AHS Hospital Corp.

Consolidated Financial Statements
As of and for the three months ended
March 31, 2026 and 2025

AHS Hospital Corp.

Consolidated Balance Sheets
As of March 31, 2026 and December 31, 2025
(in thousands)

ASSETS		**Unaudited** March 31, 2026		**Audited** December 31, 2025
Current assets:				
Cash and cash equivalents	$	341,016	$	394,370
Assets limited as to use		61,092		61,443
Patient accounts receivable, net		522,910		469,763
Other current assets		264,609		286,746
Total current assets		1,189,627		1,212,322
Assets limited as to use, net of current portion		3,033,760		3,079,525
Long-term investments and other assets		647,037		650,356
Property, plant and equipment, net		1,537,681		1,552,311
Right of use assets, net		315,653		327,586
Total assets	$	6,723,758	$	6,822,100
LIABILITIES AND NET ASSETS				
Current liabilities:				
Current portion of long-term debt	$	13,485	$	13,485
Current portion of lease liability		51,589		51,294
Accounts payable and accrued expenses		504,969		601,300
Estimated amounts due to third party payers		62,978		63,020
Total current liabilities		633,021		729,099
Accrued employee benefits and other, net of current portion		279,894		278,149
Long-term debt, net of unamortized bond premium, debt issuance costs, and current portion		1,351,990		1,353,412
Long-term lease liability, net of current portion		275,579		287,461
Total liabilities		2,540,484		2,648,121
Net assets:				
Without donor restrictions controlled by the Hospital		3,950,765		3,939,389
Without donor restrictions attributable to noncontrolling interest		3,739		4,061
Without donor restrictions		3,954,504		3,943,450
With donor restrictions		228,770		230,529
Total net assets		4,183,274		4,173,979
Total liabilities and net assets	$	6,723,758	$	6,822,100

AHS Hospital Corp.

Consolidated Statements of Operations
For the three months ended March 31, 2026 and 2025
(in thousands)

	Unaudited March 31, 2026	Unaudited March 31, 2025
Revenues, gains and other support		
Net patient service revenue	$ 1,225,033	$ 1,153,692
Other revenue	13,197	12,308
Net assets released from restrictions	3,535	3,398
Total revenues, gains and other support	1,241,765	1,169,398
Expenses		
Salaries	544,259	519,923
Supplies and other expenses	467,649	443,494
Employee benefits	111,976	106,974
Depreciation	52,680	50,067
Interest	12,073	12,545
Total operating expenses	1,188,637	1,133,003
Operating income	53,128	36,395
Change in net unrealized loss	(74,640)	(8,344)
Investment income, net	27,368	21,245
Nonoperating (loss) gain, net	(972)	786
Excess of revenues over expenses	4,884	50,082
Other changes in net assets without donor restrictions		
Noncontrolling interest	(322)	(39)
Equity transfers to related parties	-	(1,809)
Net assets released from restrictions for capital purposes	6,492	1,370
Government grants used for capital purchases	-	252
Increase in net assets without donor restrictions	$ 11,054	$ 49,856

AHS Hospital Corp.

Consolidated Statements of Changes in Net Assets
For the three months ended March 31, 2026 and 2025
(in thousands)

	Unaudited March 31, 2026	Unaudited March 31, 2025
Net assets without donor restrictions		
Excess of revenues over expenses	$ 4,884	$ 50,082
Equity transfers to related parties	-	(1,809)
Noncontrolling interest	(322)	(39)
Net assets released from restrictions for capital purposes	6,492	1,370
Government grants used for capital purchases	-	252
Increase in net assets without donor restrictions	11,054	49,856
Net asset with donor restrictions		
Contributions	8,886	5,423
Investment income	422	2,638
Change in net unrealized loss	(1,040)	(2,361)
Net assets released from restrictions for operations	(3,535)	(3,398)
Net assets released from restrictions for capital purposes	(6,492)	(1,370)
(Decrease) Increase in net assets with donor restrictions	(1,759)	932
Increase in net assets	9,295	50,788
Net assets		
Beginning of year	4,173,979	3,688,402
End of period	$ 4,183,274	$ 3,739,190

AHS Hospital Corp.

Consolidated Statements of Cash Flows
For the three months ended March 31, 2026 and 2025

(in thousands)	Unaudited March 31, 2026	Unaudited March 31, 2025
Cash flows from operating activities		
Change in net assets	$ 9,295	$ 50,788
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Equity transfers to related parties	-	1,809
Depreciation	52,680	50,067
Noncontrolling interest	(322)	(39)
Net realized and unrealized loss on investments	63,626	3,683
Gain in value of swap agreements	(142)	(309)
Amortization of deferred financing costs and bond premium/discounts	(588)	(588)
Amortization of right of use assets	13,305	12,772
Contributions restricted for capital and permanent investments	(3,899)	(1,043)
Changes in assets and liabilities		
(Increase) Decrease in net patient accounts receivable	(53,147)	4,354
Decrease in other assets	23,096	49,308
Decrease in accounts payable, accrued expenses, est. amounts due from third party payers, lease liability, and other liabilities	(105,748)	(160,852)
Net cash (used in) provided by operating activities	(1,844)	9,950
Cash flows from investing activities		
Purchases of investments	(450,686)	(276,312)
Proceeds from sales of investments	361,485	306,276
Repayment of loans to AHSIC	1,182	1,676
Contributions to venture capital private equity funds	(901)	(1,707)
Acquisition of Advanced Care Oncology and Hematology Associates, net of cash acquired	(1,463)	(2,195)
Additions to property, plant and equipment	(38,282)	(59,009)
Net cash used in investing activities	(128,665)	(31,271)
Cash flows from financing activities		
Principal payments on long-term debt	(834)	(834)
Equity transfers to related parties	-	(1,809)
Contributions restricted for capital purposes and permanent investments	2,989	1,998
Net cash provided by (used in) financing activities	2,155	(645)
Decrease in cash and cash equivalents	(128,354)	(21,966)
Cash and cash equivalents, beginning of year	469,370	244,580
Cash and cash equivalents, end of the period	$ 341,016	$ 222,614

AHS Hospital Corp.
For the three months ended March 31, 2026 and 2025

		Period Ended March 31,	
		2026	**2025**
Licensed Beds (1)			
	MMC	759	735
	OMC	513	513
	NMC	148	148
	CMC	260	260
	HMC	111	111
	Total Acute Care	1,791	1,767
Admissions			
	MMC	11,944	11,524
	OMC	5,900	5,598
	NMC	2,025	1,990
	CMC	2,569	2,547
	HMC	957	1,101
	Total Acute Care	23,395	22,760
Observations			
	MMC	3,110	2,473
	OMC	1,728	1,627
	NMC	602	493
	CMC	1,050	893
	HMC	300	258
		6,790	5,744
Admissions + Observations			
	MMC	15,054	13,997
	OMC	7,628	7,225
	NMC	2,627	2,483
	CMC	3,619	3,440
	HMC	1,257	1,359
		30,185	28,504

AHS Hospital Corp.
For the three months ended March 31, 2026 and 2025

	Period Ended March 31,	
	2026	**2025**
Patient Days		
MMC	64,758	65,445
OMC	28,452	28,440
NMC	11,254	11,674
CMC	12,661	13,085
HMC	5,384	6,572
Total Acute Care	122,509	125,216
Average Length of Stay		
Acute Avg LOS	5.2	5.5
Inpatient Surgeries		
MMC	3,116	3,281
OMC	979	960
NMC	120	164
CMC	372	359
HMC	113	135
	4,700	4,899
Outpatient Surgeries		
MMC (2)	6,539	6,598
OMC	3,559	3,390
NMC	482	525
CMC	1,105	1,156
HMC	341	373
	12,026	12,042
Total Surgeries		
MMC	9,655	9,879
OMC	4,538	4,350
NMC	602	689
CMC	1,477	1,515
HMC	454	508
	16,726	16,941

AHS Hospital Corp.
For the three months ended March 31, 2026 and 2025

	Period Ended March 31,	
	2026	**2025**
Outpatient Visits		
MMC	211,691	211,798
OMC	84,408	84,390
NMC	25,827	26,066
CMC	32,860	33,921
HMC	16,910	19,168
	371,696	375,343
Emergency Room Visits (3)		
MMC	26,839	26,987
OMC (4)	26,278	28,182
NMC	9,203	9,692
CMC	11,395	11,960
HMC	5,687	5,984
	79,402	82,805
Deliveries (5)		
MMC	1,284	1,405
OMC	579	491
NMC	122	101
CMC	176	143
	2,161	2,140
HomeCare Visits	58,935	60,117
Full time equivalents (6) Hospital divisions, AVN, and AMG	18,773	18,346

Notes:
(1) Excludes newborn bassinets.
(2) Includes outpatient surgeries from 111 Madison Ave and Rockaway.
(3) Includes visits resulting in admission.
(4) Includes ER Visits from Union.
(5) Includes multiple births.
(6) Calculation of FTE is as of period end and assumes 37.5-hour work week.

1. Organization

AHS Hospital Corp. and subsidiaries (the "Hospital") is a New Jersey not-for-profit entity comprised of five hospital facilities, the Atlantic Health Morristown Medical Center ("AHMMC"), the Atlantic Health Overlook Medical Center ("AHOMC"), the Atlantic Health Newton Medical Center ("AHNMC"), the Atlantic Health Chilton Medical Center ("AHCMC"), and the Atlantic Health Hackettstown Medical Center ("AHHMC"). Atlantic Visiting Nurse ("AVN"), which provides comprehensive home health and hospice and palliative care services as well as adult day care services and various community health services, is also included within the Hospital. Each of the above operate as divisions within AHS Hospital Corp. and not as separate corporations. Also, included in the Hospital is the Foundation for the Morristown Medical Center ("MMCF"), a wholly owned subsidiary and not-for-profit fundraising organization. The Hospital is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Hospital provides regional health care services including a broad range of adult, pediatric, obstetrical/gynecological, psychiatric, oncology, intensive care, cardiac care and newborn acute care services to patients from the counties of Morris, Essex, Passaic, Sussex, Bergen, Hunterdon, Union, Warren and Somerset in New Jersey, Pike County in Pennsylvania and southern Orange County in New York. The Hospital is also a regional health trauma center that provides tri-state coverage and provides numerous outpatient ambulatory services, rehabilitation and skilled care and emergency care.

Also included in the Hospital is Practice Associates Medical Group doing business as Atlantic Medical Group, P.A. ("AMG"), the captive physician practice serving all of the Hospital divisions. It is a nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code. Originally formed to provide billing and collection services for fees generated by physicians employed by the hospital divisions, AMG now serves as a physician-governed group practice entity with over 1,700 providers. AMG supports the Hospital by improving consistency, enhancing collaboration among those delivering care and optimizing care system operations.

MMCF solicits funds in its general appeal to primarily support the AHMMC and the community as MMCF's Board may deem appropriate. The by-laws of MMCF were amended on November 19, 2015, to provide that funds received by MMCF after the date of the amendment may be used for the benefit of Atlantic Health System, Inc. ("Atlantic Health") and the Hospital, including all subsidiaries, upon approval of the Executive Committee of the Board of MMCF.

In June 2019, Atlantic Rehabilitation Institute ("ARI") began operations under a joint venture between the Hospital and Lifepoint Health ("Lifepoint") (formerly Kindred Healthcare). ARI is a two-story, 38-bed rehabilitation facility, located in Madison, NJ and provides patient-focused rehabilitation dedicated to the treatment and recovery of individuals through intensive specialized rehabilitation services for patients who have experienced a loss of function from an injury or illness. The Hospital contributed the existing rehabilitation business for a 55% ownership investment. The Hospital consolidates the joint venture's operations and records an adjustment for the noncontrolling interest within other changes in net assets without donor restrictions on the consolidated statements of operations and separates Kindred's equity as noncontrolling interest within net assets without donor restrictions on the consolidated balance sheets.

The Hospital is a wholly controlled subsidiary of Atlantic Health, a not-for-profit organization.

Atlantic Health wholly owns the following for-profit entities; Atlantic Health Management Corp., a for-profit holding company, which owns AHS Investment Corporation and Subsidiaries ("AHSIC"); AHS Insurance Company, Ltd. (the "Captive"), a for-profit insurance company licensed under the provisions of the Cayman Islands Insurance Law; Atlantic Health Organization, LLC and AHS Health Network LLC, for-profit companies established to provide a vehicle to report risk contracting under the requirements of the banking and insurance regulations; Primary Care Partners, LLC, Atlantic Health Partners, LLC, and Atlantic Brain and Spine, LLC, for-profit physician practice entities; AHS ACO, LLC, Care Better ACO LLC and Premier Health ACO, LLC, for-profit limited liability companies established for the purpose of participating in the Medicare Shared Savings Program under the Patient Protection and Affordable and Accountable Care Act of 2010 as well as participating in shared savings programs with certain commercial carriers; and several urgent care and advanced urgent care centers located within the Hospital's geographic regions. AHSIC holds real estate interests and manages health care businesses including magnetic resonance imaging, durable medical equipment and private duty home care services. The Captive's principal activity is to provide for professional and commercial general liability insurance to Atlantic Health and its subsidiaries beginning January 1, 2002. In addition, Atlantic Health wholly owns the following not-for-profit entities: Atlantic Ambulance Corp., a not-for-profit company established to provide emergency and nonemergency medical transportation to Atlantic Health and its subsidiaries; North Jersey Health Care Properties which owns commercial buildings; Prime Care, Inc. which provides various wellness, health education and other health services; and Newton Medical Center Foundation, Inc. and the Chilton Medical Center Foundation, Inc., both not-for-profit fund raising organizations for the benefit of their respective Hospital Divisions.

The Overlook Foundation and the Foundation for the Hackettstown Medical Center are not-for-profit fundraising organizations affiliated with the AHOMC and AHHMC, respectively, however, they are not controlled subsidiaries of Atlantic Health or the Hospital.

Effective January 1, 2022, Atlantic Health and CentraState Healthcare System ("CentraState"), a nonprofit health system with a continuum of care operating one acute care hospital in Freehold, New Jersey in Monmouth County, completed their newly expanded partnership, creating a unique model for health system co-ownership under which Atlantic Health became the 51% majority corporate member in CentraState and CentraState joined the System's network of care. The partnership is structured to deliver benefits to patients, physicians, and caregivers in CentraState's communities by strengthening its integrated clinical services, physician network and infrastructurethrough capital investments.

In January 2024, Atlantic Health and Saint Peter's Healthcare System ("SPHS") signed a Letter of Intent to establish a strategic partnership, subsequently a Member Substitution Agreement in June 2024. After extensive discussions and a thorough analysis of the rapidly evolving health care landscape, Atlantic Health and SPHS announced on October 6, 2025, their mutual agreement not to move forward with the transaction.

(Dollar amounts in thousands) (Unaudited)

2. Basis of Presentation

The consolidated financial statements included herein are unaudited and include all adjustments (consisting of normal recurring adjustments), which are, in the opinion of management, necessary for a fair presentation of the financial position and results of operations. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted. These financial statements should be read in conjunction with the Hospital's audited financial statements for the year ended December 31, 2025.

3. Net Patient Service Revenue

The components of net patient service revenue for the Hospital (including AVN and AMG) for the three months ended March 31, 2026 and 2025 are as follows:

	March 31, 2026	March 31, 2025
Gross charges		
Inpatient	$ 2,840,030	$ 2,731,066
Outpatient	2,982,074	2,742,365
Physician Practices	571,091	430,702
Total gross charges	6,393,195	5,904,133
Net additions (deductions) from gross charges		
Contractual discounts and implicit price concessions	(5,123,323)	(4,701,657)
Charity care discount	(60,843)	(53,850)
State subsidies	16,004	5,066
	(5,168,162)	(4,750,441)
Net patient service revenue	$ 1,225,033	$ 1,153,692

The Hospital recorded $44,906 and $44,474 of implicit price concessions as a direct reduction of patient service revenues during the three months ended March 31, 2026 and 2025, respectively.

(Dollar amounts in thousands) (Unaudited)

The mix of Hospital net patient service revenue (excluding net revenue recorded by AMG), net of contractual discounts and implicit price concessions by payer for the three months ended March 31, 2026 and 2025 is as follows:

	March 31, 2026	March 31, 2025
Medicare	22.5 %	20.9 %
Medicaid	0.1	0.6
Managed care and other third party payers	75.3	76.6
Self pay	0.6	1.4
State subsidies	1.5	0.5
	100.0 %	100.0 %

Net patient service revenue recorded by AMG's physician practices amounted to $163,249 and $149,184 for the three months ended March 31, 2026 and 2025, respectively. AMG's net patient service revenue by payer for the three months ended March 31, 2026 and 2025, is as follows:

	March 31, 2026	March 31, 2025
Medicare	24.4 %	22.0 %
Medicaid	0.4	0.4
Managed Care and other third party payers	75.2	77.5
Self Pay	-	0.1
	100.0 %	100.0 %

4. Pension Plan Contribution

The Hospital contributed $5,000 and $15,000 to the cash balance pension plan during the three months ended March 31, 2026 and 2025, respectively. The service cost component of annual pension expense for the year ended December 31, 2026 is expected to be $32,034, as compared to $32,856 for the year ended December 31, 2025.

(Dollar amounts in thousands) (Unaudited)

5. Assets Limited as to Use

Assets limited as to use at March 31, 2026 and December 31, 2025, consist of the following:

	March 31, 2026	December 31, 2025
Board designated		
Cash held for investments	$ -	$ 75,000
Short-term investments including money market funds	224,163	223,409
Equity securities	400,713	413,232
Fixed income funds	741,863	740,000
Mutual funds	1,547,604	1,499,935
Investments measured at net asset value	172,440	181,833
	3,086,783	3,133,409
Under bond indenture agreements		
Short-term investments including money market funds		
Interest account	1,465	2,850
Principal account	5,966	4,063
Debt service reserve fund	638	646
	8,069	7,559
Total assets whose use is limited	3,094,852	3,140,968
Less, assets limited as to use and are required for current liabilities	61,092	61,443
Noncurrent assets limited as to use	$ 3,033,760	$ 3,079,525

Assets limited as to use under bond indenture agreements represent certain funds that are controlled by trustees for as long as any of the bonds remain outstanding. These funds, including interest income, are held by bank trustees who administer the trusts as required under the bond indenture agreements.

(Dollar amounts in thousands) (Unaudited)

6. Long-Term Investments and Other Assets

Long-term investments and other assets at March 31, 2026 and December 31, 2025 are as follows:

	March 31, 2026	December 31, 2025
Long-term investments		
Short term investments including money market funds	$ 6,993	$ 9,613
Mutual funds	87,544	88,844
Alternative investments - equity	8,426	8,534
	102,963	106,991
Other assets		
AHSIC related party loans	106,182	107,407
Professional and general liability insurance recoveries	116,680	116,680
CentraState related party loan	113,816	113,816
Workers compensation liability insurance recoveries	11,300	11,300
Accrued employee benefit asset	43,200	43,200
Due from Overlook Medical Center Foundation	39,886	40,336
Due from Newton Medical Center Foundation	3,859	3,864
Due from Chilton Medical Center Foundation	7,009	7,009
Due from the Foundation for Hackettstown Medical Center	2,607	2,621
Venture capital private equity funds	28,528	27,627
Equity method investments	4,185	4,153
Beneficial interest in trusts	3,003	3,003
Goodwill	44,321	44,321
Life interest in real estate	9,775	9,775
Other	9,723	8,253
	544,074	543,365
Total long-term investments and other assets	$ 647,037	$ 650,356

On August 17, 2022, the Hospital entered into a secured loan agreement with CentraState in the amount of $103,497, whereby the proceeds were utilized by CentraState to pay off or legally defease all of its financed obligations as of that date. CentraState will pay interest to the Hospital monthly at a fixed rate of 3.21% with the full principal amount due to the Hospital on May 31, 2037. The loan is collateralized by the gross receipts of CentraState as well as its owned properties. In addition, certain financial covenants must be maintained by CentraState. On July 1, 2024, CentraState sold the Center for Aging, Inc. d/b/a Applewood, its wholly owned subsidiary to an unrelated entity. Upon sale, CentraState transferred $19,681 to the Hospital to pay off the portion of the secured loan related to Applewood.

On August 31, 2023, the Hospital entered into a revolving credit loan agreement with CentraState in the amount of $30,000, whereby drawdowns were utilized by CentraState to pay working capital requirements to meet its obligations. CentraState will pay interest to the Hospital monthly at a fixed annual rate of 5% with the full principal amount due to the Hospital on August 31, 2028. At March 31, 2026 and December 31, 2025, CentraState's outstanding draw down on the revolving credit loan, was $30,000.

On February 5, 2024, Advanced Care Oncology & Hematology Associates physician practice and oral pharmacy was acquired. There was an initial payment made to the sellers on the closing date and three subsequent annual installment payments to be made on the anniversary of the closing date subject to the practice maintaining or exceeding annual aggregate productivity thresholds. The total purchase price represents the fair market value of the purchased interest which was validated by an independent, third-party appraisal. The related goodwill was recorded in long-term investments and other assets.

The Hospital accrues an estimate of the ultimate cost of claims under all insurance policies whether the policy is fully insured or a self-insurance policy, with any insurance recoverable under such policies recorded as a receivable. As of March 31, 2026 and December 31, 2025, the Hospital has recorded a corresponding liability for professional and general liability insurance claims within accounts payable and accrued expenses in the consolidated balance sheets. As of March 31, 2026 and December 31, 2025, the Hospital recorded liabilities related to estimated gross workers compensation claims totaling $28,871 and $29,300, respectively, within accounts payable and accrued expenses in the consolidated balance sheets.

Due from Overlook, Newton, Chilton and Hackettstown Medical Center Foundations relate to the amounts due from the Foundations for contributions received by the Foundations on behalf of AHOMC, AHNMC, AHCMC and AHHMC. The Foundations solicit funds in their general appeal to support the Hospital and for other health care purposes as the respective Foundation's individual Board of Trustees may deem appropriate. In the absence of donor restrictions, the Foundations have discretionary control over the amounts to be distributed to the providers of health care services, the timing of such distributions, and the purposes for which such funds are used. The assets held at the affiliated foundations are comprised primarily of cash and cash equivalents, marketable equity securities and debt securities.

7. Long-Term Debt and Interest Rate Swaps

The Hospital is the sole member of the obligated group as defined in and established under the Master Trust Indenture. Neither Atlantic Health nor any of its affiliates is liable to make any payment with respect to the bonds or any other obligations under the Master Indentures. Under the terms of the Master Trust Indenture, the Hospital is required to maintain certain deposits with a trustee, which are included with assets limited as to use in the consolidated balance sheets. The Master Trust Indenture also contain provisions whereby certain financial ratios are to be maintained and permit additional borrowings subject to the maintenance of specific financial ratios. The most restrictive covenant is for the Hospital to maintain a debt service coverage ratio in each year of at least 1.2 times the debt service requirement on all long-term debt in that year. The Hospital is compliant with its financial covenants at March 31, 2026 and December 31, 2025.

(Dollar amounts in thousands) (Unaudited)

Long-term debt at March 31, 2026 and December 31, 2025 consists of the following:

	March 31, 2026	December 31, 2025
$100,000 JP Morgan Chase Taxable Term Loan maturing on May 31, 2037. Principal is payable quarterly as is interest at an annual interest rate of 3.21%. The loan is collateralized by the Hospital's gross receipts.	$ 87,499	$ 88,333
$450,000 Series 2021 Taxable Bonds (Fixed Rate) maturing on July 1, 2051. Interest is payable each January 1 and July 1 at an annual interest rate of 2.78%. The bonds are collateralized by the Hospital's gross receipts.	450,000	450,000
$224,800 New Jersey Health Care Facilities Financing Authority ("NJHCFFA"), AHS Hospital Corporation, Series 2016 Refunding Bonds (Fixed Rate), in varying maturities through 2041 at annual interest rates varying between 3.00% and 5.00%. Interest is payable each January 1 and July 1 and principal is payable each July 1 commencing in 2017. As of March 31, 2026, the average interest rate on the bonds was 4.10%. The bonds are collateralized by the Hospital's gross receipts.	134,055	134,055
$425,000 Series 2015 Taxable Bonds (Fixed Rate) maturing on July 1, 2045. Interest is payable each January 1 and July 1 at an annual interest rate of 5.02%. The bonds are collateralized by the Hospital's gross receipts.	425,000	425,000
$50,000 Bank of America Taxable Term Loan maturing on December 1, 2028. Interest is payable monthly at an annual interest rate of 5.6%. The loan is collateralized by the Hospital's gross receipts under the Master Trust Indenture.	50,000	50,000
$177,110 NJHCFFA AHS Hospital Corporation, Series 2008A Revenue Bonds (Fixed Rate), in varying maturities through 2027 at annual interest rates varying between 4.88% and 5.00%. Interest is payable each January 1 and July 1 and principal is payable each July 1 commencing in 2009. As of September 30, 2025, the average interest rate on the bonds was 5.00%. The bonds are collateralized by the Hospital's gross receipts.	935	935
$177,110 NJHCFFA AHS Hospital Corporation, Series 2008B and 2008C Revenue Bonds (Variable Rate), in varying maturities commencing in 2027 through 2036 at annual interest rate of 3.08%. The interest on the bonds is payable monthly and principal will be payable each July 1. As of March 31, 2026, the average interest rate on the bonds was 1.99%. The bonds are collateralized by the Hospital's gross receipts.	177,110	177,110
Total long-term debt	1,324,599	1,325,433
Unamortized bond premium	45,964	46,615
Deferred financing fees	(5,088)	(5,151)
	1,365,475	1,366,897
Less: Current portion of long-term debt	13,485	13,485
Long-term debt, net of unamortized bond premium, debt issuance costs, and current portion	$ 1,351,990	$ 1,353,412

(Dollar amounts in thousands) (Unaudited)

On April 9, 2008, the Hospital unwound and reissued two new barrier swaps: the 2008 Swap and the 2004 Swap. The 2008 Swap was reissued in place of the 2006A Swap when the Series 2006A Revenue Bonds were redeemed. This was a noncash transaction. The original notional amount of the swap was $91,550 subject to reduction in the principal amortization of a portion of the Hospital's Series 2008 variable rate debt and will expire on July 1, 2036, with an annual fee of 0.51%. The notional amount of the swap was $87,400 at March 31, 2026 and December 31, 2025. Under the terms of the swap agreement, if the Securities Industry and Financial Markets Association ("SIFMA"), formerly known as the Bond Market Association, Municipal Swap Index, exceeds 4.05% for 90 days, the Hospital will pay a fixed rate of 4.00% in addition to the annual fee of 0.51%. The Hospital will then receive 68% of SOFR and pay the counterparty 4.00%. Currently the swap is treated as an ineffective swap for accounting purposes until SIFMA exceeds 4.05% for 90 days, at that time the swap will be tested to determine if it qualifies as a cash flow hedge.

The 2004 Swap was reissued in place of the original 2004 Swap when the Series 2003 and 2004 Revenue Bonds were redeemed. This was a noncash transaction and there were no changes to the terms of the swap. The notional amount of the swap was $97,525, subject to reduction in the principal amortization of a portion of the Hospital's Series 2008 variable rate debt with an annual fee of 0.52%. The swap expired on July 1, 2025.

As of March 31, 2026 and December 31, 2025, the swap liability for the 2008 Swap, recorded in accrued employee benefits and other, net of current portion, was $3,401 and $3,543, respectively.

The following table sets forth the effect of the interest rate swap agreements on the consolidated statements of operations for the three months ended March 31, 2026 and 2025:

	Amount of gain recognized in the performance indicator	
	March 31, 2026	March 31, 2025
Derivative in Non-Hedging Relationship		
Non operating gain, net		
2008 interest rate swap	$ 142	$ 302
2004 interest rate swap	-	7

In accordance with the above swap agreements, the Hospital is required to fund a cash collateral account if the market value of the combined swaps exceeds the trigger amount of $15,000. As of March 31, 2026 and December 31, 2025, the combined market value of the swaps was below the trigger and as such, no collateral was required by the counterparty.

8. Commitments and Contingencies

The Hospital is subject to complaints, subpoenas, claims and litigation which have risen in the normal course of business. In addition, the Hospital is subject to reviews and investigation by various federal and state government agencies to assure compliance with applicable laws, some of which are subject to different interpretations. While the outcome of such matters cannot be determined based upon information available at this time, management, based on advice from legal counsel, believes that any loss which may arise from these actions will not have a material adverse effect on the financial position or results of operations of the Hospital.

9. Subsequent Events

The Hospital performed an evaluation of subsequent events through May 14, 2026, the date that these unaudited consolidated financial statements were issued.