Temple University Health System

Consolidated Financial Statements as of and for the Years Ended June 30, 2025 and 2024, Supplemental Schedules as of and for the Year Ended June 30, 2025, and Independent Auditor's Report

TEMPLE UNIVERSITY HEALTH SYSTEM

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INDEPENDENT AUDITOR'S REPORT

To the Audit and Compliance Committee of Temple University Health System, Inc.

Opinion

We have audited the consolidated financial statements of Temple University Health System, Inc. and subsidiaries (the "Health System"), which comprise the consolidated balance sheets as of June 30, 2025 and 2024, and the related consolidated statements of operations and changes in net assets and consolidated statements of cash flows, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Health System as of June 30, 2025 and 2024, and the results of its operations 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Health System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 Health System's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Health System'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Health System'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.

Report on Supplemental Schedules

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules listed in the table of contents are presented for the purpose of additional analysis of the financial statements rather than to present the financial position and results of operations of the individual companies and are not a required part of the financial statements. These schedules are the responsibility of the Health System's management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such schedules have been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, such schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Deloitte & Touche LLP

October 27, 2025

TEMPLE UNIVERSITY HEALTH SYSTEM

CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2025 AND 2024
(In thousands)

	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 113,073	$ 156,992
Patient accounts receivable—net	323,080	312,831
Other receivables—net	226,451	210,652
Inventories and other current assets	56,534	57,537
Current portion of assets limited as to use	27,458	27,729
Investments	755,440	662,411
Current portion of workers' compensation fund	6,407	6,849
Current portion of self-insurance program receivables	11,341	10,894
Expenditures reimbursable by research grants and awards	14,969	13,991
Total current assets	1,534,753	1,459,886
PROPERTY, PLANT AND EQUIPMENT:		
Land and land improvements	13,848	13,743
Buildings	588,178	530,380
Fixed and movable equipment	673,117	639,050
Construction-in-progress	57,019	59,983
	1,332,162	1,243,156
Less accumulated depreciation	914,217	864,679
Net property, plant and equipment	417,945	378,477
OPERATING LEASE RIGHT-OF-USE ASSETS	22,501	20,331
ASSETS LIMITED AS TO USE	156,719	142,651
INVESTMENTS	150,577	140,437
WORKERS' COMPENSATION FUND	3,578	2,820
SELF-INSURANCE PROGRAM RECEIVABLES	55,252	59,944
INTANGIBLE ASSETS	-	109
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS	142,146	135,467
OTHER ASSETS	69,310	64,158
TOTAL ASSETS	$ 2,552,781	$ 2,404,280

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM

CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2025 AND 2024
(In thousands)

LIABILITIES AND NET ASSETS	2025	2024
CURRENT LIABILITIES:		
Accounts payable	$ 179,895	$ 165,334
Accrued expenses	160,193	143,616
Current portion of long-term debt	18,156	18,507
Line of credit	25,000	12,000
Current portion of operating lease liabilities	4,287	4,142
Current portion of estimated settlements with third-party payers	44,887	29,301
Current portion of self-insurance program liabilities	55,620	91,112
Unexpended research grants and awards	5,878	7,806
Other current liabilities	90,156	100,420
Total current liabilities	584,072	572,238
LONG-TERM DEBT	360,037	380,874
OPERATING LEASE LIABILITIES	16,223	17,501
SELF-INSURANCE PROGRAM LIABILITIES	236,313	237,190
ACCRUED POSTRETIREMENT BENEFITS	1,278	1,999
OTHER LONG-TERM LIABILITIES	54,770	82,546
Total liabilities	1,252,693	1,292,348
NET ASSETS:		
Without donor restrictions	1,078,265	909,828
With donor restrictions	221,823	202,104
Total net assets	1,300,088	1,111,932
TOTAL LIABILITIES AND NET ASSETS	$ 2,552,781	$ 2,404,280

See notes to consolidated financial statements. (Concluded)

TEMPLE UNIVERSITY HEALTH SYSTEM

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024
(In thousands)

	2025	2024
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenues and other support without donor restrictions:		
Net patient service revenue	$ 3,185,989	$ 2,775,358
Research revenue	48,796	45,590
Contribution revenue	4,639	4,835
Other revenue	47,128	25,364
Investment income	901	646
Net assets released from restrictions used for operations	6,741	7,565
Revenues and other support without donor restrictions	3,294,194	2,859,358
Expenses:		
Salaries	1,322,227	1,235,490
Employee benefits	326,422	301,408
Professional fees	243,991	195,792
Supplies and pharmaceuticals	836,852	672,000
Purchased services and other	269,484	231,565
Maintenance and utilities	52,317	52,113
Leases	15,330	12,503
Insurance	124,861	80,515
Depreciation and amortization	63,586	58,580
Interest	16,963	18,059
Asset impairment	-	352
Loss on disposal of fixed assets	213	28
Gain on lease modification	-	(20)
Expenses	3,272,246	2,858,385
Operating income	21,948	973
Other income—net:		
Investment income	111,534	74,957
Pension settlement charge	(41,992)	-
Other—net	651	3,071
Other income—net	70,193	78,028
Excess of revenues and other support over expenses	92,141	79,001

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024
(In thousands)

	2025	2024
Excess of revenues and other support over expenses	$ 92,141	$ 79,001
Other changes in net assets without donor restrictions:		
Net transfers from (to) the University	19,398	(14,321)
Net assets released from restrictions used for purchase of property, plant and equipment	4,733	4,504
Net change in fair value of investments	6,489	5,836
Adjustment to funded status of pension and postretirement liabilities	46,450	(1,761)
Other change in net assets	(774)	749
Increase in net assets without donor restrictions	168,437	74,008
NET ASSETS WITH DONOR RESTRICTIONS:		
Contribution income	18,899	10,366
Net assets released from restrictions	(11,474)	(12,069)
Net change in fair value of investments	2,413	1,315
Investment income	3,202	3,593
Change in beneficial interest in assets held by others	6,679	10,017
Increase in net assets with donor restrictions	19,719	13,222
INCREASE IN NET ASSETS	188,156	87,230
NET ASSETS—Beginning of year	1,111,932	1,024,702
NET ASSETS—End of year	$ 1,300,088	$ 1,111,932

See notes to consolidated financial statements. (Concluded)

TEMPLE UNIVERSITY HEALTH SYSTEM

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024
(In thousands)

	2025	2024
OPERATING ACTIVITIES:		
Increase in net assets	$ 188,156	$ 87,230
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(94,922)	(60,170)
Net realized and unrealized gains on beneficial interests in assets held by others	(6,679)	(10,017)
Depreciation, amortization and accretion	63,586	58,580
Impairment on intangibles	-	352
Amortization of bond premium, discount, debt issuance costs and underwriter's discount	(2,846)	(2,979)
Adjustment to funded status of pension, postretirement and long-term disability liabilities	(45,676)	1,012
Net assets released from restrictions used for purchase of property, plant and equipment	(4,733)	(4,504)
Loss on disposal of fixed assets	213	28
Gain on lease modification	-	(20)
Perpetually restricted gifts and donations received	(941)	(70)
Net transfers (from) to the University	(19,398)	14,321
Equity method investment loss	3,663	17,005
Changes in operating assets and liabilities:		
Patient accounts receivable	(10,249)	19,266
Other receivables	(45,765)	(108,829)
Inventories and other current assets	1,003	2,831
Expenditures reimbursable by research grants and awards	(978)	(2,129)
Other assets	(5,152)	11,683
Accounts payable and accrued expenses	31,412	92,271
Estimated settlements with third-party payers	15,586	20,502
Self-insurance program receivables and liabilities	(32,124)	(17,617)
Unexpended research grants and awards	(1,928)	(735)
Net change in operating lease right-of-use assets and liabilities	(3,303)	3
Other liabilities	6,992	(19,128)
Net cash provided by operating activities	35,917	98,886

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024
(In thousands)

	2025	2024
INVESTING ACTIVITIES:		
Decrease (increase) in assets limited as to use and workers' compensation fund	$ 1,180	$ (2,495)
Purchases of property, plant and equipment	(103,133)	(76,516)
Purchases of investments	(409,423)	(100,477)
Proceeds from sales of investments	392,317	95,149
Cash advances to equity method investment	-	(21,200)
Proceeds from loans to equity method investment	26,303	4,697
Net cash used in investing activities	(92,756)	(100,842)
FINANCING ACTIVITIES:		
Proceeds from contributions and investments restricted to property, plant and equipment and endowments	4,733	4,504
Repayment of long-term debt	(15,082)	(12,426)
Repayment of finance lease liabilities	(3,510)	(4,864)
Repayment of financed software liabilities	(126)	-
Proceeds from line of credit	65,000	65,000
Repayment of line of credit	(52,000)	(53,000)
Perpetually restricted gifts and donations received	941	70
Net transfers from (to) the University	19,398	(14,321)
Net cash provided by (used in) financing activities	19,354	(15,037)
NET DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(37,485)	(16,993)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—Beginning of year	181,658	198,651
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH—End of year	$ 144,173	$ 181,658
Cash and cash equivalents	$ 113,073	$ 156,992
Restricted cash included in assets limited as to use	31,100	24,666
Total cash, cash equivalents, and restricted cash	$ 144,173	$ 181,658
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION—Cash paid for interest	$ 20,164	$ 21,305
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITY:		
Amounts recorded for purchases of property and equipment in excess of amounts paid	$ 14,027	$ 14,300
Cost of assets acquired through operating leases	$ 6,802	$ 962
Cost of assets acquired through finance leases	$ 37	$ 6,353

See notes to consolidated financial statements. (Concluded)

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Temple University Health System, Inc. ("TUHS") is a Pennsylvania nonprofit corporation of which Temple University—Of The Commonwealth System of Higher Education (the "University" or "TU") is its sole member. TUHS was incorporated in August 1995 and serves principally to coordinate the activities and plans of its health care subsidiaries and affiliates in Philadelphia and the surrounding area. The subsidiaries and affiliates (herein referred to as "corporate members") of TUHS (collectively, with TUHS, referred to as the "Health System"), all of which operate in Philadelphia and the surrounding area, include the following:

- Temple University Hospital, Inc. ("TUH"), a nonprofit corporation, operating an 891-bed acute care teaching hospital at three inpatient campuses and additional outpatient locations in Philadelphia and Montgomery Counties, with TUHS as its sole member;

- Temple University Health System Foundation ("TUHSF"), a nonprofit corporation formed to support the health-care-related activities of TUHS, with TUH as its sole member;

- Episcopal Hospital ("Episcopal"), a nonprofit corporation, providing clinical outpatient health care services, with TUHS as its sole member;

- Temple Health System Transport Team, Inc. ("T3"), a nonprofit corporation, is a critical care air and ground ambulance company, with TUHS as its sole member;

- Temple Physicians, Inc. ("TPI"), a nonprofit corporation formed to develop and acquire community-based primary care practices located in the service area of TUHS, with TUHS as its sole member;

- TUHS Insurance Company, Ltd. ("TUHIC"), a captive insurance company established to reinsure the professional liability claims of certain subsidiaries of TUHS. TUHS is the beneficial owner of TUHIC which is domiciled in Bermuda;

- American Oncologic Hospital d/b/a The Hospital of Fox Chase Cancer Center ("AOH"), a nonprofit corporation, is a 100 licensed bed specialty hospital that provides advanced inpatient and outpatient care to cancer patients, with TUHS as its sole member;

- Institute for Cancer Research d/b/a the Research Institute of Fox Chase Cancer Center ("ICR"), a nonprofit corporation, is primarily engaged in basic research, including programs in cancer biology, developmental therapeutics, immune cell development and host disease, cancer epigenetics, and cancer prevention and control and is a National Cancer Institute designated Comprehensive Cancer Center, with AOH as its sole member;

- Fox Chase Cancer Center Medical Group, Inc. ("MGI"), a nonprofit corporation, employs and provides physician services to the Fox Chase family of organizations, with AOH as its sole member;

- Fox Chase Network, Inc. ("Network"), a nonprofit corporation, provides cancer related clinical and administrative services to cancer programs of community hospitals and physicians, with AOH as its sole member;

- Fox Chase, Ltd. ("Limited"), a business corporation that holds minority interests in joint ventures with area hospitals, with AOH as its sole stockholder;

- Temple Center for Population Health, LLC ("TCPH"), a Pennsylvania limited liability company, participating in accountable care, coordinated care, shared savings, bundled payment programs and other similar programs or initiatives with or implemented by governmental payers, commercial payers and other parties, with TUHS as its sole member;

- Temple Faculty Practice Plan, Inc. ("TFPP"), a nonprofit corporation, provides teaching and physician services to the TUHS hospitals, with TUHS as its sole member;

- Temple Health Subsidiaries, Inc. ("THS"), a business corporation formed to participate in for-profit joint ventures, the sole shareholder of which is TUH;

- Temple Care, Inc. ("TC"), a Pennsylvania nonprofit corporation, organized to participate in the Centers for Medicare and Medicaid (CMS) backed Accountable Care Organization Realizing Equity, Access, and Community Health Model (REACH), with an aim to support the REACH goals of tying provider reimbursements to quality and health equity metrics and reductions in the cost of care, with TCPH as its sole member.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of the Health System. All significant intercompany transactions and balances are eliminated in consolidation.

Cash, Cash Equivalents, and Restricted Cash—Cash, cash equivalents, and restricted cash consist primarily of highly liquid investments, such as money market funds and debt instruments with original maturities of three months or less at the time of purchase. At June 30, 2025 and 2024, the Health System had cash balances in financial institutions, which exceed federal depository insurance limits. Management believes that credit risks related to these deposits are minimal. Cash, cash equivalents, and restricted cash are carried at cost, which approximates fair value. Restricted cash is included within assets limited as to use in the consolidated balance sheets. As of June 30, 2025 and 2024, restricted cash balances were $31,100,000 and $24,666,000 respectively, and primarily consisted of donor restricted assets.

Investments—Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. Investment income or loss (including realized gains and losses, interest, and dividends) is included in other income unless the income is restricted by donor or law, except for investment income on borrowed funds held by trustees as collateral on outstanding debt. This investment income is included in revenues and other support without donor restrictions. Unrealized gains and losses on equity securities are included within other income. Unrealized gains and losses on debt securities are included within other changes in net assets unless the amount was recorded as part of a credit loss impairment adjustment as disclosed in Note 6.

The Health System also invests in various limited partnerships and hedge funds. Such investments are accounted for using a net asset value ("NAV") equivalent, which approximates fair value as determined

by the fund managers and financial information provided by the funds. This financial information includes assumptions and methods that were reviewed by the Health System. The Health System believes that the estimated fair value is reasonable as of June 30, 2025 and 2024. Because these investments are not readily marketable, the estimated fair values are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market existed, and such differences could be material. These investments vary as to their level of liquidity, with differing requirements for notice prior to redemption or withdrawal. Investment gains and losses on these funds are included in other income.

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

The Health System reviews its debt securities to identify those for which market value is below cost. The Health System then makes a determination as to whether a credit loss impairment exists based on guidelines established in FASB ASC Topic 326 *Financial Instruments – Credit Losses*.

Assets Limited as to Use—Assets limited as to use primarily include assets held by trustees under indenture and insurance agreements, designated assets set aside by the Board primarily for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes, and donor restricted assets. Amounts required to meet current liabilities of the Health System have been classified as current assets in the consolidated balance sheets.

Property, Plant and Equipment—Property, plant and equipment are stated at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Depreciation expense was $63,322,000 and $58,225,000 for the years ended June 30, 2025 and 2024, respectively. Expenditures for maintenance and repairs necessary to maintain property, plant and equipment are charged to operations. Costs of renewals and betterments are capitalized.

Costs associated with the development and installation of internal-use software are accounted for in accordance with FASB ASC Subtopic 350-40 *Intangibles – Goodwill and Other, Internal-Use Software*. Internal-use software costs are expensed or capitalized and amortized according to the provisions of the accounting standard. The total cost of capitalized software was $88,062,000 and $86,467,000 at June 30, 2025 and 2024, respectively. Total accumulated amortization was $65,451,000 and $58,314,000 at June 30, 2025 and 2024, respectively. These amounts are included within property, plant and equipment in the consolidated balance sheets. The related amortization expense was $14,939,000 and $14,421,000 for the years ended June 30, 2025 and 2024, respectively, and was included within depreciation and amortization in the consolidated statements of operations and changes in net assets.

Leases—The Health System determines if an arrangement is a lease at inception. A contract is or contains a lease if the contract conveys the right to control and obtain substantially all of the economic benefits from an identified asset and provides the Health System with the right to direct the use of the identified asset for a period of time in exchange for consideration.

Operating leases are included in operating lease right-of-use assets, current portion of operating lease liabilities, and operating lease liabilities in the consolidated balance sheets. Finance leases are included in net property, plant, and equipment, current portion of long-term debt, and long-term debt in the consolidated balance sheets.

Right-of-use assets and lease liabilities are recognized at the commencement date, based on the present value of lease payments over the lease term. If a lease agreement does not provide an implicit rate, based on the information available at the commencement date, the Health System uses its incremental borrowing rate in determining the present value of lease payments. The Health System determines its incremental borrowing rate based on the approximate rate at which the Health System would borrow, on a collateralized basis, over a similar term. This determination involves numerous assumptions such as credit standing, lease term, amount of borrowing, and location of leased assets. The lease term includes periods covered by options to extend the lease when it is reasonably certain the Health System will exercise the option, as well as periods covered by options to terminate the lease when it is reasonably certain that the Health System will not exercise the option.

Expense for operating lease payments is recognized on a straight-line basis over the lease term and is presented within leases expense in the consolidated statement of operations. Finance lease assets are amortized on a straight-line basis over the term of the lease and presented within depreciation and amortization in the consolidated statement of operations. Interest expense on finance lease liabilities is recognized using the effective interest method and is presented within interest expense in the consolidated statement of operations.

The Health System has elected the practical expedient that allows lessees to choose not to separate lease and non-lease components and is applying this expedient to all real estate leases and all embedded equipment leases related to consumable purchase agreements.

A short-term lease is a lease with a term of twelve months or less and that does not include purchase options that are reasonably certain to be exercised. ASC 842 *Leases* includes a recognition exemption specific to short-term leases that, if elected, would allow a lessee to not recognize on the balance sheet right-of-use assets and lease liabilities related to such leases, but rather expense the payments related to the short-term lease on a straight-line basis over the lease term. The Health System has elected this recognition exemption for all asset classes.

Variable lease payments are defined as payments made by a lessee to a lessor that vary because of changes in facts and circumstances occurring after lease commencement. Certain lease agreements for real estate include payments based on actual common area maintenance and expenses. These variable lease payments are recognized within operating expenses but are not included in the calculation of right-of-use asset or liability balances.

Long-Lived Assets Review—The Health System reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the carrying value of a long-lived asset is considered impaired, a loss is recognized by which the carrying value exceeds the fair value (less any costs related to disposal or abandonment, if applicable). The was no impairment recognized on long-lived assets for the years ended June 30, 2025 and 2024.

Intangibles—Intangible assets are accounted for in accordance with the accounting guidance in FASB ASC Topic 350 *Intangibles—Goodwill and Other*. The cost of intangible assets with determinable useful lives is amortized to reflect the pattern of economic benefits consumed on a straight-line basis over the estimated periods benefited. Patents, technology and other intangibles with contractual terms are generally amortized over their respective legal or contractual lives. Intangible assets are evaluated for impairment annually or when indicators of potential impairment are present. The impairment assessment is based on valuation models that incorporate assumptions and internal projections of expected future cash flows and operating plans. Any resulting impairment losses are recognized in the results of operations.

Refer to Note 8 for impairment charges recorded during the years ended June 30, 2025 and 2024.

Asset Retirement Obligations—The Health System recognizes the fair value of a liability for legal obligations associated with asset retirements in the period in which it is incurred, in accordance with FASB ASC Topic 410 *Asset Retirement and Environmental Obligations*, if a reasonable estimate of the fair value of the obligation can be made. When the liability is initially recorded, the Health System capitalizes the cost of the asset retirement obligation by increasing the carrying amount of the related long-lived asset. The value of the asset, when established in 2006, was $1,144,000. Over time, the liability is accreted to its present value each period using a discount rate between 5% and 7%, and the capitalized cost associated with the retirement obligation is depreciated over the useful life of the related asset. Upon settlement of the obligation, any difference between the cost to settle the asset retirement obligation and the liability recorded is recognized as a gain or loss in the consolidated statements of operations and changes in net assets. Effective June 30, 2018, the Health System determined that the anticipated timing of settlement for the obligation had changed and also revised its cost estimates. An estimated increase in future cash flows of $1,409,000 was recognized as an additional asset retirement obligation and asset retirement cost on the balance sheet. At June 30, 2025 and 2024, the recorded asset retirement obligation was $8,297,000 and $8,142,000, respectively. Accretion costs for the years ended June 30, 2025 and 2024 were $155,000 and $156,000, respectively.

Deferred Financing Costs—Deferred financing costs are amortized over the term of the related debt. Gross deferred financing costs were $8,281,000 as of June 30, 2025 and 2024. Accumulated amortization of deferred financing costs was $3,348,000 and $2,795,000 as of June 30, 2025 and 2024, respectively. Deferred financing costs are presented on the balance sheets as a direct deduction from the carrying value of long-term debt. Amortization expense was $553,000 and $574,000 for the years ended June 30, 2025 and 2024, respectively. Amortization expense is included within interest expense in the consolidated statements of operations and changes in net assets.

Net Assets—Net assets are categorized according to externally (donor) imposed restrictions. A description of the two net asset categories follows:

Net Assets Without Donor Restrictions—are those assets that are available for the support of operations and whose use is not externally restricted, although their use may be limited by other factors such as by contract or board designation. Included in net assets without donor restrictions are board-designated assets of $550,000 and $437,000 at June 30, 2025 and 2024, respectively.

Net Assets With Donor Restrictions—are those assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature and limit the use of assets to a specific time period or purpose. Other donor restrictions are perpetual in nature and require that the corpus of the related gifts, trusts, or pledges be invested in perpetuity, with only the income available for operations or in accordance with donor restrictions (See Note 15).

Beneficial Interest in Perpetual Trusts—The Health System is the irrevocable beneficiary of the income from certain perpetual trusts administered by third parties. The Health System's beneficial interest is reported at the fair value of the underlying trust assets. Because the trusts are perpetual and the original corpus cannot be used, these funds are reported as net assets with donor restrictions.

Contributions, Grants and Awards, and Research Contracts—The Health System records unconditional promises to give (pledges) as receivables and revenues, and distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Upon expiration of donor restrictions, that is, when a stipulated time restriction ends and/or purpose restriction is accomplished, amounts are reclassified as net assets without donor restrictions and reported as net

assets released from restrictions. Conditional promises to give are recognized once the Health System overcomes the barrier to be entitled to the resources and the grantor has transferred the resources.

Donor restricted contributions whose restrictions are met within the same year they are received are reported as net assets without donor restrictions within contribution revenue.

Income from research contracts and grants and awards that are considered exchange transactions are recognized as research revenue over time by measuring progress toward complete satisfaction of the performance obligations. Overhead allowances are recorded as the related direct expenses are incurred. Indirect cost revenues on agency grants and contracts are subject to audit and possible adjustment by governmental payers. Appropriate allowances are made currently for estimated adjustments to governmental arrangements.

Performance Indicator—In the accompanying consolidated statements of operations and changes in net assets, the primary indicator of the Health System's results is "Excess of revenues and other support over expenses". Changes in net assets without donor restrictions which are excluded from the excess of revenues and other support over expenses, consistent with industry practice, include unrealized gains and losses on debt securities, permanent transfers of assets to and from affiliates for other than goods or services, contributions of long-lived assets and certain adjustments to pension, postretirement and long-term disability liabilities.

Net Patient Service Revenue, Patient Accounts Receivable, and Estimated Settlements with Third-Party Payers—The Health System reports net patient service revenue at the amount that reflects the consideration to which the Health System expects to be entitled in exchange for providing patient care. These amounts are due from Medicare and Medicaid, managed health care plans, commercial payers, patients and others. Reimbursement is primarily based on the payment terms of contractual arrangements, such as predetermined rates per diagnosis, per diem rates or discounted fee-for-service rates. Generally, the Health System bills the patients and third-party payers several days after the services are performed and/or the patient is discharged. In addition, the Health System receives Medical Assistance payments for the reimbursement of services for charity and uncompensated care services. The federal funding of such costs is subject to an upper payment limit and retrospective settlement.

Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided. The Health System recognizes revenues for performance obligations satisfied over a period of time based on actual charges incurred in relation to total expected (or actual) charges. The Health System believes that this method provides a reasonable representation of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the Health System receiving inpatient acute care services. The Health System measures performance obligations from admission to the point where there are no further services required for the patient, which is generally the time of discharge. The Health System recognizes revenues for performance obligations satisfied at a point in time, which generally relates to patients receiving outpatient services, when: (a) services are provided; and (b) the Health System does not believe the patient requires additional services.

The Health System estimates the transaction price for patients based on gross charges for services provided, reduced by explicit price concessions which include contractual adjustments provided to third-party payers and discounts provided to uninsured patients in accordance with the Health System's policy. The Health System determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical collection experience. Revenues are also adjusted for implicit price concessions. Implicit price concessions are determined based on historical

collection experience. The implicit price concessions included in estimating the transaction price represent the difference between amounts remaining to be paid and the amounts the Health System generally expects to collect based on its historical experience. Subsequent changes to the estimate of transaction price are generally recorded as adjustments to patient service revenue in the period of change and are accrued on an estimated basis in the period the related services are rendered. Adjustments may also occur in future periods as final settlements are determined.

Because the Health System's patient service obligations generally relate to contracts with duration of less than one year, the Health System has elected to apply the optional exemption and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

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

Consistent with the Health System's mission, care is provided to patients regardless of their ability to pay. The Health System provides care without charge, or at a standard rate discounted for uninsured patients that is not related to published charges, to patients who meet certain criteria under the Health System's charity care policy. Some patients qualify for charity care based on federal poverty guidelines or their financial condition being such that requiring payment would impose a hardship on the patient. Because the Health System does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue. The Health System has determined that it has provided sufficient explicit price concessions for these accounts.

In assessing collectability, the Health System uses a combination of contract specific adjustments (such as high dollar and long length-of-stay accounts) as well as a portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. This portfolio approach is being used as the Health System has a large volume of similar contracts with similar classes of customers. The Health System reasonably expects that the effect of applying a portfolio approach would not differ materially from considering each contract separately. Management's judgment to group the contracts by portfolio is based on the payment behavior expected in each portfolio category. As a result, aggregating all of the contracts (which are at the patient level) by the particular payer or group of payers will result in the recognition of the same amount of revenue as applying the analysis at the individual patient level.

Amounts received under Medicare and Medicaid programs are subject to review and final determination by program intermediaries or their agents and the contracts the Health System has with commercial payers typically provide for retroactive audit and review of claims. Revenue includes an estimate of variable consideration for retroactive revenue adjustments due to settlements of audits, reviews and

investigations. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered or when known by the Health System and adjusted in future periods as final settlements or changes in estimates are determined. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term (see Note 3).

The Health System engages in various contracts with insurance companies where the Health System is at risk for the total cost of care to an attributed patient population as well as contracts that provide for pay-for-performance incentives. The value of these agreements is estimated and included in net patient service revenue.

Other Revenue—Other revenue includes amounts earned from cafeteria operations, parking garage operations, transport services provided by T3, and other non-patient care services. Revenue is recognized as performance obligations are satisfied. Other revenue also includes the Health System's share of equity method investment gains and losses.

Income Taxes—Substantially all of the individual members of the Health System are nonprofit corporations and have been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. Limited, a wholly owned subsidiary in which the Health System exercises control, is a for-profit corporation that is subject to federal and state income tax. Such taxes are immaterial and have been reported with other expenses in the accompanying consolidated financial statements.

The Health System's federal Exempt Organization Business Income Tax Returns for 2024, 2023, 2022, and 2021 remain subject to examination by the Internal Revenue Service ("IRS").

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 at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates comprise explicit and implicit price concessions on patient service revenue and patient accounts receivable, estimated settlements with third-party payers, state Medicaid audit settlements, self-insurance program assets and liabilities, accrued postretirement benefits, estimated asset retirement obligations and the valuation of alternative investments.

3. NET PATIENT SERVICE REVENUE AND ACCOUNTS RECEIVABLE

Net patient service revenue from these major payer sources based on primary insurance designation is as follows for the years ended June 30, 2025 and 2024 (in thousands):

	2025		
	Inpatient	Outpatient	Total
Medicare	$ 203,682	$ 213,283	$ 416,965
Managed Medicare	257,177	255,417	512,594
Medicaid	30,979	3,387	34,366
Managed Medicaid	242,959	177,754	420,713
Commercial and managed care	238,444	500,798	739,242
Self-pay	637	6,967	7,604
Other	499,159	555,346	1,054,505
Net patient service revenue	$ 1,473,037	$ 1,712,952	$ 3,185,989

	2024		
	Inpatient	Outpatient	Total
Medicare	$ 204,237	$ 204,612	$ 408,849
Managed Medicare	224,092	212,579	436,671
Medicaid	30,717	2,360	33,077
Managed Medicaid	264,554	187,694	452,248
Commercial and managed care	208,675	423,073	631,748
Self-pay	278	6,202	6,480
Other	413,657	392,628	806,285
Net patient service revenue	$ 1,346,210	$ 1,429,148	$ 2,775,358

Physician revenue is included in outpatient revenue in the above schedules.

Included in the Other category above is support received from the Commonwealth of Pennsylvania, primarily related to providing access to health care services, including care for the uninsured and indigent population (see Note 5). Revenues recognized related to this support for the years ended June 30, 2025 and 2024 were $564,048,000 and $483,614,000, respectively. To the extent that these support payments are dependent on a provider tax from the hospitals, those expenses are included in purchased services and other in the consolidated statements of operations and changes in net assets. Provider tax assessment expenses for the years ended June 30, 2025 and June 30, 2024 were $89,890,000 and $70,003,000, respectively. There is no guarantee that this funding will continue in future years. Under certain circumstances, the Health System could be required to repay certain support payments received from the Commonwealth.

Net patient service revenue also includes estimates of reimbursement from third-party payers. For the years ended June 30, 2025 and 2024, net patient service revenue increased by $35,311,000 and $24,611,000, respectively, as a result of settlements related to prior years or changes in estimates associated with Medicare cost reports and state Medicaid audits. Audits pertaining to fiscal years through 2021 have been closed.

Net patient accounts receivable consists of the following components at June 30, 2025 and 2024:

	2025	2024
Patient receivables	$ 299,423	$ 293,821
Contract assets	23,657	19,010
	$ 323,080	$ 312,831

Contract assets relate to in-house patients who were provided services during the fiscal year but were not discharged as of the reporting date, and for which the Health System may not have the right to bill.

4. BUSINESS AND CREDIT CONCENTRATION

The Health System provides diversified health care services primarily to area residents through its inpatient and outpatient care facilities in the Greater Philadelphia Metropolitan Area. As a function of its mission and location, the Health System serves a disproportionately high number of poor or indigent patients; consequently, the Health System derives a substantial portion of its revenue from the Medicare (federal government) and the Medical Assistance (Commonwealth of Pennsylvania, Department of Human Services [DHS]) programs.

Health Choices is a DHS program that requires all Medical Assistance recipients in the Philadelphia five-county area to join a Medicaid Health Maintenance Organization ("HMO"). Under Health Choices, DHS has entered into capitation arrangements with five Medicaid HMOs, four of which the Health System contracts with, which in turn negotiate separate payment rates with health care providers. The Medical Assistance-managed care category below includes the four Medicaid HMOs under the Health Choices program with which the Health System contracts. The Health System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements.

The mix of net receivables from third-party payers and patients at June 30, 2025 and 2024 is as follows:

	2025	2024
Medical Assistance:		
Fee for service (FFS)	4.4 %	3.4 %
Managed care	19.5	21.6
Medicare:		
Fee for service (FFS)	12.1	11.6
Managed care	21.6	21.2
Commercial and managed care	34.6	36.7
Other	7.8	5.5
	100.0 %	100.0 %

5. CHARITY CARE

The Health System maintains detailed records to identify and monitor the level of charity care it provides to its patients. Charity care costs are estimated by applying an overall cost to charge ratio to charity care charges. The estimated costs and expenses incurred to provide charity care, including the estimated unreimbursed cost of services in excess of specific payments for services rendered to Medical Assistance recipients, were $268,557,000 and $262,986,000 for the years ended June 30, 2025 and 2024, respectively (see Note 3).

6. INVESTMENTS

Assets Limited as to Use—The composition of assets limited as to use at June 30, 2025 and 2024, is set forth in the following table (in thousands):

	2025	2024
Under indenture agreements-held by trustee:		
Debt service funds	$ 23,184	$ 22,802
Debt service reserve funds	23,585	24,756
	46,769	47,558
Under debt agreements	240	239
Under insurance arrangements (TUHIC)	70,218	65,855
Board designated	550	437
Donor restricted	65,419	55,329
Workers' and unemployment compensation	981	962
	184,177	170,380
Less amounts required for current liabilities	27,458	27,729
	$ 156,719	$ 142,651

By security classification (in thousands):

	2025	2024
U.S. government securities	$ 72,068	$ 65,427
Fixed income mutual funds	14,834	13,777
Corporate bonds, notes, and other debt securities	21,144	19,965
Cash, money market funds, and certificates of deposit	55,854	53,648
Equity securities and mutual funds	18,947	16,206
Limited partnerships	1,330	1,357
	$ 184,177	$ 170,380

Workers' Compensation Fund—Workers' compensation fund at June 30, 2025 and 2024, consisted of (in thousands):

	2025	2024
U.S. government securities	$ 8,580	$ 8,116
Cash, money market funds, and certificates of deposit	1,405	1,553
	$ 9,985	$ 9,669

Investments—Investments at June 30, 2025 and 2024, consisted of (in thousands):

	2025	2024
U.S. government securities	$ 55,425	$ 53,921
Fixed income mutual funds	10,509	65,970
Corporate bonds, notes, and other debt securities	78,171	45,634
Equity securities and mutual funds	611,458	497,002
Real estate	324	324
Hedge funds	72,236	65,008
Limited partnerships	75,211	72,444
Limited liability corporations	1,573	1,633
Other	1,110	912
	$ 906,017	$ 802,848

Investment Income—Investment income and gains (losses) from investments, including assets limited as to use and cash and cash equivalents, are comprised of the following for the years ended June 30, 2025 and 2024 (in thousands):

	2025	2024
Interest and dividend income	$ 30,782	$ 27,375
Net realized gains (losses) on sales of investments	13,262	(916)
Net change in fair value of alternative investments	10,614	(2,565)
Recognition of credit loss impairment	(230)	(1,170)
Investment management fees	(1,165)	(1,198)
Net unrealized gains on equity securities	71,276	64,821
	$ 124,539	$ 86,347

Interest, dividends, realized and unrealized gains (losses) for the years ended June 30, 2025 and 2024 are reported as follows (in thousands):

	2025	2024
Consolidated statements of operations and changes in net assets:		
Revenues without donor restrictions—investment income	$ 901	$ 646
Other income without donor restrictions—investment income	111,534	74,957
Other changes in net assets without donor restrictions—net change in fair value	6,489	5,836
Net assets with donor restrictions—investment income	3,202	3,593
Net assets with donor restrictions—net change in fair value	2,413	1,315
	$ 124,539	$ 86,347

The following tables provide information on the gross unrealized losses and fair market value of the Health System's debt securities with unrealized losses that are not deemed to have a credit loss impairment, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position at June 30, 2025 and 2024 (in thousands):

	At June 30, 2025					
	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. government securities	$ 6,213	$ (78)	$ 3,084	$ (586)	$ 9,297	$ (664)
Corporate bonds, notes, and other debt securities	4,050	(2)	1,360	(117)	5,410	(119)
Total temporarily impaired securities	$ 10,263	$ (80)	$ 4,444	$ (703)	$ 14,707	$ (783)

	At June 30, 2024					
	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. government securities	$ 20,745	$ (425)	$ 24,473	$ (4,461)	$ 45,218	$ (4,886)
Corporate bonds, notes, and other debt securities	11,221	(71)	25,676	(3,796)	36,897	(3,867)
Total temporarily impaired securities	$ 31,966	$ (496)	$ 50,149	$ (8,257)	$ 82,115	$ (8,753)

With respect to the debt securities in an unrealized loss position as of June 30, 2025 and 2024, the Health System has determined it is not more likely than not that the Health System may be required to sell its available-for-sale securities before their anticipated recoveries. In assessing the likelihood that the Health System will be required to sell a security before its anticipated recovery, the Health System considers various factors including its future cash flow requirements, legal and regulatory requirements, the level of its cash, cash equivalents, short-term investments and fixed maturity investments available-for-sale in an unrealized gain position, and other relevant factors.

In evaluating credit losses, the Health System considers a variety of factors in the assessment of a security including: (1) the extent of the decline below cost and par; (2) the potential for the security to recover in value; (3) an analysis of the financial condition of the issuer; (4) the rating of the issuer; and (5) failure of the issuer of the security to make scheduled interest or principal payments.

During fiscal years 2025 and 2024, the Health System recorded credit loss impairment charges of $230,000 and $1,170,000, respectively, on certain investments in debt securities.

TUHIC Debt Securities—At June 30, 2025 and 2024, TUHIC held investments in debt securities which are included as assets limited as to use in the Health System's consolidated balance sheets. The amortized cost of debt securities at June 30, 2025 and 2024, by contractual maturity, is shown below (in thousands). Expected maturities may differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties. Gross unrealized holding gains on these securities aggregated $516,000 and $80,000 at June 30, 2025 and 2024, respectively.

Gross unrealized holding losses on these securities aggregated $1,174,000 and $3,401,000 at June 30, 2025 and 2024, respectively.

	Amortized Cost	
	2025	2024
Due within one year	$ 2,689	$ 3,165
Due after one year through five years	35,825	30,540
Due after five years through ten years	31,918	35,155
	$ 70,432	$ 68,860

7. PLEDGES

As of June 30, 2025 and 2024, pledges are included in the consolidated financial statements at their net present value, less estimated uncollectible amounts, as follows (in thousands):

	2025	2024
Total value of pledges	$ 1,641	$ 1,838
Unamortized discount for gross pledges	(25)	(17)
Reported value for pledges	$ 1,616	$ 1,821

The discount rates applied to pledges were between 3.68% and 3.96% for 2025 and 4.52% and 5.09% for 2024.

Based upon payment schedules that are either specified by donors or estimated by the Health System, payments on pledges are due as follows (in thousands):

	2025	2024
Amounts due within one year	$ 1,196	$ 1,488
Amounts due in two to five years	420	333
Reported value for pledges	$ 1,616	$ 1,821

The current and long-term portion of pledges receivable are presented within other receivables and other assets, respectively, on the consolidated balance sheets.

8. INTANGIBLE ASSETS

The Health System had $0 and $109,000 of amortizing intangible assets related to the affiliation with AOH at June 30, 2025 and 2024, respectively. There were no intangible assets with indefinite lives at June 30, 2025 or 2024. There were no new intangible assets acquired during 2025.

Intangible assets at June 30, 2025 and 2024 are summarized as follows (in thousands):

Balance at June 30, 2024	$ 109
Adjustments:	
Impairment	-
Amortization	(109)
Balance at June 30, 2025	$ -

Balance at July 1, 2023	$ 660
Adjustments:	
Impairment	(352)
Amortization	(199)
Balance at June 30, 2024	$ 109

The following table summarizes amortizing intangible assets at June 30, 2025 and 2024 (in thousands):

	2025			
	Gross	Accumulated Amortization	Accumulated Impairment	Net
Intellectual property	$ 4,342	$ (3,545)	$ (797)	$ -
Contracts and agreements	1,860	(1,508)	(352)	-
Physician contracts	2,346	(2,238)	(108)	-
Other	619	(619)	-	-
Total amortizing intangibles	$ 9,167	$ (7,910)	$ (1,257)	$ -

	2024			
	Gross	Accumulated Amortization	Accumulated Impairment	Net
Intellectual property	$ 4,342	$ (3,436)	$ (797)	$ 109
Contracts and agreements	1,860	(1,508)	(352)	-
Physician contracts	2,346	(2,238)	(108)	-
Other	619	(619)	-	-
Total amortizing intangibles	$ 9,167	$ (7,801)	$ (1,257)	$ 109

Aggregate amortization expense was $109,000 and $199,000 for the years ended June 30, 2025 and 2024, respectively. Existing assets were fully amortized as of June 30, 2025. Therefore, no future amortization expense is expected.

9. LONG-TERM DEBT AND LINE OF CREDIT

Long-term debt at June 30, 2025 and 2024, was as follows (in thousands):

	2025	2024
2022 TUHS Hospital Revenue Bonds issued by the Hospitals and Higher Education Facilities Authority of Philadelphia (the "Authority") at fixed interest rates of 4.0% to 5.0% due in installments through 2041		
Principal amount	$ 165,890	$ 165,890
Unamortized premium, debt issuance costs, and underwriter's discount	14,629	15,787
Long-term debt net of unamortized premium, debt issuance costs, and underwriter's discount	180,519	181,677
2017 TUHS Hospital Revenue Bonds issued by the Authority at a fixed interest rate of 5.0% due in installments through 2035		
Principal amount	179,635	193,830
Unamortized premium, debt issuance costs, and underwriter's discount	8,255	9,943
Long-term debt net of unamortized premium, debt issuance costs, and underwriter's discount	187,890	203,773
Various finance lease obligations due in installments through 2031 at varied fixed interest rates ranging from 2.45% to 5.23%	8,369	11,611
Equipment and software financing arrangements due in installments through 2034 at fixed interest rates of 0% to 2.86%	1,415	2,320
	378,193	399,381
Less current portion of long-term debt	18,156	18,507
	$ 360,037	$ 380,874

The bond issues and notes payable are generally collateralized by the assets and gross revenues of the TUHS Obligated Group and are subject to various financial covenants. The TUHS Obligated Group includes TUHS, TUH, TPI, T3, AOH, ICR, MGI and Network. The Health System is in compliance with its debt covenants at June 30, 2025 and 2024.

At June 30, 2025, total aggregate principal payments under long-term debt and finance lease obligations for the next five years and thereafter are (in thousands):

	Long-Term Debt	Finance Leases
2026	$ 15,197	$ 2,959
2027	15,840	2,340
2028	15,540	1,883
2029	16,325	998
2030	17,150	188
Thereafter	266,888	1
Total	$ 346,940	$ 8,369

The Health System has a revolving line of credit arrangement with a financial institution allowing for outstanding borrowings not to exceed $100,000,000 and expiring in November 2025. Interest is calculated at term Secured Overnight Financing Rate (SOFR) plus 0.95%. There were outstanding borrowings of $25,000,000 and $12,000,000 at June 30, 2025 and 2024, respectively.

10. LEASES

Leases are presented in accordance with FASB ASC Topic 842 *Leases*. The Health System has operating leases primarily for real estate, including medical office buildings, corporate and other administrative offices, as well as medical equipment, with terms expiring through 2046. Finance leases are primarily for medical equipment, with terms expiring through 2030.

Total lease costs for the years ended June 30, 2025 and 2024 consist of the following (in thousands):

	2025	2024
Lease expense:		
Operating lease cost	$ 5,462	$ 5,441
Variable lease cost	4,772	3,282
Short-term lease cost	5,096	3,780
Total lease expense	15,330	12,503
Finance lease cost:		
Amortization of lease assets	3,093	3,240
Interest on lease liabilities	426	484
Total finance lease cost	3,519	3,724
Total lease cost	$ 18,849	$ 16,227

Supplemental consolidated balance sheet information related to leases as of June 30, 2025 and 2024 is as follows (in thousands):

	2025	2024
Operating leases:		
Operating lease right-of-use assets	$ 22,501	$ 20,331
Current portion of operating lease liabilities	4,287	4,142
Operating lease liabilities	16,223	17,501
Total operating lease liabilities	$ 20,510	$ 21,643
Finance leases:		
Property, plant and equipment, net	$ 8,409	$ 11,640
Current portion of long-term debt	2,959	3,186
Long-term debt	5,410	8,425
Total finance lease liabilities	$ 8,369	$ 11,611

Supplemental consolidated cash flow information related to leases for the years ended June 30, 2025 and 2024 is as follows (in thousands):

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 8,766	$ 5,448
Operating cash flows for finance leases	426	484
Financing cash flows for finance leases	3,279	3,510
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 6,802	$ 962
Finance leases	37	6,353

The weighted-average remaining lease terms and discount rates for operating and finance leases as of June 30, 2025 and 2024 are as follows:

	2025	2024
Weighted-average remaining lease term (in years):		
Operating leases	5.88	6.61
Finance leases	3.48	4.22
Weighted-average discount rate:		
Operating leases	4.04%	3.82%
Finance leases	4.36%	4.24%

A maturity analysis of future lease payments under operating and finance leases as of June 30, 2025 is as follows (in thousands):

	Operating	Finance
2026	$ 5,015	$ 3,260
2027	4,546	2,524
2028	4,530	1,976
2029	3,075	1,026
2030	2,363	189
Thereafter	3,660	1
Total lease payments	23,189	8,976
Less: Amount representing interest	2,679	607
Total lease liabilities	$ 20,510	$ 8,369

The Health System also has certain consumable agreements in which a vendor provides a piece of equipment at no additional cost in exchange for the Health System's commitment to purchase a minimum quantity of consumable products. These agreements are considered embedded finance leases. Therefore, the Health System recognizes right-of-use assets and lease liabilities on the consolidated balance sheets related to these agreements. There are $0 and $220,000 of such assets included within net property, plant, and equipment at June 30, 2025 and 2024, respectively. There are $0 and $231,000 of such lease liabilities included within other current liabilities at June 30, 2025 and 2024, respectively. For the years ended June 30, 2025 and 2024, amortization of the lease assets was $220,000 and $1,309,000, respectively, and interest on the lease liabilities was $1,000 and $20,000, respectively. For the years ended June 30, 2025 and 2024, operating cash flows were $1,000 and $20,000 and financing cash flows were $231,000 and $1,354,000, respectively. No future lease payments are anticipated under these agreements.

11. RELATED PARTY TRANSACTIONS

Temple University—The Health System has made various transfers of net assets without donor restrictions to the University to be used for health-related programs and initiatives. In fiscal years 2025 and 2024, $18,554,000 and $25,080,000, respectively, in net asset transfers to the University were recognized. In addition, the University has made transfers of unrestricted net assets to the Health System to be used for capital projects. In fiscal years 2025 and 2024, $37,952,000 and $10,759,000, respectively, in net asset transfers from the University were recognized.

The Health System and University allocate certain costs for services provided to each other. Costs billed to the Health System by the University in 2025 and 2024 include (in thousands):

	Health System Expense	
	2025	2024
TFPP salaries and employee benefits	$ 230,092	$ 216,857
Strategic support assessment	127,322	101,787
Maintenance	15,062	14,506
Telecommunications	2,856	3,297
Institutional support	4,764	4,443
Security	1,513	2,083
Employee tuition	2,869	2,328
Other administrative support	10,314	8,271
Total expenses billed	$ 394,792	$ 353,572

The University also billed the Health System for capital projects in the amount of $27,607,000 and $22,140,000 for the years ended June 30, 2025 and 2024, respectively.

TUH is the teaching hospital for Temple University's Lewis Katz School of Medicine ("LKSOM"). The University administers payroll and benefits for dually-employed LKSOM faculty physicians. The Health System reimburses the University for the clinical effort of these physicians.

The Health System charges the University for the cost of services provided to the University. Amounts billed to the University in 2025 and 2024 include (in thousands):

	2025	2024
Salaries and fringe benefits	$ 1,658	$ 1,424
Rent	132	115
Other	1,683	1,010
Total expenses billed to the University	$ 3,473	$ 2,549

Such amounts are included as other revenue or a reduction of expenses reported in the consolidated statements of operations and changes in net assets.

At June 30, 2025 and 2024, $29,250,000 and $55,315,000, respectively, are due to the University for transactions during those years and are included in accounts payable. At June 30, 2025 and 2024, $2,897,000 and $2,209,000, respectively, are due from the University for transactions during those years and are included in other receivables.

Chestnut Hill Hospital — On August 8, 2022, the Health System formed an alliance with Redeemer Health ("Redeemer") and Philadelphia College of Osteopathic Medicine ("PCOM"), and collectively signed a definitive agreement to acquire Chestnut Hill Hospital and its associated physician practice plan, Chestnut Hill Clinic Company, LLC ("CHC") from Tower Health. The alliance completed the acquisition on January 1, 2023 for a purchase price of $28,000,000. CHH Community Health, Inc. ("CHH") is a newly-formed Pennsylvania nonprofit corporation which owns and operates Chestnut Hill Hospital. CHC is a Pennsylvania limited liability company which employs the physicians and operates the physician practices that support Chestnut Hill Hospital, with CHH as its sole member.

TUHS is the majority equity-holder of CHH, with 60% ownership, and manages the 148-bed hospital, operating under the name Temple Health – Chestnut Hill Hospital. Redeemer and PCOM each have 20% ownership in CHH and have substantive participating rights. As such, the Health System accounts for its investment in CHH under the equity method. Effective August 28, 2025, TUHS purchased Redeemer's 20% ownership interest (see Note 20). The Health System's initial investment in CHH was $16,800,000. For the years ended June 30, 2025 and 2024, the Health System's share of CHH's net loss was $3,663,000 and $17,005,000, respectively, which is included within other revenue in the consolidated statements of operations. At June 30, 2025 and 2024, the value of the Health System's investment in CHH was $0. At June 30, 2025 and 2024, the Health System also had $32,465,000 and $35,512,000 of current receivables, $9,200,000 and $9,200,000 of long-term receivables due from CHH, and $4,921,000 and $4,680,000 of payables owed to CHH, respectively. These amounts are reflected within other receivables, other assets, and accounts payable, respectively, in the consolidated balance sheets. For the years ended June 30, 2025 and 2024, the Heath System charged $23,524,000 and $5,779,000, respectively, in management fees to CHH. These amounts are reflected within other revenue in the consolidated statements of operations.

12. MEDICAL PROFESSIONAL LIABILITY AND WORKERS' COMPENSATION INSURANCE

The Health System members participate in the Health System's insurance programs for medical professional liability claims. Primary coverage is provided by an insurance company and reinsured to TUHIC.

Because primary losses are reinsured through TUHIC, primary losses are essentially self-insured up to certain limits, which are coordinated with statutory excess coverage provided through the Pennsylvania Medical Care Availability and Reduction of Error Fund ("MCare Fund"). Also, additional excess liability coverage has been obtained through a commercial insurance carrier.

The Health System accrues liabilities for the estimated losses on asserted and unasserted claims. The discount rate used in determining the liability at June 30, 2025 and 2024 was 4.00% and 4.75%, respectively. The liabilities are comprised of asserted claims for self-insured components of the program and accruals for unasserted claims. Asserted claims are specifically identified, with actuarial determination of the ultimate liability on asserted and unasserted claims based on claims settlement history. The estimated discounted liability accrued for asserted and unasserted claims for the Health System was $273,592,000 and $309,409,000 at June 30, 2025 and 2024, respectively. The estimated liability accrued for asserted and unasserted claims for TUHIC was $40,846,000 and $49,567,000 at June 30, 2025 and 2024, respectively. The Health System incurred net medical professional liability

insurance expense of $117,756,000 and $75,447,000 in 2025 and 2024, respectively. These costs are recorded in the consolidated statements of operations and changes in net assets as insurance expense.

The activity in the liability for claims reported and claims incurred but not reported for TUHIC for the years ended June 30, 2025 and 2024, is summarized as follows (in thousands):

	2025	2024
Outstanding	$ 11,040	$ 21,784
Incurred but not reported	29,806	27,783
	$ 40,846	$ 49,567
Balance—July 1	$ 49,567	$ 53,181
Incurred related to current year	18,882	14,757
Incurred related to prior year	3,427	13,916
	22,309	28,673
Paid related to current year	1,843	860
Paid related to prior year	29,187	31,427
	31,030	32,287
Net balance—June 30	$ 40,846	$ 49,567

As a result of changes in estimates of insured events in prior years, loss and loss adjustment expenses relating to prior years increased by $3,427,000 and $13,916,000 for the years ended June 30, 2025 and 2024, respectively.

TUHIC is registered under the Bermuda Insurance Act of 1978, amendments thereto and the Related Regulations (the "Insurance Act") and is obliged to comply with various provisions of the Insurance Act regarding solvency and liquidity. The minimum required statutory capital and surplus at June 30, 2025 and 2024, was $4,176,000 and $5,214,000, respectively, and the actual statutory capital and surplus was $25,055,000 and $25,422,000, respectively. The minimum required level of liquid assets was $44,494,000 and $42,302,000 and actual liquid assets were $84,380,000 and $81,824,000 at June 30, 2025 and 2024, respectively.

The Health System is primarily self-insured for workers' compensation. Program assets at June 30, 2025 and 2024 were $9,985,000 and $9,669,000, respectively. Program liabilities were determined using a discount rate of 4.25% and 4.50% for fiscal years 2025 and 2024, respectively. The estimated discounted liability accrued at June 30, 2025 and 2024, was $16,866,000 and $16,324,000, respectively. Workers' compensation expense was $9,141,000 and $7,236,000 for fiscal years 2025 and 2024, respectively. These costs are recorded in the consolidated statements of operations and changes in net assets as employee benefits expense.

The Health System follows ASU 2010-24, which clarifies that a health care entity should not net insurance recoveries against a related claim liability. The ASU requires that the ultimate costs of claims or similar contingent liabilities shall be accrued when the incidents that give rise to the claims occur. This guidance also requires recognition of additional offsetting assets and liabilities on the balance sheet relating to workers' compensation and medical professional liability recoveries and claims. The current and long-term asset balances recorded due to this guidance are reflected on the consolidated balance sheets as current portion of self-insurance program receivables and self-insurance program receivables, while the offsetting liabilities are reflected within current portion of self-insurance liabilities and self-insurance liabilities. The amounts below are also included in the disclosure of liabilities within this footnote above. The balances recorded for the years ended June 30, 2025 and 2024 are summarized as follows (in thousands):

	2025			2024		
	Current	Long-Term	Total	Current	Long-Term	Total
Workers' compensation:						
Open reserves in excess of retention	$ -	$ 197	$ 197	$ -	$ 284	$ 284
Incurred but not recorded reserves in excess of retention	-	188	188	-	176	176
Professional liability:						
Claims settled within the MCare Layer	11,341	-	11,341	10,894	-	10,894
Open reserves within the MCare Layer	-	3,700	3,700	-	9,450	9,450
Incurred but not recorded reserves in excess of the MCare Layer	-	10,768	10,768	-	11,550	11,550
Open reserves in excess of the Buffer Layer	-	20,200	20,200	-	28,900	28,900
Incurred but not recorded reserves in excess of the Buffer Layer	-	20,199	20,199	-	9,584	9,584
	$ 11,341	$ 55,252	$ 66,593	$ 10,894	$ 59,944	$ 70,838

13. PENSION AND OTHER POSTRETIREMENT BENEFITS

The Health System sponsored a defined benefit pension plan, which was terminated effective June 30, 2023. The pension plan termination was approved by the Pension Benefit Guaranty Corporation (PBGC). During the year ended June 30, 2025, the Health System executed a lump sum window for the terminated plan, resulting in total lump sum payments of $14,070,000 to plan participants. The Health System also purchased $81,729,000 in annuities from an insurance company and transferred $1,769,000 to the PBGC missing participant program. This settlement activity triggered a settlement charge of $41,992,000, recognized within other income. As of June 30, 2025 all remaining plan assets and liabilities have been transferred to the insurance company.

Certain Health System employees also participate in the University's defined benefit plan. In addition, certain Health System members participate in the defined contribution retirement plans for eligible employees. The defined contribution plans provide benefits through contributions made by the Health System and its employees.

The Health System makes contributions to participants' accounts under the defined contribution plans based on a defined percentage of the employee's base wages and length of service. The Health System contributions to the defined contribution plans for fiscal years 2025 and 2024 were $49,909,000 and $43,516,000, respectively. Contributions to the defined contribution plans for fiscal year 2026 are expected to be $54,778,000.

Multiemployer Plans—Also, certain Health System employees participate in multiemployer pension plans based on collective-bargaining agreements. The Health System contributes to two multiemployer pension plans under the terms of collective-bargaining agreements that cover these union-represented employees. The risks of participating in these multiemployer plans are different from a single-employer plan in the following aspects:

a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c. If the Health System chooses to stop participating in one or both of its multiemployer plans, the Company may be required to pay that plan(s) an amount based on the underfunded status of the plan(s), referred to as a withdrawal liability.

The Health System's participation in these plans for the annual period ended June 30, 2025, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number, if applicable. The most recent Pension Protection Act (PPA) zone status available in 2025 and 2024 is also noted below. The zone status is based on information that the Health System received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date(s) of the collective-bargaining agreement(s) to which the plans are subject.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status 2025	Pension Protection Act Zone Status 2024	FIP/RP Status Pending/ Implemented	Contributions of TUHS 2025	Contributions of TUHS 2024	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
The Pension Fund for Hospital and Health Care Employees Philadelphia and Vicinity (1)	23-2627428/001	Red	Red	Yes	$ 10,633,000	$ 10,177,000	Yes	June 2030
Central Pension Fund of the International Union of Operating Engineers and Participating Employers (2)	36-6052390/001	Green	Green	No	105,000	97,000	No	November 2028
				Total contributions	$ 10,738,000	$ 10,274,000		

(1) Plan years began 1/1/25 and 1/1/24
(2) Plan years began 2/1/25 and 2/1/24

The Health System was listed in its plan's Form 5500 as providing more than 5% of the total contributions for the following plan and plan year:

Pension Fund	Year Contributions to the Plan Exceeded More Than 5% of Total Contributions (as of December 31 of the Plan's Year End)
The Pension Fund for Hospital and Health Care Employees — Philadelphia and Vicinity	2025

At the date these consolidated financial statements were issued, Forms 5500 were not available for the plan year ending in 2025.

Certain Health System employees participate in the University's postretirement health and life insurance plan. Benefits begin for eligible employees at age 62, and upon the accumulation of 10 years' service.

Postretirement Health Care Plan Trends—For measurement purposes, 9.0% and 7.1% annual rates of increase in the per-capita cost of postretirement benefits were assumed for 2025 for the shared plan of the Health System and University and the AOH and Affiliates plan, respectively, compared to the rates of 8.4% and 7.2% for 2024. For 2025, these rates are assumed to decrease gradually to 4.5% in 2034 and 4.5% in 2035, respectively, and to remain at those levels thereafter. Assumed health care cost trend rates have a significant effect on the amounts reported for the postretirement benefit plan.

Defined Benefit Pension, Defined Contribution and Postretirement Benefit Plans—Total defined benefit pension, defined contribution, and other postretirement benefit plans expense under all Health System programs, including plan termination expenses, amounted to $104,729,000 and $56,503,000 for the years ended June 30, 2025 and 2024, respectively.

The following table sets forth the activity of the pension and other postretirement benefit plans (which includes the joint Health System and University plans) as of and for the years ended June 30, 2025 and 2024 (in thousands). A measurement date of June 30th is used for the plans.

	Pensions		Other Postretirement Benefit Plan	
	2025	2024	2025	2024
Change in benefit obligation:				
Benefit obligation—beginning of year	$ 151,546	$ 156,503	$ 307,816	$ 294,136
Service cost	2,231	3,127	9,088	8,877
Interest cost	5,953	7,825	17,530	15,806
Plan participant contributions	267	173	1,081	1,114
Actuarial loss (gain)	1,544	(2,559)	20,250	6,046
Benefits paid	(23,265)	(10,328)	(19,424)	(18,163)
Administrative expenses paid	(1,970)	(3,195)	-	-
Annuities purchased	(81,729)	-	-	-
PBGC transfers	(1,769)	-	-	-
Settlement	(4,239)	-	-	-
Benefit obligation—end of year	48,569	151,546	336,341	307,816
Change in plan assets:				
Fair value of plan assets—beginning of year	129,970	139,714	384,793	366,913
Actual return on plan assets	7,295	3,606	39,040	31,029
Employer contributions	15,359	-	3,820	3,900
Plan participant contributions	267	173	1,081	1,114
Plan expenses	(1,970)	(3,195)	-	-
Benefits paid	(23,265)	(10,328)	(19,424)	(18,163)
PBGC transfers	(1,769)	-	-	-
Annuities purchased	(81,729)	-	-	-
Fair value of plan assets—end of year	44,158	129,970	409,310	384,793
Funded status	(4,411)	(21,576)	72,969	76,977
Less University (accrued) prepaid cost	(4,795)	(4,469)	47,379	52,253
Net amount recognized—TUHS Only	$ 384	$ (17,107)	$ 25,590	$ 24,724
Amounts recognized in the balance sheets include:				
Other noncurrent assets	$ 384	$ -	$ 27,136	$ 26,600
Other current liabilities	-	(16,664)	(268)	(320)
Accrued postretirement benefits—noncurrent	-	(443)	(1,278)	(1,556)
Net amount recognized—TUHS Only	$ 384	$ (17,107)	$ 25,590	$ 24,724

	Pensions		Other Postretirement Benefit Plan	
	2025	2024	2025	2024
Amounts recognized in unrestricted net assets:				
Net actuarial loss (gain)	$ 9,817	$ 56,802	$ (21,890)	$ (22,424)
Net amount recognized in unrestricted net assets	$ 9,817	$ 56,802	$ (21,890)	$ (22,424)
Weighted-average assumptions to determine benefit obligation:				
Discount rate	5.11%-5.54%	5.41%-5.47%	4.88%-5.50%	5.20%-5.44%
Rate of compensation increase	2.50%	2.50%	N/A	N/A
Weighted-average assumptions to determine net periodic cost:				
Discount rate	5.33%-5.47%	5.15%-5.16%	5.20%-5.44%	5.03%-5.14%
Rate of compensation increase	2.50%	2.50%	N/A	N/A
Expected return on plan assets	4.70%-6.30%	4.50%-5.40%	7.30%	6.90%
Components of net periodic cost (benefit):				
Service cost	$ 2,231	$ 3,127	$ 9,088	$ 8,877
Interest cost	5,953	7,825	17,530	15,806
Expected return on plan assets	(5,702)	(7,041)	(27,372)	(24,673)
Recognized net actuarial loss	1,113	1,492	(3,516)	(6,304)
Settlement	41,992	-	-	-
Net periodic cost	45,587	5,403	(4,270)	(6,294)
Less: University net periodic cost	(733)	(855)	3,497	4,459
TUHS net periodic cost	$ 44,854	$ 4,548	$ (773)	$ (1,835)

The service cost component of net periodic pension and postretirement benefit cost is included within employee benefits expenses in the consolidated statements of operations and changes in net assets. All other components of net periodic benefit cost are included within other-net income from non-operating activities.

Assets Allocations—The following details the Health System's defined benefit plan asset allocations:

Pension Plans Assets	Target Allocation Fiscal Year Ending June 30, 2025	Percentage of Plan Assets at June 30, 2025	Percentage of Plan Assets at June 30, 2024
Cash and fixed income	-	-	100 %

The following details the University-sponsored pension and other postretirement defined benefit plan asset allocations:

Pension and Other Postretirement Benefit Plan Assets	Target Allocation Fiscal Year Ending June 30, 2025	Percentage of Plan Assets at June 30, 2025	Percentage of Plan Assets at June 30, 2024
Equity funds and alternative funds	15 - 65%	60 %	50 %
Cash and fixed income	35 - 85%	40	50
Total		100 %	100 %

Investment Strategy—The long-term investment strategy for pension and other postretirement benefit plans assets is to: meet present and future benefit obligations to all participants and beneficiaries; cover reasonable expenses incurred to provide such benefits; and provide a total return that maximizes the ratio of assets to liabilities by maximizing investment return at the appropriate level of risk.

The pension plan assets of the joint Health System and Temple University plans were $44,158,000 and $129,970,000 at June 30, 2025 and 2024, respectively. The fair values of the pension plan assets at June 30, 2025, by asset category are as follows (in thousands):

Assets	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Cash and cash equivalents	$ 1,927	$ -	$ -	$ -	$ 1,927
U.S. government securities	14,758	469	-	-	15,227
Corporate bonds, notes, and other debt securities	-	15,871	-	-	15,871
Equity funds and securities	237	-	-	8,946	9,183
Fixed income funds	-	-	-	1,950	1,950
Total market value	$ 16,922	$ 16,340	$ -	$ 10,896	$ 44,158

The fair values of the pension plan assets at June 30, 2024, by asset category are as follows (in thousands):

Assets	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Cash and cash equivalents	$ 5,567	$ -	$ -	$ -	$ 5,567
U.S. government securities	21,502	823	-	-	22,325
Corporate bonds, notes, and other debt securities	-	91,125	-	-	91,125
Equity funds and securities	121	-	-	9,050	9,171
Fixed income funds	-	-	-	1,782	1,782
Total market value	$ 27,190	$ 91,948	$ -	$ 10,832	$ 129,970

During the years ended June 30, 2025 and 2024, there were no transfers into or out of Level 3, nor were there any purchases or sales of Level 3 assets.

The fair values of the following investments have been estimated using an NAV equivalent (e.g. ownership interest in partners' capital to which a proportionate share of net assets is attributable) as of June 30, 2025 and 2024.

	Fair Value (In Thousands)	Unfunded Commitments (In Thousands)	Redemption Frequency (If Currently Eligible)	Redemption Notice Period (If Applicable)
As of June 30, 2025:				
Multi-strategy hedge funds (a)	$ 4,602	$ -	Quarterly	90 days
Fixed income funds (b)	1,950	-	Monthly	45 days
Equity funds (c)	4,344	-	Monthly	30 days
	$ 10,896	$ -		

	Fair Value (In Thousands)	Unfunded Commitments (In Thousands)	Redemption Frequency (If Currently Eligible)	Redemption Notice Period (If Applicable)
As of June 30, 2024:				
Multi-strategy hedge funds (a)	$ 4,487	$ -	Quarterly	90 days
Fixed income funds (b)	1,782	-	Monthly	45 days
Equity funds (c)	4,563	-	Monthly	30 days
	$ 10,832	$ -		

(a) This category includes investments that seek to earn above-average, risk adjusted, long-term returns that have a low correlation to traditional equity and fixed income markets. The investments include futures contracts, call options, warrants and structured products all of which are referenced as derivative instruments.

(b) This category includes investments in intermediate and long term U.S. government securities and credit securities and U.S. fixed income index funds and commingled funds.

(c) This category includes investments in U.S., international developed markets and emerging markets equities via commingled funds and index funds. The funds seek to balance the long term growth of capital with income and high total return.

The postretirement plan assets of the joint Health System and Temple University were $409,310,000 and $384,793,000 at June 30, 2025 and 2024, respectively, of which only a portion of this pool of assets belongs to the Health System. The fair values of the postretirement plan assets at June 30, 2025, by asset category are as follows (in thousands):

Assets	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Cash and cash equivalents	$ 17,072	$ -	$ -	$ -	$ 17,072
U.S. government securities	93,982	-	-	-	93,982
Fixed income funds	-	-	-	34,003	34,003
Equity funds and securities	-	-	-	104,293	104,293
Commodity funds	-	-	-	7,486	7,486
Private equity funds	-	-	-	42,430	42,430
Real estate funds	-	-	-	11,111	11,111
Multi-strategy hedge funds	-	-	-	81,731	81,731
Opportunistic funds	-	-	-	17,202	17,202
Total market value	$ 111,054	$ -	$ -	$ 298,256	$ 409,310

The fair values of the postretirement plan assets at June 30, 2024, by asset category are as follows (in thousands):

Assets	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Cash and cash equivalents	$ 13,252	$ -	$ -	$ -	$ 13,252
U.S. government securities	116,368	-	-	-	116,368
Fixed income funds	-	-	-	51,680	51,680
Equity funds and securities	-	-	-	62,776	62,776
Private equity funds	-	-	-	35,951	35,951
Real estate funds	-	-	-	11,141	11,141
Multi-strategy hedge funds	-	-	-	75,671	75,671
Opportunistic funds	-	-	-	17,954	17,954
Total market value	$ 129,620	$ -	$ -	$ 255,173	$ 384,793

The fair values of the following investments have been estimated using an NAV equivalent (e.g. ownership interest in partners' capital to which a proportionate share of net assets is attributable) as of June 30, 2025 and 2024.

	Fair Value (In Thousands)	Unfunded Commitments (In Thousands)	Redemption Frequency (If Currently Eligible)	Redemption Notice Period (If Applicable)
As of June 30, 2025:				
Commodity funds (a)	$ 7,486	-	Daily	2 days
Multi-strategy hedge funds (b)	81,731	-	Quarterly	90 days
Private equity funds (c)	42,430	33,266	Illiquid	N/A
Real estate funds (d)	11,111	-	Quarterly	45–90 days
Fixed income funds (e)	34,003	-	Monthly, Quarterly	15–90 days
Equity funds (f)	104,293	-	Daily, Quarterly	3–90 days
Opportunistic funds (g)	17,202	3,981	Quarterly, Illiquid	60 days, N/A
	$ 298,256	$ 37,247		

	Fair Value (In Thousands)	Unfunded Commitments (In Thousands)	Redemption Frequency (If Currently Eligible)	Redemption Notice Period (If Applicable)
As of June 30, 2024:				
Multi-strategy hedge funds (b)	$ 75,671	-	Quarterly	90 days
Private equity funds (c)	35,951	32,999	Illiquid	N/A
Real estate funds (d)	11,141	-	Quarterly	45–90 days
Fixed income funds (e)	51,680	-	Monthly, Quarterly	15–90 days
Equity funds (f)	62,776	-	Daily, Quarterly	1–90 days
Opportunistic funds (g)	17,954	4,248	Quarterly, Illiquid	60 days, N/A
	$ 255,173	$ 37,247		

(a) This category includes investments in both long and short commodities derivatives in a unitized fund structure.

(b) This category includes investments that seek to earn above-average, risk adjusted, long-term returns that have a low correlation to traditional equity and fixed income markets. The investments include futures contracts, call options, warrants and structured products all of which are referenced as derivative instruments.

(c) This category includes real estate loans and non-public company equity and debt securities.

(d) This category includes investments that maintain exposure to real estate through public and private investments whose value is strongly controlled by real estate and may act as a hedge against unanticipated inflation.

(e) This category includes investments in intermediate and long term U.S. government securities and credit securities and U.S. fixed income index funds and commingled funds.

(f) This category includes investments in U.S., international developed markets and emerging markets equities via commingled funds and index funds. The funds seek to balance the long term growth of capital with income and high total return.

(g) This category includes investments with attractive risk/return characteristics based on a particular market environment. These investments include strategies such as private credit, distressed debt, and direct lending.

Expected Return on Plan Assets—At June 30, 2025, the expected long-term rates of return on the University-sponsored pension plan assets and postretirement plan assets are 6.8% and 8.0%, respectively, based on the expected return of each of the above investment categories, weighted based on the median of the target allocation for each class.

Expected Cash Flows—The following table shows expected cash flows related to the defined benefit pension and other postretirement benefit plans (in thousands):

	Pension Plans TU/ Health System	Postretirement Benefit Plan TU/ Health System
Expected Health System contributions for fiscal year ending June 30, 2025:		
Expected employer contributions	$ -	$ 268
Expected employee contributions	-	1,200
Estimated future benefit payments from plan assets reflecting expected future service for the fiscal year ending June 30:		
2026	2,949	20,078
2027	3,043	21,080
2028	3,148	22,118
2029	3,258	23,032
2030	3,384	23,561
2031-2035	17,842	122,836

14. ENDOWMENT

The Health System's endowment consists of several funds established for a variety of purposes. As required by FASB ASC Topic 958, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law—The Health System classifies as net assets with donor restrictions (a) the original value of the gifts donated to the permanent endowment when explicit donor stipulations requiring permanent maintenance of the historical fair value are present, and (b) the original value of the subsequent gifts to the permanent endowment when explicit donor stipulations requiring permanent maintenance of the historical fair value are present. The remaining portion of the donor-restricted endowment fund comprised of accumulated investment earnings not required to be maintained in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Health System in a manner consistent with the donor's stipulations. The Health System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: duration and preservation of the fund, purposes of the donor-restricted endowment funds, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation of investments, other resources of the Health System, and the investment policies of the Health System.

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

	With Donor Restrictions
Endowment net assets—July 1, 2023	$ 26,034
Contributions	70
Investment return—investment income	4,909
Appropriations of endowment assets for expenditure	(3,792)
Endowment net assets—June 30, 2024	$ 27,221
Contributions	941
Investment return—investment income	5,615
Appropriations of endowment assets for expenditure	(4,005)
Endowment net assets—June 30, 2025	$ 29,772

Underwater Endowments—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 the Health System to retain as a fund of perpetual duration. The Heath System's policy allows spending from funds with such deficiencies unless otherwise precluded by donor intent or relevant laws and regulations. There were no material deficiencies of this nature at June 30, 2025 and 2024.

Investment Return Objectives and Spending Policy—The Health System has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner to generate returns at least equal to and preferably greater than the consumer price index plus 4.0%. To satisfy its long-term rate-of-return objectives, the Health System targets a diversified asset allocation that places a greater emphasis on equity based investments within prudent risk constraints.

The Health System has a policy of appropriating for distribution each year 2% to 7% of its endowment fund's average fair value over the prior three years. The Board of Directors approved an appropriation of 4.0% for the years ended June 30, 2025 and 2024.

15. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were held for the following purposes at June 30, 2025 and 2024 (in thousands):

	2025	2024
Subject to expenditure for specified purpose:		
Property and equipment additions	$ 7,048	$ 2,467
Research	26,024	23,707
Specific health care programs	20,250	16,823
	53,322	42,997
Beneficial interest in perpetual trusts, income from which is expendable for:		
Research	15,437	14,897
Specific health care programs	32,916	30,885
	48,353	45,782
Beneficial interest in assets held by Episcopal Foundation	32,489	31,500
Beneficial interest in assets held by Fox Chase Cancer Center Foundation	61,304	58,185
Perpetual endowment funds, income from which is expendable for:		
Research	17,051	15,240
Specific health care programs	9,304	8,400
	26,355	23,640
Total net assets with donor restrictions	$ 221,823	$ 202,104

The Episcopal Healthcare Foundation (the "EH Foundation") controls certain investments that, according to its organizational structure, are held for the benefit of TUH's Episcopal campus operations. TUH has recognized the fair market value of investments held by the EH Foundation as an asset (beneficial interest in the assets held by others) and net assets with donor restrictions of $32,489,000 and $31,500,000 at June 30, 2025 and 2024, respectively.

The Fox Chase Cancer Center Foundation (the "FCCC Foundation") controls certain investments that, according to its organizational structure, are held for the benefit of ICR's research operations and AOH's clinical operations. ICR and AOH have recognized the fair market value of investments held by the FCCC Foundation as an asset (beneficial interest in the assets held by others) and net assets with donor restrictions of $61,304,000 and $58,185,000 at June 30, 2025 and 2024, respectively.

As reported by the respective trustees, the composition of the above funds in which the Health System has a beneficial interest is approximately 78% marketable equity securities and 22% fixed income securities at June 30, 2025 and 77% marketable equity securities and 23% fixed income securities at June 30, 2024.

16. COMMITMENTS AND CONTINGENCIES

The Commonwealth of Pennsylvania owns the land on which certain TUH facilities are located. The land is leased to the University for a term ending December 31, 2043, for a nominal rent. The University subleases these facilities to TUH.

The Friends Fiduciary Corporation owns the land upon which the TUH Jeanes campus facilities are located. The land is leased to TUH for a term ending June 30, 2046, for a nominal rent.

There are reversionary rights held by the land grantor, Friends Fiduciary Corporation, in certain deeds to the properties that make up the main campus of Fox Chase Cancer Center. The grantor may exercise its reversionary rights if ICR or AOH, respectively, no longer manage, operate and control the premises or if the premises are no longer used for permitted purposes.

Under its hospital affiliation agreement with CHH, the Health System has committed to making additional capital contributions any time a capital call is approved by the CHH board of directors. See Note 11 for further discussion of the CHH affiliation.

TUHIC holds cash and investments in debt securities in the amount of $70,218,000 and $65,855,000 as of June 30, 2025 and 2024, respectively, which are being held in trust in order to secure TUHIC's liabilities under certain reinsurance contracts.

The Health System is involved in litigation and regulatory investigations arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Health System's financial position, results of operations, or cash flows.

The health care industry is subject to numerous and complex laws and regulations of federal, state, and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, privacy, government health care program participation, government reimbursement for patient services, and fraud and abuse requirements. Laws and regulations concerning government programs, including Medicare and Medicaid, are subject to varying interpretations. Compliance with such laws and regulations is complex and can be subject to future government review and interpretation as well as significant regulatory enforcement actions, including fines, penalties, and potential exclusion from government health care programs, such as Medicare and Medicaid. There can be no assurance that regulatory authorities will not challenge the Health System's compliance with these laws and regulations. In addition, the contracts the Health System has with commercial payers also provide for retroactive audit and review of claims. The health care industry in general is experiencing an increase in these activities as federal and state governments increase their enforcement activities and institute new programs designed to identify potential irregularities in reimbursement or quality of patient care. Based on the information received to date, management is not aware of any undisclosed matters that will have a material adverse effect on the Health System's future consolidated financial position, results of operations, or cash flows.

17. FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, which defines fair value, provides a framework for measuring fair value, and expands disclosures required for fair value measurements.

FASB ASC Topic 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, FASB ASC Topic 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumption about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

FASB ASC Topic 820 classifies the inputs used to measure fair value into the following hierarchy:

Level 1—Level 1 inputs are quoted prices in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2—Level 2 inputs include the following:

- Quoted prices in active markets for similar assets or liabilities.
- Quoted prices in markets that are not active for identical or similar assets or liabilities.
- Inputs other than quoted prices, that are observable for the asset or liability.
- Inputs that are derived primarily from or corroborated by observable market data by correlation or other means.

Level 3—Level 3 inputs are unobservable inputs for the asset or liability.

The following table sets forth, by level within the fair value hierarchy, the financial assets and liabilities recorded at fair value on a recurring basis as of June 30, 2025 (in thousands):

Assets	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Assets limited as to use:					
U.S. government securities	$ 68,724	$ 3,344	$ -	$ -	$ 72,068
Fixed income mutual funds	14,834	-	-	-	14,834
Corporate bonds, notes, and other debt securities	-	21,144	-	-	21,144
Cash, money market funds, and certificates of deposit	54,873	981	-	-	55,854
Equity securities and mutual funds	18,947	-	-	-	18,947
Limited partnerships	-	-	-	1,330	1,330
	157,378	25,469	-	1,330	184,177
Workers' Compensation Fund:					
U.S. government securities	8,580	-	-	-	8,580
Cash, money market funds, and certificates of deposit	1,405	-	-	-	1,405
	9,985	-	-	-	9,985
Investments:					
U.S. government securities	38,914	16,511	-	-	55,425
Fixed income mutual funds	10,509	-	-	-	10,509
Corporate bonds, notes, and other debt securities	1,751	76,420	-	-	78,171
Equity securities and mutual funds	611,458	-	-	-	611,458
Real estate	-	324	-	-	324
Alternative funds	-	-	-	72,236	72,236
Limited partnerships	-	-	-	73,581	73,581
	662,632	93,255	-	145,817	901,704
Beneficial interest in perpetual trusts	-	-	48,353	-	48,353
Beneficial interest in the assets held by Episcopal Foundation	-	-	32,489	-	32,489
Beneficial interest in the Fox Chase Cancer Center Foundation	-	-	61,304	-	61,304
Total	$ 829,995	$ 118,724	$ 142,146	$ 147,147	$ 1,238,012

The investment amounts shown above do not include investments accounted for under the equity method.

The following table sets forth, by level within the fair value hierarchy, the financial assets and liabilities recorded at fair value on a recurring basis as of June 30, 2024 (in thousands):

Assets	Level 1	Level 2	Level 3	Investments Measured at NAV	Total
Assets limited as to use:					
U.S. government securities	$ 56,473	$ 8,954	$ -	$ -	$ 65,427
Fixed income mutual funds	13,777	-	-	-	13,777
Corporate bonds, notes, and other debt securities	-	19,965	-	-	19,965
Cash, money market funds, and certificates of deposit	52,686	962	-	-	53,648
Equity securities and mutual funds	16,206	-	-	-	16,206
Limited partnerships	-	-	-	1,357	1,357
	139,142	29,881	-	1,357	170,380
Workers' Compensation Fund:					
U.S. government securities	8,116	-	-	-	8,116
Cash, money market funds, and certificates of deposit	1,553	-	-	-	1,553
	9,669	-	-	-	9,669
Investments:					
U.S. government securities	23,755	30,166	-	-	53,921
Fixed income mutual funds	65,970	-	-	-	65,970
Corporate bonds, notes, and other debt securities	-	45,634	-	-	45,634
Equity securities and mutual funds	497,001	-	-	-	497,001
Real estate	-	324	-	-	324
Alternative funds	-	-	-	65,008	65,008
Limited partnerships	-	-	-	70,816	70,816
	586,726	76,124	-	135,824	798,674
Beneficial interest in perpetual trusts	-	-	45,782	-	45,782
Beneficial interest in the assets held by Episcopal Foundation	-	-	31,500	-	31,500
Beneficial interest in the Fox Chase Cancer Center Foundation	-	-	58,185	-	58,185
Total	$ 735,537	$ 106,005	$ 135,467	$ 137,181	$ 1,114,190

The investment amounts shown above do not include investments accounted for under the equity method.

U.S. government securities, fixed income mutual funds, money market funds, and equity securities and mutual funds classified as Level 1 are measured using quoted market prices.

Marketable debt securities classified as Level 2 were classified as such due to the usage of observable market prices for similar securities that are traded in less active markets or when observable market prices for identical securities are not available, marketable debt instruments are priced using: non-binding market consensus prices that are corroborated with observable market data; quoted market prices for similar instruments; or pricing models, such as a discounted cash flow model, with all significant inputs derived from or corroborated with observable market data. These debt securities primarily include government bonds, corporate bonds, notes, and other debt securities. Certificates of deposit and certain real estate investments were also classified as Level 2.

The estimated fair values of the Health System's beneficial interest in perpetual trusts, in the assets held by Episcopal Foundation, and in the assets held by Fox Chase Cancer Center Foundation are classified as Level 3. Such information is generally based on the pro rata interest in the net assets of the of the underlying investments. The assets held in trust consist primarily of cash equivalents and marketable securities. The fair values of the perpetual trusts are measured using the fair value of the assets contributed to the trusts. These fair value measurements are categorized as Level 3 because the Health System will never receive the trusts' assets.

During the years ended June 30, 2025 and 2024, there were no transfers into or out of Level 3, nor were there any purchases or sales of Level 3 assets.

The fair values of the following investments have been estimated using an NAV equivalent (e.g. ownership interest in partners' capital to which a proportionate share of net assets is attributable) as of June 30, 2025 and 2024.

	Fair Value (In thousands)	Unfunded Commitments (In thousands)	Redemption Frequency (if Currently Eligible)	Redemption Notice Period (if Applicable)
As of June 30, 2025:				
Multi-strategy hedge funds (a)	$ 72,247	$ -	Quarterly, Annual	45–60 days
Real estate funds (b)	74,900	-	Quarterly	90 days
	$ 147,147	$ -		
As of June 30, 2024:				
Multi-strategy hedge funds (a)	$ 65,042	$ -	Quarterly, Annual	45–60 days
Real estate funds (b)	72,139	-	Quarterly	90 days
	$ 137,181	$ -		

(a) This category includes investments in hedge funds that use a variety of strategies. These strategies may include long/short equity, long/short credit, event-driven, capital structure arbitrage, fixed income arbitrage, credit of distressed companies, and restructuring and underpriced companies. The remaining restriction period for these investments ranged from three to twelve months.

(b) This category includes investments that maintain exposure to real estate and natural resources through public and private investments whose value is strongly controlled by commodities and real estate and may act as a hedge against unanticipated inflation.

The fair value of the Health System's pension assets is disclosed in Note 13.

The following methods and assumptions were used by the Health System in estimating fair value for disclosures in the consolidated financial statements:

Long-Term Debt—The fair value of long-term debt is based on quoted market prices or is estimated using discounted cash flow analyses for similar types of borrowing arrangements based on incremental borrowing rates. The carrying and fair values of long-term debt, excluding finance lease liabilities and equipment financing arrangements at June 30, 2025, are $368,409,000 and $347,218,000, respectively. The carrying and fair values of long-term debt, excluding finance lease liabilities and equipment and software financing arrangements at June 30, 2024 are $385,450,000 and $369,344,000, respectively.

Other—Cash and cash equivalents, patient and other accounts receivable, and all other current assets and liabilities are reported at amounts that approximate fair value due to the relatively short period to maturity.

18. FUNCTIONAL EXPENSES

The Health System provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended June 30, 2025 and 2024 are as follows (in thousands):

	2025				
	Health Care Services	Research	General and Administrative	Institutional Support	Total Expenses
Salaries	$ 1,092,324	$ 33,686	$ 194,680	$ 1,537	$ 1,322,227
Employee benefits	262,781	10,744	52,407	490	326,422
Professional fees	188,141	452	55,280	118	243,991
Supplies and pharmaceuticals	783,995	7,746	44,975	136	836,852
Purchased services and other	200,317	6,713	59,084	3,370	269,484
Maintenance and utilities	22,229	2,417	27,568	103	52,317
Leases	5,122	6	10,202	-	15,330
Insurance	122,974	-	1,887	-	124,861
Depreciation and amortization	34,464	2,775	26,347	-	63,586
Interest	13,004	148	3,811	-	16,963
Asset impairment	-	-	-	-	-
Loss on disposal of fixed assets	-	-	213	-	213
Gain on lease modification	-	-	-	-	-
Total expenses	$ 2,725,351	$ 64,687	$ 476,454	$ 5,754	$ 3,272,246

	2024				
	Health Care Services	Research	General and Administrative	Institutional Support	Total Expenses
Salaries	$ 1,025,236	$ 30,868	$ 177,885	$ 1,501	$ 1,235,490
Employee benefits	244,605	9,218	47,137	448	301,408
Professional fees	147,837	348	47,424	183	195,792
Supplies and pharmaceuticals	624,832	6,856	40,102	210	672,000
Purchased services and other	108,434	6,427	113,978	2,726	231,565
Maintenance and utilities	20,857	2,561	28,581	114	52,113
Leases	3,917	1	8,585	-	12,503
Insurance	77,429	-	3,086	-	80,515
Depreciation and amortization	31,932	2,529	24,119	-	58,580
Interest	13,508	459	4,092	-	18,059
Asset impairment	-	-	352	-	352
Loss on disposal of fixed assets	-	-	28	-	28
Gain on lease modification	-	-	(20)	-	(20)
Total expenses	$ 2,298,587	$ 59,267	$ 495,349	$ 5,182	$ 2,858,385

The financial statements report certain expense categories that are attributable to more than one program or supporting function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation, amortization, and other occupancy costs, are allocated on a square-footage basis. Other expenses are directly assigned to the related programs or supporting functions according to the functional department for which they are incurred. Departmental expenses may include allocations of costs based on direct assignment or other methods.

19. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Health System's financial assets available to meet cash needs for general expenditures within one year, as of June 30, 2025 and 2024, were as follows (in thousands):

	2025	2024
Cash and cash equivalents	$ 113,073	$ 156,992
Patient accounts receivable—net	323,080	312,831
Other receivables—net	226,451	210,652
Short-term investments	755,440	662,411
Expenditures reimbursable by research grants and awards	14,969	13,991
	$ 1,433,013	$ 1,356,877

Current financial assets not available for general use as of June 30, 2025 and 2024 were $45,206,000 and $45,472,000, respectively. Amounts not available for general use include debt service funds held by trustee, workers' compensation funds, and self-insurance assets.

As part of its liquidity management plan, the Health System invests cash in excess of planned requirements in short-term investments. The Health System also has long-term investments which could be liquidated in the event of an unanticipated cash need. Long-term investments as of June 30, 2025 and 2024 were $150,577,000 and $140,437,000, respectively.

The Health System maintains a revolving line of credit arrangement with a financial institution, as described in Note 9. As of June 30, 2025 and 2024, unused borrowings of $75,000,000 and $88,000,000, respectively, remained available on this line of credit.

20. SUBSEQUENT EVENTS

The Health System has evaluated subsequent events through October 27, 2025, the date the financial statements were issued. There were no subsequent events requiring recording or disclosure in the consolidated financial statements, except as noted below.

Effective August 28, 2025, the Health System purchased Redeemer Health's 20% ownership interest in CHH Community Health through the issuance of a promissory note, and all rights related to this ownership interest were transferred to the Health System. Per the terms of the note, the principal sum of $6,211,000, together with simple interest of 5% per annum, is due to Redeemer Health on September 1, 2027. See Note 11 for additional information.

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SUPPLEMENTAL SCHEDULES

TEMPLE UNIVERSITY HEALTH SYSTEM

SUPPLEMENTAL SCHEDULE OF CONSOLIDATING BALANCE SHEET INFORMATION
AS OF JUNE 30, 2025
(In thousands)

ASSETS	Temple University Hospital, Inc.	Institute for Cancer Research	American Oncologic Hospital	FCCC Medical Group, Inc.	Fox Chase Network, Inc.	Temple Physicians Inc.	Temple Health System Transport Team, Inc.	TUHS Parent Company (1)	Obligated Group Eliminations	Obligated Group Consolidated
CURRENT ASSETS:										
Cash and cash equivalents	$ 44,305	$ 1,460	$ 19,119	$ 1,311	$ 816	$ 2,103	$ 2,133	$ 9,840	$ -	$ 81,087
Patient accounts receivable—net	264,110	(126)	33,244	208	(22)	4,497	-	(2,144)	-	299,767
Other receivables—net	198,987	1,054	4,275	3,063	-	2,638	473	(624)	-	209,866
Inventories and other current assets	40,493	998	4,875	-	-	149	-	8,937	-	55,452
Current portion of assets limited as to use	-	382	789	-	-	-	-	23,184	-	24,355
Investments	615,903	7,279	70,766	-	-	-	-	19,301	-	713,249
Current portion of workers' compensation fund	4,977	372	1,270	3	-	12	1	-	(161)	6,474
Current portion of self-insurance program receivables	-	-	-	-	-	-	-	11,341	-	11,341
Expenditures reimbursable by research grants and awards	-	14,058	911	-	-	-	-	-	-	14,969
Due from affiliates—current portion	63,567	9,131	156,781	51,864	82	9,779	469	138,078	(268,495)	161,256
Total current assets	1,232,342	34,608	292,030	56,449	876	19,178	3,076	207,913	(268,656)	1,577,816
PROPERTY, PLANT AND EQUIPMENT:										
Land and land improvements	8,993	1,221	3,394	-	-	-	-	9	-	13,617
Buildings	483,284	32,955	43,434	-	-	4,783	-	8,055	-	572,511
Fixed and movable equipment	434,302	35,829	72,074	766	-	4,681	2,072	105,455	-	655,179
Construction-in-progress	51,883	3,453	1,683	-	-	-	-	-	-	57,019
	978,462	73,458	120,585	766	-	9,464	2,072	113,519	-	1,298,326
Less accumulated depreciation	689,172	36,488	63,580	227	-	9,165	1,574	85,399	-	885,605
Net property, plant and equipment	289,290	36,970	57,005	539	-	299	498	28,120	-	412,721
OPERATING LEASE RIGHT-OF USE ASSETS	2,291	-	3,279	318	-	1,175	-	15,400	-	22,463
ASSETS LIMITED AS TO USE	14,270	31,605	19,815	58	-	47	-	23,732	-	89,527
INVESTMENTS	128,203	324	8,153	-	-	-	-	5,691	-	142,371
WORKERS' COMPENSATION FUND	2,482	239	593	87	-	-	177	-	-	3,578
SELF-INSURANCE PROGRAM RECEIVABLES	2,529	-	-	1,615	-	9,310	-	55,252	(13,454)	55,252
INVESTMENT IN TUHIC	-	-	-	-	-	-	-	25,340	-	25,340
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS	65,405	70,764	5,977	-	-	-	-	-	-	142,146
DUE FROM AFFILIATES	-	-	-	-	-	-	-	288,186	(288,186)	-
OTHER ASSETS	28,551	17,471	307	39	-	80	-	14,534	-	60,982
TOTAL ASSETS	$ 1,765,363	$ 191,981	$ 387,159	$ 59,105	$ 876	$ 30,089	$ 3,751	$ 664,168	$ (570,296)	$ 2,532,196

(1) TUHS Parent Company accounts for its investment in TUHIC under the equity method. The remaining entities are accounted for at cost.

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM

SUPPLEMENTAL SCHEDULE OF CONSOLIDATING BALANCE SHEET INFORMATION
AS OF JUNE 30, 2025
(In thousands)

ASSETS	Episcopal Hospital	TUHS Insurance Company, Ltd.	TUHS Foundation	Fox Chase Limited	Temple Center for Population Health	Temple Faculty Practice Plan, Inc.	Non-Obligated Group Eliminations	Non-Obligated Group Consolidated	Remaining Eliminations	Temple University Health System Consolidated
CURRENT ASSETS:										
Cash and cash equivalents	$ 52	$ 14,000	$ 9,384	$ -	$ 7,668	$ 882	$ -	$ 31,986	$ -	$ 113,073
Patient accounts receivable—net	-	-	-	-	-	23,313	-	23,313	-	323,080
Other receivables —net	309	431	262	-	3,311	12,272	-	16,585	-	226,451
Inventories and other current assets	-	16	-	-	150	916	-	1,082	-	56,534
Current portion of assets limited as to use	-	3,103	-	-	-	-	-	3,103	-	27,458
Investments	4,156	-	38,035	-	-	-	-	42,191	-	755,440
Current portion of workers' compensation fund	-	-	-	-	-	-	-	-	(67)	6,407
Current portion of self-insurance program receivables	-	-	-	-	-	-	-	-	-	11,341
Expenditures reimbursable by research grants and awards	-	-	-	-	-	-	-	-	-	14,969
Due from affiliates—current portion	2,912	-	140	4	9,284	37,288	(1,845)	47,783	(209,039)	-
Total current assets	7,429	17,550	47,821	4	20,413	74,671	(1,845)	166,043	(209,106)	1,534,753
PROPERTY, PLANT AND EQUIPMENT:										
Land and land improvements	231	-	-	-	-	-	-	231	-	13,848
Buildings	12,867	-	-	-	-	2,800	-	15,667	-	588,178
Fixed and movable equipment	533	-	-	-	-	17,405	-	17,938	-	673,117
Construction-in-progress	-	-	-	-	-	-	-	-	-	57,019
	13,631	-	-	-	-	20,205	-	33,836	-	1,332,162
Less accumulated depreciation	12,680	-	-	-	-	15,932	-	28,612	-	914,217
Net property, plant and equipment	951	-	-	-	-	4,273	-	5,224	-	417,945
OPERATING LEASE RIGHT-OF-USE ASSETS	-	-	-	-	-	38	-	38	-	22,501
ASSETS LIMITED AS TO USE	-	67,115	-	-	-	77	-	67,192	-	156,719
INVESTMENTS	920	-	7,286	-	-	-	-	8,206	-	150,577
WORKERS' COMPENSATION FUND	-	-	-	-	-	-	-	-	-	3,578
SELF-INSURANCE PROGRAM RECEIVABLES	-	-	-	-	-	19,911	-	19,911	(19,911)	55,252
INVESTMENT IN TUHIC	-	-	-	-	-	-	-	-	(25,340)	-
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS	32,489	-	-	-	-	-	-	32,489	(32,489)	142,146
DUE FROM AFFILIATES	-	-	-	-	-	-	-	-	-	-
OTHER ASSETS	-	-	6,500	-	-	1,828	-	8,328	-	69,310
TOTAL ASSETS	$ 41,789	$ 84,665	$ 61,607	$ 4	$ 20,413	$ 100,798	$ (1,845)	$ 307,431	$ (286,846)	$ 2,552,781

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM

SUPPLEMENTAL SCHEDULE OF CONSOLIDATING BALANCE SHEET INFORMATION
AS OF JUNE 30, 2025
(In thousands)

LIABILITIES AND NET ASSETS	Temple University Hospital, Inc.	Institute for Cancer Research	American Oncologic Hospital	FCCC Medical Group, Inc.	Fox Chase Network, Inc.	Temple Physicians Inc.	Temple Health System Transport Team, Inc.	TUHS Parent Company (1)	Obligated Group Eliminations	Obligated Group Consolidated
CURRENT LIABILITIES:										
Accounts payable	$ 129,635	$ 5,068	$ 12,550	$ 604	$ -	$ 466	$ 35	$ 24,787	$ -	$ 173,145
Accrued expenses	69,605	6,982	12,270	13,102	-	4,860	235	62,244	(13,615)	155,683
Current portion of long-term debt	2,713	-	517	-	-	6	-	14,920	-	18,156
Line of credit	-	-	-	-	-	-	-	25,000	-	25,000
Current portion of operating lease liabilities	289	-	914	61	-	528	-	2,457	-	4,249
Current portion of estimated settlements with third-party payers	1,211	-	43,676	-	-	-	-	-	-	44,887
Current portion of self-insurance program liabilities	26,797	372	2,209	1,429	-	442	-	11,355	-	42,604
Unexpended research grants and awards	-	5,099	779	-	-	-	-	-	-	5,878
Due to affiliates—current portion	246,361	41,382	44,352	30,649	168	7,116	786	32,911	(268,495)	135,230
Other current liabilities	40,047	82	13,400	41	-	430	-	24,844	-	78,844
Total current liabilities	516,658	58,985	130,667	45,886	168	13,848	1,056	198,518	(282,110)	683,676
LONG-TERM DEBT	5,395	-	1,153	-	-	-	-	353,489	-	360,037
OPERATING LEASE LIABILITIES	2,052	-	2,426	260	-	652	-	10,833	-	16,223
SELF-INSURANCE PROGRAM LIABILITIES	89,506	219	6,519	10,267	-	7,830	49	55,327	-	169,717
ACCRUED POSTRETIREMENT BENEFITS	-	384	654	240	-	-	-	-	-	1,278
DUE TO AFFILIATES	205,103	19,467	63,616	-	-	-	-	-	(288,186)	-
OTHER LONG-TERM LIABILITIES	45,262	2,735	2,250	237	-	277	-	638	-	51,399
Total liabilities	863,976	81,790	207,285	56,890	168	22,607	1,105	618,805	(570,296)	1,282,330
NET ASSETS (DEFICIT):										
Without donor restrictions	815,868	(3,648)	157,409	2,215	708	7,482	2,646	45,363	-	1,028,043
With donor restrictions	85,519	113,839	22,465	-	-	-	-	-	-	221,823
Total net assets (deficit)	901,387	110,191	179,874	2,215	708	7,482	2,646	45,363	-	1,249,866
TOTAL LIABILITIES AND NET ASSETS	$ 1,765,363	$ 191,981	$ 387,159	$ 59,105	$ 876	$ 30,089	$ 3,751	$ 664,168	$ (570,296)	$ 2,532,196

(1) TUHS Parent Company accounts for its investment in TUHIC under the equity method. The remaining entities are accounted for at cost.

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM

SUPPLEMENTAL SCHEDULE OF CONSOLIDATING BALANCE SHEET INFORMATION
AS OF JUNE 30, 2025
(In thousands)

LIABILITIES AND NET ASSETS	Episcopal Hospital	TUHS Insurance Company, Ltd.	TUHS Foundation	Fox Chase Limited	Temple Center for Population Health	Temple Faculty Practice Plan, Inc.	Non-Obligated Group Eliminations	Non-Obligated Group Consolidated	Remaining Eliminations	Temple University Health System Consolidated
CURRENT LIABILITIES:										
Accounts payable	$ 68	$ -	$ -	$ -	$ -	$ 6,682	$ -	$ 6,750	$ -	$ 179,895
Accrued expenses	-	66	-	-	97	20,762	-	20,925	(16,415)	160,193
Current portion of long-term debt	-	-	-	-	-	-	-	-	-	18,156
Line of credit	-	-	-	-	-	-	-	-	-	25,000
Current portion of operating lease liabilities	-	-	-	-	-	38	-	38	-	4,287
Current portion of estimated settlements with third-party payers	-	-	-	-	-	-	-	-	-	44,887
Current portion of self-insurance program liabilities	-	11,353	-	-	-	1,663	-	13,016	-	55,620
Unexpended research grants and awards	-	-	-	-	-	-	-	-	-	5,878
Due to affiliates—current portion	2,973	17,499	192	70	10,593	44,327	(1,845)	73,809	(209,039)	-
Other current liabilities	-	-	-	-	8,174	3,138	-	11,312	-	90,156
Total current liabilities	3,041	28,918	192	70	18,864	76,610	(1,845)	125,850	(225,454)	584,072
LONG-TERM DEBT	-	-	-	-	-	-	-	-	-	360,037
OPERATING LEASE LIABILITIES	-	-	-	-	-	-	-	-	-	16,223
SELF-INSURANCE PROGRAM LIABILITIES	2,416	30,407	-	-	-	37,336	-	70,159	(3,563)	236,313
ACCRUED POSTRETIREMENT BENEFITS	-	-	-	-	-	-	-	-	-	1,278
DUE TO AFFILIATES	-	-	-	-	-	-	-	-	-	-
OTHER LONG-TERM LIABILITIES	35,527	-	-	-	-	333	-	35,860	(32,489)	54,770
Total liabilities	40,984	59,325	192	70	18,864	114,279	(1,845)	231,869	(261,506)	1,252,693
NET ASSETS (DEFICIT):										
Without donor restrictions	805	25,340	61,415	(66)	1,549	(13,481)	-	75,562	(25,340)	1,078,265
With donor restrictions	-	-	-	-	-	-	-	-	-	221,823
Total net assets (deficit)	805	25,340	61,415	(66)	1,549	(13,481)	-	75,562	(25,340)	1,300,088
TOTAL LIABILITIES AND NET ASSETS	$ 41,789	$ 84,665	$ 61,607	$ 4	$ 20,413	$ 100,798	$ (1,845)	$ 307,431	$ (286,846)	$ 2,552,781

(Concluded)

TEMPLE UNIVERSITY HEALTH SYSTEM

SUPPLEMENTAL SCHEDULE OF CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION
FOR YEAR ENDED JUNE 30, 2025
(In thousands)

	Temple University Hospital, Inc.	Institute for Cancer Research	American Oncologic Hospital	FCCC Medical Group, Inc.	Fox Chase Network, Inc.	Temple Physicians Inc.	Temple Health System Transport Team, Inc.	TUHS Parent Company (1)	TUHS Obligated Group Eliminations	Obligated Group Consolidated
NET ASSETS WITHOUT DONOR RESTRICTIONS:										
Revenues and other support without donor restrictions:										
Total net patient service revenue	$ 2,570,858	$ -	$ 287,962	$ 49,338	$ -	$ 40,670	$ -	$ 34	$ -	$ 2,948,862
Research revenue	-	51,100	-	-	-	-	-	-	(2,304)	48,796
Contribution revenue	1,514	2,482	641	-	-	-	-	-	-	4,637
Other revenue	25,628	537	61,402	52,950		15,852	3,623	288,221	(379,104)	69,109
Investment income	-	-	-	-	-	-	-	901	-	901
Net assets released from restrictions used for operations	362	5,610	736	-	-	-	-	-	-	6,708
Revenues and other support without donor restrictions	2,598,362	59,729	350,741	102,288	-	56,522	3,623	289,156	(381,408)	3,079,013
Expenses:										
Salaries	654,399	55,362	106,596	81,806	145	34,754	4,418	110,122	-	1,047,602
Employee benefits	182,321	17,658	28,374	12,392	40	6,620	1,272	27,346	-	276,023
Professional fees	353,352	1,249	29,646	2,353	33	10,618	114	36,789	(117,795)	316,359
Supplies and pharmaceuticals	736,499	10,192	50,804	1,033	1	2,597	147	26,011	-	827,284
Purchased services and other	451,720	8,189	55,956	(6,127)	2	7,069	371	47,681	(246,916)	317,945
Maintenance and utilities	34,626	5,284	5,130	110	-	770	114	4,665	-	50,699
Leases	9,013	130	3,587	135	-	2,629	149	3,858	(2,978)	16,523
Insurance	103,150	942	5,410	10,723	-	2,152	36	(473)	-	121,940
Depreciation and amortization	36,374	4,269	7,663	28	-	214	150	14,172	-	62,870
Interest	14,136	606	2,058	-	-	17	2	13,862	(13,719)	16,962
Loss on disposal of fixed assets	187	-	-	-	-	-	-	-	-	187
Expenses	2,575,777	103,881	295,224	102,453	221	67,440	6,773	284,033	(381,408)	3,054,394
Operating income (loss)	22,585	(44,152)	55,517	(165)	(221)	(10,918)	(3,150)	5,123	-	24,619
Other income—net:										
Investment income (loss)	79,761	1,702	18,793	415	38	382	31	2,327	-	103,449
Pension settlement charge	(21,385)	-	-	-	-	-	-	-	-	(21,385)
Other income (loss)	236	(26)	(53)	(6)	-	-	-	(217)	-	(66)
Other income—net	58,612	1,676	18,740	409	38	382	31	2,110	-	81,998
Excess (deficiency) of revenues and other support over expenses from continuing operations	81,197	(42,476)	74,257	244	(183)	(10,536)	(3,119)	7,233	-	106,617

(1) TUHS Parent Company accounts for its investment in TUHIC under the equity method. The remaining entities are accounted for at cost.

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM

SUPPLEMENTAL SCHEDULE OF CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025
(In thousands)

	Episcopal Hospital	TUHS Insurance Company, Ltd.	TUHS Foundation	Fox Chase Limited	Temple Center for Population Health	Temple Faculty Practice Plan, Inc.	Non-Obligated Group Eliminations	Non-Obligated Group Consolidated	Remaining Eliminations	Temple University Health System Consolidated
NET ASSETS WITHOUT DONOR RESTRICTIONS:										
Revenues and other support without donor restrictions:										
Total net patient service revenue	$ -	$ -	$ -	$ -	$ 6,144	$ 284,099	$ (779)	$ 289,464	$ (52,337)	$ 3,185,989
Research revenue	-	-	-	-	-	-	-	-	-	48,796
Contribution revenue	-	-	2	-	-	-	-	2	-	4,639
Other revenue	2,737	18,902	-	-	-	167,296	(16)	188,919	(210,900)	47,128
Investment income	-	-	-	-	-	-	-	-	-	901
Net assets released from restrictions restrictions used for operations	-	-	-	-	-	33	-	33	-	6,741
Revenues and other support without donor restrictions	2,737	18,902	2	-	6,144	451,428	(795)	478,418	(263,237)	3,294,194
Expenses:										
Salaries	905	-	-	-	3,712	270,008	-	274,625	-	1,322,227
Employee benefits	843	1,029	-	-	1,257	48,299	-	51,428	(1,029)	326,422
Professional fees	-	-	3	-	599	78,112	-	78,714	(151,082)	243,991
Supplies and pharmaceuticals	191	-	-	-	604	8,773	-	9,568	-	836,852
Purchased services and other	336	244	-	-	84	39,426	(779)	39,311	(87,772)	269,484
Maintenance and utilities	571	-	-	-	17	1,030	-	1,618	-	52,317
Leases	-	-	-	-	-	4,548	(16)	4,532	(5,725)	15,330
Insurance	246	22,559	-	-	256	2,419	-	25,480	(22,559)	124,861
Depreciation and amortization	162	-	-	-	-	554	-	716	-	63,586
Interest	-	-	-	-	-	1	-	1	-	16,963
Loss on disposal of fixed assets	-	-	-	-	-	26	-	26	-	213
Expenses	3,254	23,832	3	-	6,529	453,196	(795)	486,019	(268,167)	3,272,246
Operating income (loss)	(517)	(4,930)	(1)	-	(385)	(1,768)	-	(7,601)	4,930	21,948
Other income—net:										
Investment income (loss)	980	3,464	5,352	(60)	385	1,428	-	11,549	(3,464)	111,534
Pension settlement charge	(20,607)	-	-	-	-	-	-	(20,607)	-	(41,992)
Other income (loss)	(644)	-	-	-	-	1,361	-	717	-	651
Other income—net	(20,271)	3,464	5,352	(60)	385	2,789	-	(8,341)	(3,464)	70,193
Excess (deficiency) of revenues and other support over expenses from continuing operations	(20,788)	(1,466)	5,351	(60)	-	1,021	-	(15,942)	1,466	92,141

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM

SUPPLEMENTAL SCHEDULE OF CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025
(In thousands)

	Temple University Hospital, Inc.	Institute for Cancer Research	American Oncologic Hospital	FCCC Medical Group, Inc.	Fox Chase Network, Inc.	Temple Physicians, Inc.	Temple Health System Transport Team, Inc.	TUHS Parent Company (1)	Obligated Group Eliminations	Obligated Group Consolidated
Excess (deficiency) of revenues and other support over expenses from continuing operations	$ 81,197	$ (42,476)	$ 74,257	$ 244	$ (183)	$ (10,536)	$ (3,119)	$ 7,233	$ -	$ 106,617
Other changes in net assets without donor restrictions:										
Transfers (to) from affiliates/the University	(22,501)	27,613	8,177	592	-	11,625	6,865	(7,494)	-	24,877
Net assets released from restrictions used for purchase of property and equipment	3,365	796	572	-	-	-	-	-	-	4,733
Net change in fair value of investments	2,324	192	2,243	2	-	-	-	1,728	-	6,489
Adjustment to funded status of pension and postretirement liabilities	23,607	83	142	53	-	-	-	-	-	23,885
Other change in net assets	(466)	(10)	(49)	(92)	-	(34)	-	(85)	-	(736)
Increase (decrease) in net assets without donor restrictions	87,526	(13,802)	85,342	799	(183)	1,055	3,746	1,382	-	165,865
NET ASSETS WITH DONOR RESTRICTIONS:										
Contribution income	9,294	7,940	1,642	-	-	-	-	-	-	18,876
Net assets released from restrictions	(3,727)	(6,406)	(1,308)	-	-	-	-	-	-	(11,441)
Net change in fair value of investments	506	898	1,009	-	-	-	-	-	-	2,413
Investment income (loss)	106	2,649	447	-	-	-	-	-	-	3,202
Change in beneficial interest in assets held by others	3,021	3,317	341	-	-	-	-	-	-	6,679
Increase (decrease) in net assets with donor restrictions	9,200	8,398	2,131	-	-	-	-	-	-	19,729
INCREASE (DECREASE) IN NET ASSETS	96,726	(5,404)	87,473	799	(183)	1,055	3,746	1,382	-	185,594
NET ASSETS (DEFICIT)—Beginning of year	804,661	115,595	92,401	1,416	891	6,427	(1,100)	43,981	-	1,064,272
NET ASSETS (DEFICIT)—End of year	$ 901,387	$ 110,191	$ 179,874	$ 2,215	$ 708	$ 7,482	$ 2,646	$ 45,363	$ -	$ 1,249,866

(1) TUHS Parent Company accounts for its investment in TUHIC under the equity method. The remaining entities are accounted for at cost.

(Continued)

TEMPLE UNIVERSITY HEALTH SYSTEM

SUPPLEMENTAL SCHEDULE OF CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025
(In thousands)

	Episcopal Hospital	TUHS Insurance Company, Ltd.	TUHS Foundation	Fox Chase Limited	Temple Center for Population Health	Temple Faculty Practice Plan, Inc.	Non-Obligated Group Eliminations	Non-Obligated Group Consolidated	Remaining Eliminations	Temple University Health System Consolidated
Excess (deficiency) of revenues and other support over expenses from continuing operations	$ (20,788)	$ (1,466)	$ 5,351	$ (60)	$ -	$ 1,021	$ -	$ (15,942)	$ 1,466	$ 92,141
Other changes in net assets without donor restrictions:										
Transfers (to) from affiliates/the University	(6,973)	-	-	-	38	1,456	-	(5,479)	-	19,398
Net assets released from restrictions used for purchase of property and equipment	-	-	-	-	-	-	-	-	-	4,733
Net change in fair value of investments	-	1,100	-	-	-	-	-	1,100	(1,100)	6,489
Adjustment to funded status of pension and postretirement liabilities	22,565	-	-	-	-	-	-	22,565	-	46,450
Other change in net assets	-	-	-	-	-	(38)	-	(38)	-	(774)
Increase (decrease) in net assets without donor restrictions	(5,196)	(366)	5,351	(60)	38	2,439	-	2,206	366	168,437
NET ASSETS WITH DONOR RESTRICTIONS:										
Contribution income	-	-	-	-	(10)	33	-	23	-	18,899
Net assets released from restrictions	-	-	-	-		(33)	-	(33)	-	(11,474)
Net change in fair value of investments	-	-	-	-	-	-	-	-	-	2,413
Investment income (loss)	-	-	-	-	-	-	-	-	-	3,202
Change in beneficial interest in assets held by others	-	-	-	-	-	-	-	-	-	6,679
Increase (decrease) in net assets with donor restrictions	-	-	-	-	(10)	-	-	(10)	-	19,719
INCREASE (DECREASE) IN NET ASSETS	(5,196)	(366)	5,351	(60)	28	2,439	-	2,196	366	188,156
NET ASSETS (DEFICIT)—Beginning of year	6,001	25,706	56,064	(6)	1,521	(15,920)	-	73,366	(25,706)	1,111,932
NET ASSETS (DEFICIT)—End of year	$ 805	$ 25,340	$ 61,415	$ (66)	$ 1,549	$ (13,481)	$ -	$ 75,562	$ (25,340)	$ 1,300,088

(Concluded)