Thomas Jefferson University

Consolidated Financial Statements
June 30, 2022 and 2021

Thomas Jefferson University
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Report of Independent Auditors

To Board of Trustees of Thomas Jefferson University

Opinion

We have audited the accompanying consolidated financial statements of Thomas Jefferson University and its subsidiaries (the "University"), which comprise the consolidated balance sheets as of June 30, 2022 and 2021, and the related consolidated statements of operations and changes in net assets without donor restrictions, of changes in net assets and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2022 and 2021, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with US GAAS, we:

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- 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 financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

PricewaterhouseCoopers LLP

October 18, 2022

Thomas Jefferson University
Consolidated Balance Sheets
June 30, 2022 and 2021
(In Thousands)

Assets	2022	2021
Current assets:		
Cash and cash equivalents	$403,988	$301,454
Short-term investments	1,350,713	2,531,594
Accounts receivable	761,073	583,790
Insurance premium receivable	479,777	-
Inventory	152,398	119,370
Pledges receivable, current	25,654	31,165
Insurance recoverable, current	90,298	71,971
Assets whose use is limited, current	27,878	737
Other current assets	76,274	51,718
Total current assets	3,368,053	3,691,799
Long-term investments	2,725,639	1,699,470
Assets whose use is limited, noncurrent	375,694	85,630
Assets held by affiliated foundations	42,703	50,670
Pledges receivable, noncurrent	122,312	103,522
Goodwill	216,140	137
Insurance recoverable, noncurrent	302,319	221,032
Loans receivable from students, net	19,885	21,054
Land, buildings and equipment, net	3,954,950	3,066,244
Right-of-use assets	350,412	311,698
Other noncurrent assets	177,941	36,666
Total assets	$11,656,048	$9,287,922
Liabilities and Net Assets		
Current liabilities:		
Current portion of:		
Long-term obligations	$92,281	$33,739
Accrued professional liability claims	234,404	120,290
Accrued workers' compensation claims	21,570	12,741
Deferred revenues	30,381	28,600
Advances	196,822	317,859
Operating lease obligations	44,869	32,783
Accounts payable and accrued expenses	618,416	421,041
Medical costs payable	122,670	-
DHS insurance program payable	134,276	-
Accrued payroll and related costs	462,999	361,209
Total current liabilities	1,958,688	1,328,262
Long-term obligations	3,356,189	2,133,005
Accrued pension liability	401,111	391,392
Federal student loan advances	5,477	5,867
Deferred revenues	15,347	5,417
Accrued professional liability claims	616,458	459,761
Accrued workers' compensation claims	24,781	25,289
Interest rate hedges	18,211	34,919
Operating lease obligations	357,002	320,082
Advances	-	106,062
Other noncurrent liabilities	79,451	94,948
Total liabilities	6,832,715	4,905,004
Net assets:		
Net assets without donor restriction - Thomas Jefferson University	3,753,482	3,414,189
Noncontrolling interest in joint ventures	12,958	17,501
Total net assets without donor restriction	3,766,440	3,431,690
Net assets with donor restriction	1,056,893	951,228
Total net assets	4,823,333	4,382,918
Total liabilities and net assets	$11,656,048	$9,287,922

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

Thomas Jefferson University
Consolidated Statements of Operations and Changes in Net Assets without Donor Restrictions
For the Years Ended June 30, 2022 and 2021
(In Thousands)

	2022	2021
Operating revenues, gains and other support:		
Net patient service revenue	$5,603,560	$4,599,893
Insurance premium revenue	1,155,962	-
Grants and contracts	161,201	160,603
Tuition and fees, net	216,454	208,909
Investment income	88,573	77,474
Contributions	4,499	3,543
Other revenue	497,719	395,159
Government support for COVID-19	119,363	159,344
Net assets released from restrictions	67,154	57,948
Total operating revenues, gains and other support	7,914,485	5,662,873
Operating expenses:		
Salaries and wages	3,315,774	2,585,100
Employee benefits	726,609	549,177
Insurance services medical expenses	862,277	-
Supplies	1,222,440	980,293
Purchased services	750,065	610,143
Depreciation and amortization	328,303	263,796
Interest	83,995	56,043
Insurance	136,204	108,717
Utilities	73,982	69,066
Other	540,675	434,654
Total operating expenses	8,040,324	5,656,989
(Loss) income from operations	(125,839)	5,884
Nonoperating items and other changes in net assets without donor restriction, net:		
Return on investments, net of amounts classified as operating revenue	(374,349)	478,196
Contribution received in Einstein acquisition	490,770	-
Gain on investment in HPP acquisition	175,828	-
Interest rate hedges	16,844	24,629
Reclassification of net assets	(2,117)	(322)
Net assets released from restrictions used for purchase of property and equipment	2,318	7,780
Decrease in pension liability	198,830	379,655
Distributions to noncontrolling interest	(11,727)	(10,036)
Gain (loss) on defeasance of debt	(35,808)	-
Other	-	188
Increase in nonoperating items and other changes in net assets without donor restriction	460,589	880,090
Increase in net assets without donor restriction	$334,750	$885,974

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

Thomas Jefferson University
Consolidated Statements of Changes in Net Assets
For the Years Ended June 30, 2022 and 2021
(In Thousands)

	2022	2021
Net assets without donor restriction:		
Revenues, gains and other support	$7,914,485	$5,662,873
Expenses	(8,040,324)	(5,656,989)
Nonoperating items and other changes in net assets without donor restriction, net	460,589	880,090
Increase in net assets without donor restriction	334,750	885,974
Net assets with donor restriction:		
Contributions	85,240	77,951
(Loss) gain on investments, net	(52,819)	97,702
Net (loss) gain on externally held trusts	(20,528)	25,544
Investment income	4,757	4,719
Net assets released from restrictions	(69,472)	(65,728)
Changes in net assets held by affiliated foundations	(7,967)	10,486
Change in value of split interest agreements	(2,285)	3,039
Contribution received in Einstein acquisition	166,410	-
Reclassification of net assets	2,329	322
Increase in net assets with donor restriction	105,665	154,035
Increase in net assets	440,415	1,040,009
Net assets, beginning of year	4,382,918	3,342,909
Net assets, end of year	$4,823,333	$4,382,918

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

Thomas Jefferson University
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021
(In Thousands)

	2022	2021
Cash flows from operating activities:		
Increase in net assets	$440,415	$1,040,009
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Contributions received in acquisition of Einstein	(657,180)	-
Decrease in pension liability	(198,830)	(379,655)
Depreciation and amortization	329,355	264,695
Bond premium amortization	(9,811)	(8,905)
Change in assets held by affiliated foundation	7,967	(10,487)
Loss (gain) on investments and other, net	387,770	(684,584)
Gain on investment in HPP acquisition	(175,828)	-
Gain on sale of controlling interest	(31,620)	-
Net gain on interest rate hedges	(16,845)	(24,629)
Distribution to noncontrolling interest	11,727	10,036
Funds withheld under the Medicare Accelerated and Advance Payment Program	(368,140)	(52,602)
Loss on defeasance of debt	35,808	-
Contributions designated for acquisition of long-term assets	(37,106)	(19,814)
Net change due to:		
Accounts receivable	(90,754)	(90,418)
Insurance premium receivable	(308,660)	-
Pledges receivable	(8,279)	(5,226)
Inventory	(7,724)	(16,038)
Accounts payable and accrued expenses	9,332	51,552
Medical costs payable	(23,548)	-
DHS insurance program payable	33,262	-
Accrued payroll and related costs	25,489	73,926
Grant and contract advances	37,366	2,186
Accrued pension liability	27,644	(16,375)
Insurance recoverable and accrued professional and workers' compensation claims	(16,441)	40,060
Dividends received from joint ventures	19,563	26,269
Other assets and liabilities	(47,844)	38,290
Net cash (used in) provided by operating activities	(632,912)	238,290
Cash flows from investing activities:		
Cash received in acquisition of Einstein	91,915	-
Acquisition of Health Partners, net of cash acquired	(1,080)	-
Purchase of land, buildings and equipment	(318,803)	(391,965)
Purchases of investments and assets whose use is limited	(9,753,426)	(9,038,031)
Proceeds from sales of investments and assets whose use is limited	10,049,398	8,867,814
Student loans issued	(3,534)	(3,647)
Student loans repaid	4,703	4,650
Net cash provided by (used in) investing activities	69,173	(561,179)
Cash flows from financing activities:		
Distribution to noncontrolling interest	(11,727)	(10,036)
Contributions designated for acquisition of long-lived assets	37,106	19,814
Federal student loan advances	(390)	(1,718)
Deferred financing fees	(11,029)	-
Proceeds from long-term obligations	1,685,672	-
Repayment of long-term obligations	(1,033,359)	(184,735)
Net cash provided by (used in) financing activities	666,273	(176,675)
Net increase (decrease) in cash and cash equivalents	102,534	(499,564)
Cash and cash equivalents at beginning of period	301,454	801,018
Cash and cash equivalents at end of period	$403,988	$301,454
Supplemental disclosures:		
Interest paid (net of amount capitalized)	$80,582	$75,809
Accounts payable related to buildings and equipment	$47,412	$46,658
Operating cash flows for operating leases	$48,755	$49,309
Right-of-use assets obtained in exchange for lease obligations	$28,148	$332,785
Long-term construction obligation	$165,290	-

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements represent the consolidated balance sheet, statement of operations and changes in net assets without donor restrictions and cash flows of Thomas Jefferson University ("TJU"), including TJUH System ("TJUHS"), Abington Health ("Abington"), Jefferson Health Northeast System ("JHNES"), Philadelphia University, Kennedy Health System ("Kennedy"), Magee Rehabilitation Hospital ("Magee"), Albert Einstein Healthcare Network ("Einstein") and Health Partners Plans ("HPP").

TJU is an independent, non-profit corporation organized under the laws of the Commonwealth of Pennsylvania ("the Commonwealth") and recognized as a tax-exempt organization pursuant to Section 501(c) (3) of the Internal Revenue Code. TJU has a tripartite mission of education, research and patient care. TJU conducts research and offers undergraduate and graduate instruction through the Sidney Kimmel Medical College, the Jefferson College of Nursing, the Jefferson College of Pharmacy, the Jefferson College of Health Professions, the Jefferson College of Population Health, the Jefferson College of Biomedical Sciences, the Jefferson College of Rehabilitation Sciences, the Kanbar College of Design, Engineering and Commerce, the School of Continuing and Professional Studies, the College of Architecture and the Built Environment, and the College of Science, Health and the Liberal Arts. The combined institution has approximately 7,500 students and is located in Philadelphia, Pennsylvania, with additional campus locations in the Greater Philadelphia Region.

TJUHS, Abington, Jefferson Health Northeast ("JHNE"), Kennedy, Magee and Einstein are integrated healthcare organizations that provide inpatient, outpatient and emergency care services through acute care, ambulatory care, rehabilitation care, physician and other primary care services for residents of the Greater Philadelphia Region. TJU is the sole corporate member of TJUHS, Abington, Aria, Kennedy, Magee and Einstein.

HPP provides access to healthcare services on a prepaid basis. HPP is licensed by the Commonwealth Departments of Insurance and Health to operate as a Health Maintenance Organization. Pursuant to an agreement effective through August 31, 2022 with the Department of Human Services of the Commonwealth of Pennsylvania ("DHS"), HPP provides for the provision of physical health Medical Assistance ("MA") Program benefits through its HealthChoices Medicaid Program to enrollees residing in the Southeast Zone (Philadelphia and four surrounding counties – Bucks, Chester, Delaware, and Montgomery). Effective September 1, 2022, HPP entered into the new DHS Expansion contract which covers all HealthChoices zones (Northeast, Northwest, Southeast, Southwest and Lehigh/Capital) in Pennsylvania. Additionally, HPP provides comprehensive physical and behavioral health insurance though the Commonwealth of Pennsylvania's Children's Health Insurance Program (CHIP) and its Medicare Advantage program and products through a contract with the Centers for Medicare and Medicaid Services. As of June 30, 2022, there were approximately 276,000, 8,300 and 13,200 members enrolled with Health Partners HealthChoices, CHIP and Medicare programs, respectively.

TJU includes the accounts of subsidiaries of Thomas Jefferson University including 1100 Walnut Associates; 925 Walnut Corporation; and the accounts of subsidiaries of TJUHS, including Thomas Jefferson University Hospitals, Inc. ("TJUH"); Jefferson University Physicians ("JUP"); Jefferson Physician Services; the Atrium Corporation; Jeffex, Inc.; Methodist Associates in Healthcare, Inc.; JeffCare, Inc.; JeffCare Alliance, LLC; Jefferson University Radiology Associates ("JURA", an 80% owned joint venture); the Riverview Surgery Center at the Navy Yard, LP ("Riverview", a 51% owned joint venture); Rothman Orthopaedic Specialty Hospital, LLC ("ROSH", a 54% owned joint venture); and the accounts of subsidiaries of Abington including Abington Memorial Hospital; Lansdale Hospital Corporation; and Abington Health Foundation; and the accounts of subsidiaries of JHNES including JHNE; Aria Physician Services; Aria Health Orthopaedics; System Service Corporation; Aria IPE, LLC; Medical Imaging Associates (an 83% owned joint venture; liquidated in January 2021); T.F. Development, Inc.; Health Care, Inc.; TMB Enterprises and Jefferson Health – Northeast Foundation; and the accounts of Philadelphia University; and the accounts of subsidiaries of Kennedy including Kennedy University Hospital, Inc.; Kennedy Health Care Foundation; STAT Medical Transport, Inc.; Kennedy Property Corporation; Kennedy Health Facilities, Inc.; Kennedy Medical Group Practice PC, d/b/a Kennedy Health Alliance; Kennedy Management Group, Inc.; Professional Medical Management Group, Inc.; and Garden State Radiology Network, LLC ("GSRN", a 51% owned joint venture); and the accounts of Magee; and the accounts of subsidiaries of Einstein including Albert Einstein Medical Center; Einstein Practice Plan, Inc.; Einstein Community Health Associates; Einstein Medical Center Montgomery; Montgomery Hospital Center; Fornance Physician Services; BCCT Over Corp; Einstein Healthcare Systems, Inc.; Einstein Care Partners, Inc.; and Broadline Risk Retention Group, Inc.; and the accounts of HPP including SelectScripts, LLC; Health Partners Solutions, LLC and Health Partners Foundation.

Subsequent Events
TJU has performed an evaluation of subsequent events through October 18, 2022, which is the date the consolidated financial statements were issued.

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

Financial Statement Presentation
The accompanying consolidated financial statements have been prepared on an accrual basis.

TJU classifies net assets as follows:

Net Assets without Donor Restrictions are those assets that are not subject to donor-imposed restrictions and may be expended for any purpose in fulfilling the mission of TJU. These net assets may be used at the discretion of TJU's management and the Board of Trustees.

Net Assets with Donor Restrictions are those assets whose use by TJU has been limited by donors to a specific time period or purpose. Some donor restrictions are temporary in nature; those restrictions will be met by actions of TJU and/or the passage of time. Other donor restrictions are perpetual in nature, where the funds are to be maintained in perpetuity by TJU, per the stipulation of the donor.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of operations and changes in net assets without donor restrictions.

TJU's operating activities within the consolidated statements of operations includes revenues and expenses from providing education, research, patient and insurance services, grants and contracts, unrestricted contributions, net assets released from restriction, government support for Covid-19, distributions of investment returns based on TJU's spending policy and other revenue.

TJU's non-operating activities within the consolidated statements of operations and changes in net assets without donor restrictions include investment returns and other activities related to endowment, contribution received in Einstein transaction, gain on investment in HPP acquisition, interest rate hedges, net assets released from restrictions used for the purchase of property and equipment, distributions to noncontrolling interest, loss on defeasance of debt, reclassification of net assets and long-term benefit plan obligation funding changes that are not part of the TJU's operating activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Management considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of the financial statements including, but not limited to, recognition of net patient service revenue, which includes implicit price concessions; recognition of estimates for healthcare professional and general liabilities; determination of fair values of certain financial instruments; recognition of medical costs payable and assumptions for measurement of pension obligations. Management relies on historical experience and other assumptions believed to be reasonable relative to the circumstances in making judgments and estimates. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and investments in highly liquid debt instruments with a maturity of three months or less when purchased and are carried at cost, which approximates fair value. All short-term, highly liquid investments, including any such investments purchased with funds on deposit with bond trustees, otherwise qualifying as cash equivalents or restricted cash equivalents, within TJU's investments and assets whose use is limited are treated as investments, at fair value and are therefore excluded from Cash and cash equivalents in the consolidated statements of cash flows.

Short-term investments
Investments classified as short-term investments are available to fund current operations as needed and exclude quasi-endowment funds, donor restricted endowment funds (including beneficial interests in perpetual trusts administered by third parties), investments held under split-interest agreements and investments subject to the equity method.

Charitable Medical Care Provided
TJU provides medically necessary services to all patients regardless of their ability to pay. Some patients qualify for charity care based on policies established by TJU and are therefore not responsible for payment for all or a part of their healthcare services. These policies allow for the provision of free or discounted care in circumstances where requiring payment would impose financial hardship on the patient.

TJU maintains records to identify and monitor the level of charity care provided. These records include the amount of charges foregone for services and supplies furnished. Such amounts have been excluded from net patient service revenue. Management estimates that the cost of charity care provided by TJU was $46.7 million and $37.1 million for the years ended June 30, 2022 and 2021, respectively. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the TJU total expenses divided by gross charges.

Net Patient Service Revenue
Net patient service revenue is reported at the amount that reflects the consideration to which TJU expects to be entitled in exchange for providing patient care.

TJU determines the transaction price based on gross charges for services provided, less contractual adjustments provided to third-party payers based upon agreements, discounts provided to uninsured patients pursuant to TJU's policies, and implicit price concessions provided to uninsured patients and patients with insurance that are responsible for co-pay and/or deductible amounts. TJU determines its estimate of implicit price concessions based upon historical collection experience using a portfolio approach as a practical expedient. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenues in the period of change.

TJU determines performance obligations based upon the nature of the services provided. Net patient service revenue is recognized as performance obligations are satisfied. TJU recognizes revenues for performance obligations satisfied over time based on actual charges incurred in relation to total expected charges. Generally, performance obligations satisfied over time relate to patients in our hospitals receiving inpatient acute care services or patients receiving services in our outpatient centers. TJU measures the performance obligation from admission into the hospital, or the commencement of an outpatient service, to point when there are no further services required for the patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our patients and customers in a retail setting (for example, pharmaceuticals and medical equipment) and TJU does not believe it is required to provide additional goods or services to the patient.

As substantially all of TJU's patient service performance obligations relate to contracts with a duration of less than one year, TJU has elected to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks after the end of the reporting period.

Net patient service revenue includes estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

Revenue from the Medicare and Medicaid programs accounted for approximately 42.4% and 16.7%, respectively, and 40.9% and 12.9%, respectively of net patient service revenue in 2022 and 2021, respectively. Most payments to TJU from the Medicare and Medicaid programs for inpatient hospital services are made on a prospective basis. Under these programs, payments are made at a pre-determined specific rate for each discharge based on a patient's diagnosis. Additional payments are made to TJU teaching and disproportionate share hospitals, as well as for cases that have unusually high costs. Laws governing the Medicare and Medicaid programs are complex and subject to interpretation. Services billed to the Medicare program are subject to external review for both medical necessity and billing compliance. Medicare cost reports for all years, except 2011, 2018, 2019, 2020 and 2021 have been audited and final settled as of June 30, 2022. No significant adjustments are expected. In addition, TJU received funds from the Philadelphia Hospital Assessment program and the Medical Assistance Modernization Act-Quality Care Assessment program in the amount of $266.8 million and $175.7 million in 2022 and 2021, respectively, and are recorded in net patient service revenue. TJU paid taxes in respect to these programs amounting to $148.7 million and $114.7 million in 2022 and 2021, respectively, and are recorded in other operating expenses. Both programs were designed to provide supplemental funding for licensed acute care hospitals with the Philadelphia Hospital Assessment program specifically designated for hospital emergency services.

TJU has also entered into agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to TJU under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined daily rates and capitated rates. In addition, incentives are paid for high performance with regard to clinical outcome, patient quality, patient

satisfaction and efficiency. Revenue from Blue Cross and Aetna USHC amounted to 23.5% and 8.1%, respectively, and 26.1% and 10.5%, respectively, of TJU's net patient service revenue in 2022 and 2021, respectively.

Insurance Premium Revenue
Healthcare insurance premiums are recognized as revenue in the month in which the enrollee is entitled to receive health care services and are reported net of an allowance for estimated terminations and uncollectible amounts. Additionally, certain premium revenue subject to the minimum medical loss ratio ("MLR") rebate requirements of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 is recorded net of the estimated minimum MLR rebates. Insurance premium revenue includes MA, Medicare and CHIP contracts.

Medical Costs Payable
Medical costs payable consists principally of unpaid fee-for-service medical and pharmacy claims and capitation costs related to HPP's products. Unpaid healthcare claims included an estimate of payments to be made on claims reported but not yet paid and for healthcare services rendered to members but not yet reported to HPP as of the date of the Consolidated Balance Sheets, collectively, referred to as incurred but not reported (IBNR). Also included in these estimates is the cost of services that will continue to be rendered after the Consolidated Balance Sheet date if HPP is obligated to pay for such services in accordance with contractual or regulatory requirements.

Such estimates are developed using actuarial principles and assumptions which consider, among other things, historical and projected claim submission and processing patterns, assumed and historical medical cost trends, historical utilization of healthcare services, claim inventory levels, changes in membership and product mix, seasonality, and other relevant factors. HPP reflects changes in these estimates in healthcare costs in operating results in the period they are determined. While the ultimate amounts of claims and related expenses are dependent on future developments, it is managements opinion that the liabilities that been established are adequate to cover such costs.

Grants and Contracts
Grants and contracts revenue primarily represents research activity sponsored by governmental and private sources. TJU's primary source of federal sponsored support is the Department of Health and Human Services. In 2022 and 2021, revenue earned from federal sources totaled $124.9 million and $125.7 million, respectively. Facilities and administrative costs recovered on federally sponsored programs are generally based on predetermined rates negotiated with the Federal Government while recovery on all other sponsored projects is based on rates negotiated with the respective sponsor. Funds received for sponsored research activity are subject to audit. Based upon information currently available, management believes that any

liability resulting from such audits will not materially affect the financial position or operations of TJU.

Tuition and Fees

Tuition and fees revenue is recognized in the fiscal year in which the academic programs are delivered. Tuition and fees received in advance of services to be rendered are reported as deferred revenue on the consolidated balance sheets. TJU provides financial aid to eligible students in the form of institutional scholarships, loans and employment during the academic year. Tuition and fees have been reduced by certain institutional grants and scholarships in the amount of $81.7 million and $74.8 million in 2022 and 2021, respectively.

Contributions

Contributions, including unconditional promises to donate cash and other assets, are recognized at fair value on the date of receipt, recognized as revenue in the period received and are reported as increases in the appropriate net asset category based on with or without donor restrictions. Pledges received which are to be paid in future periods, and contributions restricted by the donor for specific purposes are reported as net assets with donor restriction support. When a donor restriction expires, that is, when a time restriction ends or stipulated purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction.

Collections

TJU capitalizes works of art, historical treasures, or similar assets (collectively, Collections). Collections are recorded at fair value at the date of the contribution. Collections of approximately $5.7 million are included in other noncurrent assets on the consolidated balance sheets at June 30, 2022 and 2021.

Investments

Investments are stated at fair value. The fair value of all debt and equity securities with a readily determinable fair value are based on quotations obtained from national securities exchanges. The alternative investments, which are not readily marketable, are carried at estimated fair values as provided by the investment managers. As a practical expedient, TJU is permitted under the *Fair Value Measurement* standard to estimate the fair value of an investment in an investment company at the measurement date using the reported net asset value (NAV). Adjustment is required if TJU expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with US generally accepted accounting principles (US GAAP). TJU's investments are valued based on the most current NAV adjusted for cash flows when the reported NAV is not at the measurement date. This amount represents fair value of these investments at June 30, 2022 and 2021. TJU performs additional procedures including due diligence reviews on its alternative investments and other procedures with respect to the capital account or NAV provided to ensure conformity and compliance with valuation procedures in place, the ability to redeem at NAV at the TJU measurement date and existence of certain redemption restrictions at the measurement date. TJU reviews the values as provided by the investment managers and believes that the carrying amount of these investments is a reasonable estimate of fair value. Because alternative investments are not readily marketable, their estimated values are subject to uncertainty and therefore may differ from the value that would have been used had a ready market for such investments existed.

The Commonwealth of Pennsylvania has not adopted the Uniform Management of Institutional Funds Act (UMIFA) or the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Rather, the Pennsylvania Act governs the investment, use and management of TJU's endowment funds. The Pennsylvania Act allows a nonprofit to elect to appropriate for expenditure an investment policy that seeks the long-term preservation of the real value of the investments. In accordance with the Pennsylvania Act, the objectives of TJU's investment policy is to provide a level of spendable income which is sufficient to meet the current and future budgetary requirements of TJU and which is consistent with the goal of protecting the purchasing power of the investments. As a result of the negative financial impact to nonprofit organizations from COVID-19, the Pennsylvania Act was amended to permit nonprofit organizations to increase the calculation of spendable income from endowment funds up to 10% of the calculated three year average of the endowment market value for fiscal years ending within 2020, 2021 and 2022. For 2022 and 2021, TJU's calculation of spendable income for endowment funds was based on 10% of a calculated three year average.

TJU's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and investments. These funds are held in various high-quality financial institutions managed by TJU personnel and outside advisors. TJU maintains its cash and cash equivalents in financial institutions, which at times exceed federally insured limits.

Assets Held by Affiliated Foundations

The Methodist Hospital Foundation ("MHF") and Magee Rehabilitation Hospital Foundation ("MRHF") are separate entities not under the control of TJU. MHF and MRHF accept gifts and bequests and engage in fundraising activities for the benefit of Methodist Hospital and Magee, respectively. The Board of Trustees of MHF and MRHF, at their sole discretion, are authorized to contribute funds to Methodist Hospital and Magee, respectively.

While the sole purpose of MHF and MRHF are to support Methodist Hospital and Magee, this accounting treatment does not imply that MHF and MRHF assets or investment income are those of TJU. The consolidated balance sheets do not reflect or establish the legal relationship, agency or otherwise, between MHF, MRHF and TJU, or any right to assets owned by MHF and MRHF. The by-laws of MHF and MRHF provide that all assets they hold shall not be subject to attachments, execution, or sequestration for any debt, obligation or liability of TJU or any other person or entity. In particular, MHF and MRHF are not party to or obligated by any debt instrument of TJU, and assets owned by MHF and MRHF, are not subject to the lien of any such debt instrument.

Underlying investments held by MHF and MRHF with restrictions benefiting only Methodist Hospital and Magee, respectively, are presented in the consolidated balance sheets as follows (in thousands):

	2022	2021
Methodist Hospital Foundation	$11,025	$12,249
Magee Rehabilitation Hospital Foundation	31,678	38,421
Total	$42,703	$50,670

Split Interest Agreements
TJU's split-interest agreements consist of charitable gift annuities, pooled income funds, charitable remainder trusts and charitable lead trusts. Contribution revenue for charitable gift annuities and charitable remainder trusts is recognized at the date the agreement is established, net of the liability recorded for the present value of the estimated future payments. Contribution revenue for pooled income funds is recognized upon establishment of the agreement at the fair value of the estimated future receipts discounted for the estimated time period to complete the agreement.

Loans Receivable from Students
Many students receive financial aid that consists of scholarship grants, work-study opportunities and student loans. TJU participates in various federal revolving loan programs, in addition to administering institutional loan programs. Student loan programs are funded by donor contributions, other institutional sources, and governmental programs, primarily the Federal Perkins Loan Program.

The amounts received from the federal government's portion of federal loan programs are ultimately refundable to the federal government and are reported as a liability on TJU's consolidated balance sheets as federal student loan advances. Determination of the fair value of student loans receivable is not practicable.

Student loans receivable, net of allowance for doubtful accounts, consists of the following at June 30, 2022 and 2021 (in thousands):

	2022	2021
Direct student loans	$20,405	$20,989
Allowance for doubtful accounts	(4,877)	(4,577)
Net	15,528	16,412
Federally-sponsored student loans	4,357	4,642
Total	$19,885	$21,054

TJU assesses the adequacy of the allowance for doubtful accounts related to direct student loans receivable by performing evaluations of the student loan portfolio, including a review of the aging of the student loan receivable balances and of the default rate by loan program in comparison to prior years. The level of allowance is adjusted based on the results of this analysis. The federally-sponsored student loans receivable represents amounts due from current and former students under various Federal Government loan programs. For direct student loans it is TJU's policy to reserve 100% of a loan when the loan is delinquent 2 years or more; a reserve of 85% is recorded for loans delinquent more than 270 days and less than 2 years. TJU considers the allowance recorded at June 30, 2022 and 2021 to be reasonable and adequate to absorb potential credit losses inherent in the student loan portfolio.

Land, Buildings, and Equipment, net

Land, buildings, and equipment are carried at cost on the date of acquisition or fair value on the date of donation in the case of gifts. Depreciation expense is computed on a straight-line basis over the estimated useful lives of the assets, excluding land. All gifts of land, buildings, and equipment are recorded as unrestricted non-operating activities unless explicit donor stipulations specify how the donated assets must be used. Interest expense on borrowed funds used for construction, net of interest income earned on unexpended amounts, is capitalized through the completion of construction.

Leases

TJU leases property and equipment under finance and operating leases. TJU determines whether an arrangement is a lease at inception. For leases with terms greater than 12 months, TJU records the related right-of-use (ROU) assets and lease liabilities at the present value of lease payment over the term. The determination of lease payments factors in rental escalation clauses and options to extend or terminate the lease, if the clauses are reasonably certain to be exercised. TJU separates the lease and non-lease components of contracts. TJU's incremental borrowing rate, which is based on information available at the adoption date for existing leases and the commencement date for leases commencing after the adoption date, is used to determine the present value of lease of payments.

Operating leases are included in ROU assets, current portion of operating lease obligations and operating lease obligations on the consolidated balance sheets. Operating lease expense is recognized on the straight-line basis over the lease term and is included in the other operating expense line on the consolidated statements of operations and changes in net assets without donor restrictions.

Finance leases are included in land, buildings and equipment, net, current portion of long term obligations and long term obligations on the consolidated balance sheets. Amortization of finance leases is included in depreciation expense on the consolidated statements of operations and changes in net assets without donor restrictions.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Any excess of the purchase price over the estimated fair value of the identifiable net assets acquired is recorded as goodwill. The determination of the estimated fair value of net assets acquired requires management's judgment and often involves the use of significant estimates and assumptions.

The change in the carrying amount of goodwill for the year ended June 30, 2021 and 2020 is as follows (in thousands):

	2022	2021
Beginning balance:		
Goodwill	$137	-
Accumulated impairment losses	-	-
	137	-
Goodwill acquired	216,003	$137
Ending balance:		
Goodwill	216,140	137
Accumulated impairment losses	-	-
	$216,140	$137

Sale of Controlling Interest

In June 2022, TJU entered into a joint venture with an unrelated entity to provide home care and hospice services. TJU contributed to the joint venture certain assets used to operate its home health and hospice programs in exchange for a 49% ownership interest. TJU recognized its non-controlling investment in the joint venture at fair value of $24.1 million and recorded a gain of $31.7 million included in other operating revenue.

Reclassifications

Certain amounts in the prior year have been reclassified to conform to the current year presentation.

New Accounting Standards

There were no new accounting standards adopted during the period.

2. REGULATORY REQUIREMENTS FOR HPP

Commonwealth of Pennsylvania Insurance Law provides that dividends and other distributions may be paid only to the extent of statutory surplus is in excess of $1.5 million as reported in the most recent financial statements filed with the Pennsylvania Insurance Department (PID) and may be paid only out of positive net worth. In addition, legislation requires PID approval of any dividend or other distribution exceeding the greater of (i) 10% of net worth (as of December 31) or (ii) net income for the prior year. The National Association of Insurance Commissioners (NAIC) also requires that insurance companies, including health maintenance organizations, file annually a risk-based capital report to measure the financial health of the entity. DHS also requires HealthChoices contractors to be subject to minimum levels of statutory equity. DHS requires contractors' statutory equity to exceed the highest amounts determined by the following:

- $20 million;
- 7% of revenue earned by the licensed HMO during the most recent four (4) calendar quarters; and
- 7% of revenue earned by the licensed HMO during the current quarter multiplied by three (3).

With the exception of payments for claims, HealthChoices contractors may not pay or transfer assets to a related party without the prior approval of DHS, if the contractor's statutory equity is less than the minimum stipulated in the HealthChoices contract. In addition to the statutory net worth requirement, the PID has adopted the NAIC Risk-Based Capital (RBC) requirements. RBC is a method of measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. The managed care organization's RBC is calculated by applying factors to various asset, premium, and reserve items. The adequacy of a managed care organization's actual capital can then be measured by a comparison to its RBC as determined by the formula. When an organization's net worth falls below 200% of RBC, which is known as the Company Action Level, a company must file a Comprehensive Action Plan with the applicable state regulators describing its plans to increase its net worth above the 200% threshold.

HPP's statutory net worth has exceeded the NAIC Company Action Level calculated for its RBC requirements as of December 31, 2021 and 2020. HPP's recorded capital and surplus under statutory accounting principles was $219.8 million and $190.7 million as of December 31, 2021 and 2020, respectively.

As of December 31, 2021 and 2020 HPP's RPB percentage and filed with PID was 366% and 332%, respectively.

3. BUSINESS COMBINATIONS

Einstein

On October 4, 2021, pursuant to the terms of an integration agreement, TJU became the sole corporate member of Einstein. Einstein is a not for profit healthcare organization located in Pennsylvania. TJU acquired all of the assets and liabilities of Einstein and transferred no consideration. The TJU board was reconstituted to include two voting members and one non-voting member designated by Einstein. This business combination was accounted for as an acquisition. The acquisition of Einstein is intended to enhance access to high quality, cost effective care to the communities served by both organizations and to enhance the educational and research mission of TJU. The following table summarizes the fair value of assets, liabilities and net assets contributed by Einstein at the acquisition date (in thousands):

Cash and cash equivalents	$91,915
Accounts receivable	125,393
Investments	697,547
Land, buildings and equipment	679,358
Other assets	309,672
Total assets acquired	$1,903,885
Accrued payroll and related costs	$64,483
Accrued professional liability and workers' compensation claims	244,660
Long-term obligations	433,671
Accrued pension obligations	180,905
Accounts payable, accrued expenses and other liabilities	322,986
Total liabilities assumed	1,246,705
Net assets without donor restriction	490,770
Net assets with donor restriction	166,410
Total net assets contributed	$1,903,885

HPP

At June 30, 2021, JHNE held a 25% noncontrolling membership interest in HPP. Additionally, Einstein held a 25% noncontrolling membership interest in HPP when acquired by TJU on October 4, 2021. On November 1, 2021, JHNE purchased the remaining 50% membership interest in HPP for $305.0 million. The purchase included cash acquired of $303.9 million and assumed debt of $7.7 million. JHNE allocated $112.3 million of the purchase price to certain intangible assets with definite lives. The goodwill of $214.5 million arising from the acquisition consists of the excess of the estimated aggregate value of HPP over the estimated fair value of the identifiable net assets and existing JHNE and Einstein equity interests. The enterprise value of HPP was estimated using the income approach. The valuation of acquisition date fair value of JHNE and Einstein's previously held equity noncontrolling interests is based upon their proportionate share of the value of the aggregate equity, The following table summarizes the consideration paid for HPP and the amounts of the assets acquired and liabilities assumed recognized at the acquisition date (in thousands):

Consideration:	
Cash	$305,000
Fair value of equity interest in HPP held	
before the acquisition (book value of $82,450)	258,278
	$563,278

Recognized amounts of identifiable assets	
acquired and liabilities assumed:	
Cash	$303,919
Accounts receivable	171,117
Land, buildings, and equipment	35,211
Investments	120,973
Other assets	42,711
Intangible assets	112,310
Liabilities	(437,465)
	348,776
Goodwill	214,502
	$563,278

TJU's pro forma unaudited operating revenues, gains and other support, changes in net assets without donor restriction and changes in net assets with donor restriction for the year ended June 30, 2022, as if the acquisition of Einstein and HPP had occurred at July 1, 2021 are (in thousands):

Operating Revenues, Gains and Other Support	Change in Net Assets Without Donor Restriction	Change in Net Assets With Donor Restriction
$8,820,006	$329,317	$104,783

4. NET ASSETS

Net assets consisted of the following at June 30, 2022 and 2021 (in thousands):

	2022			2021		
Detail of net assets	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating	$1,932,035	$259,583	$2,191,618	$2,501,889	$198,637	$2,700,526
Capital gifts	-	40,152	40,152	-	28,648	28,648
Student loan funds	23,602	25,285	48,887	24,472	29,575	54,047
Endowment funds	1,810,803	676,754	2,487,557	905,329	627,834	1,533,163
Assets held by affiliated foundations	-	42,703	42,703	-	50,670	50,670
Deferred giving	-	12,416	12,416	-	15,864	15,864
Total	$3,766,440	$1,056,893	$4,823,333	$3,431,690	$951,228	$4,382,918

5. ASSETS WHOSE USE IS LIMITED

Assets whose use is limited presented in the consolidated balance sheets at June 30, 2022 and 2021 consist of the following (in thousands):

	2022	2021
Held by trustee under indenture agreement	$229,778	$71,464
Designated for insurance	136,430	-
Women's Board and Medical Staff funds	2,140	908
Restricted for capital purposes	32,975	11,752
Deferred compensation fund	660	672
Other	1,589	1,571
Total	$403,572	$86,367
Less current portion	(27,878)	(737)
Noncurrent portion	$375,694	$85,630

6. INVESTMENTS

Investments are presented in the consolidated balance sheets under the following classifications (in thousands):

	2022	2021
Short-term investments	$1,350,713	$2,531,594
Assets whose use is limited, current	27,878	737
Long-term investments	2,725,639	1,699,470
Assets whose use is limited, noncurrent	375,694	85,630
	$4,479,924	$4,317,431

A summary of investments at June 30, 2022 and 2021 is as follows (in thousands):

	2022	2021
Cash equivalents	$337,305	$157,044
Equity securities	69,196	21,159
Fixed income securities	437,312	597,004
Funds:		
Global equity	1,481,296	1,570,316
Fixed income	1,142,349	1,070,370
Real estate	135,379	137,356
Other mutual funds	13,086	34,481
Private equity	475,402	324,941
Real estate	2,257	3,309
Hedge funds	101,565	102,255
External trusts	170,202	145,052
Investments subject to equity method and other	114,575	154,144
	$4,479,924	$4,317,431

Most private investment funds (private equity, real asset funds) are structured as closed-end, commitment-based investment funds where TJU commits a specified amount of capital upon inception of the fund (i.e., committed capital) which is then drawn down over a specified period of the fund's life. Such funds generally do not provide redemption options for investors and, subsequent to final closing, do not permit subscriptions by new or existing investors. Accordingly, TJU generally holds interests in such funds for which there is no active market, although in some situations, a transaction may occur in the "secondary market" where an investor purchases a limited partner's existing interest and remaining commitment. The fund managers may value the underlying private investment based on an appraised value, discounted cash flow, industry comparable or some other method. TJU values these limited partnerships at NAV.

Unlike private investment funds, hedge funds are generally open-end funds as they typically offer subscription and redemption options to investors. The frequency of such subscriptions or redemptions is dictated by such fund's governing documents. The amount of liquidity provided to investors in a particular fund is generally consistent with the liquidity and risk associated with the underlying portfolio (i.e., the more liquid the investments in the portfolio, the greater the liquidity provided to the investors). The fund managers invest in a variety of securities which may not be quoted in an active market. Illiquid investments may be valued based on appraised value, discounted cash flow, industry comparable or some other method.

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

TJU's direct investments in equity and fixed income securities are considered liquid assets because they are traded on established markets with enough participants to absorb sale transactions without materially impacting the current price of the asset. The underlying assets in TJU's investments in equity and fixed income funds are traded on established markets with enough participants to absorb sale transactions without materially impacting the current price. The funds are priced daily and provide next day availability on all transaction requests. TJU's investment in real asset funds provide for monthly liquidity on transaction requests.

Private equity investments have limited liquidity or redemption options. Liquidity for private investments can be accomplished via a secondary sale transaction. When available, distributions typically take place on a quarterly basis. TJU has made commitments to various private equity and real asset limited partnerships. The total amount of unfunded commitments is $646.5 million and $454.1 million at June 30, 2022 and 2021, respectively. TJU expects these funds to be called over the next 3 to 5 years (in thousands):

	2022	2021
Private equity	$646,423	$441,390
Real estate	81	12,670
	$646,504	$454,060

Hedge funds provide quarterly liquidity with 60 to 90 days' notice prior to the quarter's end limiting TJU's ability to respond quickly to changes in market conditions. Liquidity of individual hedge funds vary based on various factors and may include "gates", "holdbacks" and "side pockets" imposed by the manager of the hedge fund, as well as redemption fees which may also apply. Depending on the redemption options available, it may be possible that the reported NAV represents fair value based on observable data such as ongoing redemption and/or subscription activity. In the cases of a holdback, TJU considers the significance of the holdback, its impact on the overall valuation and the associated risk that the holdback amount will not be fully realized based on a prior history of adjustments to the initially reported NAV.

For those private equity, real estate limited partnerships, or hedge-fund of fund transactions where valuations dated on the last business day of the calendar year are available, the valuations will be based on the most recent capital account statement (monthly/quarterly), adjusted for interim cash flow activity (contributions, distributions, fees).

Beneficial interests in perpetual trusts, which are administered by independent trustees, are mainly comprised of domestic and international equity securities and domestic fixed income securities.

TJU accounts for investments in the following entities under the equity method: Five Pointe Professional Liability Insurance Company (“Five Pointe”) (50% owned joint venture insurance entity); Mountain Laurel Risk Retention Group, Inc. (“MLRRG”) (50% owned joint venture insurance entity); Delaware Valley Accountable Care Organization (“DVACO”) (50% owned joint venture); MLJH, LLC (50% owned joint venture); Health Partners Plans (“HPP”) (25% membership interest joint venture at June 30, 2021 and a consolidated subsidiary at June 30, 2022 (refer to Note 2 Business Combinations)); Fresenius Medical Care Voorhees, LLC (“FMCV”) (30% owned joint venture); JeffHome PA-NJ (“JeffHome”) (49% owned joint venture) and Einstein-SMS, LLC (50% owned joint venture). A summary of investments subject to the equity method and other investments is as follows at June 30, 2022 and 2021 (in thousands):

	2022	2021
Equity method:		
Five Pointe	$14,060	$42,902
MLRRG	3,481	4,207
HPP, Inc.	-	38,081
DVACO, LLC	383	5,309
MLJH, LLC	30,553	31,118
FMCV, LLC	13,681	14,158
JeffHome, LLC	24,140	-
Einstein-SMS, LLC	9,829	-
Other equity method investments	8,953	5,749
Other	9,495	12,620
	$114,575	$154,144

A summary of investments held under split-interest agreements is as follows at June 30, 2022 and 2021 (in thousands):

	2022	2021
Charitable gift annuities	$13,952	$15,791
Pooled income funds	597	998
Charitable lead trusts	-	777
Charitable remainder trusts	8,545	10,702
	$23,094	$28,268

Investment income, realized gains (losses) and unrealized gains (losses) included in the consolidated statements of operations and changes in net assets without donor restrictions are comprised of the following in 2022 and 2021 (in thousands):

	2022	2021
Investment income included in operating income (losses):		
Interest and dividends	$6,778	$7,341
Endowment payout	79,527	62,774
DVACO	(2,113)	(3,365)
HPP	5,923	6,076
MLJH, LLC	1,935	2,179
Other joint ventures	(3,477)	2,469
	88,573	77,474
Investment income included in nonoperating income (losses):		
Net realized and unrealized gains (losses)	(296,466)	540,797
Interest and dividends	1,644	173
Endowment payout	(79,527)	(62,774)
	(374,349)	478,196
Total	($285,776)	$555,670

7. ENDOWMENT FUNDS

TJU's endowments consist of approximately 1,680 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with each of these groups of funds are classified and reported based upon the existence or absence of donor-imposed restrictions. The University reports all endowment investments at fair value. Cash equivalents in endowments are treated as investments.

At June 30, 2022, the endowment net asset composition by type of fund consisted of the following (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted funds	-	$676,754	$676,754
Quasi-endowment funds	$1,810,803	-	1,810,803
Total funds	$1,810,803	$676,754	$2,487,557

Changes in endowment net assets for the fiscal year ended June 30, 2022, consisted of the following (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$905,329	$627,834	$1,533,163
Investment returns	(68,968)	(71,552)	(140,520)
Contributions	86	20,260	20,346
Acquisition of Einstein	16,529	129,227	145,756
Appropriation of assets for expenditure	(79,527)	(29,277)	(108,804)
Transfers of University resources and other	1,037,354	262	1,037,616
Endowment net assets, end of year	$1,810,803	$676,754	$2,487,557

At June 30, 2021, the endowment net asset composition by type of fund consisted of the following (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted funds	-	$627,834	$627,834
Quasi-endowment funds	$905,329	-	905,329
Total funds	$905,329	$627,834	$1,533,163

Changes in endowment net assets for the fiscal year ended June 30, 2021, consisted of the following (in thousands):

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$413,630	$527,395	$941,025
Investment returns	151,488	113,959	265,447
Contributions	510	13,622	14,132
Appropriation of assets for expenditure	(62,774)	(27,835)	(90,609)
Transfers of University resources and other	402,475	693	403,168
Endowment net assets, end of year	$905,329	$627,834	$1,533,163

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires TJU to retain as a fund of perpetual duration. Shortfalls of this nature are classified as a reduction of donor-restricted net assets and were $5.4 million and $0.6 million as of June 30, 2022 and 2021, respectively. These shortfalls resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by TJU.

8. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

TJU's financial assets available within one year of the balance sheet date for general expenditure are as follows (in thousands):

	2022	2021
Financial assets:		
Cash and cash equivalents	$403,988	$301,454
Accounts receivable	761,073	583,790
Insurance premium receivable	479,777	-
Pledge payments available for operations	14,344	15,030
Short-term investments	1,273,002	2,326,501
Subsequent year's endowment payout	156,010	106,207
Total financial assets available within one year	3,088,194	3,332,982
Liquidity resources:		
Bank lines of credit	735,900	547,000
Total financial assets and liquidity resources available within one year	$3,824,094	$3,879,982

TJU's endowment funds consist of donor-restricted and quasi-endowment funds. Income from donor-restricted endowment funds is restricted for specific purposes and therefore, is not available for general expenditures. Although TJU does not intend to spend from its quasi-endowment funds in excess of the endowment payout amount calculated pursuant to its spendable income policy described in Note 1, additional amounts from its quasi-endowment could be made available with Board approval.

As part of TJU's liquidity management, it has a practice to structure its financial assets in a manner to be available to satisfy general expenditures and other obligations as they come due. To manage unanticipated liquidity needs, TJU had available unsecured lines of credit from various banks of $788.0 million and $638.0 million at June 30, 2022 and 2021, respectively, under which there was borrowing of $52.1 million and $91.0 million at June 30, 2022 and 2021, respectively.

9. FAIR VALUE MEASUREMENT

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that TJU has the ability to access at the measurement date;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active;

Level 3 Inputs that are not currently observable.

Inputs are used in applying the various valuations techniques and broadly refer to the assumption that market participants use to make valuation decisions. An investments level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment. The categorization of an investment within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to TJU's perceived risk of that instrument.

Level 1 - Investments, whose values are based on quoted market prices in active markets, are therefore classified within Level 1. Typically, securities traded on the NYSE, AMEX, NASDAQ and other major exchanges will be classified as Level 1. These assets include active listed equities, certain U.S. government obligations, mutual funds and certain money market securities. For investments regularly traded on any recognized securities or commodities exchange, the closing price on such exchange (or, if applicable, as reported on the consolidated transactions reporting system) on the last trading date at the end of the fiscal year is used. In the case of securities regularly traded in the over-the-counter market, the closing bid quotations for long positions and the closing asked quotation for short positions on the trading date ending on or preceding the end of the fiscal year is used.

Level 1 - Liquidity – Daily based on quoted market value at time of transaction or at daily NAV.

Level 2 - Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. They include investments in common trust equity and fixed income funds, corporate grade bonds, high yield bonds and certain mortgage products. These assets are valued based on quoted market prices in active markets or dealer quotations and are categorized as Level 2. There were no transfers between Levels 1 and 2 during 2022 and 2021.

Level 2 - Liquidity – Daily based on quoted market value at time of transaction or at daily NAV.

Level 3 - Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include externally held trust funds.

Level 3 - Liquidity – No liquidity available as the assets are mainly comprised of donor restricted externally held trust funds of which TJU has a perpetual interest in the annual income stream.

The following table presents the short term and long term investments, and assets whose use is limited carried on the consolidated balance sheets by level within the valuation hierarchy or NAV as of June 30, 2022 and 2021 (in thousands):

	Level 1	Level 2	Level 3	NAV	2022
Cash and cash equivalents	$311,803	$25,502	-	-	$337,305
Equity securities	25,012	13,952	-	$30,232	69,196
Fixed income securities	10,348	409,992	-	16,972	437,312
Funds:					
Global equity	30,260	-	-	1,451,036	1,481,296
Fixed income	-	19	-	1,142,330	1,142,349
Real asset	-	5,115	-	130,264	135,379
Other mutual funds	13,086	-	-	-	13,086
Private equity	-	-	-	475,402	475,402
Real estate	-	-	-	2,257	2,257
Hedge funds	-	-	-	101,565	101,565
External trusts	-	-	$170,202	-	170,202
Total	$390,509	$454,580	$170,202	$3,350,058	$4,365,349

	Level 1	Level 2	Level 3	NAV	2021
Cash and cash equivalents	$157,044	-	-	-	$157,044
Equity securities	5,368	$15,791	-	-	21,159
Fixed income securities	63,018	515,006	-	$18,980	597,004
Funds:					
Global equity	43,063	-	-	1,527,253	1,570,316
Fixed income	-	-	-	1,070,370	1,070,370
Real asset	-	5,939	-	131,417	137,356
Other mutual funds	34,481	-	-	-	34,481
Private equity	-	-	-	324,941	324,941
Real estate	-	-	-	3,309	3,309
Hedge funds	-	-	-	102,255	102,255
External trusts	-	-	$145,052	-	145,052
Total	$302,974	$536,736	$145,052	$3,178,526	$4,163,287

Investments not subject to fair value leveling or fair value at NAV at June 30, 2022 and 2021 totaled $114.6 million and $154.1 million, respectively.

The fair value of TJU's interest rate swaps related to its debt obligations are based on third-party valuations independent of the counterparties. As the fair values of interest rate swaps are determined based on inputs that are readily available or can be derived from information available in public markets, TJU has categorized interest rate swaps as Level 2.

The following table presents the other liabilities carried on the consolidated balance sheets by level within the valuation hierarchy as of June 30, 2022 and 2021 (in thousands):

	Level 1	Level 2	Level 3	NAV	2022
Interest rate hedges	-	$18,211	-	-	$18,211

	Level 1	Level 2	Level 3	NAV	2021
Interest rate hedges	-	$34,919	-	-	$34,919

The following tables include a roll-forward of the amounts for the year ended June 30, 2022 and 2021 (in thousands) for external trust investments classified within Level 3.

	2022	2021
Beginning balance	$145,052	$119,660
Unrealized (loss)/gains, net	(30,328)	25,544
Contribution received in a business combination	56,423	-
Transfers	(945)	(152)
Ending balance	$170,202	$145,052

10. PLEDGES RECEIVABLE

A summary of pledges receivable is as follows at June 30, 2022 and 2021, respectively (in thousands):

	2022	2021
Unconditional promises expected to be collected in:		
Less than one year	$25,654	$31,165
One year to five years	86,843	53,625
Over five years	71,722	86,213
	184,219	171,003
Less: unamortized discount and allowance for doubtful accounts	(36,253)	(36,316)
	$147,966	$134,687

The discount rate ranges from 0.0% to 4.0%. TJU's largest pledge comprises 37% and 43% of the pledge receivable at June 30, 2022 and 2021, respectively.

At June 30, 2022, TJU was the recipient of a conditional pledge of $70.0 million for the construction of a building. This conditional pledge is not included as an asset in the consolidated balance sheets.

11. LAND, BUILDINGS AND EQUIPMENT

A summary of land, buildings and equipment is as follows at June 30, 2022 and 2021, respectively (in thousands):

	2022	2021
Land and land improvements	$233,560	$202,487
Buildings and building improvements	3,836,030	3,017,372
Equipment	2,694,198	2,384,850
Leasehold improvements	177,508	177,251
Construction in progress	454,434	421,622
Less: accumulated depreciation	(3,440,780)	(3,137,338)
Total land, buildings and equipment, net	$3,954,950	$3,066,244

TJU uses straight-line depreciation over the assets' estimated lives, which are as follows:

Land improvements	10-20 years
Buildings and building improvements	18-40 years
Equipment	3-15 years
Leasehold improvements	5-20 years

Depreciation expense is $321.2 million and $263.0 million at June 30, 2022 and 2021, respectively.

12. Medical Costs Payable

The following table shows the components of the change in medical costs payable for the year ended June 30, 2022 (in thousands):

Medical costs payable, November 1, 2021	$146,218
Claims occurring in:	
Current year	973,253
Prior years	(6,469)
Net incurred benefit expenses	966,784
Claim payments:	
Current year	(860,232)
Prior years	(130,100)
Net payments	(990,332)
Medical costs payable, June 30, 2022	$122,670

The negative amount noted as "prior year" claims in 2022 is favorable development for claim estimates being settled for amounts less than originally anticipated. This favorable development from original estimates occur due to changes in medical utilization, the mix of provider rates, other components of medical cost trends, and claim payment patterns.

The net incurred medical expense amount for 2022 reported above excludes approximately $54.7 million that primarily represents amounts due to contracted risk hospitals reported as amounts due to affiliates in the accompanying consolidated balance sheet.

HPP's estimate of the IBNR liabilities is primarily based on trend and completion factors. Claim frequency is not used in the calculation of its liability.

13. LONG-TERM OBLIGATIONS

A summary of long-term obligations is as follows at June 30, 2022 and 2021, respectively (in thousands):

	Final Maturity	Interest Rate at June 30, 2022	2022	2021
Revenue bonds:				
Fixed rate obligations:				
1993 Series A Revenue Bonds	2022	6.00%	-	$5,730
Unamortized issue costs			-	(18)
2012 Series Revenue Bonds	2042	4.00% - 5.00%	-	35,895
Unamortized premium and issue costs			-	1,539
2012 Series A Revenue Bonds	2032	3.25% - 5.00%	-	29,210
Unamortized premium and issue costs			-	1,318
2015 Series A Revenue Bonds	2051	3.00% - 5.25%	$301,805	301,805
Unamortized premium and issue costs			17,608	18,511
2017 Series A Revenue Bonds	2048	3.00% - 5.00%	257,270	262,270
Unamortized premium and issue costs			10,649	11,318
2018 Series A Revenue Bonds	2050	4.00% - 5.00%	351,835	353,370
Unamortized premium and issue costs			19,322	21,855
2018 Series B Revenue Bonds	2030	3.28% - 3.88%	33,275	34,140
Unamortized issue costs			(145)	(181)
2019 Series A Revenue Bonds	2052	4.00% - 5.00%	449,745	449,745
Unamortized premium and issue costs			32,239	35,828
2022 Series A Revenue Bonds	2057	1.725%-3.847%	590,155	-
Unamortized issue costs			(4,985)	-
2022 Series B Revenue Bonds	2057	3.25%-5.00%	672,750	-
Unamortized premium and issue costs			77,235	-
Total fixed rate obligations			2,808,758	1,562,335
Variable rate obligations:				
2015 Series B Revenue Bonds	2046	0.38%	60,000	60,000
Unamortized issue costs			(440)	(461)
2015 Series C Revenue Bonds	2042	0.85%	32,825	33,670
Unamortized issue costs			(91)	(100)
2015 Series D Revenue Bonds	2042	0.89%	32,590	33,435
Unamortized issue costs			(91)	(99)
2015 Series E Revenue Bonds	2042	0.91%	32,820	33,670
Unamortized issue costs			(91)	(100)
2015 Series F Revenue Bonds	2042	0.95%	32,590	33,435
Unamortized issue costs			(91)	(99)
2015 Series G Revenue Bonds	2042	0.88%	19,580	20,085
Unamortized issue costs			(54)	(60)
2015 Series H Revenue Bonds	2042	1.40%	27,145	27,845
Unamortized issue costs			(79)	(86)
2017 Series B Revenue Bonds	2051	0.38%	50,565	50,565
Unamortized issue costs			(467)	(485)
2017 Series C Revenue Bonds	2051	0.81%	50,000	50,000
Unamortized issue costs			(262)	(271)
2018 Series C Revenue Bonds	2052	0.77%	-	100,000
Unamortized issue costs			-	(799)
2018 Series D Revenue Bonds	2051	0.38%	49,950	49,950
Unamortized issue costs			(385)	(397)
Total variable rate obligations			386,014	489,698
Total Revenue bonds			3,194,772	2,052,033
Line of credit	2023	1.45%	52,092	91,000
Finance lease obligations	2037		28,439	23,572
Other			173,167	139
Total long-term debt obligations			$3,448,470	$2,166,744

Other long term obligations of $173.2 million at June 30, 2022 includes $165.4 million related to a development agreement with an unrelated party for the construction costs related to the core and shell of an ambulatory care facility on land leased by TJU. Construction of the facility is anticipated to be completed in 2024. TJU has the option to purchase or lease the facility.

TJU is a party to the Amended and Restated Master Trust Indenture (the "MTI"), dated as of February 1, 2022, by and among TJU, each other Member of the Obligated Group (as described below) and Master Trustee. The MTI provides for the issuance from time to time of obligations.

To secure its payment obligations under the MTI, each Member of the Obligated Group has granted to the Master Trustee for the equal and ratable benefit of the holders of all obligations issued and outstanding under the MTI (other than subordinated obligations) a first lien on and security interest in the gross revenues of each Member of the Obligated Group on a joint and several basis.

The Members of the Obligated Group consist of the following: TJU, TJUHS, TJUH, JUP, Abington Health, Abington Memorial Hospital, Abington Health Foundation, Lansdale Hospital, Jefferson Health-Northeast System, Jefferson Health-Northeast, Philadelphia University, Kennedy Health System, Kennedy Health Facilities, Inc., Kennedy University Hospital, Inc., Kennedy Medical Group Practice, PC, Magee, Albert Einstein Health Network, Albert Einstein Medical Center, Einstein Community Health Associates, Inc., Einstein Medical Center Montgomery, Einstein Practice Plan, Inc., Fornance Physician Services, Montgomery Hospital, and Montgomery Health Foundation.

TJU and each other Member of the Obligated Group have agreed to comply with certain financial and operational covenants contained in the MTI, certain continuing covenant agreements (the "CCAs") associated with several series of bonds as well as a standby letter of credit agreement (the SBLOC") and a revolving credit agreement (the "Revolver", and collectively with the CCAs and the SBLOC, the "Credit Agreements"). TJU was in compliance with the covenants in the MTI and Credit Agreements at June 30, 2022.

The Series 2022A and 2022B Revenue Bonds were issued in February 2022. The proceeds were used to fund the costs of (i) certain capital projects, (ii) the acquisition by TJU of a membership interest in Albert Einstein Health Network related to the payment or defeasance in whole of certain indebtedness previously issued for the benefit of Albert Einstein Health Network, (iii) repayment of draws on TJU's lines of credit, the proceeds of which were used by Jefferson Health – Northeast for the acquisition of the remaining interest in Health Partners Plans, and (iv) refunding the Series A of 2012, Series 2012, Series 2017A stated to mature on September 1, 2040 and September 1, 2042, and Series 2018C.

Maturities for long-term debt are as follows (in thousands):

	Revenue Bonds and Other	Finance Lease Obligations	Total
2023	75,022	6,837	81,859
2024	192,075	7,182	199,257
2025	49,325	6,425	55,750
2026	19,785	4,307	24,092
2027	37,795	1,723	39,518
Thereafter	2,896,156	1,967	2,898,123

14. DERIVATIVE FINANCIAL INSTRUMENTS

TJU entered into derivative transactions for the purpose of reducing the impact of fluctuations in interest rates and hedging interest rate risk. The fair value of these derivative instruments at June 30, 2022 and 2021 in the consolidated balance sheets is as follows (in thousands):

Expiration Date	TJU Receives	TJU Pays	Notional Amount at June 30, 2022	Notional Amount at June 30, 2021	Balance Sheet Location	Fair Value at June 30, 2022	Fair Value at June 30, 2021
Expiration 2/1/34	67% of United States Dollar LIBOR (one Month)	2.980%	$60,650	$64,010	Noncurrent Liability	$1,176	$5,576
Expiration 9/1/45	67% of United States Dollar LIBOR (one Month)	3.925%	$32,900	$27,385	Noncurrent Liability	$15,296	$26,465
Expiration 5/1/27	68% of United States Dollar LIBOR (one Month)	3.980%	$25,225	$29,675	Noncurrent Liability	$1,383	$3,604
Expiration 5/1/27	68% of United States Dollar LIBOR (Five Year minus 0.293%)	68% of United States Dollar LIBOR (one Month)	$43,900	$51,625	Noncurrent Liability	$212	($481)
Expiration 5/1/27	68% of United States Dollar LIBOR (Five Year minus 0.325%)	68% of United States Dollar LIBOR (one Month)	$25,225	$29,675	Noncurrent Liability	$145	($245)

The LIBOR with a one-month maturity ranged from 0.08% to 1.79% (average rate of 0.35%) in 2022. The LIBOR rate with the five-year maturity ranged from 0.73% to 3.64% (average rate of 1.76%) in 2022. Non-operating gains of $16.8 million and non-operating losses of $24.6 million at June 30, 2022 and 2021, respectively, are included in the consolidated statements of operations and changes in net assets without donor restrictions for interest rate swap contracts (in thousands).

	2022	2021
Change in valuation of interest rate swap contracts	$16,708	$28,735
Net settlement receipts (payments) with counterparties	137	(4,106)
Nonoperating gain on interest rate swap contracts	$16,845	$24,629

Accumulated losses on interest rate hedges of $18.2 million and $34.9 million at June 30, 2022 and 2021, respectively, are reflected in the consolidated balance sheets.

15. LEASE COMMITMENTS

TJU has operating lease obligations primarily for ambulatory facilities, office space and land expiring through 2099. The components of lease expense was as follows (in thousands):

	2022	2021
Amount of rent expense related to amortization of right-of-use assets	$59,047	$54,100
Short-term and variable lease costs	35,556	33,417
Rent expense	$94,603	$87,517
Weighted average remaining lease term (years)	12.2	13.6
Weighted average discount rate	2.52%	2.41%

A summary of future minimum commitments under operating leases, at June 30, 2022, is as follows (in thousands):

2023	$60,648
2024	56,579
2025	53,939
2026	47,449
2027	40,738
Thereafter	205,777
Total minimum lease payments	465,130
Less imputed interest	(63,259)
Net present value of minimum lease payments	$401,871

Future minimum lease payments at June 30, 2021 were as follows (in thousands):

2022	$46,603
2023	43,805
2024	42,342
2025	40,473
2026	35,179
Thereafter	211,896
Total minimum lease payments	420,298
Less imputed interest	(67,432)
Net present value of minimum lease payments	$352,866

16. EMPLOYEE BENEFIT PLANS

TJU has non-contributory defined benefit pension plans for certain full-time employees. The plans are frozen to new entrants. Certain existing employees that met certain age and years of service thresholds were eligible to remain in the plans and continue to earn benefits. The Magee plan is frozen for all participants. Benefits under the non-contributory defined benefit plans are based on the employee's years of service and compensation during the years preceding retirement. Contributions to the plan are designed to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974.

The accounting guidance for defined benefit pension plans requires employers to recognize the overfunded or underfunded projected benefit obligation ("PBO") of a defined benefit pension plan as an asset or liability in the balance sheet. The PBO represents the actuarial present value of benefits attributable to employee service rendered to date, including the effects of estimated future salary increases. The accounting guidance also requires employers to recognize annual changes in gains or losses, prior service costs, or other credits that have not been recognized as a component of net periodic pension cost through net assets without donor restriction. The calculation of service cost and PBO utilizes a split discount rate approach, where separate discount rates are calculated for determining each based on their respective expected cash flows. Additionally, the calculation of the interest cost will begin to utilize an approach that applies the individual spot rates from the full yield curve against the expected benefit payments for each year rather than using the single equivalent discount rate applied to all future years. This change will be accounted for as a change in accounting estimate that is reflected prospectively. These changes do not impact the calculation of the PBO or the discount rate.

The components of the net pension plan financial position on the consolidated balance sheets are as follows (in thousands):

	2022	2021
Change in projected benefit obligation:		
Benefit obligation, beginning of year	$2,403,325	$2,411,088
Acquisition	763,057	-
Service cost	49,775	6,640
Interest cost	70,249	57,263
Net experience (gain)/loss	(614,682)	11,831
Benefits paid	(97,152)	(73,043)
Plan amendment	-	(10,454)
Projected benefit obligation, end of year	2,574,572	2,403,325
Change in plan assets:		
Fair value of plan assets, beginning of year	2,011,933	1,623,666
Acquisition	582,152	-
Actual return of plan assets	(345,604)	438,293
Employer contributions	22,132	23,017
Benefit payments	(97,152)	(73,043)
Fair value of plan assets, end of year	2,173,461	2,011,933
Plan funded status	($401,111)	($391,392)

Amounts recognized in net assets without donor restriction consist of (in thousands):

	2022	2021
Net actuarial loss	$230,941	$370,032
Net unrecognized prior service costs	(8,511)	(9,806)
	$222,430	$360,226

The accumulated benefit obligation at June 30, 2022 and 2021 was as follows (in thousands):

	2022	2021
Accumulated benefit obligation	$2,455,480	$2,276,852

The components of net periodic benefit cost for the plans for the years ended June 30, 2022 and 2021 were as follows (in thousands):

	2022	2021
Service cost	$49,775	$6,640
Interest cost	70,249	57,263
Expected return on plan assets	(146,260)	(98,229)
Amortization of actuarial loss	16,273	62,233
Amortization of prior service (credit) cost	(1,295)	(648)
Net periodic benefit (credit) cost	(11,258)	27,259
Other changes in plan assets and benefit obligations recognized in net assets without donor restriction:		
Net actuarial loss (gain)	(122,818)	(328,234)
Amortization of net actuarial (loss)	(16,273)	(62,233)
Prior service cost/(credit)	-	(10,454)
Amortization of prior service (cost)/credit	1,295	648
Total recognized in net assets without donor restriction	(137,796)	(400,273)
Total recognized in net periodic benefit cost and net assets without donor restriction	($149,054)	($373,014)

The estimated actuarial loss that will be amortized from net assets without donor restriction during the upcoming fiscal year is $7.9 million.

The weighted average assumptions used to estimate the June 30 pension obligation were as follows:

	2022	2021
Discount rate	4.83%	3.07%
Rate of compensation increase	1.50% to 4.50%	3.25% to 4.00%
Expected return on plan assets	6.09%	6.14%

The weighted average assumptions used to determine net periodic benefit costs were as follows:

	2022	2021
Discount rate - service cost	3.37%	3.90%
Discount rate - interest cost	2.39%	3.32%
Rate of compensation increase	1.50% to 4.75%	3.25% to 4.00%
Expected return on plan assets	6.05%	6.14%

A summary of the plans' targeted and actual asset allocations are as follows:

	Targeted Range	Percentage of Plan Assets June 30, 2022	Percentage of Plan Assets June 30, 2021
Cash	0-5%	5%	2%
Bonds	25-45%	33%	26%
Global equity	45-65%	52%	64%
Real estate and other	5-10%	10%	9%
		100%	100%

The portfolios utilize a long-term asset allocation strategy that allows management to rebalance the asset allocation back to target levels on a monthly basis. Short-term compliance with the target ranges can be impacted by the severity of market conditions. The expected long-term rate of return for the plan's assets are based on the historical return of each of the above categories, weighted based on the target allocations for each class. The assets of the defined benefit pension plan are invested in a manner that is intended to preserve the purchasing power of the plan's assets and provide payments to beneficiaries. Thus, a rate of return objective of inflation plus 5% is targeted.

TJU expects to contribute $70.2 million during fiscal year 2022.

Projected benefit payments are as follows (in thousands):

2023	$150,390
2024	132,733
2025	139,889
2026	146,997
2027	153,851
Thereafter	839,034
	$1,562,894

The following table presents the fair value of plan assets by level within the valuation hierarchy, as discussed in Note 8, as of June 30, 2022 and 2021 (in thousands):

	Level 1	Level 2	Level 3	NAV	2022
Cash and cash equivalents	$69,333	$44,203	$1,206	-	$114,742
Equity securities	1,957	-	-	-	1,957
Fixed income securities	-	1	-	-	1
Funds:					
Global equity	-	-	-	$1,113,181	1,113,181
Fixed income	21	-	-	727,478	727,499
Real assets	-	-	-	116,335	116,335
Private equity	-	-	-	73,469	73,469
Hedge funds	-	-	-	26,277	26,277
Total	$71,311	$44,204	$1,206	2,056,740	$2,173,461

	Level 1	Level 2	Level 3	NAV	2021
Cash and cash equivalents	$2,871	$36,792	-	-	$39,663
Equity securities	16	-	-	-	16
Fixed income securities	-	1	-	-	1
Funds:					
Global equity	58,735	-	-	$1,208,765	1,267,500
Fixed income	19,386	-	-	494,496	513,882
Real assets	-	-	-	108,055	108,055
Private equity	-	-	-	56,336	56,336
Hedge funds	-	-	-	26,480	26,480
Total	$81,008	$36,793	-	$1,894,132	$2,011,933

Retirement benefits are also provided to certain employees through direct payments to various funds. Employees not subject to TJU's defined benefit plans may be eligible to participate in one of the following defined contribution arrangements. TJU's share of the cost of these benefits for the year ended June 30, 2022 and 2021 was as follows (in thousands):

Plan	Description	2022	2021
TJU: Faculty and senior administrators	9% to 13% of eligible compensation based upon age	$13,090	$11,766
TJU: Non-faculty and non-union	4.5% of eligible compensation, plus matching contribution of 25% of the first 6% of employee contributions	17,239	13,832
JUP	10% of eligible compensation for physicians and 3.5% to 5.5% of eligible compensation for non-physicians based upon years of service	12,642	11,851
Abington	2% to 5% of eligible compensation based upon years of service, plus matching contribution of 50% of the first $2,000 of employee contributions	5,296	3,224
Aria	Matching contribution of 50% of the first 4% of employee contributions plus 1% to 7% based on age and years of service	4,733	6,250
Philadelphia University	9% of eligible compensation	1,478	1,129
Kennedy	Matching contribution of 50% to 100% of the first 4% of employee contributions starting in year 3. For those that started after 7/1/15, another 2.75% to 4.75% of their annual salary in lieu of a defined benefit plan	4,096	3,755
Magee	2% to 4% of eligible compensation, plus matching contribution of 25% of the first 6% of employee contributions	1,148	841
HPP	4% of eligible compensation, plus matching contribution of 100% of the first 3% of employee contributions and 50% of employee contributions greater than 3% up to a maximum of 5%	3,294	-
Einstein	For Philadelphia employees earning less than $100,000, a matching contribution of 20%, up to 4% of pay, with an annual maximum of $400. For Montgomery County employees, a matching contribution of 50%, up to 2.5% of salary.	2,773	-
		$65,789	$52,648

Participation in Multiemployer Defined Benefit Pension Plan

TJU is a participating employer in The Pension Fund for Hospital and Health Care Employees – Philadelphia and Vicinity (the Pension Fund), a jointly-trusted multiemployer defined benefit pension plan. The Pension Fund is operated for the benefit of Chapter 1199C of the American Federation of State, County and Municipal Employees (the Union). Information about the Pension Fund and the TJU's participation is summarized as follows.

The employer identification number for the Pension Fund is 23-2627428. At the date the financial statements were issued Form 5500 was not available for the plan year ending in 2022. TJU's contribution to the Pension Fund was $7.1 million and $7.5 million for the years ended June 30, 2022 and 2021. The contributions represent approximately 31.0% and 24.4% of the contributions to the Pension Fund, respectively. A five year collective bargaining agreement was approved by the Union effective July 1, 2022 and extends through June 30, 2027. TJU contributions as a percentage of covered payroll to the Pension Fund for the year ending June 30, 2023 will be 21.55%.

The Pension Fund was determined to be in critical status (also referred to as red zone status) under the Pension Protection Act of 2006 for the plan years beginning January 1, 2020 and 2019. Accordingly, the Pension Fund is subject to a funding improvement plan. The zone status is based on information that TJU received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone status are generally less than 65% funded.

At January 1, 2021, the most recent date for which such information is available the projected benefit obligation exceeded plan assets of the Pension Fund by $298.4 million.

17. PROFESSIONAL LIABILITY CLAIMS

TJU maintains professional liability insurance under both self-insured and alternative risk financing insurance programs to fund for their potential professional and general liability claims. For all self-insured programs TJU accrues for estimated retained risk liability arising from both asserted and unasserted claims. The estimate of liability is based upon an analysis of historical claims data as prepared by independent actuaries.

For Kennedy, Magee, TJU and TJUHS, including JUP the primary layer of professional liability coverage is provided by MLRRG. MLRRG is a licensed captive insurance company qualified as a risk retention group domiciled in Vermont. TJU is a 50% owner of MLRRG. The remaining ownership interest is held by another regional healthcare system. MLRRG is reinsured by a non-profit 501(c) (3) protected cell insurance company, Five Pointe, domiciled in Delaware. Five Pointe reinsures 100% of the professional liability risks insured by MLRRG pursuant to a reinsurance agreement between Five Pointe and MLRRG that limits MLRRG's recourse for payment of any reinsured claims against Kennedy, Magee, TJU, JUP and/or TJUHS to the assets in the TJUH protected cell.

For Abington and JHNES the primary layer of professional liability coverage is provided by Cassatt RRG ("CRRG"). CRRG is a licensed captive insurance company qualified as a risk retention group domiciled in Vermont. CRRG is owned and governed by various regional non- profit hospitals including a 25% voting interest by Abington and a 25% voting interest by JHNES. CRRG is reinsured by Cassatt Insurance Company Ltd. ("CICL"). CICL is owned by the same various regional non-profit hospitals and is incorporated as an insurance company under the laws of Bermuda.

For Einstein the primary layer of professional liability coverage is provided through Broadline Risk Retention Group ("BRRG"). BRRG is a licensed captive insurance company qualified as a risk retention group domiciled in Vermont.

Pennsylvania's Medical Care Availability and Reduction of Error Fund (the "MCARE Fund") provides limits excess of the primary layer of coverage. The annual assessments for MCARE Fund coverage are based on the schedule of occurrence rates approved by the Insurance Commissioner of Pennsylvania for the Pennsylvania Professional Liability Joint Underwriting Association multiplied by an annual assessment percentage. This assessment is recognized as an expense in the period incurred. No provision has been made for future MCARE Fund assessments as the unfunded portion of the MCARE Fund liability cannot be reasonably estimated.

For losses in excess of the primary and MCARE layers of coverage TJU accrues for potential liabilities for self-insured amounts. Additionally, TJU maintains claims-made excess catastrophic professional liability insurance coverage through Five Pointe, CICL and BRRG. For excess layer coverage purchased through CICL, coverage limits are shared with the various regional non- profit hospital owners of CRRG and CICL. Five Pointe, CICL and BRRG all purchase reinsurance with commercial carriers rated at least "A-" by AM Best.

For MLRRG the premiums charged for the primary professional layer of coverage are determined by an independent actuary, based on loss and loss adjustment expense experience and other factors, at a 65% confidence level and a 3% discount rate for 2022 and 2021 and include a charge for premium tax and operating expenses.

For CRRG and CICL the premiums charged for the primary professional layer of coverage are determined by an independent actuary, based on loss and loss adjustment expense experience and other factors, at an expected confidence interval and a 3.5% discount rate for 2022 and 2021.

TJU has accrued professional liability claims of $850.9 million and $580.1 million at June 30, 2022 and 2021, respectively, at an expected confidence interval and a 3.0% to 3.5% discount rate, of which $234.4 million and $120.3 million were current.

Anticipated medical malpractice insurance recoveries associated with these liabilities for June 30, 2022 and 2021 is $378.3 million and $282.1 million, respectively, at an expected confidence interval and a 3.0% to 3.5% discount rate.

18. WORKERS' COMPENSATION CLAIMS

TJU is self-insured for its workers' compensation exposures. TJU accrues for its workers' compensation liability based upon actuarial estimates using a discount rate of 3%. Accrued workers' compensation liabilities were $46.4 million and $38.0 million at June 30, 2022 and 2021, respectively. These amounts are presented in the accompanying consolidated balance sheets.

19. COMMITMENTS AND CONTINGENCIES

Letters of Credit

TJU had open letters of credit aggregating $68.9 million and $43.9 million at June 30, 2022 and 2021, respectively, primarily related to self-insurance arrangements for workers' compensation. The letters of credit expire between October 15, 2023 and February 20, 2024.

Litigation

TJU is involved in litigation and regulatory investigations arising in the ordinary course of business. In the opinion of management, all such matters are adequately covered by commercial insurance or by accruals, and if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a material adverse effect on the financial position or results of operations of TJU.

20. FUNCTIONAL CLASSIFICATION

Expenses for the years ended June 30, 2022 and 2021 are categorized on a functional basis as follows (in thousands):

	2022				
	Education and Research	Clinical Operations	Insurance	General, Administrative, Operations and Maintenance	Total
Salaries and wages	$266,941	$2,685,158	$51,714	$311,961	$3,315,774
Employee benefits	58,158	561,624	12,392	94,435	726,609
Insurance services medical expenses	-	-	862,277	-	862,277
Supplies	32,998	1,179,871	-	9,571	1,222,440
Purchased services	41,788	482,525	29,636	196,116	750,065
Depreciation and amortization	39,139	277,453	10,481	1,230	328,303
Interest	13,584	69,848	540	23	83,995
Insurance	2,990	131,293	1,133	788	136,204
Utilities	10,274	57,620	727	5,361	73,982
Other expenses	56,798	233,117	4,124	246,636	540,675
Total	$522,670	$5,678,509	$973,024	$866,121	$8,040,324

	2021				
	Education and Research	Clinical Operations	Insurance	General, Administrative, Operations and Maintenance	Total
Salaries and wages	$246,324	$2,094,282	-	$244,494	$2,585,100
Employee benefits	50,927	420,275	-	77,975	549,177
Supplies	36,397	936,298	-	7,598	980,293
Purchased services	46,629	387,581	-	175,933	610,143
Depreciation and amortization	37,603	226,051	-	142	263,796
Interest	14,294	41,219	-	530	56,043
Insurance	2,462	106,238	-	17	108,717
Utilities	10,103	51,533	-	7,430	69,066
Other expenses	47,655	75,457	-	311,542	434,654
Total	$492,394	$4,338,934	-	$825,661	$5,656,989

21. NONCONTROLLING INTEREST

TJU has a controlling interest in certain joint ventures in healthcare related organizations; Riverview, a 51% owned joint venture; JURA, an 80% owned joint venture and ROSH, a 54% owned joint venture. The amount not owned by TJU is shown as a non-controlling interest. The following table presents the changes in consolidated net assets without donor restriction attributable to the controlling financial interest of TJU and the non-controlling interest (in thousands):

	Controlling Interest	Non-controlling Interest	Consolidated Total
Balance, June 30, 2020	$2,525,219	$20,496	$2,545,715
Income from Operations	(4,243)	10,127	5,884
Distributions to NCI	-	(10,036)	(10,036)
Other changes, net	893,213	(3,086)	890,127
Balance, June 30, 2021	$3,414,189	$17,501	$3,431,690
Income from Operations	(133,023)	7,184	(125,839)
Distributions to NCI	-	(11,727)	(11,727)
Other changes, net	472,316	-	472,316
Balance, June 30, 2022	$3,753,482	$12,958	$3,766,440

22. RISKS AND UNCERTAINTIES

In January 2020, the World Health Organization declared the novel coronavirus (COVID-19) a Public Health Emergency of International Concern. Beginning in March 2020, TJU's operations were significantly impacted by the COVID-19 pandemic. As a result of the Coronavirus Aid, Relief, and Economic Security (CARES) Act signed into law on March 27, 2020, TJU has received significant government support primarily to reimburse for COVID-19 related expenses and lost operating income. During fiscal year 2022, TJU’s operations continued to be impacted by variants of the SARS-CoV-2 virus. While management expects COVID-19 to continue to impact operations in fiscal year 2023, it believes TJU will have sufficient liquidity to meet its operating and financing requirements

23. GOVERNMENT SUPPORT

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020 to provide economic relief to individuals and organizations from the effects of COVID-19. The CARES Act included the following key provisions impacting TJU:

Provider Relief Fund - provided general funding to providers that participated in the Medicare and Medicaid programs and targeted funding to providers in areas particularly impacted by the COVID-19 outbreak and hospitals that treated a high volume of COVID-19 admissions.

Higher Education Emergency Relief Fund – provided funding to higher education institutions for certain costs incurred or amounts refunded to students related to cessation of housing and dining services due to COVID-19. Additionally, $5.1 million and $2.1 million of the funding received by TJU in 2022 and 2021 was required to be paid directly to currently enrolled students in the form of emergency grants.

Employee Retention Credit - provided funding to eligible employers in the form of a refundable tax credit on qualifying wages paid to employees during a period of government shut-down due to the COVID-19 pandemic.

Disaster Relief Fund - provided additional funding to the Federal Emergency Management Agency (FEMA) and Pennsylvania Emergency Management Agency (PEMA) to support medical providers for the costs of treating COVID-19 patients.

The following table summarizes the amounts recognized as revenue from government support for COVID-19 in the accompanying consolidated statements of operations and changes in net assets without donor restrictions for June 30, 2022 and 2021 (in thousands):

	2022	2021
Provider Relief Fund	$88,294	$150,818
Higher Education Emergency Relief	9,649	6,354
Employee Retention Credit	(2,580)	-
Disaster Relief (FEMA/PEMA)	24,000	2,172
Total	$119,363	$159,344

Revenue recognition of government support for COVID-19 was based upon substantially satisfying all terms and conditions related to the applicable awards. Significant terms and conditions included that payments will only be reimbursement for health care or educational related expenses or lost revenue attributable to COVID-19 and limitations on billing patients for deductibles and coinsurance.

TJU recognized revenue related to the CARES Act provider relief funding based on information contained in laws and regulations, as well as interpretations issued by the Department of Health and Human Services (HHS), governing the funding that was publicly available at June 30, 2022. HHS has made multiple changes to its guidance during the COVID-19 pandemic. The potential financial impacts of future changes in guidance may impact TJU's ability to retain some or all of the distributions received.

Accrued receivables of $18.9 million and $22.0 million are included in the accompanying consolidated balance sheets for the years ended June 30, 2022 and 2021 related to the Employee Retention Credit.

Additionally, the CARES act included a provision for deferring payment of the employer portion of social security taxes that would be otherwise due between March 27, 2020 and December 31, 2020. The law permits payment of these taxes to be extended to December 31, 2021 for 50% of the amount due and December 31, 2022 for the remaining 50%. At June 30, 2022, TJU has recorded a liability of $43.9 million within accrued payroll on the consolidated balance sheet.

24. ADVANCES

The Centers for Medicare & Medicaid Services (CMS) established the CMS Accelerated and Advance Payment (CMSAAP) program to increase the cash flow to Medicare providers impacted by COVID-19. The advances received from CMSAAP will be repaid through 2023. The following table presents the CMSAAP liability included in the advances line item in the accompanying consolidated balance sheets (in thousands):

Balance, June 30, 2020	$447,993
Repayments	(52,602)
Balance, June 30, 2021	$395,391
Acquisition of Einstein	102,513
Repayments	(368,140)
Balance, June 30, 2022	$129,764

Report of Independent Auditors

To the Board of Trustees of Thomas Jefferson University

We have audited the consolidated financial statements of Thomas Jefferson University and its subsidiaries as of and for the years ended June 30, 2022 and 2021 and our report thereon appears on page 1 of this document which included an unmodified opinion on those consolidated financial statements. That audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information as of and for the year ended June 30, 2022 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 consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual entities and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual entities.

PricewaterhouseCoopers LLP

October 18, 2022

PricewaterhouseCoopers LLP, Two Commerce Square, 2001 Market Street, Suite 1800, Philadelphia, Pennsylvania 19103-7042
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Thomas Jefferson University
Consolidating Balance Sheet
June 30, 2022 (In Thousands)

	TJU	TJUHS	Abington	JHNES	Kennedy	Magee	Einstein	HPP	Adjustments & Eliminations	Consolidated
Assets										
Current assets:										
Cash and cash equivalents	($205,135)	$195,766	$113,763	$90,596	($29,023)	$2,647	$180,464	$54,910	-	$403,988
Short-term investments	368,892	187,932	415,004	95,970	104,071	37,853	140,991	-	-	1,350,713
Accounts receivable	40,839	298,786	99,397	63,373	93,050	30,380	152,207	-	($16,959)	761,073
Insurance premium receivable	-	-	-	-	-	-	-	479,777	-	479,777
Inventory	24,462	58,357	12,242	15,335	16,164	542	25,296	-	-	152,398
Pledges receivable	20,126	2,391	2,801	97	239	-	-	-	-	25,654
Insurance recoverable	1,334	40,819	19,831	18,089	8,912	1,313	-	-	-	90,298
Assets whose use is limited, current	-	424	1,191	-	33	-	26,230	-	-	27,878
Other current assets	45,520	8,224	1,719	1,334	1,455	207	11,250	6,565	-	76,274
Total current assets	296,038	792,699	665,948	284,794	194,901	72,942	536,438	541,252	(16,959)	3,368,053
Long-term investments	744,845	443,756	829,609	425,788	173,236	62,552	371,730	125,727	(451,604)	2,725,639
Assets whose use is limited, noncurrent	24,356	229,509	9,279	1,571	50	-	110,929	-	-	375,694
Assets held by affiliated foundations	-	11,025	-	-	-	31,678	-	-	-	42,703
Pledges receivable	106,456	9,131	1,285	172	268	-	5,000	-	-	122,312
Goodwill, net	-	138	-	1,500	-	-	-	214,502	-	216,140
Insurance recoverable	2,516	131,178	43,074	51,617	19,473	2,613	51,848	-	-	302,319
Loans receivable from students, net	19,818	-	67	-	-	-	-	-	-	19,885
Land, buildings and equipment, net	684,785	975,983	473,937	266,235	775,369	69,548	673,779	35,314	-	3,954,950
Right-of-use assets	84,722	169,285	22,354	6,025	7,146	3,414	21,532	35,934	-	350,412
Other noncurrent assets	15,392	9,938	-	1,150	5,308	4,340	35,702	106,111	-	177,941
Total assets	$1,978,928	$2,772,642	$2,045,553	$1,038,852	$1,175,751	$247,087	$1,806,958	$1,058,840	($468,563)	$11,656,048
Liabilities and Net Assets										
Current liabilities:										
Current portion of:										
Long-term obligations	$34,176	$3,404	$1,165	$276	$728	-	2,532	$50,000	-	$92,281
Accrued professional liability claims	-	93,213	19,667	16,759	8,947	1,407	94,411	-	-	234,404
Accrued workers' compensation claims	6,127	-	1,639	3,141	2,242	318	8,103	-	-	21,570
Deferred revenues	21,293	4,607	963	59	1,306	-	2,153	-	-	30,381
Advances	26,603	57,315	42,103	17,564	8,906	-	44,331	-	-	196,822
Operating lease obligations	-	1,819	-	-	-	-	5,235	4,229	$33,586	44,869
Accounts payable and accrued expenses	183,656	111,080	47,906	46,127	52,503	1,054	116,788	59,302	-	618,416
Medical costs payable	-	-	-	-	-	-	-	181,196	(58,526)	122,670
DHS insurance program payable	-	-	-	-	-	-	-	134,276	-	134,276
Accrued payroll and related costs	106,648	126,913	66,016	45,373	47,736	6,633	55,265	8,415	-	462,999
Total current liabilities	378,503	398,351	179,459	129,299	122,368	9,412	328,818	437,418	(24,940)	1,958,688
Long-term obligations	357,432	1,136,783	364,523	425,449	570,069	39,511	454,677	20,252	(12,507)	3,356,189
Accrued pension liability	97,820	-	102,693	26,763	20,455	(9,458)	162,838	-	-	401,111
Federal student loan advances	5,477	-	-	-	-	-	-	-	-	5,477
Deferred revenues	4,641	684	-	-	-	30	9,992	-	-	15,347
Accrued professional liability claims	168	312,371	54,227	73,341	25,720	4,704	145,927	-	-	616,458
Accrued workers' compensation claims	5,574	-	3,457	5,174	4,398	299	5,879	-	-	24,781
Interest rate hedges	18,211	-	-	-	-	-	-	-	-	18,211
Operating lease obligations	111,843	187,989	23,520	6,236	7,452	3,525	18,104	31,919	(33,586)	357,002
Other noncurrent liabilities	25,182	2,072	9,951	-	107	4,422	35,643	5,419	(3,345)	79,451
Total liabilities	1,004,851	2,038,250	737,830	666,262	750,569	52,445	1,161,878	495,008	(74,378)	6,832,715
Net assets:										
Net assets without donor restriction	375,050	638,807	1,150,436	367,860	420,603	137,168	494,250	563,493	(394,185)	3,753,482
Noncontrolling interest in joint ventures	-	12,958	-	-	-	-	-	-	-	12,958
Net assets with donor restriction	599,027	82,627	157,287	4,730	4,579	57,474	150,830	339	-	1,056,893
Total net assets	974,077	734,392	1,307,723	372,590	425,182	194,642	645,080	563,832	(394,185)	4,823,333
Total liabilities and net assets	$1,978,928	$2,772,642	$2,045,553	$1,038,852	$1,175,751	$247,087	$1,806,958	$1,058,840	($468,563)	$11,656,048

Thomas Jefferson University
Consolidating Statement of Operations and Net Assets Without Donor Restrictions
For the Year Ended June 30, 2022
(In Thousands)

	TJU	TJUHS	Abington	JHNES	Kennedy	Magee	Einstein	HPP	Adjustments & Eliminations	Consolidated
Operating revenues, gains and other support:										
Net patient service revenue	-	$2,338,746	$891,542	$649,222	$768,909	$67,227	$1,004,711	-	($116,797)	$5,603,560
Insurance premium revenue	-	-	-	-	-	-	-	$1,155,962	-	1,155,962
Grants and contracts	$140,533	2,221	1,550	330	3,793	54	12,720	-	-	161,201
Clinical component support	94,569	4,292	-	-	-	-	-	-	(98,861)	-
Tuition and fees, net	216,003	451	-	-	-	-	-	-	-	216,454
Investment income	32,250	31,315	13,002	23,667	2,237	58	46,165	1,435	(61,556)	88,573
Contributions	1,493	155	-	-	12	1,247	1,592	-	-	4,499
Other revenue	62,904	370,239	36,881	14,759	22,329	4,049	27,344	-	(40,786)	497,719
Government support for COVID-19	9,590	56,564	15,316	5,434	5,325	46	27,088	-	-	119,363
Net assets released from restrictions	42,763	7,966	8,863	228	806	-	6,414	114	-	67,154
Total operating revenues, gains and other support	600,105	2,811,949	967,154	693,640	803,411	72,681	1,126,034	1,157,511	(318,000)	7,914,485
Operating expenses:										
Salaries and wages	540,371	1,041,473	444,224	326,270	335,112	42,903	533,303	51,714	404	3,315,774
Employee benefits	143,375	227,477	107,089	49,482	76,117	7,453	103,224	12,392	-	726,609
Insurance services medical expenses	-	-	-	-	-	-	-	1,033,480	(171,203)	862,277
Supplies	42,180	641,572	146,448	101,651	128,808	4,129	157,652	-	-	1,222,440
Clinical and academic support	3,814	94,146	-	-	-	-	-	-	(97,960)	-
Purchased services	234,437	140,563	72,480	55,791	83,384	5,299	128,475	29,636	-	750,065
Depreciation and amortization	39,709	100,351	51,760	29,244	49,945	4,209	42,604	10,481	-	328,303
Interest	13,607	15,878	11,688	8,855	18,522	1,281	13,624	540	-	83,995
Insurance	3,055	69,641	9,561	15,960	5,903	483	30,468	1,133	-	136,204
Utilities	15,499	17,604	12,447	6,244	13,230	491	7,740	727	-	73,982
Other	(443,600)	550,448	155,406	119,048	113,906	10,315	73,119	4,124	(42,091)	540,675
Total operating expenses	592,447	2,899,153	1,011,103	712,545	824,927	76,563	1,090,209	1,144,227	(310,850)	8,040,324
Income (Loss) from operations	7,658	(87,204)	(43,949)	(18,905)	(21,516)	(3,882)	35,825	13,284	(7,150)	(125,839)
Nonoperating items and other changes in net assets without donor restriction, net:										
Return on investments, net of amounts classified as operating revenue	(88,034)	(82,237)	(105,790)	(21,204)	(22,751)	(7,045)	(34,634)	(12,654)	-	(374,349)
Contribution received in Einstein acquisition	-	-	-	-	-	-	490,770	-	-	490,770
Gain on investment in HPP acquisition	-	-	-	-	-	-	-	-	175,828	175,828
Interest rate hedges	16,844	-	-	-	-	-	-	-	-	16,844
Reclassification of net assets	(569)	(1,573)	-	-	27	-	(2)	-	-	(2,117)
Net assets released from restrictions used for purchase of property and equipment	2,154	164	-	-	-	-	-	-	-	2,318
Decrease in pension liability	58,141	-	67,367	17,557	13,419	3,695	38,651	-	-	198,830
Distributions to noncontrolling interest	-	(11,727)	-	-	-	-	-	-	-	(11,727)
Loss on defeasance of debt	552	-	-	-	-	-	(36,360)	-	-	(35,808)
(Decrease) Increase in nonoperating items and other changes in net assets without donor restriction	(10,912)	(95,373)	(38,423)	(3,647)	(9,305)	(3,350)	458,425	(12,654)	175,828	460,589
(Decrease) Increase in net assets without donor restriction	($3,254)	($182,577)	($82,372)	($22,552)	($30,821)	($7,232)	$494,250	$630	$168,678	$334,750

Thomas Jefferson University
Notes to Consolidating Financial Information
June 30, 2022

1. The supplemental consolidating financial information of Thomas Jefferson University includes the Consolidating Balance Sheet as of June 30, 2022 and Consolidating Statement of Operations and Net Assets without Donor Restrictions, for the year ended June 30, 2022. It has been prepared in a manner consistent with generally accepted accounting principles and is presented only for the purpose of additional analysis and not as a presentation of financial position and results of operations of each component of the consolidated group. The supplemental combining financial information was derived from the accounting records used to prepare the consolidated financial statements. All material consolidating entries and intracompany/intercompany eliminations have been properly recorded. This accompanying note is an integral part of the accompanying supplemental combining financial information.