Rule 15c2-12 Filing Cover Sheet

This cover sheet should be sent with all submissions made to the Municipal Securities Rulemaking Board (the Nationally Recognized Municipal Securities Information Repository), and any applicable State Information Depository pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statute.

Name: Hackensack Meridian Health, Inc.

Issue(s): $1,000,000,000 Hackensack Meridian Health Taxable Bonds, Series 2020 (Corporate CUSIP#404530AC1, 404530AD9)*

$300,000,000 Hackensack Meridian Health Taxable Bonds, Series 2018 (Corporate CUSIP# 404530AB3)*

$588,790,000 New Jersey Health Care Facilities Financing Authority ("NJHCFFA") Revenue and Refunding Bonds, Hackensack Meridian Health Obligated Group Issue, Series 2017A

$300,000,000 Hackensack Meridian Health Taxable Bonds, Series 2017 (Corporate CUSIP# 404530AA5)*

$129,602,500 NJHCFFA Refunding Bonds, Meridian Health System Obligated Group Issue, Series 2016A

$130,000,000 NJHCFFA Revenue Bonds, Meridian Health System Obligated Group Issue, Series 2015A

$84,000,000 NJHCFFA Revenue Bonds, Hackensack University Medical Center Obligated Group Issue, Series 2015A

$29,525,000 NJHCFFA Refunding Bonds, Meridian Health System Obligated Group Issue, Series 2013A

$200,595,000 NJHCFFA Refunding Bonds, Meridian Health System Obligated Group Issue, Series 2011

Filing Format __X__ electronic ____ paper; if available on the Internet, give URL:

* Taxable Bonds with corporate CUSIP # – Not to be used for posting on EMMA.

CUSIP Numbers to which the information filed relates (optional):

X Nine-digit number(s) (attach additional sheet if necessary):

Series 2017A	Series 2013A	Series 2011
CUSIP	CUSIP	CUSIP
645790JE7	64579F2Z5	64579FV42
645790JF4	64579F3A9	64579FV59
645790JG2	64579F3B7	64579FV67
645790JH0	64579F3C5	64579FV75
645790JJ6	64579F3D3	64579FV83
645790JK3	64579F3E1	64579FV91
645790JL1	64579F3F8	64579FW25
645790JM9	64579F3G6	64579FX32
645790JN7	64579F3H4	64579FX40
645790JP2		64579FX57
645790JQ0		
645790JR8		
645790JS6		
645790JT4		
645790JV9		
645790JU1		
645790JW7		
645790JX5		
645790JY3		

Description of Material Event Notices / Other Material Information

___ Principal and interest payment delinquencies
___ Non-payment related defaults, if material
___ Unscheduled draws on debt service reserves reflecting financial difficulties
___ Unscheduled draws on credit enhancements reflecting financial difficulties
___ Substitution of credit or liquidity providers, or their failure to perform
___ Adverse tax opinions, IRS notices or material events affecting the tax-exempt status of the security
___ Modifications to rights of security holders, if material
___ Bond calls, if material
___ Defeasances
___ Release, substitution, or sale of property securing repayment of the securities, if material
___ Rating changes
___ Tender Offers
___ Bankruptcy, insolvency, receivership or similar event of the obligated person
___ Merger, Consolidation, or acquisition of the obligated person, if material
___ Appointment of a successor or additional trustee, or the change of name of a trustee, if material
___ Notice of non-compliance: failure to provide annual financial information
___ Other material event or information (specify)

Additional / Voluntary Event-Based Disclosures

___ Amendment to continuing disclosure undertaking
___ Change in obligated person
___ Notice to investors pursuant to bond documents
___ Certain communications from the Internal Revenue Service
___ Secondary market purchases
___ Bid for auction rate or other securities
___ Capital or other financing plan
___ Litigation/enforcement action
___ Change of tender agent, remarketing agent, or other on-going party
___ Derivative or other similar transaction
___ Other event-based disclosures

Financial & Operating Data Disclosure Information
(Financial information should not be filed with the MSRB)

_X_ Annual Financial Report or CAFR
____ Financial Information & Operating Data
___ Other (describe):

Fiscal Period Covered: Years Ended December 31, 2021 and 2020

___Monthly __Quarterly _X_Annual __Other

* * *

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Name:	Robert Glenning
Title:	President, Financial Services Division and CFO
Employer:	Hackensack Meridian Health, Inc.
Phone:	(848) 888-4405
Email:	robert.glenning@hmhn.org

Hackensack Meridian Health, Inc.

Consolidated Financial Statements and Consolidating Supplemental Schedules
December 31, 2021 and 2020

Hackensack Meridian Health, Inc.
Index
December 31, 2021 and 2020

pwc

Report of Independent Auditors

To the Board of Trustees
Hackensack Meridian Health, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Hackensack Meridian Health, Inc. and its subsidiaries ("the Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, of changes in net assets and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of their operations, changes in their net assets, and their 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 (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating information as of and for the year ended December 31, 2021 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, changes in net assets and cash flows of the individual companies and is not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position, results of operations, changes in net assets and cash flows of the individual companies.

PricewaterhouseCoopers LLP

Florham Park, New Jersey
April 8, 2022

Hackensack Meridian Health, Inc.
Consolidated Balance Sheets
December 31, 2021 and 2020

(in thousands)	2021	2020
Assets		
Current assets		
Cash and cash equivalents	$ 388,483	$ 692,245
Patient accounts receivable, net	720,440	588,885
Pledges receivable, net	72,857	46,556
Current assets held for sale	20,761	16,684
Other current assets	501,824	511,402
Assets limited as to use and short-term investments, current portion	1,369,088	743,695
Total current assets	3,073,453	2,599,467
Assets limited as to use and investments, noncurrent portion	3,770,142	4,113,178
Investment in joint ventures	170,506	145,487
Property and equipment, net	3,174,922	3,020,672
Operating lease right-of-use assets	218,323	237,313
Other assets held for sale	153,776	186,255
Other assets	172,727	155,968
Total assets	$ 10,733,849	$ 10,458,340
Liabilities and Net Assets		
Current liabilities		
Current maturities of long-term debt and finance lease obligations	$ 80,507	$ 62,067
Current portion of operating lease obligations	35,531	34,440
Accounts payable and accrued expenses	1,116,072	974,689
Current liabilities held for sale	5,383	7,884
Other current liabilities	520,081	357,677
Total current liabilities	1,757,574	1,436,757
Long-term debt and finance lease obligations, less current maturities	3,068,244	3,154,891
Long-term operating lease obligations	190,689	209,135
Accrued pension benefits	110,470	317,354
Other liabilities held for sale	40,970	41,781
Other liabilities	454,860	955,355
Total liabilities	5,622,807	6,115,273
Net assets		
Without donor restrictions controlled by the Network	4,731,239	4,021,365
Without donor restrictions attributable to noncontrolling interests	79,915	83,309
Net assets without donor restrictions	4,811,154	4,104,674
Net assets with donor restrictions	299,888	238,393
Total net assets	5,111,042	4,343,067
Total liabilities and net assets	$ 10,733,849	$ 10,458,340

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

Hackensack Meridian Health, Inc.
Consolidated Statements of Operations
Years Ended December 31, 2021 and 2020

(in thousands)	2021	2020
Unrestricted revenues and other support		
Net patient service revenue	$ 6,072,280	$ 5,138,141
Other revenue	321,170	290,461
Net gain on equity investments	40,397	19,502
Net assets released from restriction used for operating activities	16,052	22,292
Total unrestricted revenues and other support	6,449,899	5,470,396
Expenses		
Salaries and contracted labor	2,495,018	2,359,670
Physician salaries and fees	495,302	448,745
Employee benefits	591,601	555,713
Supplies and other	2,484,920	2,193,285
Depreciation and amortization	266,780	259,256
Interest	90,394	82,134
Total expenses	6,424,015	5,898,803
Excess (deficit) of revenues over expenses before federal legislative relief	25,884	(428,407)
Federal legislative relief	156,963	517,557
Excess of revenues over expenses before other operating adjustments	182,847	89,150
Other operating adjustments		
Investment income, net	326,075	329,127
Net unrealized realized gain (loss) on derivative instruments	9,253	(11,656)
Other gains, net	49,762	55,798
Excess of revenues over expenses	567,937	462,419
Other adjustments in net assets without donor restrictions		
Net assets released from restriction for capital acquisitions	21,318	6,515
Pension-related adjustments	161,524	(89,519)
Other changes	2,809	54,692
Contributions from noncontrolling interests	5,405	1,526
Increase in net assets without donor restrictions before discontinued operations	758,993	435,633
Loss on discontinued operations	(52,513)	(44,550)
Increase in net assets without donor restrictions	$ 706,480	$ 391,083

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

Hackensack Meridian Health, Inc.
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2021 and 2020

(in thousands)	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Balances at December 31, 2019	$ 3,713,591	$ 212,654	$ 3,926,245
Excess of revenues over expenses	462,419	-	462,419
Investment income	-	2,246	2,246
Contributions	-	41,633	41,633
Net assets released from restriction for capital acquisitions	6,515	(6,515)	-
Net assets released from restriction used for operating activities	-	(22,292)	(22,292)
Pension-related adjustments	(89,519)	-	(89,519)
Other changes	54,692	10,667	65,359
Contributions from noncontrolling interests	1,526	-	1,526
Increase in net assets without donor restrictions before discontinued operations	435,633	25,739	461,372
Loss on discontinued operations	(44,550)	-	(44,550)
Increase in net assets	391,083	25,739	416,822
Balances at December 31, 2020	4,104,674	238,393	4,343,067
Excess of revenues over expenses	567,937	-	567,937
Investment income	-	19,486	19,486
Contributions	-	68,972	68,972
Net assets released from restriction for capital acquisitions	21,318	(21,318)	-
Net assets released from restriction used for operating activities	-	(16,052)	(16,052)
Pension-related adjustments	161,524	-	161,524
Other changes	2,809	10,407	13,216
Contributions from noncontrolling interests	5,405	-	5,405
Increase in net assets without donor restrictions before discontinued operations	758,993	61,495	820,488
Loss on discontinued operations	(52,513)	-	(52,513)
Increase in net assets	706,480	61,495	767,975
Balances at December 31, 2021	$ 4,811,154	$ 299,888	$ 5,111,042

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

Hackensack Meridian Health, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

(in thousands)	2021	2020
Cash flows from operating activities		
Increase in net assets	$ 767,975	$ 416,822
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	270,510	274,012
(Gain) loss on disposal sale of property and equipment	(6,540)	162
Loss on assets held for sale	29,824	-
Amortization of deferred financing costs	1,015	859
Amortization of bond premium	(4,047)	(4,228)
Net unrealized/realized (gain) loss on derivative instruments	(9,253)	11,656
Net gain on equity investments	(40,397)	(19,502)
Realized and unrealized gains on investments	(295,662)	(295,608)
Restricted contributions for capital acquisitions	(25,520)	(2,360)
Pension-related adjustments	(161,524)	89,519
Changes in assets and liabilities		
Patient accounts receivable and pledges receivable	(156,172)	24,212
Other assets	(25,287)	(198,173)
Accounts payable and accrued expenses	157,301	107,405
Accrued pension benefits	(45,360)	(84,637)
Other liabilities	(349,520)	712,394
Net cash provided by operating activities	107,343	1,032,533
Cash flows from investing activities		
Purchases of property and equipment, net	(474,454)	(447,525)
Proceeds form sales of property and equipment	58,884	-
Sales of investment securities	2,950,437	1,769,238
Purchases of investment securities	(3,131,016)	(2,778,092)
Net cash used in investing activities	(596,149)	(1,456,379)
Cash flows from financing activities		
Repayment on long-term debt and finance lease obligations	(82,329)	(174,275)
Proceeds from borrowings	16,412	1,317,902
Contributions from noncontrolling interests	5,405	1,526
Restricted contributions for capital acquisitions	51,449	5,503
Payment of deferred financing costs	-	(5,739)
Net cash (used in) provided by financing activities	(9,063)	1,144,917
Change in cash, cash equivalents and restricted cash	(497,869)	721,071
Cash, cash equivalents and restricted cash		
Beginning of period	1,064,528	343,457
End of period	$ 566,659	$ 1,064,528
Supplemental information		
Cash paid for interest expense	$ 93,786	$ 83,342
Change in noncash acquisitions of property and equipment	(15,160)	749
Right-of-use assets obtained in exchange for operating lease obligations	20,668	71,361

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

(in thousands)

1. Organization

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

In January 2021, Meridian Health Foundation, Inc. was renamed to Hackensack Meridian Health Foundation, Inc., ("HMHF") and the membership of three foundations (Hackensack University Medical Center Foundation, Inc., Palisades Medical Center Foundation, Inc., and John F. Kennedy Medical Center Foundation, Inc.), were then transferred to HMHF so that HMHF became the parent company to all existing Foundations (with the exception of Muhlenberg Foundation, Inc.).

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

On January 1, 2018, HMH became the sole corporate member of JFK Health System, Inc. ("JFK Health"). JFK Health was the parent company of the Community Hospital Group, Inc. d/b/a JFK Medical Center; Muhlenberg Regional Medical Center, Inc.; John F. Kennedy University Medical Center Foundation, Inc. ("JFKF"); Muhlenberg Foundation, Inc.; Robert Wood Johnson, Jr. Lifestyle Institute, Inc.; JFK Healthshare, Inc. ("Healthshare"); Hartwyck at JFK, Inc.; Hartwyck West Nursing Home, Inc. and affiliates ("Hartwyck West"); Hartwyck at Oak Tree, Inc. ("Oak Tree"), collectively, the "Hartwycks"; JFK Medical Group, P.C.; and Atlantic Insurance Exchange, Ltd. ("Atlantic"), a wholly owned insurance company. Hartwyck West operated Hartwyck at Cedar Brook, JFK Assisted Living, Inc. d/b/a Whispering Knoll, and JFK Hartwyck Management and Consulting, Inc. The Network transferred no consideration and acquired all of the assets and liabilities of JFK Health. During 2019, Healthshare and JFK Hartwyck Management and Consulting, Inc. were dissolved. As of December 31, 2019, Atlantic was merged with Coastal Medical Insurance Ltd. ("Coastal"). On January 1, 2019, JFK Health merged into Hackensack Meridian Health, resulting in all of the existing subsidiaries of JFK Health noted above becoming subsidiaries of HMH. On January 1, 2019, Hartwyck West and JFK Assisted Living, Inc d/b/a Whispering Knoll, merged into HMH Residential Care, Inc. On January 31, 2021, JFK Hartwyck at Edison Estates, a facility owned by Oak Tree, was sold in the amount of $20,000. On July 1, 2021, The Community Hospital Group, Inc. d/b/a JFK Medical Center merged into HMH Hospitals Corporation.

The Network is also the sole shareholder of Hackensack Meridian Health Ventures, Inc. and its subsidiaries ("HMHV"), and is the sole member of Meridian Accountable Care Organization, LLC ("MACO"), Hackensack Physician-Hospital Alliance ACO, LLC ("ACO") and Hackensack Meridian Health Partners, LLC ("HMHP").

(in thousands)

HMHHC is the sole corporate member of HMH Casualty Company Ltd. ("HMHCCL"), and 20 Prospect Holdings, LLC. Effective December 31, 2020, Hackensack University Medical Center Casualty Company Ltd., ("HUMCCO") and Coastal merged with HMHCCL whereby HMHCCL continued as the surviving entity. Prior to the effective date of the HMHCCL merger, HMHHC was the sole corporate member of both HUMCCO and Coastal. HMHCCL is, and HUMCCO and Coastal were, wholly owned, off-shore insurance companies domiciled in Bermuda.

HMH Physician Services, Inc. ("HMHPS") was merged into HMHHC on January 1, 2020. The HMH Physician Division includes seventeen professional corporations (four taxable and thirteen tax exempt) consolidated with the Network and provides other physician practice development strategies.

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

- Hackensack University Medical Center ("HUMC"), located in Hackensack, New Jersey, is an academic medical center and the largest stand-alone medical center in the state with 781 beds. HUMC includes the Joseph M. Sanzari Children's Hospital, the Donna A. Sanzari Women's Hospital, the John Theurer Cancer Center, and the Heart and Vascular Hospital;

- Jersey Shore University Medical Center ("JSUMC"), located in Neptune, New Jersey, is a major academic medical center and regional trauma center with 618 beds that includes the K. Hovnanian Children's Hospital;

- JFK University Medical Center ("JFK"), is a 499-bed academic medical center located in Edison, New Jersey;

- Riverview Medical Center ("RMC"), is a 460-bed community hospital located in Red Bank, New Jersey;

- Raritan Bay Medical Center ("RBMC"), is a 347-bed community hospital located in Perth Amboy, New Jersey;

- Ocean University Medical Center ("OUMC"), is a 357-bed community hospital located in Brick, New Jersey;

- Carrier Clinic, located in Belle Mead, New Jersey is a 297-bed behavioral health hospital that includes Blake Recovery Center;

- Bayshore Medical Center ("BMC"), is a 211-bed community hospital located in Holmdel, New Jersey;

- Palisades Medical Center ("PMC"), located in North Bergen, New Jersey, is a 197-bed community hospital;

- Southern Ocean Medical Center ("SOMC"), is a 176-bed community hospital located in Manahawkin, New Jersey; and

(in thousands)

- Old Bridge Medical Center ("OBMC"), located in Old Bridge, New Jersey, is a 113-bed community hospital.

On June 5, 2015, the former HUHN, now replaced by the Network, and Seton Hall University ("SHU") signed a definitive agreement to form a new allopathic school of medicine. The partnership established the only private school of medicine in the State of New Jersey. In conjunction with the formation of the new school of medicine, the Network and SHU entered into a long-term lease for two buildings in the town of Nutley and the city of Clifton, New Jersey.

On March 19, 2018, the Network entered into a letter agreement (the "Letter Agreement") with SHU which provided for the School of Medicine ("SOM") to seek its own independent accreditation from its various accrediting and licensing bodies. The Letter Agreement stipulated that the Network would assume full responsibility for the finances of the SOM, effective July 1, 2018, inclusive of the long-term lease for the two buildings on the campus. Additionally, the Letter Agreement stipulated that SHU would assign its interest in Kingsland Street Urban Renewal, LLC ("Kingsland"), a real estate holding company, to the Network, and enter into a Sublease with Kingsland to relocate their School of Nursing and School of Allied Health programs at the campus. On July 3, 2020, the SOM received accreditation, and the Board of Governors of the Hackensack Meridian School of Medicine, a New Jersey non-profit corporation assumed full governance over the SOM.

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

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

During 2021, HMH contributed 100% of HMH's membership in a billing company in exchange for shares in a new billing company. HMH previously held 20% of the legacy billing company shares and now owns 12% of the new billing company shares. HMH recorded a gain of $20,519 as a result of this exchange in the consolidated statement of operations.

During 2012, HUMC entered into two separate joint ventures with an unrelated entity. Under the first joint venture arrangement, entered into on March 23, 2012, HUMC contributed the existing property and equipment of the former Pascack Valley Hospital campus for a 35% interest in the joint venture which was valued at $51,100. The investment in the Pascack Valley joint venture recorded on the consolidated balance sheets was $38,064 and $38,878 as of December 31, 2021 and 2020, respectively.

Under the second joint venture, entered into on July 1, 2012, HUMC purchased a 20% ownership interest in Mountainside Hospital. For its ownership interest, HUMC contributed $10,644 in cash and entered into a nonrecourse loan agreement with its joint venture partner. In July 2016, HUMC entered into a bank loan and used the proceeds to pay off the remaining outstanding balance on the nonrecourse loan and its accrued interest. The investment in the Mountainside joint venture recorded on the consolidated balance sheets was $38,844 and $36,547 as of December 31, 2021 and 2020, respectively.

(in thousands)

During 2012, HUMC and a separate unrelated entity formed a joint venture limited liability company which purchased a 51% interest in two ambulatory surgical centers (the "Centers") located in Bergen County, New Jersey, with HUMC receiving 50.1% voting rights in the joint venture entity. As a result, HUMC consolidated the Centers and reflected a noncontrolling interest for the equity related to the previous owners and the unrelated party in accordance with ASC 810. The net assets acquired of the Centers were $34,950 (including net goodwill of $34,250). As of December 31, 2021 and 2020, the unamortized goodwill balance was $23,975 and $27,400, respectively.

The following schedule of changes in consolidated net assets attributable to the parent and the noncontrolling interests reconciles beginning and ending balances of the parent's controlling interest and the noncontrolling interests for the years ended December 31, 2021 and 2020:

	Total	The Network (Controlling Interest)	Noncontrolling Interests
Balances at December 31, 2019	$ 3,713,591	$ 3,632,920	$ 80,671
Excess of revenues over expenses	462,419	454,815	7,604
Contributions from noncontrolling interests	1,526	-	1,526
Other changes	(28,312)	(28,312)	-
Change in net assets without donor restrictions before discontinued operations	435,633	426,503	9,130
Loss on discontinued operations	(44,550)	(38,058)	(6,492)
Balances at December 31, 2020	4,104,674	4,021,365	83,309
Excess of revenues over expenses	567,937	560,114	7,823
Contributions from noncontrolling interests	5,405	-	5,405
Other changes	185,651	185,651	-
Change in net assets without donor restrictions before discontinued operations	758,993	745,765	13,228
Loss on discontinued operations	(52,513)	(35,891)	(16,622)
Balances at December 31, 2021	$ 4,811,154	$ 4,731,239	$ 79,915

2. Coronavirus (SARS-Cov-2) Pandemic ("COVID-19")

HMH admitted the first diagnosed COVID-19 patient in New Jersey on March 2, 2020. Thereafter, the numbers of COVID patients began significantly increasing in New Jersey, with the Governors of New Jersey (March 9, 2020) and New York (March 7, 2020) declaring states of emergency. On Friday, March 13, 2020, the President declared a national state of emergency, which would begin the process of allowing billions of dollars of Federal funding and ordering all states to set up emergency operations centers to combat the pandemic. Emergency measures including closing schools, restricting gatherings, closing theaters, gyms and casinos, began in mid-March and by the end of March most businesses not deemed 'essential' were closed in New Jersey and each of its neighboring states as a means to slow the spread or to "flatten the curve" of the coronavirus.

(in thousands)

The Governor of New Jersey signed Executive Order No. 109, effective March 27, 2020, which mandated that all elective surgeries cease with the intent to protect the capacity of hospitals for the expected surge in COVID-19 patients as well as to ensure that nonCOVID-19 patients were not infected through transmission from COVID-19 patients. This mandate extended to all outpatient medical and dental ambulatory surgical centers and physician offices and remained in place until May 26, 2020, when as a part of the Governor's approach to re-start the economy and put New Jersey on the road to recovery, he ended this mandate. The recovery has included a safe return of nonCOVID-19 patients to our hospitals, outpatient sites and physician practices. As has been seen throughout the United States, there have been several subsequent surges that have impacted the Network through 2020 and 2021.

HMH's Response to COVID-19
HMH has had long established, emergency management systems in place and activated those processes in February 2020 in anticipation of the first wave of this pandemic impacting New Jersey. As such, HMH's health care professionals are routinely trained for emergencies such as COVID-19. Additionally, HMH's supply chain leadership began acquiring certain supplies such as personal protective equipment (PPE) in late January 2020 in anticipation of this virus spreading to the United States. While there were substantial supply chain disruptions, HMH was able to weather the storm, through purchasing efforts that began in January 2020 and the use of alternate suppliers to source product.

HMH has tested over 232,000 patients within its hospitals and ambulatory care sites and HMH has admitted over 31,000 COVID-19 positive patients. All of the hospitals within the Network have made infrastructure changes, including to expand their respective inpatient capacity and to expand the number of negative pressure rooms needed for the influx of critical care patients. In December 2020, two COVID-19 vaccines received Emergency Use Authorization from the U.S. Food and Drug Administration and began distribution to providers. HMH has established vaccination sites within all of its hospitals, several physician practices, and operated one of six vaccination mega-sites established by the State. HMH has successfully administered over 733,000 vaccines to individuals within our surrounding communities, including team members, first responders, and community members aged 65+ and those with specific medical conditions.

Lastly, the team at HMH consisting of 35,000 team members has worked tirelessly, around-the-clock – first, in preparation for this pandemic, and then living and working through it to care for our patients, their families and our own team members who became ill from COVID-19.

Coronavirus Aid, Relief, and Economic Security Act ("CARES Act")
In response to the economic impact of COVID-19, the CARES Act was enacted by Congress and was subsequently signed into law on March 27, 2020. Through the end of 2020, additional legislation has been signed into law. Led by the CARES Act, these pieces of legislation included a variety of economic assistance provisions for business and individuals, including $178 billion in Provider Relief Funds government grants ("PRF") for hospitals, nursing homes, surgical centers, outpatient clinics, and physician practices. In accordance with ASC 958-605, funds received are deemed refundable advances until conditions are met. As the conditions were met and restrictions satisfied in the same period as the funding was received (unreimbursed expenses / lost revenues), in accordance with the simultaneous release policy HMH recognized all of the $5,799 and $518,405 funding received as federal legislative relief within net assets without donor restriction ($334 and $40,843 included within loss on discontinued operations) in the consolidated statements of operations for the years ended December 31, 2021 and 2020, respectively.

(in thousands)

Federal Emergency Management Agency ("FEMA")
Due to the related operating and capital expense incurred by the Network in response to COVID-19, the Network has submitted claims to FEMA. As of December 31, 2021 and 2020, the Network has recorded the following obligated FEMA funds within the consolidated statements of operations:

	2021	2020
Federal legislative relief	$ 151,497	$ 39,995
Other changes	8,788	37,303
Loss on discontinued operations	14,500	-
	$ 174,785	$ 77,298

HMH has recorded a total of $174,785 and $77,298, respectively, in obligated FEMA funds in federal legislative relief, loss on discontinued operations, and other changes within the consolidated statements of operations. The Network has additional claims outstanding and under review with FEMA as of December 31, 2021 related to operating and capital expenses incurred related to COVID-19. In accordance with generally accepted accounting principles, the Network will recognize those claims in the year the related funds are obligated by FEMA.

Specific to PRF and FEMA funds received, HMH believes the amount of revenue recognized in the consolidated statements of operations is appropriate based on information contained in laws and regulations, as well as interpretations issued by the U.S. Department of Health and Human Services ("HHS") and FEMA policies governing the funding, which was publicly available at December 31, 2021. As this crisis has evolved, and through new legislation, HHS has made multiple modifications to its guidance since its passage. The potential financial impacts of future changes in guidance may impact the Network's ability to retain some or all of the distributions received.

Medicare Accelerated Payments
Under the CARES Act, the Network received $614,598 in advance payments from the Centers for Medicare and Medicaid Services ("CMS") in April 2020. CMS has begun recouping these payments beginning in April 2021 by withholding 25% of Medicare reimbursements through February 2022, and then will begin recouping 50% of Medicare reimbursements until August 2022. Under ASC 606, the liability represents a contract liability. During the recoupment periods HMH will reduce the contract liability based upon Medicare claims recognized as revenue.

As of December 31, 2021 and 2020, the liability remaining is as follows:

	2021	2020
Other current liabilities	$ 368,412	$ 241,463
Other liabilities	-	373,135
	$ 368,412	$ 614,598

(in thousands)

Deferred Payment of Employer Payroll Taxes
As allowed under the CARES Act, beginning in May 2020 and through December 2020, the Network has deferred its payments of the employer portion of social security payroll tax. The CARES Act requires payment of 50% of these deferred taxes by December 31, 2021 and the remaining 50% of these deferred taxes by December 31, 2022.

As of December 31, 2021 and 2020, the liability remaining is as follows:

	2021	2020
Accounts payable and accrued expenses	$ 51,038	$ 45,617
Other liabilities	-	51,038
	$ 51,038	$ 96,655

3. Significant Accounting Policies

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

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

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the contractual discounts on accounts receivable, valuation of alternative investments, estimated amounts due to and from third-party payors, professional liability costs and accrued pension benefit liabilities. Actual results could differ from those estimates.

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

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

(in thousands)

Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents and restricted cash include investments in highly-liquid instruments with original maturities of three months or less. The Network elected to treat highly-liquid short-term investments held within assets limited as to use and investments as cash equivalents. Cash is also held in the assets limited as to use and investments portfolio and in current assets held for sale. At December 31, 2021 and 2020, the Network had cash balances held at a financial institution that exceeded federal depository insurance limits. Management believes that the credit risk related to these deposits is minimal.

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

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

	2021	2020
Cash and cash equivalents	$ 388,483	$ 692,245
Cash and cash equivalents included in assets limited as to use and investments	176,653	370,536
Cash and cash equivalents included in assets limited as to use and investments included in other assets held for sale	1,523	1,747
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 566,659	$ 1,064,528

Assets Limited as to Use and Investments

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

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

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

(in thousands)

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

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

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

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

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

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, or quoted prices in markets that are not active.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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

- Market Approach (M) – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities;

(in thousands)

- Cost Approach (C) – Amount that would be required to replace the service capacity of an asset (i.e., replacement cost); and

- Income Approach (I) – Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing models, and lattice models).

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

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

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

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

- Corporate Equity Securities – Securities listed on national stock exchanges are valued at the last published sales price on the last business day of the year; over-the-counter securities for which no sale was reported on the last business day of the year are valued at the latest reported bid price from a published source.

- U.S. Government, Municipal, and Corporate Debt Securities – Valued on the basis of the quoted market prices at year-end. If quoted market prices are not available for the investments, these investments are valued based on yields currently available on comparable securities or issuers with similar credit ratings.

- Commercial mortgage backed securities/asset-backed securities – Valued on the basis of the quoted market prices at year-end. If quoted market prices are not available for the investments, these investments are valued based on yields currently available on comparable securities or issuers with similar credit ratings.

- Derivative Instruments – Consist of interest rate swap agreements. Value is determined using a market-based interest rate yield curve adjusted specifically to take into account the Network's and counterparty's risk of nonperformance.

- Alternative Investments and common/collective trusts - Fair value of alternative investments are measured based on unobservable inputs that cannot be corroborated by observable market data. The Network accounts for these investments within its assets limited as to use and investments portfolios using the net asset value as a practical expedient and as such, these investments are excluded from the fair value hierarchy.

(in thousands)

- The Network's alternative investments include holdings in common/collective trusts, limited partnerships or hedge funds which engage in a variety of investment strategies and are managed by money managers. Alternative investments are valued by management utilizing the net asset value ("NAV") provided by the respective fund manager of the underlying investment companies unless management determines some other valuation is more appropriate. Such fair value estimates do not reflect early redemption penalties as the Network does not intend to sell such investments before the expiration of the early redemption periods. The fair values of the securities held by limited partnerships that do not have readily determinable fair values are determined by the general partner and are based on historical cost, appraisals, or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate.

- Changes in the value of these alternative investments are included in investment income, in the consolidated statements of operations. Generally, alternative investments upon which redemptions may be made annually with written notice of 100 days are recorded as current assets. Limited partnerships which do not provide for voluntary withdrawal and are long term in nature are classified as noncurrent assets.

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

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

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

Gifts of long-lived assets such as property and equipment are determined at their fair value at the date of the gift and reported as an increase to net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

(in thousands)

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

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

In May 2019, the FASB issued ASU 2019-06, *Intangibles—Goodwill and Other, Business Combinations, and Not-for-Profit Entities.* The guidance allows for a not-for-profit entity to elect to amortize goodwill on a straight-line basis and test for impairment when a triggering event occurs that indicates that the fair value of the reporting unit may be below its carrying amount. Effective January 1, 2019, the Network adopted this new policy for all existing goodwill and all new goodwill generated from acquisitions in 2019. For the year ended December 31, 2021 and 2020, the Network recorded $11,283 and $18,279, respectively, in amortization of goodwill and intangibles within depreciation and amortization in the consolidated statements of operations.

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

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

Net Assets
Net assets without donor restrictions are derived from gifts that are not subject to explicit donor-imposed restrictions. Resources arising from the results of operations or assets set aside by the Board of Trustees are classified as without donor restrictions for external reporting purposes. Included in net assets without donor restrictions are board-designated endowment funds of $84,699 and $83,115 at December 31, 2021 and 2020, respectively.

(in thousands)

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

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as the cost basis. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations as net assets released from restrictions. Net assets released from restrictions for capital acquisitions are excluded from excess of revenues over expenses within the consolidated statements of operations. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as net assets without donor restrictions.

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

Net Patient Service Revenue and Patient Accounts Receivable
Net patient service revenue is reported at the amount that reflects the consideration to which the Network expects to be entitled in exchange for providing patient care. These amounts are net of appropriate discounts to give recognition to differences between the Network's charges and reimbursement rates from third party payers. The Network is reimbursed from third party payers under various methodologies based on the level of care provided. Certain net revenues received are subject to audit and retroactive adjustment for which amounts are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. The Network bills patients and third-party payers several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

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

(in thousands)

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

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

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

- Medicare - inpatient acute care services and most outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Select outpatient services are paid based on a Medicare fee-based schedule or cost based reimbursement. The Network is reimbursed for cost reimbursable items, allowable bad debt, and graduate medical education at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Network. The Network's Medicare cost reports have been audited and finalized through December 31, 2017 except for 2010 for HUMC & 2017 for PMC. RMC has been audited and finalized through December 31, 2017 except for 2010 & 2011. SOMC has been audited and finalized through December 31, 2019.

- Medicaid - inpatient acute care services rendered to Medicaid program beneficiaries are reimbursed under a prospective methodology in accordance with N.J.A.C. 10:52 sub-chapter 14. Outpatient services are paid based upon a cost reimbursement methodology and certain services are paid based on a Medicaid fee schedule. The Network's Medicaid cost reports have been audited and finalized by the Medicaid fiscal intermediary up through December 31, 2018 except for 2007 through 2009 for HUMC.

- The Network has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per patient day or procedure and discounts from established charges.

(in thousands)

Generally, patients who are covered by third-party payers are responsible for related co-pays, co-insurance and deductibles, which vary in amount. The Network provides services to uninsured patients and offers uninsured patients a discount from standard charges. The Network estimates the transaction price for patients with co-pays, co-insurance and deductibles and for those who are uninsured based on historical collection experience and current market conditions. Under the Network's uninsured discount programs, the discount offered to certain uninsured patients is recognized as a contractual discount, which reduces net operating revenues at the time the self-pay accounts are recorded. The uninsured patient accounts, net of contractual discounts recorded, are further reduced to their net realizable value at the time they are recorded through implicit price concessions based on historical collection trends for self-pay accounts and other factors that affect the estimation process. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenues in the period of the change. For the years ended December 31, 2021 and 2020, the Network recorded $317,363 and $322,882 of implicit price concessions as a direct reduction of net patient service revenues.

The components of net patient service revenue for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Gross charges	$ 23,503,463	$ 20,662,899
Contractual discounts and implicit price concessions	(17,475,221)	(15,568,264)
Change in estimate of prior year's net patient service revenue	10,412	17,990
Charity care subsidy	8,366	15,662
Hospital relief subsidy	25,260	9,854
	$ 6,072,280	$ 5,138,141

The mix of patient service revenue, net of contractual discounts and implicit price concessions from patients and third-party payors for the years ended December 31, 2021 and 2020 is as follows:

Net Patient Service Revenue %	**2021**	**2020**
Medicare, including Managed Medicare	32 %	33 %
Medicaid, including Managed Medicaid	9	9
NJ Blue Cross	26	26
Other Payors	31	30
Self pay	2	2
	100 %	100 %

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

(in thousands)

Performance Indicator

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

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

New Accounting Standards

In August 2018, the FASB issued ASU 2018-14, Compensation - Retirement Benefits - Defined Benefit Plans (Subtopic 715-20). The new ASU eliminates, adds and modifies certain disclosure requirements related to defined benefit plans. HMH adopted this standard in 2021 on a retrospective basis. Adoption resulted in the elimination of certain disclosures from Note 10, specifically amounts in net assets without donor restriction expected to be recognized in net periodic pension cost in the next fiscal year and certain disclosures of the effect of a 1% change in the health care cost trend rate.

New Accounting Standards, Not Yet Adopted

In March 2020, the FASB issued a new accounting standard which provides temporary optional guidance to ease the potential burden in accounting for reference rate reform due to the discontinuation of the London Interbank Offered Rate ("LIBOR"). The amendments apply to contracts, hedges and other transactions affected by reference rate reform due to reference to LIBOR or another reference rate expected to be discontinued. Management believes that the impact from this pronouncement is not material based on its current debt arrangements.

Reclassifications

Certain previously reported amounts in the 2020 consolidated financial statements have been reclassified in order to conform to 2021 presentation.

(in thousands)

4. Charity and Uncompensated Care

The Network provides care to patients who meet certain criteria defined by the New Jersey Department of Health and Senior Services without charge or at amounts less than its established rates. The Network maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished. The Network receives partial reimbursement for the uncompensated care provided. Of the Network's total consolidated operating expenses reported, estimated costs of $109,894 and $115,517 for the years ended December 31, 2021 and 2020, are attributable to providing services to charity patients, respectively. The estimated costs of providing charity services are based on a calculation which applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Network's total operating expenses, divided by gross patient service revenue.

5. Assets Limited as to Use and Investments

The following tables provide a summary of the Network's assets limited as to use and investments that are measured at fair value on a recurring basis at December 31, 2021 and 2020:

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

(in thousands)

	2020		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total
Under board of trustees designation			
Cash and cash equivalents	$ 322,513	$ -	$ 322,513
Mutual funds	941,912	-	941,912
Corporate equity securities	415,457	-	415,457
Commercial mortgage-backed securities/Asset-backed securities	-	41,452	41,452
Corporate debt securities	-	444,534	444,534
U.S. government obligations	11	369,250	369,261
	1,679,893	855,236	2,535,129
Accrued interest			5,177
Alternative investments: common/collective trusts			2,106,655
Alternative investments: hedge funds and limited partnerships			156,914
Total under Board of Trustees designation			4,803,875
Under donor designation			
Cash and cash equivalents	193	-	193
Mutual funds	3,982	-	3,982
Corporate equity securities	993	-	993
Total under donor designation	5,168	-	5,168
Under bond indenture agreements held by trustee			
Cash and cash equivalents	47,830	-	47,830
Total under bond indenture agreements held by trustee	$ 47,830	$ -	47,830
Total assets limited as to use and investments			$ 4,856,873

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

The following tables represent HMH's investments measured at NAV as a practical expedient and the respective liquidity terms as of December 31, 2021 and 2020:

	2021		
	Redeemable Alternative Investments		
Redemption Frequency	**Fair Value**	**Redemption Notice Period**	**Remaining Lock**
Daily	$ 780,371	0-5 days	None
Monthly	388,369	5-60 days	None
Quarterly	195,012	65 days	None
Semi-Annually	61,710	90 days	None
Annually	104,651	60 days	90% within 12 months; 10% within 18 months
	$ 1,530,113		

	Non Redeemable Alternative Investments	
Remaining Life	**Fair Value**	**Unfunded Commitment**
<1 year	$ 7,773	$ 4,400
1 - 4.9 years	2,155	40,071
5 - 10 years	14,544	52,709
	$ 24,472	$ 97,180

(in thousands)

	2020		
	Redeemable Alternative Investments		
Redemption Frequency	**Fair Value**	**Redemption Notice Period**	**Remaining Lock**
Daily	$ 1,599,457	0-5 days	None
Monthly	514,205	5-60 days	None
Quarterly	-	-	None
Semi-Annually	53,082	90 days	None
Annually	89,213	60 days	100% in two years
	$ 2,255,957		

	Non Redeemable Alternative Investments	
Remaining Life	**Fair Value**	**Unfunded Commitment**
<1 year	$ 7,612	$ 4,166
1 - 4.9 years	-	-
5 - 10 years	-	-
	$ 7,612	$ 4,166

Assets limited as to use and investments are reported on the consolidated balance sheets at December 31, 2021 and 2020 as follows:

	2021	2020
Assets limited as to use and investments, current portion	$ 1,369,088	$ 743,695
Assets limited as to use and investments, noncurrent portion	3,770,142	4,113,178
	$ 5,139,230	$ 4,856,873

At December 31, 2021 and 2020, the Network’s remaining outstanding funding commitments to alternative investments approximated $97,181 and $4,166, respectively.

Assets under bond indenture agreements held by trustees are maintained in the following accounts at December 31, 2021 and 2020:

	2021	2020
Debt service fund, principal	$ 15,316	$ 15,159
Debt service fund, interest	28,682	27,219
Debt service reserve fund	6,311	5,452
Total assets under bond indenture agreements	$ 50,309	$ 47,830

(in thousands)

Investment income consists of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Interest and dividend income	$ 65,153	$ 39,790
Realized gains and net change in unrealized gains	295,662	295,608
Investment management fees and other	(12,652)	(6,271)
	$ 348,163	$ 329,127

As of December 31, 2021, $22,088 of investment income is recorded in other revenue within the consolidated statements of operations.

6. Liquidity and Availability of Resources

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

	2021	2020
Financial assets		
Cash and cash equivalents	$ 388,483	$ 692,245
Patient accounts receivable, net	720,440	588,885
Pledges receivable, net	31,847	19,387
Assets limited as to use and investments under board of trustees designation	4,955,663	4,710,805
Total financial assets available within one year	6,096,433	6,011,322
Liquidity resources		
Bank lines of credit (undrawn)	184,724	186,750
Total financial assets and resources available within one year	$ 6,281,157	$ 6,198,072

As part of the Network's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Assets limited as to use and investments in the table above are all under Board of Trustees designation. These assets could be used for general expenditures, but would require approval from the Board of Trustees. These assets exclude alternative investments with lock-up provisions greater than one year of $129,122 and $93,071 as of December 31, 2021 and 2020, respectively (see Note 5 for disclosures about investments).

(in thousands)

7. Property and Equipment

Property and equipment, including assets held under finance lease obligations, consist of the following at December 31, 2021 and 2020:

	2021	2020
Land	$ 160,868	$ 129,438
Land improvements	37,194	28,494
Buildings and fixed equipment	3,214,300	3,072,045
Major movable equipment	1,749,842	1,589,947
	5,162,204	4,819,924
Accumulated depreciation and amortization	(2,432,106)	(2,129,591)
Construction-in-progress	444,824	330,339
Property and equipment, net	$ 3,174,922	$ 3,020,672

Depreciation expense for the years ended December 31, 2021 and 2020 was $250,442 and $230,824, respectively.

8. Long-Term Debt and Finance Lease Obligations

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

(in thousands)

Long-term debt and finance lease obligations consist of the following at December 31, 2021 and 2020:

	2021	2020
Revenue Bonds		
Series 2020, 2.675%, due September 1, 2041	$ 500,000	$ 500,000
Series 2020, 2.875%, due September 1, 2050	500,000	500,000
Series 2018, 4.211%, due July 1, 2048	300,000	300,000
Series 2017, 4.5%, due July 1, 2057	300,000	300,000
Series 2016A, 0.75% and 0.80% at December 31, 2021 and 2020, respectively, due July 1, 2038	118,154	120,702
Series 2015A, 2.5%, due November 1, 2045	103,640	107,973
Series 2006, 0.09% and 0.06% at December 31, 2021 and 2020, respectively, due July 1, 2036*	13,360	13,800
Series 2006 A-3, 0.10% at December 31, 2021 and 2020, due July 1, 2031*	3,500	3,500
Series 2006 A-4, 0.09% and 0.06% at December 31, 2021 and 2020, respectively, due July 1, 2027*	8,830	10,090
Series 2006 A-5, 0.09% and 0.06% at December 31, 2021 and 2020, respectively, due July 1, 2036*	10,915	10,915
Series 2004 A-3, 0.10% at December 31, 2021 and 2020, due July 1, 2035*	8,450	8,935
Series 2003, 0.10% at December 31, 2021 and 2020, due July 1, 2033*	57,830	60,000
Series 1998A, 0.09% and 0.10% at December 31, 2021 and 2020, respectively, due July 1, 2028*	5,900	6,625
Refunding Bonds		
Series 2017A, 2.5% to 5.0%, which mature annually from July 1 ,2020 through July 1, 2040	459,640	474,705
Series 2017A, 4.0% to 5.25%, which mature annually from July 1, 2043 through July 1, 2057	98,920	98,920
Series 2013A, 2.0% and 5.0%, in varying maturities through July 1, 2032	20,290	21,230
Series 2011, 2.0% and 5.0%, in varying maturities through July 1, 2027	79,205	91,125
Bank Loans		
Series 2020, 2.50%, a term of 180 months with a 15 year amortization and a fixed monthly payment of $794; commencing April 1, 2020 and ending April 1, 2035	192,425	197,013
Series 2016, 2.59%, a term of 300 months with a 25 year amortization and a fixed monthly payment of $92; commencing July 28, 2016 and ending July 28, 2041	17,013	17,666
Series 2015A (tax exempt), 2.38%, a term of 300 months with a 25-year amortization, and a fixed monthly payment of $372; commencing August 12, 2015 and ending July 12, 2040	67,142	69,966
Series 2015B, 3.31%, a term of 120 months with a 10-year amortization, and a fixed monthly payment of $177; commencing August 12, 2015 and ending August 1, 2025	29,503	30,622
Other		
Township of Clifton Redevelopment Area Bonds	944	963
Township of Nutley Redevelopment Area Bonds	944	963
Series 2019 Capital Asset Loan, 1.89% and 1.61% at December 31, 2021 and 2020, respectively	17,357	21,214
New Jersey Economic Development Authority Series 1997 Revenue Bonds , 4.1% to 5.7%, due annually from January 1, 1998 through January 1, 2022	2,317	4,768
Accreted bond interest payable on the capital appreciation portion of the Series 1997 bonds due between January 1, 2012 and January 1, 2022.	6,883	13,632
Various commercial mortgages with fixed interest rates ranging from 3.625% to 4.75% and variable interest rates equal to the LIBOR rate for each period plus 0.85% to 1.0%.	24,731	25,783
Other Long Term Borrowings	32,606	30,464
Total long-term debt	2,980,499	3,041,574
Finance lease obligations		
Finance lease obligations and other obligations with interest rates ranging from 2.41% to 7.15%	144,047	148,014
Total finance lease obligations	144,047	148,014
Total long-term debt and finance lease obligations	3,124,546	3,189,588
Current portion of accreted interest, included in accrued interest payable	(6,883)	(6,749)
Original issue premium, net	46,284	50,330
Deferred financing costs, net of accumulated amortization	(15,196)	(16,211)
Current portion	(80,507)	(62,067)
Long-term debt and finance lease obligations, net of current portion	$ 3,068,244	$ 3,154,891

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

(in thousands)

On August 26, 2020, the Network issued Series 2020 taxable bonds in the amount of $1,000,000. On April 1, 2020, the Network closed on a $200,000 15-year bank replacement loan. These financings are to be utilized to finance or refinance certain construction projects, acquisitions and installation of capital assets over the next several years. Interest is paid monthly at a fixed rate sufficient to pay interest on the bonds and the program expenses.

Management is not aware of any noncompliance with any of the required covenants related to its outstanding debt at December 31, 2021 and 2020. The Obligated Group's most restrictive covenants are meeting minimum requirements for debt service coverage ratio, debt-to-capitalization ratio and cushion ratio. At December 31, 2021 and 2020, the Obligated Group was in compliance with all financial ratio covenants.

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

	Long-Term Debt	Finance Lease Obligations	Total
2022	$ 84,006	$ 7,320	$ 91,326
2023	55,607	7,464	63,071
2024	56,568	7,650	64,218
2025	140,115	7,842	147,957
2026	55,877	8,038	63,915
Thereafter	2,588,326	150,803	2,739,129
	2,980,499	189,117	3,169,616
Amounts representing interest on finance lease obligations	-	(45,070)	(45,070)
Total long-term debt and finance lease obligations	$ 2,980,499	$ 144,047	$ 3,124,546

9. Interest Rate Swap Agreements

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

Prior to the dates of termination, the Network had recognized an unrealized gain of $71,821 for 2021 (an unrealized loss of $11,656 for the year ended December 31, 2020). Additionally in the consolidated statement of operations for the year ended December 31, 2021, the Network paid and recorded a loss on termination attributed to these interest rate swap agreements of $62,568. The liability balance of the Network's derivative instruments included in other liabilities consists of the following at December 31, 2021 and 2020, respectively:

	2021	2020
Fair value of the Network's derivative instruments (level 2)	$ -	$ 71,542

(in thousands)

10. Pension Plans, Postretirement Health Care and Postemployment

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

All legacy component plans are closed for new membership. Benefit accruals have also become completely frozen as of December 31, 2021 due to an amendment to freeze the remaining benefit accruals for the grandfathered HUMC and PMC participants as of December 31, 2021, and the calculation of benefit obligations and net periodic benefit costs reflects the Plan freeze. This resulted in a curtailment gain that was offset by the Consolidated Plan's unrecognized loss, and since the Consolidated Plan had no prior service cost, there was no impact on the net benefit cost.

Certain participants of the legacy HUMC plan have also accrued benefits under a 457(f) deferred compensation plan ("HUMC SERP") where benefit accruals were frozen as of December 31, 2010. The Plan intended to restore benefits lost by certain employees due to the statutory limits based on salary and service through December 31, 2010.

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

(in thousands)

The following table sets forth the funded status of the combined defined benefit pension plans for the years ended December 31, 2021 and 2020:

	2021	2020
Change in benefit obligation		
Benefit obligation at beginning of year	$ 2,199,472	$ 2,009,056
Service cost (credit)	11,930	12,825
Interest cost (credit)	57,493	67,003
Actuarial (gain) loss	(71,745)	205,423
Benefits paid	(102,780)	(87,430)
Curtailment (gain) loss	(11,328)	(7,405)
Settlements	(3,946)	-
Net benefit obligation at end of year	2,079,096	2,199,472
Change in plan assets		
Fair value of plan assets at beginning of year	1,875,761	1,691,555
Actual return on plan assets	183,620	231,624
Employer contributions	8,957	40,012
Benefits paid	(102,780)	(87,430)
Settlements	(3,946)	-
Fair value of plan assets at end of year	1,961,612	1,875,761
Funded status at end of year	$ 117,484	$ 323,711
Accumulated benefit obligation, end of year	$ 2,079,096	$ 2,185,830
Amounts recognized in the consolidated balance sheets consist of		
Current liability (included in accounts payable and accrued expenses)	$ 7,014	$ 6,357
Accrued pension benefits	110,470	317,354
Total accrued pension liability	$ 117,484	$ 323,711
Amounts recognized in net assets without donor restrictions not yet captured within net periodic benefit costs consist of		
Net loss	$ 410,509	$ 572,033
	$ 410,509	$ 572,033
Amounts in net assets without donor restrictions expected to be recognized in the following fiscal year's net periodic benefit cost		
Net loss	$ 8,216	$ 13,411
	$ 8,216	$ 13,411
Additional information for plans with projected benefit obligations in excess of plan assets		
Projected benefit obligation	$ 2,079,096	$ 2,199,472
Fair value of plan assets	1,961,612	1,875,761

(in thousands)

At December 31, 2021 and 2020, the respective plans utilized discount rates as described below for the determination of the benefit obligations and the net periodic benefit cost. The discount rate was derived using the bond matching method and determined with an analysis of bonds available with an "AA-" or better rating rated by S&P or Moody's. A hypothetical bond portfolio was constructed to match the expected monthly benefit payments under the Plans.

	2021	2020
Weighted-average assumptions used to determine benefit obligations		
Discount rate	2.98 %	2.68 %
Rate of compensation increase	N/A	3.00 %
Interest crediting rate	3.80 %	4.10 %
Weighted average assumptions used to determine net periodic benefit cost		
Discount rate	2.68 %	3.42 %
Expected return on plan assets	6.58 %	7.00 %
Rate of compensation increase	3.00 %	3.00 %
Interest crediting rate	4.10 %	N/A

The net periodic pension cost and pension-related adjustments included the following components for the years ended December 31, 2021 and 2020:

	2021	2020
Net periodic benefit cost		
Service cost (credit)	$ 11,930	$ 12,825
Interest cost (credit)	57,493	67,003
Expected return on assets	(120,337)	(116,745)
Settlement (gain) loss	1,758	-
Curtailment (gain) loss	-	(15,407)
Prior service cost (credit)	-	(4,153)
Actuarial gain (loss)	13,411	13,181
Net periodic benefit cost	(35,745)	(43,296)
Pension-related adjustments		
Net actuarial (gain) loss	(161,524)	69,958
Net prior service cost (credit)	-	19,561
Total pension-related adjustments	(161,524)	89,519
Total net periodic benefit cost and pension-related adjustments	$ (197,269)	$ 46,223

Pursuant to the Accounting Standards Update ("ASU 2017-07"), only the service cost of the net periodic pension cost is included in employee benefits in the consolidated statements of operations. The other components of net periodic benefit cost represent gains of $47,675 and $56,122 for the years ended December 31, 2021 and 2020, respectively, and are included in other gains, net in the consolidated statements of operations.

(in thousands)

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

Investment Policy
The pension investment portfolio is managed by a dedicated internal investment office with oversight from the Investment Committee of the Board of Trustees. As such, the investment policy and strategy with respect to all defined benefit plan portfolios is to provide for growth of capital with a moderate level of volatility by investing in assets based on the Plan's target allocations. The expected long-term rate of return assumptions are based on forward-looking return forecasts for specific modeled asset classes. The long-term forecasts are based on their analysis of long-cycle historical data as well as their longer-term global views. The target allocations have been set to achieve a long-term rate of return of 6.58% for all of the Plans.

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

Investment Categories	2021	2020
Equities (domestic and foreign)	44 %	48 %
Fixed income	41	37
Alternative investments	14	14
Cash equivalents	1	1
	100 %	100 %

Fair Value Measurements
The following table sets forth by level, within the fair value hierarchy, the Plans' investments at fair value as of December 31, 2021 and 2020:

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

(in thousands)

	2020		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Total**
Cash and cash equivalents	$ 47,536	$ -	$ 47,536
Corporate equity securities	214,171	-	214,171
Corporate bonds	-	91,745	91,745
Government securities	-	23,618	23,618
Mutual funds-equity	542,058	-	542,058
Mutual funds-fixed income	397,208	-	397,208
Total assets at fair value	$ 1,200,973	$ 115,363	1,316,336
Common collective trusts			362,537
Alternative investments			196,888
			$ 1,875,761

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

At December 31, 2021 and 2020, the Network's remaining outstanding funding commitments to alternative investments were $22,015 and $2,050, respectively.

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

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

	Pension Benefits
2022	$ 105,351
2023	106,112
2024	106,800
2025	112,274
2026	110,602
2027–2031	567,537

Defined Contribution Plans
As of December 31, 2021, the Network sponsors four 401(k) savings plans where all eligible employees of HMH are contributing and receiving matching contributions. In addition, there are two legacy defined contribution plans. The Network also maintains frozen legacy 403(b) and 401(a)/401(k) plans. Total matching contributions to the defined contribution plans for the years ended December 31, 2021 and 2020 were $71,967 and $71,909, respectively.

(in thousands)

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

Certain employees of the Network participate in various deferred compensation plans established pursuant to Sections 457(b) and 457(f) of the Code. For 457(b) plans, the Network deposits amounts with trustees on behalf of the participating employees. Under the terms of these plans, the Network is not responsible for investment gains or losses incurred. The assets set aside under the Plans are designated for payments under the Plans, but may revert to the Network under certain specified circumstances. The participating employees will receive the account balance at retirement. Therefore, at December 31, 2021 and 2020, amounts on deposit with the trustees (at fair value) were equal to the liability under the 457(b) plans. For 457(f) plans, the Network funds benefit payments and expenses as incurred.

The Network has recognized liabilities, in connection with a self-insured medical and dental plan for its employees of $17,893 and $18,145 at December 31, 2021 and 2020, respectively. This liability is included in accounts payable and accrued expenses in the consolidated balance sheets.

11. Leases

On January 1, 2019, the Network adopted new guidance for the accounting and reporting of leases. The Network has operating leases primarily for real estate, including medical office buildings, corporate and other administrative offices, as well as medical and office equipment. As permitted under the transition guidance in ASC 842, the Network elected a package of practical expedients which, among other provisions, allowed the Network to carry forward historical lease classifications. The Network determines if an arrangement is a lease at inception of the contract. When evaluating contracts for embedded leases, the Network exercises judgment to determine if there is an explicit or implicit identified asset in the contract and if the Network controls the use of that asset. Embedded leases are immaterial to the consolidated financial statements.

Under ASC 842 transition guidance, the Network elected the hindsight practical expedient to determine the lease term for existing leases, which permitted companies to consider available information prior to the effective date of the new guidance as to the actual or likely exercise of options to extend or terminate the lease. Certain real estate leases have renewal options and the lease term includes options to extend or terminate the lease when it is reasonably certain that the Network will exercise that option. Real estate lease agreements typically have initial terms of five to ten years, and equipment lease agreements typically have initial terms of three years.

Lease expense for operating lease payments is recognized on a straight-line basis over the term of the lease. Operating lease assets and liabilities are recognized based on the present value of lease payments over the lease term. Since the Network’s leases do not have a readily determinable implicit discount rate, the Network uses its incremental borrowing rate to calculate the present value of lease payments. As a practical expedient, the Network has made an accounting policy election for all asset classes not to separate lease components from nonlease components in the event that the agreement contains both. The Network includes both the lease and nonlease components for purposes of calculating the right-of-use asset and related lease liability (if the nonlease components are fixed). For finance leases, interest expense on the lease liability is recognized using the effective interest method and amortization of the right-to-use asset is recognized on a straight-line basis over the shorter of the estimated useful life of the asset or the

(in thousands)

lease term. The Network's policy for equipment leases with future minimum lease payments totaling less than $50 is to expense as paid as they are immaterial.

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

	2021	2020
Finance lease cost		
Amortization of leased assets	$ 5,037	$ 4,334
Interest on lease liabilities	3,595	(3,279)
Operating lease cost	41,464	46,699
Short-term and variable lease costs, net of sublease income	26,156	23,437
Total lease cost	$ 76,252	$ 71,191

Supplemental consolidated balance sheet information related to operating and finance leases at December 31, 2021 and 2020 is as follows:

	Classification on the Consolidated Balance Sheet	2021	2020
Assets			
Operating lease assets	Operating lease right-of-use assets	$ 218,323	$ 237,313
Finance lease assets	Property and equipment, net	96,401	101,437
Total lease assets		$ 314,724	$ 338,750
Liabilities			
Current			
Operating	Current portion of operating lease obligations	$ 35,531	$ 34,440
Finance	Current maturities of long-term debt and finance lease obligations	3,822	4,254
Noncurrent			
Operating	Long-term operating lease obligations	190,689	209,135
Finance	Long-term debt and finance lease obligations, less current maturities	140,225	143,760
Total lease liabilities		$ 370,267	$ 391,589
Weighted-average remaining lease term (in years)			
Operating leases		9	9
Finance leases		20	20
Weighted-average discount rate			
Operating leases		3.18 %	3.17 %
Finance leases		4.07	4.08

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

	2021	2020
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows for operating leases	$ 43,107	$ 43,053
Operating cash flows for finance leases	7,582	6,815

(in thousands)

Future minimum lease payments under operating leases at December 31, 2021 is as follows:

2022	$	41,934
2023		36,438
2024		33,774
2025		30,379
2026		27,775
Thereafter		89,928
Total minimum lease payments		260,228
Less: Imputed interest		(34,015)
Total lease liabilities	$	226,213

12. Functional Expenses

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

Expenses related to providing these services consist of the following:

	2021			2020		
	Program Services	Management Services	Total	Program Services	Management Services	Total
Salaries and contracted labor	$ 1,919,189	$ 575,829	$ 2,495,018	$ 1,839,885	$ 519,785	$ 2,359,670
Physician salaries and fees	451,898	43,404	495,302	413,189	35,556	448,745
Employee benefits	458,340	133,261	591,601	424,234	131,479	555,713
Supplies and other	1,735,020	749,900	2,484,920	1,588,944	604,341	2,193,285
Depreciation and amortization	187,225	79,555	266,780	174,628	84,628	259,256
Interest	63,751	26,643	90,394	55,868	26,266	82,134
Total expenses	4,815,423	1,608,592	6,424,015	4,496,748	1,402,055	5,898,803
Other components of net periodic benefit cost	(47,675)	-	(47,675)	(56,122)	-	(56,122)
	$ 4,767,748	$ 1,608,592	$ 6,376,340	$ 4,440,626	$ 1,402,055	$ 5,842,681

13. Commitments and Contingencies

Lines of Credit

The Network had available lines of credit totaling $200,000 at December 31, 2021 and 2020. The Network had $15,276 and $13,250 at December 31, 2021 and 2020, respectively, ear-marked against these lines as collateral for certain insurance policies at HMHHC, leaving $184,724 and $186,750 available for cash demands at December 31, 2021 and 2020, respectively. No amounts are outstanding as of December 31, 2021.

Litigation

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

(in thousands)

14. Professional and General Liability Insurance

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

The Network's consolidated balance sheets includes the following estimated liabilities included in other liabilities for hospital professional liability ("HPL"), employed (physician) provider professional liability ("EPPL") general liability ("GL") and workers compensation ("WC") at December 31, 2021 and 2020:

Type of Coverage	Nature of Claims	2021	2020
HMHCCL insurance liabilities	HPL, GL, EPPL and WC	$ 117,970	$ 114,724
Third party insured liabilities	WC	18,515	21,608
Incurred but not reported	HPL, GL and WC	75,074	68,181
		$ 211,558	$ 204,513

Additionally, the Network has recorded estimated insurance recoveries totaling $23,010 and $28,915 at December 31, 2021 and 2020, which is included in other assets on the consolidated balance sheets, respectively. The total represents estimated recoveries from the captives' reinsurance policies as well as third party insurance policies.

Captive Insurance Companies
Coastal (established in 1998); HUMCCO (established in 2003); and Atlantic (established in 1987) provided various coverages to legacy MHS, HUHN and JFK Health facilities, respectively. As of December 31, 2019, Atlantic merged with Coastal and Coastal assumed all coverage obligations of Atlantic. All captives provided indemnification for respective HPL and GL exposures. Additionally, Coastal provided funding for indemnification for exposures related to EPPL; Excess HPL; Umbrella Liability; and WC. As of December 31, 2020, Coastal and HUMCCO merged with HMHCCL whereby HMHCCL continued as the surviving entity and assumed all coverage obligations of Coastal and HUMCCO.

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

Prior to January 1, 2020, Coastal provided indemnification for the deductible portion of legacy MHS workers compensation claims per occurrence exposures ranging from $250 to $750 per accident subject to an overall annual aggregate. The per occurrence exposure and annual aggregate for the year ending December 31, 2019 was $750 and $17,100, respectively. Upon the merger as described above, HMHCCL has assumed responsibility for these obligations.

(in thousands)

Reinsurance and Excess Coverage
For the years ended December 31, 2021 and 2020, HMHCCL purchased annual reinsurance policies in the amount of $100,000 and $150,000, respectively, per claim subject to an annual aggregate of $100,000 and $150,000, respectively, in excess of HMHCCL's primary and first excess layer.

Self Insured Workers Compensation
HMH maintained a self-insured workers compensation program for the years ended December 31, 2021 and 2020. HMH has recorded an estimated liability for claims incurred but not yet reported within the self-insurance period on the consolidated balance sheets as of December 31, 2021 and 2020 of $33,392 and $27,843, respectively. Effective January 1, 2020, the team members of legacy MHS were added to this plan and removed from Coastal. Excess workers compensation coverage is purchased in the commercial market place in excess of $750 per claim. In addition, the captive excess coverage includes excess employers liability insurance over and above that provided under the excess workers compensation coverage.

15. Concentration of Credit Risk

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

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

	2021	2020
Medicare and Medicaid	36 %	37 %
Managed Care HMO	53	52
Other third party payors	11	11
Self-pay patients	-	-
	100 %	100 %

(in thousands)

16. Discontinued Operations

During 2021, the Network entered into a Purchase and Sale agreement and letters of intent relating to the sale of its nursing homes and assisted living facilities included within HMHRC. The sale of the facilities is anticipated to be completed within two separate transactions during 2022. There is expected to be various forms of continuing involvement subsequent to the closure of these transactions for preferred provider relationships and pharmacy services. At this time terms and conditions are not expected to be finalized until closure in 2022. The sale of Prospect Heights Care Center and West Caldwell Care Center ("JV Facilities"), of which the Network has 51% ownership, represents one transaction. A second transaction, for which a definitive agreement with an unrelated third party entity was entered into March 22, 2022, includes the following entities that are 100% wholly owned by the Network and include: Meridian Nursing and Rehabilitation at Brick, Meridian Nursing and Rehabilitation at Ocean Grove, Meridian Nursing and Rehabilitation at Shrewsbury, Meridian Subacute Rehabilitation, Bayshore Health Care Center, The Harborage, JFK at Cedar Brook, JFK Hartwyck at Oak Tree, Regent Care Center, The Willows at Holmdel, and JFK at Whispering Knoll. As of December 31, 2021 and 2020, assets and liabilities of the two disposal groups have been classified as held for sale within the consolidated balance sheets. The two disposal groups share incurred losses from operations for the years ended December 31, 2021 and 2020, respectively. These losses are included in loss on discontinued operations in the consolidated statements of operations of $52,513 and $44,549. In addition, included in loss on discontinued operations for the year ended December 31, 2021 is an impairment loss of $29,800 attributed to the expected loss on sale of the JV Facilities. The impairment loss considers the quoted sale price agreed upon between the parties for the transactions and the carrying value of the net assets. The sales result in the elimination of substantially all ownership in nursing homes and assisted living facilities.

The following table sets forth the components of discontinued operations:

	2021	2020
Net patient service revenue	$ 178,947	$ 171,283
Other revenue	9,577	10,344
Total unrestricted revenues and other support	188,524	181,627
Salaries and contracted labor	123,174	142,406
Physician salaries and fees	33	37
Employee benefits	30,551	34,829
Supplies and other expenses	61,930	69,485
Depreciation and amortization	33,554	14,972
Interest	6,628	5,291
Total expenses	255,870	267,020
Excess (deficit) of revenues over expenses before federal legislative relief	(67,346)	(85,393)
Federal legislative relief	14,833	40,843
Loss on discontinued operations	$ (52,513)	$ (44,550)

(in thousands)

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

	2021	2020
Cash and cash equivalents	$ 277	467
Assets limited as to use and short-term investments, current portion	379	352
Patient accounts receivable, net	18,995	14,104
Other current assets	1,110	1,761
Current assets held for sale	20,761	16,684
Assets limited as to use and investments, noncurrent portion	867	929
Property and equipment, net of accumulated depreciation and impairment loss of $91,899 in 2021 and $58,250 in 2020)[1]	145,071	176,367
Operating lease right-of-use assets	208	239
Other assets	7,630	8,720
Other assets held for sale	153,776	186,255
Total assets held for sale	$ 174,537	$ 202,939
Current maturities of long-term debt and finance lease obligations	$ 776	$ 741
Current portion of operating lease obligations	35	28
Accounts payable and accrued expenses	4,489	4,711
Other current liabilities	83	2,404
Current liabilities held for sale	5,383	7,884
Long-term debt and finance lease obligations[2]	40,788	41,565
Long-term operating lease obligations	182	216
Other liabilities held for sale	40,970	41,781
Total liabilities held for sale	$ 46,353	$ 49,665

[1]Property and equipment is predominately comprised of building and fixed equipment.
[2]Long-term debt is comprised of four commercial mortgages with fixed interest rates between 3.95% and 5.41%.

Cash flow activities from discontinued operations include:

	2021	2020
Depreciation expense, including impairment loss of $29,824 in 2021	$ 33,649	$ 8,227
Amortization expense	-	6,745
Capital expenditures	2,353	4,702
Repayment on long-term debt	741	706

17. Subsequent Events

The Network performed an evaluation of subsequent events through April 8, 2022 which is the date the consolidated financial statements were issued.

Consolidating Supplemental Schedules

Hackensack Meridian Health, Inc.
Consolidating Balance Sheet
December 31, 2021

(in thousands)

							Hackensack Meridian Health Residential Care, Inc.									
	Hackensack Meridian Health Inc.	HMH Hospitals Corporation Excluding Carrier Clinic	HMH & HMH Hospitals Corporation (Obligated Group) Subtotal	Carrier Clinic (HMH Hospitals Corporation)	Hackensack Meridian Health Foundations	Hackensack Meridian Health Realty Corporation & Subsidiaries	Home Care Division	Long-Term Care & Other Divisions	HMH Physician Division	Hackensack Meridian Health Ventures, Inc. & Subsidiary	Hackensack Meridian Ambulatory Ventures Inc.	Hackensack Meridian School of Medicine	Other Affiliates	Total Before Eliminations	Eliminations	Total
Assets																
Current assets																
Cash and cash equivalents	$ 370,543	$ 801	$ 371,344	$ 2,515	$ 1,526	$ 1,080	$ 141	$ 884	$ (261)	$ 836	$ 245	$ 7,342	$ 2,831	$ 388,483	$ -	$ 388,483
Patient accounts receivable, net	-	661,884	661,884	9,251	-	-	9,749	5,561	27,296	1,072	5,325	-	302	720,440	-	720,440
Pledges receivable, net	-	-	-	-	72,857	-	-	-	-	-	-	-	-	72,857	-	72,857
Due from affiliates	1,414	55,787	57,201	109	103,063	-	-	1,394	(360)	-	-	-	-	161,407	(161,407)	-
Current assets held for sale	-	-	-	-	-	-	-	20,761		-	-	-	-	20,761	-	20,761
Other current assets	106,394	321,548	427,942	575	890	1,348	520	9,484	4,570	5,509	8,791	37,693	4,679	502,001	(177)	501,824
Assets limited as to use and short-term investments, current portion	1,193,798	9,200	1,202,998	-	3,667	-	-	541	-	122	-	30	161,730	1,369,088	-	1,369,088
Total current assets	1,672,149	1,049,220	2,721,369	12,450	182,003	2,428	10,410	38,625	31,245	7,539	14,361	45,065	169,542	3,235,037	(161,584)	3,073,453
Assets limited as to use and investments, noncurrent portion	2,901,819	640,710	3,542,529	30,054	88,191	-	69,140	39,768	-	-	-	-	460	3,770,142	-	3,770,142
Investment in joint ventures	19,806	81,166	100,972	-	-	1,672	5,779	168	20,557	2,313	42,355	-	200	174,016	(3,510)	170,506
Property and equipment, net	16,106	2,739,658	2,755,764	37,397	1,307	84,884	779	55,208	13,224	15,427	2,555	195,622	12,755	3,174,922	-	3,174,922
Operating lease right-of-use assets	-	39,427	39,427	17	-	175,186	-	-	1,402	487	1,764	-	40	218,323	-	218,323
Other assets held for sale	-	-	-	-	-	-	-	153,776	-	-	-	-	-	153,776	-	153,776
Other assets	7,178	396,947	404,125	2,330	38,604	1,523	6,841	23,119	520	1,087	53,847	27,606	20,027	579,629	(406,902)	172,727
Due from affiliates	-	1,246	1,246	-	-	-	-	-	-	-	-	-	-	1,246	(1,246)	-
Total assets	$ 4,617,058	$ 4,948,374	$ 9,565,432	$ 82,248	$ 310,105	$ 265,693	$ 92,949	$ 310,664	$ 66,948	$ 26,853	$ 114,882	$ 268,293	$ 203,024	$ 11,307,091	$ (573,242)	$ 10,733,849
Liabilities and Net Assets																
Current liabilities																
Current maturities of long-term debt and capital lease obligations	$ 52,426	$ 2,355	$ 54,781	$ -	$ -	$ 20,958	$ -	$ 2	$ -	$ 397	$ 545	$ 3,824	$ -	$ 80,507	$ -	$ 80,507
Current portion of operating lease obligations	-	5,061	5,061	-	-	29,243	-	-	320	151	756	-	-	35,531	-	35,531
Accounts payable and accrued expenses	208,785	793,559	1,002,344	7,100	1,802	1,982	3,076	10,918	53,659	3,105	4,656	5,710	21,889	1,116,241	(169)	1,116,072
Current liabilities held for sale	-	-	-	-	-	-	-	5,383		-	-	-	-	5,383	-	5,383
Due to affiliates	156,828	(4,829)	151,999	4,905	810	1	-	1	3,154	546	-	-	-	161,416	(161,416)	-
Other current liabilities	116,292	376,715	493,007	1,088	-	-	2,733	15,568	6,824	294	-	563	4	520,081	-	520,081
Total current liabilities	534,331	1,172,861	1,707,192	13,093	2,612	52,184	5,809	31,872	63,957	4,493	5,957	10,097	21,893	1,919,159	(161,585)	1,757,574
Long-term debt and finance lease obligations, less current maturities	2,891,725	-	2,891,725	-	-	117	-	29,955	-	3,193	1,271	141,983	-	3,068,244	-	3,068,244
Long-term operating lease obligations	-	35,632	35,632	17	-	152,509	-	-	1,107	341	1,043	-	40	190,689	-	190,689
Due to affiliates	(60,651)	60,651	-	-	-	-	-	-	-	-	-	-	1,246	1,246	(1,246)	-
Accrued pension benefits	-	107,671	107,671	-	-	-	-	-	-	-	-	-	2,799	110,470	-	110,470
Other liabilities held for sale	-	-	-	-	-	-	-	40,970	-	-	-	-	-	40,970	-	40,970
Other liabilities	173,099	239,415	412,514	4,163	816	297	2,252	1,773	6,594	-	-	15,714	122,226	566,349	(111,489)	454,860
Total liabilities	3,538,504	1,616,230	5,154,734	17,273	3,428	205,107	8,061	104,570	71,658	8,027	8,271	167,794	148,204	5,897,127	(274,320)	5,622,807
Net assets																
Without donor restrictions controlled by the Network	1,050,948	3,070,138	4,121,086	64,975	38,870	59,712	84,888	199,842	(4,710)	15,585	37,063	72,842	44,595	4,734,748	(3,509)	4,731,239
Without donor restrictions attributable to noncontrolling interests	-	-	-	-	-	874	-	6,252	-	3,241	69,548	-	-	79,915	-	79,915
Net assets without donor restriction	1,050,948	3,070,138	4,121,086	64,975	38,870	60,586	84,888	206,094	(4,710)	18,826	106,611	72,842	44,595	4,814,663	(3,509)	4,811,154
Net assets with donor restrictions	27,606	262,006	289,612	-	267,807	-	-	-	-	-	-	27,657	10,225	595,301	(295,413)	299,888
Total net assets	1,078,554	3,332,144	4,410,698	64,975	306,677	60,586	84,888	206,094	(4,710)	18,826	106,611	100,499	54,820	5,409,964	(298,922)	5,111,042
Total liabilities and net assets	$ 4,617,058	$ 4,948,374	$ 9,565,432	$ 82,248	$ 310,105	$ 265,693	$ 92,949	$ 310,664	$ 66,948	$ 26,853	$ 114,882	$ 268,293	$ 203,024	$ 11,307,091	$ (573,242)	$ 10,733,849

The accompanying note is an integral part of these consolidating financial statements.

Hackensack Meridian Health, Inc.
Consolidating Statement of Operations
Year Ended December 31, 2021

(in thousands)

							Hackensack Meridian Health Residential Care, Inc.									
	Hackensack Meridian Health Inc.	HMH Hospitals Corporation Excluding Carrier Clinic	HMH & HMH Hospitals Corporation (Obligated Group) Subtotal	Carrier Clinic (HMH Hospitals Corporation)	Hackensack Meridian Health Foundations	Hackensack Meridian Health Realty Corporation & Subsidiaries	Home Care Division	Long-Term Care & Other Divisions	HMH Physician Division	Hackensack Meridian Health Ventures, Inc. & Subsidiary	Hackensack Meridian Ambulatory Ventures Inc.	Hackensack Meridian School of Medicine	Other Affiliates	Total Before Eliminations	Eliminations	Total
Unrestricted revenues and other support																
Net patient service revenue	$ 9,436	$ 5,403,838	$ 5,413,274	$ 80,727	$ -	$ -	$ 90,574	$ 17,386	$ 426,711	$ 16,692	$ 44,487	$ -	$ 3,506	$ 6,093,357	$ (21,077)	$ 6,072,280
Other revenue	22,887	165,625	188,512	603	12,357	10,033	1,010	25,038	10,536	3,285	10,235	31,022	58,244	350,875	(29,705)	321,170
Net gain on equity investments	(16,065)	23,519	7,454	-	-	150	164	515	21,589	132	10,393	-	-	40,397	-	40,397
Net assets released from restriction used for operating activities	-	12,738	12,738	1,274	-	-	1,380	(1,219)	1,329	-	-	550	-	16,052	-	16,052
Total unrestricted revenues and other support	16,258	5,605,720	5,621,978	82,604	12,357	10,183	93,128	41,720	460,165	20,109	65,115	31,572	61,750	6,500,681	(50,782)	6,449,899
Expenses																
Salaries and contracted labor	3,000	2,141,832	2,144,832	52,128	9,826	1,029	40,252	24,088	165,938	16,078	16,980	11,818	15,512	2,498,481	(3,463)	2,495,018
Physician salaries and fees	-	91,942	91,942	6,547	11	-	606	10	390,157	1,441	-	3,607	981	495,302	-	495,302
Employee benefits	9,532	501,419	510,951	13,640	1,660	242	10,063	5,173	71,000	(9,603)	1,747	2,699	2,874	610,446	(18,845)	591,601
Supplies and other expenses	14,186	2,500,575	2,514,761	17,258	7,058	7,817	28,668	9,966	(170,716)	9,689	13,306	10,124	65,464	2,513,395	(28,475)	2,484,920
Depreciation and amortization	1,671	232,206	233,877	3,864	107	1,699	1,155	3,647	4,708	967	7,141	9,497	118	266,780	-	266,780
Interest	-	84,332	84,332	322	-	793	4	1,082	-	185	4	3,666	6	90,394	-	90,394
Total expenses	28,389	5,552,306	5,580,695	93,759	18,662	11,580	80,748	43,966	461,087	18,757	39,178	41,411	84,955	6,474,798	(50,783)	6,424,015
(Deficit) excess of revenues over expenses before federal legislative relief and other operating adjustments	(12,131)	53,414	41,283	(11,155)	(6,305)	(1,397)	12,380	(2,246)	(922)	1,352	25,937	(9,839)	(23,205)	25,883	1	25,884
Federal legislative relief	7,802	146,057	153,859	1,093	-	-	-	1,050	764	134	10	48	5	156,963	-	156,963
Excess (deficit) of revenues over expenses before other operating adjustments	(4,329)	199,471	195,142	(10,062)	(6,305)	(1,397)	12,380	(1,196)	(158)	1,486	25,947	(9,791)	(23,200)	182,846	1	182,847
Other operating adjustments																
Investment income (loss), net	322,460	3,060	325,520	-	-	29	2	64	84	218	129	(10)	174	326,210	(135)	326,075
Net unrealized/realized gain (loss) on derivative instruments	8,248	-	8,248	537	-	-	-	468	-	-	-	-	-	9,253	-	9,253
Other gains, net	49,434	-	49,434	-	-	-	-	56	-	(127)	399	-	-	49,762	-	49,762
Excess of revenues over expenses	375,813	202,531	578,344	(9,525)	(6,305)	(1,368)	12,382	(608)	(74)	1,577	26,475	(9,801)	(23,026)	568,071	(134)	567,937
Other adjustments in net assets without donor restrictions																
Net assets released from restriction for capital acquisitions	-	21,288	21,288	-	28,319	-	-	30	-	-	-	-	-	49,637	(28,319)	21,318
Transfers (to) from affiliates	123,569	(300,415)	(176,846)	25,460	(22,769)	5,597	(37,144)	104,844	(4,883)	726	(43,220)	84,822	32,718	(30,695)	30,695	-
Pension-related adjustments	-	161,524	161,524	-	-	-	-	-	-	-	-	-	-	161,524	-	161,524
Other changes	2,320	(1,189)	1,131	178	-	-	-	698	74	(1,104)	-	-	479	1,456	1,353	2,809
Contributions from (distributions to) noncontrolling interests	-	-	-	-	-	14	-	21,035	-	(1,000)	(14,644)	-	-	5,405	-	5,405
Increase in net assets without donor restrictions before discontinued operations	501,702	83,739	585,441	16,113	(755)	4,243	(24,762)	125,999	(4,883)	199	(31,389)	75,021	10,171	755,398	3,595	758,993
Loss on discontinued operations	-	-	-	-	-	-	-	(52,513)	-	-	-	-	-	(52,513)	-	(52,513)
Total increase in net assets without donor restrictions	$ 501,702	$ 83,739	$ 585,441	$ 16,113	$ (755)	$ 4,243	$ (24,762)	$ 73,486	$ (4,883)	$ 199	$ (31,389)	$ 75,021	$ 10,171	$ 702,885	$ 3,595	$ 706,480

The accompanying note is an integral part of these consolidating financial statements.

1. Basis of Presentation

The consolidating supplemental schedules (the “consolidating schedules”) presented above were derived from and relate directly to the underlying accounting and other records used to prepare the consolidating financial statements. The consolidating schedules are presented for purposes of additional analysis of the consolidating financial statements rather than to present the financial position, results of operations, changes in net assets and cash flows of the individual companies within the Network and are not a required part of the consolidated financial statements. The individual companies within the Network as presented within the consolidating schedules are disclosed within Note 1 to the consolidated financial statements.