as unrealized gain or loss on derivative within other changes in net assets without donor restriction in the Consolidated Statements of Changes in Net Assets.

The terms of the derivative instruments and related liability fair values are as follows at December 31:

Contract	Notional amount	Geisinger pays	Geisinger receives	Termination date	Fair value 2022	Fair value 2021
Fixed-payer swap	$ 40,000	4.86 %	SIFMA [a]	08/01/28	$ 3,490	10,402
Option [b]	40,000	N/A	0.85%	08/01/28	(1,170)	(2,124)
Fixed-payer swap	24,500	3.41 %	68% of 1-mo. LIBOR [c]	08/01/28	528	2,839
Fixed-payer swap [d]	68,850	4.40 %	67% of 3-mo. LIBOR [c]+0.77%	05/01/37	7,686	22,664
Fixed-payer swap	15,861	2.95 %	68% of 1 mo. LIBOR [c]	09/01/34	366	2,305
Fixed-payer swap	6,609	3.54 %	SIFMA [a]	09/01/34	147	1,094
Total	$ 195,820				$ 11,047	37,180

[a] The Securities Industry and Financial Markets Association Municipal Swap Index

[b] The counterparty has the right to effectively cancel the $40 million, fixed-payer, SIFMA swap, if SIFMA averages more than 7% for any 180-day period.

[c] The London Interbank Offered Rate

[d] Geisinger receives a rate equal to the interest on the Series 2007 Bonds, except the bonds have a maximum rate of 15%. This transaction qualifies as an effective cash flow hedge.

Management intends to hold the derivative contracts to maturity. The fair value of the derivative instruments is recorded in other liabilities and contingencies in the Consolidated Balance Sheets.

Based on provisions contained in the derivative agreements regarding the aggregate position of derivative instruments, collateral totaling $1 million was posted as of December 31, 2021. No collateral was posted at December 31, 2022.

December 31, 2022 and 2021 (dollars in thousands unless otherwise noted)

(9) Endowment Net Assets

The composition of and changes in endowment net assets, excluding trusts, is as follows:

Endowment net assets at December 31, 2020	$	91,423
Investment earnings, net		15,230
Contributions received		699
Spending		(6,661)
Endowment net assets at December 31, 2021		100,691
Investment earnings, net		(15,100)
Contributions received		1,170
Spending		(3,770)
Endowment net assets at December 31, 2022	$	82,991

(10) Noncontrolling Interest

Noncontrolling interest represents the proportionate share of Lackawanna Physicians Ambulatory Surgery Center doing business as Northeast Surgery Center (“NESC”), Geisinger-HM (“GHM”), and Keystone Accountable Care Organization (“KACO”) that are minority owned by third parties. NESC is a Pennsylvania limited liability company that operates an ambulatory surgery center in Dickson City, Pennsylvania and is 84% and 80% owned by Geisinger at December 31, 2022 and 2021, respectively. GHM operates several clinic sites in north-central Pennsylvania and a hospital facility in Pennsdale, Pennsylvania, which opened in January 2022. GHM is 60% owned by Geisinger at December 31, 2022 and 2021. KACO is a group of healthcare providers that collaborate to improve health services. KACO is 75% owned by Geisinger at December 31, 2022 and 2021. The net income or loss of these ventures is allocated to the noncontrolling interest holders based on their percentage of ownership. Noncontrolling interest totaled $4 million and $18 million as of December 31, 2022 and 2021, respectively.

(11) Leases

Geisinger leases medical office buildings, office space, vehicles and equipment, primarily under operating leases. Geisinger has incurred finance lease liabilities totaling $8 million and $11 million at December 31, 2022 and 2021, respectively. Finance lease liabilities and their related assets are omitted from disclosures below. The remaining term of all leases ranges from 3-40 years.

Operating lease ROU assets and liabilities each totaled $69 million and $67 million at December 31, 2022 and 2021, respectively. The current portion of operating lease liabilities totaling $14 million at both December 31, 2022 and 2021 is included in accrued expenses and other in the Consolidated Balance Sheets. The long-term portion of operating lease liabilities, totaling $55 million and $53 million at December 31, 2022 and 2021, respectively, is included in operating lease liabilities in the Consolidated Balance Sheets.

December 31, 2022 and 2021 (dollars in thousands unless otherwise noted)

The components of lease cost for the years ended December 31 were as follows:

		2022	2021
Operating lease cost	$	22,523	20,977
Finance lease cost		1,829	1,809
Short-term lease cost		622	3,410
Total lease cost	$	24,974	26,196

Other information related to leases as of December 31 was as follows:

		2022	2021
Supplemental cash flow information:			
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flow for operating leases	$	21,939	20,400
Right of use assets obtained in exchange for new operating lease liabilities		26,498	10,802
Weighted average remaining lease term		6.4 years	6.7 years
Weighted average discount rate		4.4 %	4.3 %

Future maturities of operating lease liabilities for the next five years ended December 31 and thereafter are as follows:

2023	$	15,239
2024		14,538
2025		11,168
2026		8,809
2027		7,161
Thereafter		20,417
Total undiscounted future lease payments		77,332
Less present value discount		(7,374)
Discounted future lease payments	$	69,958

(12) Retirement and Deferred Compensation Plans

Defined-Contribution Plans

Substantially all employees participate in defined-contribution plans in the form of 401(k), 403(b), 457(b), and 457(f) plans. Employer contributions to the plans totaled $105 million and $96 million for the years ended December 31, 2022 and 2021, respectively.

The 457(b) and 457(f) nonqualified deferred compensation plans are offered to physicians and other highly compensated employees. The investments held in these deferred compensation plans are recorded in other assets, net with a corresponding liability in other liabilities and contingencies in the Consolidated Balance Sheets.

December 31, 2022 and 2021 (dollars in thousands unless otherwise noted)

Defined-Benefit Plans

Geisinger affiliates sponsor two defined-benefit plans covering various employee groups, the Geisinger Consolidated Pension Plan ("GCPP") and the Jersey Shore Hospital Retirement Income Plan ("GJSH"). Both plans are frozen to new participants and further accumulation of service benefits.

On October 14, 2021, the governing body of the GCPP and GJSH adopted a resolution to terminate the plans effective September 1, 2022. Subject to the applicable requirements of ERISA and in accordance with the provisions of the plan document, all assets remaining in the plans will be distributed to the participants. Although no date has been formally selected, settlement is expected to be completed by June 30, 2023. Upon settlement, Geisinger expects to recognize pension settlement charges that will include a non-cash charge for the recognition of all actuarial losses accumulated outside the performance indicator ($21 million as of December 31, 2022) and any cash contributions to settle each plans' obligations ($5 million as of December 31, 2022). The actual amount of the settlement charges and any potential cash contribution will depend on various factors, including interest rates and plan asset returns. (Accrued) prepaid pension costs, which are summarized below, are recorded in accrued expenses and other at December 31, 2022, and in other assets, net at December 31, 2021, both in the Consolidated Balance Sheets.

	2022			2021		
	GCPP	GJSH	Total	GCPP	GJSH	Total
Fair value of plan assets	$ 141,282	9,950	151,232	$ 189,174	13,343	202,517
Projected and accumulated benefit obligation	(144,121)	(10,027)	(154,148)	(176,260)	(13,123)	(189,383)
(Accrued) prepaid pension cost	$ (2,839)	(77)	(2,916)	$ 12,914	220	13,134

The following summarizes the changes in (accrued) prepaid pension cost:

	2022	2021
Accrued pension cost	$ 13,134	(794)
Interest cost	(5,075)	(4,660)
Return on plan assets, net of expenses	(42,575)	5,908
Employer contributions	—	3,100
Actuarial gain	31,600	9,580
(Accrued) prepaid pension cost	$ (2,916)	13,134

December 31, 2022 and 2021 (dollars in thousands unless otherwise noted)

The assumptions used in computing the total net periodic pension cost and total benefit obligation for the sponsors of the retirement plans at December 31 are as follows:

	2022		2021	
	GCPP	**GJSH**	**GCPP**	**GJSH**
Discount rate:				
Net periodic pension cost	2.75 %	2.70 %	2.35 %	2.30 %
Total benefit obligation	*	*	2.75	2.70
Expected long-term return on plan assets	2.39	1.73	3.54	3.20

*Weighted-average assumptions were used in determining total benefit obligation as of December 31, 2022 using the following:

	GCPP	**GJSH**
Annuity settlement rate	4.35 %	4.35 %
Lump sum segment rates	3.23-4.69 %	5.09-5.60 %
Lump sum take rate	60 %	60 %

The following tables set forth the composition of plan assets and target asset allocations at December 31. All plan assets are Level 1 based upon the fair value hierarchy:

	2022		2021	
Fixed income funds	$ 151,096	99 %	$ 201,789	99 %
Cash and cash equivalents	136	1	728	1
Total	$ 151,232	100 %	$ 202,517	100 %

At December 31, 2022 the target asset allocation of the plans were 100% to fixed income funds with estimated lump sum payments to non-retiree beneficiaries in 2023 to be held in cash. At December 31, 2021, the target allocations of the plans were 97-100% fixed income funds and 0-3% cash.

(13) Hospital and Provider Professional Liability Claims Coverage

Geisinger maintains coverage for professional and general liability risks through a combination of wholly owned self-insurance subsidiaries and excess commercial reinsurance carriers, all on a claims-made basis. During the years ended December 31, 2022 and 2021, Geisinger self-insured the first $15 million per occurrence and purchased excess reinsurance coverage through commercial policies up to a total $100 million limit.

Professional and general liability claims have been asserted against certain Geisinger subsidiaries and are in various stages of discovery. Additionally, known and unknown incidents have occurred through December 31, 2022, that may result in the assertion of additional claims and changes in estimates. Management has accrued its best estimate for claims identified and an amount for potential claims incurred but not yet reported based upon independent actuarial analysis utilizing a discount rate of 2% at December 31, 2022 and 2021.

December 31, 2022 and 2021 (dollars in thousands unless otherwise noted)

Loss accruals totaled $352 million and $327 million at December 31, 2022 and 2021, respectively. The current portion of loss accruals totaling $93 million and $66 million at December 31, 2022 and 2021, respectively, is included in accrued expenses and other in the Consolidated Balance Sheets. The long-term portion, totaling $259 million and $261 million at December 31, 2022 and 2021, respectively, is included in other liabilities and contingencies in the Consolidated Balance Sheets. The loss accruals include recoveries of $66 million and $56 million at December 31, 2022 and 2021, respectively, which are also included in accounts receivable and other assets, net in the Consolidated Balance Sheets.

(14) Revenue, Charity Care, and Accounts Receivable

Major components of revenue consist of the following for the year ended December 31:

	2022		2021	
	Revenue	% of Total	Revenue	% of Total
Net patient service revenue				
Medicare	$ 1,025,132	14.9 %	$ 921,111	14.3 %
Medicaid	199,879	2.9	237,283	3.7
Other payors	1,846,575	26.9	1,703,190	26.5
	3,071,586	44.7	2,861,584	44.5
Premium revenue				
Medicare Advantage	1,238,203	18.0	1,177,245	18.3
Commercial	683,650	10.0	724,666	11.3
Medicaid and other state programs	1,623,392	23.6	1,332,687	20.7
	3,545,245	51.6	3,234,598	50.3
Other revenue	254,014	3.7	330,007	5.2
	$ 6,870,845	100.0 %	$ 6,426,189	100.0 %

Laws and regulations governing Medicare and Medicaid are complex and subject to interpretation. Periodically, in the ordinary course of business, situations arise requiring additional scrutiny by management to ensure that no instances of non-compliance with laws and regulations exist. If an instance of non-compliance is identified, governing bodies are alerted, and efforts are made to estimate contingencies. If these contingencies are probable and estimable, they are recorded as liabilities in the Consolidated Balance Sheets. Amounts received from Medicare and Medicaid are subject to review and final determination by program intermediaries or their agents. Tentative settlements of these amounts have been completed through June 30, 2021. Provisions have been made in the financial statements for anticipated adjustments that are estimable and are included in accrued expenses and other in the Consolidated Balance Sheets.

The cost of charity service provided totaled approximately $44 million and $38 million for the years ended December 31, 2022 and 2021, respectively. The costs of charity care are derived from both estimated and actual data. The estimated cost of charity includes the direct and indirect cost of providing such services and is estimated utilizing the providers’ ratio of cost to gross charges, which is then multiplied by the gross uncompensated charges associated with providing care to charity patients. In addition to charity service, services are provided under the Medicaid program to indigent patients. The payments received under this program are less than the cost of providing the services. The unpaid cost of this program totaled approximately $368 million and $298 million for the years ended December 31, 2022 and 2021, respectively. In addition, price concessions for a patients' inability or unwillingness to pay totaled $77 million and $37 million for the years ended December 31, 2022 and 2021, respectively.

December 31, 2022 and 2021 (dollars in thousands unless otherwise noted)

Premium revenue from Medicare Advantage products is based on a risk-adjustment model according to health severity that pays more for enrollees with predictably higher costs. Under this model, rates paid to Medicare Advantage plans are based on actuarially determined bids, which include a process whereby prospective payments are based on a comparison of beneficiaries' risk scores, derived from medical diagnoses, to those enrolled in the government's original Medicare program. Under the risk-adjustment model, all Medicare Advantage plans must collect and submit the necessary diagnosis code information from hospital inpatient, hospital outpatient, and physician providers to CMS within prescribed deadlines. The CMS risk-adjustment model uses this diagnosis data to calculate the risk adjusted premium payment to Medicare Advantage plans.

Geisinger grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. There are no significant concentrations, payors comprising 10%, or more of credit risk included in accounts receivable.

Major components of accounts receivable consist of the following for the year ended December 31:

		2022	2021
Clinical services	$	300,371	320,629
Insurance operations		276,087	199,414
Other		118,595	106,052
	$	695,053	626,095

(15) Functional Expenses

Expenses attributed to each program or supporting function of Geisinger are reported in the following tables. Expenses attributable to more than one program require allocation, which is consistently applied and based upon reasonable statistics such as revenue, expenses, or full-time equivalents. Indirect costs incurred for the benefit of multiple programs are classified as management and general expenses. Expenses related to providing services described in Note 1 are as follows for the year ended December 31:

		Program services					
2022		Clinical enterprise	Insurance operations	Other	Total	Management and general	Total
Salaries and benefits	$	2,406,452	112,401	140,569	2,659,422	241,364	2,900,786
Medical claims		—	1,715,861	—	1,715,861	—	1,715,861
Supplies		1,225,955	1,451	9,596	1,237,002	12,051	1,249,053
Purchased services		235,757	99,946	14,262	349,965	258,123	608,088
Depreciation and amortization		153,177	16,249	5,726	175,152	52,250	227,402
Other		225,316	42,375	12,030	279,721	128,904	408,625
Interest expense		46,752	543	1,329	48,624	13,486	62,110
Other non-service periodic pension costs		430	—	—	430	—	430
Total expenses	$	4,293,839	1,988,826	183,512	6,466,177	706,178	7,172,355

December 31, 2022 and 2021 (dollars in thousands unless otherwise noted)

	Program services					
2021	Clinical enterprise	Insurance operations	Other	Total	Management and general	Total
Salaries and benefits	$ 2,104,259	101,164	138,708	2,344,131	235,784	2,579,915
Medical claims	—	1,593,674	—	1,593,674	—	1,593,674
Supplies	1,061,605	1,145	11,589	1,074,339	10,793	1,085,132
Purchased services	211,019	71,773	26,283	309,075	225,770	534,845
Depreciation and amortization	136,802	20,876	5,850	163,528	53,273	216,801
Other	189,156	14,517	2,621	206,294	136,892	343,186
Interest expense	49,760	50	1,365	51,175	12,367	63,542
Other non-service periodic pension income	(2,379)	—	—	(2,379)	—	(2,379)
Total expenses	$ 3,750,222	1,803,199	186,416	5,739,837	674,879	6,414,716

(16) Net Assets with Donor Restrictions

Net assets with donor restrictions were available for the following purposes at December 31:

	2022	2021
Time and purpose restrictions:		
Support operations	$ 47,870	58,379
Purchase of equipment	18,401	24,661
	66,271	83,040
Amounts held in perpetuity	94,741	99,313
	$ 161,012	182,353

Net assets were released from donor restriction by incurring expenditures satisfying the restricted purpose to support operations and capital purchases in the amount of $10 million and $14 million for the years ended December 31, 2022 and 2021, respectively.

(17) Contingent Liabilities and Commitments

Geisinger is involved in litigation arising in the ordinary course of business. Claims have been asserted against Geisinger and are currently in various stages of litigation. Management believes that accruals are adequate to provide for potential losses resulting from pending or threatened litigation.

Geisinger maintains a $450 million syndicated revolving credit facility with an expiration date of August 2025 and a $50 million line of credit facility with an expiration date of December 2024. As of December 31, 2022, $350 million was outstanding under the revolving credit facility. There were no outstanding amounts at December 31, 2021.

Geisinger Health maintains a $50 million credit facility for the issuance of letters of credit. At December 31, 2022 and 2021, $27 million and $34 million of standby letters of credit were outstanding, respectively.

Geisinger had outstanding commitments on construction projects totaling $147 million and $161 million at December 31, 2022 and 2021, respectively.

December 31, 2022 and 2021 (dollars in thousands unless otherwise noted)

(18) Department of Education

(a) Financial Responsibility Standard

Geisinger Commonwealth School of Medicine and Geisinger Lewistown School of Nursing participate in federal Title IV student financial assistance programs, which require Geisinger to meet standards of financial responsibility based on criteria determined by the U.S. Department of Education, as set forth in 34 CFR 668.171. The criteria include the annual calculation by the Department of Education of a financial responsibility composite score, as further outlined in 34 CFR 668.172, using audited consolidated financial statements submitted through Department of Education's eZ-Audit system. The composite score is based on three ratios: Primary Reserve, Equity, and Net Income. These ratios utilize the following financial data as of and for the year ended December 31, 2022:

Required input according to the standard	Ratio(s) uses		Amounts
Net assets, without donor restrictions	Not applicable	$	3,471,909
Net assets, without donor restrictions – noncontrolling interest	Not applicable		3,943
Total net assets, without donor restrictions	Primary reserve and equity	$	3,475,852
Lease ROU assets – pre-implementation	Primary reserve and equity	$	7,261
Lease ROU assets – post-implementation	Primary reserve		61,466
Total lease ROU assets	Primary reserve	$	68,727
Property and equipment, net – pre-implementation	Not applicable	$	768,881
Construction in progress at June 30, 2019 still outstanding at December 31, 2022	Not applicable		407
Total property and equipment, net – pre-implementation	Primary reserve		769,288
Property and equipment, net purchased post-implementation, with outstanding debt for original purchase:			
Land Improvements	Not applicable		12,287
Buildings and building improvements	Not applicable		70,691
Equipment	Not applicable		57,623
Computer software	Not applicable		63,191
Total property and equipment, net purchased post-implementation, with outstanding debt for original purchase	Primary reserve		203,792
Property and equipment, net purchased post-implementation, without outstanding debt for original purchase	Primary reserve		682,319
Construction in progress	Primary reserve		170,217
Total property and equipment, net	Primary reserve	$	1,825,616
Long-term debt – pre-implementation	Primary reserve	$	792,570
Long-term debt for property and equipment purchased post – implementation:			
Land Improvements	Not applicable		12,287
Buildings and building improvements	Not applicable		70,691
Equipment	Not applicable		57,623
Computer software	Not applicable		63,191
Total long-term debt for property and equipment purchased post-implementation	Primary reserve		203,792
Long-term debt for construction in process post-implementation	Not applicable		12,461
Long-term debt liability greater than asset value	Not applicable		692,910
Total long-term debt (including current installments)	Primary reserve	$	1,701,733

December 31, 2022 and 2021 (dollars in thousands unless otherwise noted)

Required input according to the standard	Ratio(s) uses		Amounts
Lease ROU liabilities – pre-implementation	Primary reserve and equity	$	7,363
Lease ROU liabilities – post-implementation	Primary reserve		62,595
Total lease ROU liabilities	Not applicable	$	69,958
Intangible assets	Primary reserve and equity	$	54,891
Unsecured related party receivables	Primary reserve and equity	$	107
Total expenses, consolidated statement of operations	Not applicable	$	7,109,815
Interest expense, consolidated statement of operations	Not applicable		62,110
Total expenses without donor restrictions	Primary reserve		7,171,925
Non-service cost defined benefit pension costs, consolidated statement of operations	Primary reserve		430
Net distribution to noncontrolling interest, consolidated statement of changes in net assets (other losses)	Primary reserve		8,708
Total expenses and losses without donor restrictions	Primary reserve	$	7,181,063
Total revenue, consolidated statement of operations	Not applicable	$	6,870,845
Unrealized gain on derivatives, consolidated statement of operations	Not applicable		11,156
Total operating revenue and other additions (gains)	Net income		6,882,001
Unrealized gain on derivatives, consolidated statement of changes in net assets	Not applicable		14,978
Net assets released from restriction for capital purchases, consolidated statement of changes in net assets	Not applicable		2,054
Non-operating revenue and other gains	Net income		17,032
Total revenues and gains without donor restrictions	Net income	$	6,899,033

Refer to Note 7 for information relating to issue dates and terms of long-term debt. All issued debt has been used to fund the acquisition of property and equipment which is capitalized when acquired and placed in service.

(b) Related Party Transactions

Geisinger maintains conflict of interest policies, under which officers, directors, trustees and key or highly compensated employees are required to disclose business and financial relationships. Additionally, Geisinger's payments are reviewed in order to identify transactions with interested parties.

Geisinger's officers, directors, trustees, key or highly compensated employees serve on various boards in the healthcare and other industries. Occasionally, in the normal course of business Geisinger participates in transactions with these businesses. During 2022, Geisinger paid $0.5 million to a construction services company for which a Geisinger director is an owner and Geisinger paid $0.2 million to lease space from an entity in which a Geisinger director is a founder and minority owner.

Additionally, Geisinger invests in joint ventures which are described in footnote 2 to the consolidated financial statements. Unsecured related party receivables are comprised of loans made to and pledges receivable from officers, directors, trustees and key or highly compensated employees.

(19) Subsequent Events

Management has evaluated subsequent events through March 1, 2023, which represents the date the consolidated financial statements were available for issuance, to ensure that the consolidated financial statements include appropriate disclosure of events both recognized in the consolidated financial statements as of December 31, 2022, and events that occurred subsequent to December 31, 2022, but were not recognized in the consolidated financial statements.

Geisinger
Supplementary Schedule of Financial Responsibility Data
As of and for the year ended
December 31, 2022 (dollars in thousands unless otherwise noted)

(dollars in thousands)

Location in financial statements or related notes	Financial element		GAAP financial statement line item or disclosure	Amount used as ratio input
Primary Reserve Ratio: Expendable Net Assets:				
Note 18 Financial Responsibility Standard	Net assets without donor restrictions	$	3,475,852	3,475,852
Consolidated Balance Sheet	Net assets with donor restrictions		161,012	161,012
Note 18 Financial Responsibility Standard	Secured and Unsecured related party receivables		107	107
Note 18 Financial Responsibility Standard	Unsecured related party receivables		107	107
Not Applicable	Unsecured other related party assets		—	—
Consolidated Balance Sheet	Total property, plant, and equipment, net		1,825,616	1,825,616
Note 18 Financial Responsibility Standard	Property, plant and equipment, net – pre-implementation		769,288	769,288
Note 18 Financial Responsibility Standard	Property, plant and equipment, net – post-implementation with outstanding debt for original purchase		203,792	203,792
Note 18 Financial Responsibility Standard	Property, plant and equipment, net – post-implementation without outstanding debt for original purchase		682,319	682,319
Note 18 Financial Responsibility Standard	Construction in progress		170,217	170,217
Note 18 Financial Responsibility Standard	Total lease right-of-use assets		68,727	68,727
Note 18 Financial Responsibility Standard	Lease right-of-use assets – pre-implementation		7,261	7,261
Note 18 Financial Responsibility Standard	Lease right-of-use assets – post-implementation		61,466	61,466
Note 18 Financial Responsibility Standard	Intangible assets		54,891	54,891
Note 12 Retirement and Deferred Compensation Plans	Post-employment and pension liabilities		2,916	2,916
Note 18 Financial Responsibility Standard	Total long-term debt		1,701,733	1,701,733
Note 18 Financial Responsibility Standard	Long-term debt – for long-term purposes – pre-implementation		792,570	792,570
Note 18 Financial Responsibility Standard	Long-term debt – for long-term purposes – post-implementation		203,792	203,792
Note 18 Financial Responsibility Standard	Long-term debt for construction in progress, post implementation		12,461	—
Note 18 Financial Responsibility Standard	Total liability related to lease right-of-use assets		69,958	68,727
Note 18 Financial Responsibility Standard	Liability related to lease right-of-use assets – pre-implementation		7,363	7,261
Note 18 Financial Responsibility Standard	Liability related to lease right-of-use assets – post-implementation		62,595	61,466
Not applicable	Annuities with donor restrictions		—	—
Not Applicable	Term endowments with donor restrictions		—	—
Not Applicable	Life income funds with donor restrictions		—	—
Note 16 Net Assets with Donor Restrictions	Net assets with donor restrictions: restricted in perpetuity		94,741	94,741
Note 16 Net Assets with Donor Restrictions	Net assets with donor restrictions: other for purpose of time		66,271	66,271
Not Applicable	Line of credit for construction in progress		—	—
Primary Reserve Ratio: Expenses and Losses:				
Note 18 Financial Responsibility Standard	Total expenses and losses without donor restrictions		7,181,063	7,181,063
Note 18 Financial Responsibility Standard	Total expenses without donor restrictions		7,171,925	7,171,925
Consolidated Statement of Operations	Other components of net periodic pension cost		430	430
Not Applicable	Change in value of split-interest agreements		—	—
Note 18 Financial Responsibility Standard	Other Losses		8,708	8,708
Equity Ratio: Modified Net Assets:				
Note 18 Financial Responsibility Standard	Net assets without donor restrictions		3,475,852	3,475,852
Consolidated Balance Sheet	Net assets with donor restrictions		161,012	161,012
Note 18 Financial Responsibility Standard	Lease ROU assets – pre-implementation		7,261	7,261
Note 18 Financial Responsibility Standard	Lease ROU liabilities – pre-implementation		7,363	7,261
Note 18 Financial Responsibility Standard	Intangible assets		54,891	54,891
Note 18 Financial Responsibility Standard	Unsecured related party receivable		107	107
Not Applicable	Unsecured other related party assets		—	—
Equity Ratio: Modified Assets:				
Consolidated Balance Sheet	Total assets		7,247,008	7,247,008
Note 18 Financial Responsibility Standard	Lease ROU assets – pre-implementation		7,261	7,261
Note 18 Financial Responsibility Standard	Intangible assets		54,891	54,891
Note 18 Financial Responsibility Standard	Unsecured related party receivable		107	107
Not Applicable	Unsecured other related party assets		—	—
Net Income Ratio:				
Consolidated Statement of Changes in Net Assets	Change in net assets without donor restrictions		(849,378)	(849,378)
Note 18 Financial Responsibility Standard	Total revenues and gains without donor restrictions		6,899,033	6,899,033
Note 18 Financial Responsibility Standard	Total operating revenue and other additions (gains)		6,882,001	6,882,001
Note 9 Endowment Net Assets	Investment return appropriated for spending		3,770	—
Note 18 Financial Responsibility Standard	Non-operating revenue and other gains		17,032	17,032

See accompanying independent auditors' report.

GEISINGER

Consolidated Schedule of Expenditures of Federal Awards

Year ended December 31, 2022

Federal Awarding Agency/Program Name/Cluster Name	Pass through entity	Pass through entity identification number	Assistance listing number (ALN)	Expenditures	Amounts provided to subrecipients
Research and Development Cluster:					
Direct Awards:					
United States Department of Agriculture:					
Agricultural Research_Basic and Applied Research			10.001	$ 172,644	98,388
Community Facilities Loans and Grants			10.766	1,000,000	—
Distance Learning and Telemedicine Loans and Grants			10.855	153,293	—
Total United States Department of Agriculture				1,325,937	98,388
United States Department of Health and Human Services:					
Centers for Disease Control and Prevention:					
Chronic Diseases: Research, Control, and Prevention			93.068	282,245	21,360
PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds			93.738	129,969	—
Assistance Programs for Chronic Disease Prevention and Control			93.945	255,128	—
Total Centers for Disease Control and Prevention				667,342	21,360
National Institute of Child Health and Human Development:					
Child Health and Human Development Extramural Research			93.865	147,868	—
Total National Institute of Child Health and Human Development				147,868	—
National Cancer Institute:					
21st Century Cures Act - Beau Biden Cancer Moonshot			93.353	628,001	283,400
Cancer Treatment Research			93.395	792,613	—
Trans-NIH Research Support			93.310	50,640	—
Cancer Cause and Prevention Research			93.393	624,243	332,817
Total National Cancer Institute				2,095,497	616,217
National Human Genome Research Institute:					
Human Genome Research			93.172	1,765,752	410,071
Total National Human Genome Research Institute				1,765,752	410,071
National Institute on Aging:					
Aging Research			93.866	383,781	—
Total National Institute on Aging				383,781	—
National Institute on Drug Abuse:					
Drug Abuse and Addiction Research Programs			93.279	524,128	82,975
Total National Institute on Drug Abuse				524,128	82,975
National Heart, Lung, and Blood Institute:					
Translation and Implementation Science Research for Heart, Lung, Blood Diseases and Sleep Disorders			93.840	350,547	—
Cardiovascular Diseases Research			93.837	1,851,702	133,596
Total National Heart, Lung, and Blood Institute				2,202,249	133,596
National Institute of Mental Health:					
Mental Health Research Grants			93.242	1,662,943	636,033
Total National Institute of Mental Health				1,662,943	636,033
Total United States Department of Health and Human Services				9,449,560	1,900,252
Total Direct Awards				10,775,497	1,998,640

(Continued)

Federal Awarding Agency/Program Name/Cluster Name	Pass through entity	Pass through entity identification number	Assistance listing number (ALN)	Expenditures	Amounts provided to subrecipients
Indirect Awards:					
National Science Foundation:					
Social, Behavioral, and Economic Sciences	Northeastern University	512031-78050	47.075	$ 29,904	—
Total National Science Foundation				29,904	—
United States Department of Health and Human Services:					
Agency for Healthcare Research and Quality:					
Research on Healthcare Costs, Quality and Outcomes	Baylor College of Medicine	7000001039	93.226	33,543	—
Total Agency for Healthcare Research and Quality				33,543	—
Centers for Disease Control and Prevention:					
Cancer Prevention and Control Programs for State, Territorial and Tribal Organization	Temple University	267698-GC	93.898	24,307	—
Total Centers for Disease Control and Prevention				24,307	—
National Cancer Institute:					
Alliance for Clinical Trials Subcontract	Alliance for Clinical Trials	Not available	93.RD	1,197	—
Cancer Trials Support Unit Subcontract	Cancer Trials Support Unit	Not available	93.RD	4,115	—
Children's Oncology Group Subcontract	Children's Oncology Group	Not available	93.RD	4,177	—
Eastern Cooperative Oncology Group Subcontract	Eastern Cooperative Oncology Group	Not available	93.RD	4,470	—
NRG Oncology Subcontract	NRG Oncology	Not available	93.RD	160	—
NSABP Foundation	NSABP Foundation	Not available	93.RD	184	—
University of Rochester	University of Rochester	Not available	93.RD	48	—
Wake Forest University Subcontract	Wake Forest University	Not available	93.RD	40	—
Subtotal ALN 93.RD				14,391	—
Trans-NIH Research Support	Van Andel Research Institute	40530A-2	93.310	10,482	—
Cancer Cause and Prevention Research	Georgetown University	424384_GR412999-GC	93.393	42,725	—
Cancer Cause and Prevention Research	University of Pennsylvania	576656	93.393	86,730	—
Subtotal ALN 93.393				129,455	—
Total National Cancer Institute				154,328	—
National Institute of General Medical Sciences:					
Biomedical Research and Research Training	Brown University	00001287	93.859	53,007	—
Total National Institute of General Medical Sciences				53,007	—
National Center for Advancing Translational Sciences:					
National Center for Advancing Translational Sciences	University of Pennsylvania	582262	93.350	32,955	—
Total National Center for Advancing Translational Sciences				32,955	—
National Eye Institute:					
Vision Research	NYU School of Medicine	16-00463	93.867	34,786	—
Total National Eye Institute				34,786	—
National Human Genome Research Institute:					
Human Genome Research	Broad Institute	5001104-5500001626	93.172	1,280,865	—
Human Genome Research	Harvard Pilgrim Healthcare	AH000781	93.172	47,329	—
Human Genome Research	Pennsylvania State University	S002386-DHHS	93.172	29,904	—

(Continued)

Federal Awarding Agency/Program Name/Cluster Name	Pass through entity	Pass through entity identification number	Assistance listing number (ALN)	Expenditures	Amounts provided to subrecipients
Human Genome Research	Vanderbilt University	VUMC100327	93.172	$ 193,331	—
Human Genome Research	Vanderbilt University	VUMC63907	93.172	89,428	—
Human Genome Research	Vanderbilt University	VUMC86719	93.172	36,177	—
Total National Human Genome Research Institute (ALN 93.172)				1,677,034	—
National Heart, Lung, and Blood Institute:					
Cardiovascular Diseases Research	Daxor Corporation		93.837	46,704	—
Cardiovascular Diseases Research	Johns Hopkins University	2004339391	93.837	67,780	—
Cardiovascular Diseases Research	Massachusetts General Hospital	240336	93.837	151,419	—
Cardiovascular Diseases Research	Pennsylvania State University	GEISHL162971	93.837	90,598	—
Cardiovascular Diseases Research	Temple University	SIREN_1100	93.837	19,718	—
Cardiovascular Diseases Research	University of Pennsylvania	583217	93.837	92,052	—
Subtotal ALN 93.837				468,271	—
Lung Diseases Research	NYU Grossman School of Medicine	0T2HL156812	93.838	6,594	—
Lung Diseases Research	Temple University	267389-GEISINGER	93.838	588	—
Lung Diseases Research	University of Alabama	000507361-003	93.838	6,827	—
Lung Diseases Research	University of Pennsylvania	3801529	93.838	17,385	—
Lung Diseases Research	University of Pittsburgh	9012549 (131692-36)	93.838	918	—
Subtotal ALN 93.838				32,312	—
Total National Heart, Lung, and Blood Institute				500,583	—
National Institute on Aging:					
Aging Research	University of California, Los Angeles	1558 G WA349	93.866	112,002	—
Total National Institute on Aging				112,002	—
National Institute of Allergy and Infectious Diseases:					
Allergy and Infectious Diseases Research	Northwestern University	60054199 GEI	93.855	278,860	—
Total National Institute of Allergy and Infectious Diseases				278,860	—
National Institute of Arthritis and Musculoskeletal and Skin Diseases:					
Arthritis, Musculoskeletal and Skin Diseases Research	Washington University	WU-21-286-MOD-1	93.846	94,921	—
Total National Institute of Arthritis and Musculoskeletal and Skin Diseases				94,921	—
National Institute of Diabetes and Digestive and Kidney Diseases:					
Diabetes, Digestive, and Kidney Diseases Extramural Research	Columbia University	11(GG011642-05)	93.847	7,287	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	Duke University	303000285	93.847	455,047	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	Johns Hopkins University	2004036780	93.847	49,328	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	Johns Hopkins University	2004481011	93.847	8,565	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	New York University		93.847	16,033	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	Temple University	265300-GC	93.847	32,987	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	Translational Genomics	DISTEFANO-18-03	93.847	9,884	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	University of Michigan	3003773936	93.847	473	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	University of North Carolina	5119492	93.847	161,241	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	University of Washington	UWSC10047	93.847	20,943	—
Total National Institute of Diabetes and Digestive and Kidney Diseases (ALN 93.847)				761,788	—
National Institute of Environmental Health Sciences:					
Environmental Health	Columbia University	1(GG014926-01)	93.113	25,495	—
Total National Institute of Environmental Health Sciences				25,495	—

Federal Awarding Agency/Program Name/Cluster Name	Pass through entity	Pass through entity identification number	Assistance listing number (ALN)	Expenditures	Amounts provided to subrecipients
National Center on Sleep Disorders Research:					
National Center on Sleep Disorders Research	Brigham and Women's Health	125876	93.233	$ 26,712	—
National Center on Sleep Disorders Research	University of Pennsylvania	570229	93.233	26,396	—
Total National Center on Sleep Disorders Research (ALN 93.233)				53,108	—
National Institute of Mental Health:					
Mental Health Research Grants	Massachusetts General Hospital	234064	93.242	212,282	—
Mental Health Research Grants	Washington University	WU-21-392-MOD-1	93.242	264,504	—
Total National Institute of Mental Health (ALN 93.242)				476,786	—
National Institute of Neurological Disorders and Stroke:					
Extramural Research Programs in the Neurosciences and Neurological Disorders	Rutgers University	0673	93.853	6,642	—
Extramural Research Programs in the Neurosciences and Neurological Disorders	Stanford University	61933056-125439	93.853	9,113	—
Extramural Research Programs in the Neurosciences and Neurological Disorders	University of Cincinnati	012043-139624	93.853	9,263	—
Total National Institute of Neurological Disorders and Stroke (ALN 93.853)				25,018	—
National Institute on Drug Abuse:					
Drug Abuse and Addiction Research Programs	AppliedVR	RELIEVRX-G-19	93.279	34,320	—
Drug Abuse and Addiction Research Programs	Hennepin Healthcare	15310-2	93.279	80,456	—
Drug Abuse and Addiction Research Programs	Hennepin Healthcare	15388-02	93.279	100,428	—
Drug Abuse and Addiction Research Programs	Kaiser Foundation	RNG210715-GC	93.279	1,904	—
Drug Abuse and Addiction Research Programs	RTI Health Solutions	1P50DA054071-01A1	93.279	16,300	—
Total National Institute on Drug Abuse (ALN 93.279)				233,408	—
Total United States Department of Health and Human Services				4,571,929	—
Total Indirect Awards				4,601,833	—
Total Research and Development Cluster				15,377,330	1,998,640
Direct Awards:					
United States Department of Education:					
Student Financial Assistance Cluster:					
Federal Direct Student Loans			84.268	22,733,594	—
Federal Pell Grant Program			84.063	80,230	—
Total Student Financial Assistance Cluster				22,813,824	—
Other Programs:					
Direct Awards:					
United States Department of Education:					
COVID-19 - Education Stabilization Fund:					
COVID-19 Higher Education Emergency Relief Fund (HEERF) for the Improvement of Postsecondary Education (FIPSE) Formula Grant			84.425N	39,714	—
COVID-19 HEERF Institutional Aid Portion			84.425F	67,972	—
COVID-19 HEERF Supplemental Support Under American Rescue Plan (SSARP) Program			84.425T	176,010	—
Total COVID-19 Education Stabilization Fund				283,696	—
Total United States Department of Education				23,097,520	—
United States Department of Health and Human Services:					
Health Resources and Services Administration:					
Centers of Excellence			93.157	567,444	2,839
Primary Care Training and Enhancement			93.884	475,303	88,202
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease			93.918	94,261	—
Mental and Behavioral Health Education and Training Grants			93.732	130,373	—

GEISINGER

Consolidated Schedule of Expenditures of Federal Awards

Year ended December 31, 2022

Federal Awarding Agency/Program Name/Cluster Name	Pass through entity	Pass through entity identification number	Assistance listing number (ALN)	Expenditures	Amounts provided to subrecipients
Nurse Education, Practice Quality and Retention Grants			93.359	$ 20,034	—
Telehealth Programs			93.211	498,955	—
COVID-19 Provider Relief Fund and American Rescue Plan Rural Distribution			93.498	41,640,079	—
Total United States Department of Health and Human Services				43,426,449	91,041
Total Direct Awards				43,710,145	91,041
Indirect Awards:					
United States Department of Justice:					
Office for Victims of Crime:					
Crime Victim Assistance	Pennsylvania Commission on Crime	2018/2019/2020-VF-05 33022	16.575	113,401	—
Total United States Department of Justice				113,401	—
United States Department of Transportation:					
Transit Services Program Cluster:					
Enhanced Mobility of Seniors and Individuals with Disabilities	Pennsylvania Dept of Transportation	EG00827245	20.513	63,493	—
Total United States Department of Transportation				63,493	—
Total Transit Service Programs Cluster				63,493	—
United States Department of the Treasury:					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Pennsylvania Office of the State Fire Commissioner	C950003680	21.027	37,237	—
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Pennsylvania Office of the State Fire Commissioner	C950003702	21.027	37,237	—
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	Pennsylvania Office of the State Fire Commissioner	C950003707	21.027	11,000	—
Total United States Department of Treasury (ALN 21.027)				85,474	—
United States Department of Health and Human Services:					
Centers for Disease Control and Prevention:					
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	Health Care Improvement	NB010T009138	93.758	3,000	—
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Pennsylvania Department of Health	4100086664	93.323	261,695	1,476
Total Centers for Disease Control and Prevention				264,695	1,476
Centers for Medicare and Medicaid Services:					
Children's Health Insurance Program	Pennsylvania Department of Human Services	4000013241	93.767	18,177,734	—
Total Centers for Medicare and Medicaid Services				18,177,734	—
Health Resources and Services Administration:					
Maternal, Infant, and Early Childhood Home Visiting Grant Program	Tuscarora Intermediate Unit	X1141931	93.870	13,800	—
Maternal, Infant and Early Childhood Home Visiting Grant Program	Pennsylvania Department of Human Services	4100093086	93.870	426,788	—
Subtotal ALN 93.870				440,588	—
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	Central Susquehanna Community Foundation	4100070296	93.505	190,725	—
Maternal and Child Health Federal Consolidated Program	Ferre Institute	6017-03	93.110	1,144	—
COVID-19 Small Rural Hospital Improvement Grant Programs	Pennsylvania State University	2021-2022	93.301	186,575	—
Small Rural Hospital Improvement Grant Programs	Pennsylvania State University	2021-2022	93.301	11,169	—
Subtotal ALN 93.301				197,744	—
Total Health Resources and Services Administration				830,201	—
Administrative for Strategic Preparedness and Response:					
COVID-19 National Bioterrorism Hospital Preparedness Program	Hospital and Healthsystem Association of Pennsylvania	U3REP200626-01-08	93.889	7,554	—
Total Administrative for Strategic Preparedness and Response				7,554	—

(Continued)

GEISINGER

Consolidated Schedule of Expenditures of Federal Awards

Year ended December 31, 2022

Federal Awarding Agency/Program Name/Cluster Name	Pass through entity	Pass through entity identification number	Assistance listing number (ALN)	Expenditures	Amounts provided to subrecipients
Substance Abuse and Mental Health Services Administration					
Block Grants for Prevention and Treatment of Substance Abuse	Jewish Healthcare Foundation	1B08TI083542	93.959	$ 112,754	—
Block Grants for Prevention and Treatment of Substance Abuse	Pennsylvania Department of Drug and Alcohol	4100090515	93.959	449,546	—
Block Grants for Prevention and Treatment of Substance Abuse	Pennsylvania Department of Drug and Alcohol	4100092234	93.959	9,413	—
Subtotal ALN 93.959				571,713	—
State Targeted Response to the Opioid Crisis Grants	Jewish Healthcare Foundation	H79TI083297	93.788	98,589	—
Total Substance Abuse and Mental Health Services Administration				670,302	—
Total United States Department of Health and Human Services				19,950,486	1,476
Total Indirect Awards				20,212,854	1,476
Total Other Programs				63,922,999	92,517
Total Expenditures of Federal Awards				$ 102,114,153	2,091,157

See accompanying notes to consolidated schedule of expenditures of federal awards.

(1) Reporting Entity

Geisinger includes all federal expenditures in its consolidated schedule of expenditures of federal awards (the Schedule) administered by all entities included in its consolidated financial statements. Specifically, the Schedule includes expenditures of the following entities: Geisinger Clinic (identification number 23-6291113); Geisinger Medical Center (identification number 24-0795959); Geisinger Wyoming Valley Medical Center (identification number 23-1996150); Geisinger Community Health Services (identification number 23-2967235); Geisinger-Bloomsburg Hospital (identification number 23-2193572); Geisinger-Community Medical Center (identification number 24-0862246); Geisinger-Lewistown Hospital (identification number 23-1352187); Geisinger Health Plan (identification number 23-2311553); Geisinger Jersey Shore Hospital (identification number 24-0792115); Geisinger Commonwealth School of Medicine (identification number 26-0812968); West Shore Advance Life Support Services, Inc. (identification number 23-2463002); Lackawanna Physicians Ambulatory Surgery Center, LLC (identification number 23-3024998); Family Health Associates of Geisinger Lewistown Hospital (identification number 25-1651582); and Geisinger-HM Joint Venture, LLC (identification number 83-1871064).

The Schedule includes COVID-19 Provider Relief Fund amounts received by Holy Spirit Hospital of the Sisters of Christian Charity (identification number 23-1512747) and Spirit Physician Services, Inc. (identification number 25-1766971) for lost revenue incurred prior to their divestiture from Geisinger effective November 1, 2020.

(2) Basis of Presentation

The accompanying Schedule includes all the federal award programs activity of Geisinger under programs of the federal government for the year ended December 31, 2022. The information in this 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). The Schedule presents only a selected portion of the operations of Geisinger, and it is not intended to and does not present the consolidated financial position, results of operations, or cash flows of Geisinger.

(3) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and 45 CFR Part 75 Appendix E, hospital cost principles, wherein certain types of expenditures are not allowable or are limited as reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of the consolidated financial statements.

(4) Indirect Cost

Geisinger has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(Continued)

(5) Provider Relief Fund

The Provider Relief Fund expenditures reported on the Schedule include the payments received from January 1, 2021 – December 31, 2021 for a period of availability through December 31, 2022 totaling $41,640,079 and include the following providers and amounts reported for period 3 and period 4 in the PRF Reporting Portal:

Entity name	Tax ID		Period 3	Period 4
Geisinger-Community Medical Center	24-0862246	$	—	2,864,682
Family Health Associates of Geisinger Lewistown Hospital	25-1651582		—	7,337
Geisinger Clinic	23-6291113		—	8,345,242
Geisinger Jersey Shore Hospital	24-0792115		—	672,812
Geisinger Medical Center	24-0795959		—	16,346,817
Geisinger Wyoming Valley Medical Center	23-1996150		—	1,676,891
Geisinger-Bloomsburg Hospital	23-2193572		—	530,032
Geisinger-HM Joint Venture, LLC	83-1871064		—	330,423
Geisinger-Lewistown Hospital	23-1352187		—	4,836,178
Holy Spirit Hospital of the Sisters of Christian Charity	23-1512747		—	1,438,979
Lackawanna Physicians Ambulatory Surgery Center, LLC	23-3024998		—	207,514
Marworth	23-2171417		—	232,498
Spirit Physician Services, Inc.	25-1766971		3,375,225	255,686
West Short Advanced Life Support Services, Inc.	23-2463002		—	519,763
Total		$	3,375,225	38,264,854

(6) Federal Direct Loan Program

For the Federal Direct Student Loan Program, Geisinger is only responsible for the performance of certain administrative duties; therefore, the associated net assets and transactions are not included in Geisinger's consolidated financial statements and it is not practicable to determine the balances of loans outstanding to students of Geisinger under this program at December 31, 2022. The Schedule includes the amounts loaned to students during the year ended December 31, 2022.

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report 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*

The Board of Directors
Geisinger Health:

We have audited, in accordance with the 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 Geisinger Health and its subsidiaries (collectively referred to as "Geisinger") which comprise the consolidated balance sheet as of December 31, 2022, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 1, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Geisinger'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

New York, New York
March 1, 2023

KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Consolidated Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Directors
Geisinger Health:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Geisinger Health and its subsidiaries' (collectively referred to as "Geisinger") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Geisinger's major federal programs for the year ended December 31, 2022. Geisinger's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Geisinger complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Geisinger and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Geisinger'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 Geisinger's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Geisinger'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 Geisinger's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Geisinger's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Consolidated Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Geisinger as of and for the years ended December 31, 2021 and 2022 and have issued our report thereon dated March 1, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidated schedule of expenditures of federal awards for the year ended December 31, 2022 is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 2022 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 2022 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2022 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 2022 consolidated financial statements or to the 2022 consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the consolidated schedule of expenditures of federal awards is fairly stated in all material respects in relation to the 2022 consolidated financial statements as a whole.

KPMG LLP

New York, New York
August 2, 2023

GEISINGER

Schedule of Findings and Questioned Costs

Year ended December 31, 2022

(1) Summary of Auditors' Results

(a) Type of report issued on whether the consolidated financial statements were prepared in accordance with generally accepted accounting principles: Unmodified

(b) Internal control deficiencies over financial reporting disclosed by the audit of the consolidated financial statements:

- Material weaknesses: No
- Significant deficiencies: None reported

(c) Noncompliance material to the consolidated financial statements: No

(d) Internal control deficiencies over major programs disclosed by the audit:

- Material weaknesses: No
- Significant deficiencies: None reported

(e) Type of report issued on compliance for major programs: Unmodified

(f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): No

(g) Major programs:

- Student Financial Assistance cluster: (ALN 84.268 and 84.063)
- COVID-19 Provider Relief Fund and American Rescue Rural Distribution (ALN 93.498)
- Children's Health Insurance Program (ALN 93.767)

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

(i) Auditee qualified as a low-risk auditee: Yes

(2) Finding Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards

None