National Jewish Health and Subsidiary

Consolidated Financial Statements
(With Independent Auditor's Report Thereon)

June 30, 2026 and 2025

National Jewish Health and Subsidiary
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Independent Auditor's Report

Board of Directors
National Jewish Health
Denver, Colorado

Opinion

We have audited the consolidated financial statements of National Jewish Health and Subsidiary (National Jewish Health) which comprise the consolidated statements of financial position as of June 30, 2026 and 2025, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of National Jewish Health as of June 30, 2026 and 2025, and the 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of National Jewish Health and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of National Jewish Health'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 National Jewish Health'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.

Forvis Mazars, LLP

Denver, Colorado
October 30, 2026

National Jewish Health and Subsidiary
Consolidated Statements of Financial Position (In thousands)
June 30, 2026 and 2025

	2026	2025
ASSETS		
Current Assets		
Cash and cash equivalents	$ 38,304	$ 15,799
Accounts receivable		
Patient care	25,833	23,377
Pledges and bequests, net	7,946	11,542
Contributions receivable - program services	15,249	17,197
Other receivables	23,260	14,811
Assets held by trustees - current portion	932	3,611
Prepaid and other	7,328	5,674
Total Current Assets	118,852	92,011
Assets Whose Use is Limited		
Internally-designated assets	41,205	40,423
Assets held under split interest	5,872	6,571
Assets held by trustees - net of current portion	-	401
Total Assets Whose Use is Limited	47,077	47,395
Other Assets		
Long-term investments	93,966	81,500
Pledges, net of current portion and allowance	4,837	4,602
Beneficial interest under perpetual and other trust agreements	16,674	15,006
Contributions receivable under unitrust agreements	3,491	2,801
Right-of-use assets - operating leases	3,741	3,608
Right-of-use assets - finance leases	88	217
Right-of-use assets - building finance lease	63,494	65,295
Other	1,516	1,545
Total Other Assets	187,807	174,574
Property and Equipment		
Land, building and equipment, net	75,447	76,689
Total Assets	$ 429,183	$ 390,669

National Jewish Health and Subsidiary
Consolidated Statements of Financial Position (In thousands)
June 30, 2026 and 2025 **(Continued)**

	2026	2025
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 29,029	$ 16,565
Refundable advances, current portion	6,639	7,149
Accrued salaries, wages, and employee benefits	12,916	12,873
Unearned grant revenue	2,205	2,475
Estimated settlements with third-party payors	1,768	2,266
Split-interest agreements, current portion	1,188	1,605
Long-term debt, current portion	5,824	3,535
Operating lease liabilities, current portion	1,764	1,663
Finance lease liabilities, current portion	93	147
Building finance lease liabilities, current portion	4,290	4,291
Total Current Liabilities	65,716	52,569
Split-interest agreements, net of current portion	7,454	8,207
Long-term debt, net of current portion	-	5,816
Operating lease liabilities, net of current portion	2,116	2,143
Finance lease liabilities, net of current portion	4	86
Building finance lease, net of current portion	62,095	63,614
Other	2,188	3,994
Total Liabilities	139,573	136,429
Net Assets		
Without donor restrictions	131,842	107,954
With donor restrictions	157,768	146,286
Total Net Assets	289,610	254,240
Total Liabilities and Net Assets	$ 429,183	$ 390,669

National Jewish Health and Subsidiary
Consolidated Statements of Activities (In thousands)
Years Ended June 30, 2026 and 2025

	2026	2025
Changes in Net Assets Without Donor Restrictions		
Revenues, gains, and other support without donor restrictions		
Patient service revenue	$ 184,343	$ 153,276
Grant research awards	58,430	61,987
Health initiatives revenue	17,441	17,472
Revenue from joint ventures	500	2,523
Other operating revenue	229,691	94,238
Gifts, special events - net and bequests	16,384	15,125
Split-interest contributions	798	760
Investment return, net	6,541	7,279
Total revenues, gains, and other support without donor restrictions	514,128	352,660
Net Assets Released from Restriction	17,898	24,933
Expenses		
Academic services	116,790	116,317
Clinical services	299,854	174,565
Other programs	15,572	15,228
Fund development	9,973	8,853
Administration and support services	67,154	66,650
Total Expenses	509,343	381,613
Other Revenues (Expenses)		
Change in split-interest agreements	1,205	(907)
Net gain realized insurance proceeds	-	1,213
Total Other Revenues (Expenses)	1,205	306
Increase (Decrease) in Net Assets Without Donor Restrictions	23,888	(3,714)

National Jewish Health and Subsidiary
Consolidated Statements of Activities (In thousands)
Years Ended June 30, 2026 and 2025 **(Continued)**

	2026	2025
Changes in Net Assets With Donor Restrictions		
Program services	20	20
Gifts, special events, and bequests	14,587	14,027
Change in value of split-interest agreements	612	101
Investment return, net	13,197	9,907
Contributions - restricted in perpetuity	964	181
Loss on pledge receivable	-	(9,400)
Total Revenue With Donor Restrictions	29,380	14,836
Total Net Assets Released from Restrictions	(17,898)	(24,933)
Increase (Decrease) in Net Assets With Donor Restrictions	11,482	(10,097)
Change in Net Assets	35,370	(13,811)
Net Assets, Beginning of Year	254,240	268,051
Net Assets, End of Year	$ 289,610	$ 254,240

National Jewish Health and Subsidiary
Consolidated Statements of Cash Flows (In thousands)
Years Ended June 30, 2026 and 2025

	2026	2025
Cash Flows from Operating Activities		
Increase (decrease) in net assets	$ 35,370	$ (13,811)
Items not requiring (providing) cash		
Depreciation	9,794	9,911
Amortization - finance lease	1,929	1,947
Unrealized gain	(6,744)	(3,345)
Realized gain	(8,857)	(10,065)
Net assets with donor restrictions in perpetuity	(964)	(181)
Loss on pledge receivable	-	9,400
Bond premium, discount, and issuance cost amortization	(91)	(54)
Noncash operating lease expense	1,766	1,777
Net gain realized from insurance proceeds	-	(1,213)
Changes in		
Patient care accounts receivable	(2,456)	2,285
Pledges and bequests receivable	3,362	1,961
Other current assets	(10,103)	(2,815)
Contributions receivable - program services	1,948	(3,220)
Contributions receivable - other	(690)	2
Beneficial interest under perpetual trust	-	35
Other assets	203	3,113
Estimated third-party payor settlements	(497)	(719)
Accounts payable and accrued expenses, workers compensation, accrued salaries, wages, and employees benefits and unearned grants	10,256	(3,398)
Refundable advances	(510)	(1,814)
Cash paid for operating lease liability	(1,826)	(1,853)
Net Cash Provided by (Used in) Operating Activities	31,890	(12,057)

National Jewish Health and Subsidiary
Consolidated Statements of Cash Flows (In thousands)
Years Ended June 30, 2026 and 2025 **(Continued)**

	2026	2025
Cash Flows from Investing Activities		
Purchases of property and equipment	(8,540)	(4,319)
Purchases of internally designated assets	(6,431)	(9,459)
Proceeds from property insurance	-	1,213
Proceeds from sale of internally designated assets	7,516	9,277
Purchases of assets held by trustees	-	(97)
Proceeds from sale of assets held by trustees	146	-
Purchases of investments and assets reserved for gift annuities	(7,705)	(3,470)
Proceeds from sale of investments and assets reserved for gift annuities	7,993	8,540
Net Cash (Used in) Provided by Investing Activities	(7,021)	1,685
Cash Flows from Financing Activities		
Repayment of long-term debt and finance lease liabilities	(2,157)	(4,547)
(Decrease) increase in split-interest liability	(1,171)	830
Proceeds from net assets with donor restrictions in perpetuity	964	181
Net Cash Used in Financing Activities	(2,364)	(3,536)
Net Increase (Decrease) in Cash and Cash Equivalents	22,505	(13,908)
Cash and Cash Equivalents, Beginning of Year	15,799	29,707
Cash and Cash Equivalents, End of Year	$ 38,304	$ 15,799
Supplemental Schedule of Noncash Activities		
Cash paid for interest	$ 3,030	$ 3,342
ROU assets obtained in exchange for new operating lease liabilities	$ 1,847	$ 1,190

Note 1. Corporate Organization

Organization

National Jewish Health and Subsidiary (National Jewish Health), a Colorado nonprofit corporation, is the leading respiratory hospital in the nation. Founded in 1899 as a nonsectarian charity hospital for tuberculosis patients, National Jewish Health today is the only facility in the world dedicated substantially to groundbreaking medical research and treatment of patients with respiratory, cardiac, immune and related disorders.

National Jewish Health is a nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC and a similar provision of state law.

In 2002, the National Jewish Illiquid Assets Holding Company, LLC, a wholly owned subsidiary of National Jewish Health, was incorporated. The purpose of this subsidiary is to hold donated property until sold. All related intercompany transactions and balances have been eliminated in consolidation.

Joint Ventures

Effective December 2013, National Jewish Health formed a limited liability corporation in a joint venture with the Icahn School of Medicine doing business as the Mount Sinai – National Jewish Respiratory Institute to oversee the creation and operations of a joint respiratory institute at various sites in the Mount Sinai integrated health care system in New York City, New York. Effective September 2025, National Jewish Health and Mount Sinai Health System, Inc. agreed to terminate the joint venture known as the Mount Sinai – National Jewish Respiratory Institute. The organizations maintain a named collaborative and research relationship.

Effective August 2014, National Jewish Health entered into a joint operating agreement with Intermountain Healthcare (formerly Sisters of Charity of Leavenworth (SCL) Health)/St. Joseph Hospital for the joint management and operation of National Jewish Health's in-state patient care and St. Joseph Hospital. The new entity is overseen by a Board of Directors with representation from both entities.

Effective April 2017, National Jewish Health formed a limited liability corporation in a joint venture with Thomas Jefferson University doing business as the Jane and Leonard Korman Jefferson Health | National Jewish Health Respiratory Institute to oversee the development and operations of a joint respiratory institute at various sites in the Jefferson Health System in Philadelphia, Pennsylvania.

Note 2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions which 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 or revenue and expenses during the reporting period. Actual results could differ significantly from those estimates.

Contributions, Promises to Give and Bequests

National Jewish Health receives funding from a number of sources such as: individuals, foundations, government programs, corporations, and pharmaceutical companies. Some contributions are restricted to specific purposes. These are provided for various programs including, but not limited to research, smoking cessation services, and educational programs.

Contributions received from donors and other funding agencies are recorded as net assets without donor restrictions, unless otherwise stipulated by the donor or agency. If the contribution is restricted, revenue is recorded to net assets with donor restrictions at the time of receipt or commitment is received, whichever is earlier. When the donor restriction expires, the contribution is reclassified to net assets without donor restrictions through net assets released from restriction in the consolidated statements of activities. All expenses directly related to donor restrictions are included in the appropriate expense category on the net assets without donor restrictions section of the consolidated statements of activities, creating a reduction in net assets without donor restrictions.

Unconditional promises to give expected to be collected within one year are recorded at fair value, while if collection is expected in future years they are recorded at their estimated fair value, which represents the present value of their estimated future cash flows. Amortization of the related present value discounts is included in contribution revenue.

Conditional promises to give are not included as revenue, gains, and other support without donor restrictions until the conditions placed on the gift by the donor or agency are substantially met. When the contribution is both conditional and restricted to a purpose, and both of these are met simultaneously, National Jewish Health has elected to record contribution revenue directly to net assets without donor restrictions according to the simultaneous release accounting election provided in FASB Accounting Standards Codification 958-605-45-4B.

Bequest income is recognized when all of the following criteria are met: (1) National Jewish Health has received notification of the donor's death; (2) National Jewish Health has a copy of the valid will or trust document evidencing the bequest; and (3) the value of the gift can be reasonably estimated. Accrued bequest income is shown as net assets with donor restrictions until received.

Contributions restricted to purchase property, plant, and equipment are reported as net assets with donor restrictions, then released to without donor restrictions when purchased and placed in service, unless the donor stipulates how long the assets must be used. In that case, the restriction is released as stipulated and the asset is depreciated over the asset's useful life.

Split-Interest Agreements

National Jewish Health receives certain planned gift agreements in which National Jewish Health has an interest in the assets and receives benefits that are shared with another beneficiary designated by the donor. These contributions are termed split-interest agreements. National Jewish Health is also the trustee on some of the split-interest agreements. National Jewish Health benefits from the following types of split-interest agreements: irrevocable charitable remainder trusts, charitable lead trusts, charitable gift annuities, pooled income funds, and perpetual trusts. Assets are invested and payments made to the appropriate beneficiary in accordance with the agreements. The fair value of the future payments is recorded as a liability.

Assets held under the split-interest agreements were $5,872 and $6,571 as of June 30, 2026 and 2025, respectively, and were recorded in the appropriate investment category. When applicable, the amounts to be received in future periods were discounted using a risk-adjusted rate of 5.3% in addition to the expected term of the split-interest agreements.

The amount of the contribution is recorded as the difference between the asset and the liability as revenue without donor restrictions unless otherwise restricted by the donor. Subsequent changes in the fair value are recorded as change in split-interest agreements on the consolidated statements of activities.

Included in long term investments, are assets held to meet the mandated annuity reserves as required by the governing state the agreement was written in.

Grant Research Awards

Total grant research awards consist of grants from the federal government, charitable foundations, and private corporations. These grants are classified as exchange transactions if the grantor is receiving the direct benefit of the research and contributions. Most grants are contributions where the public receives the direct benefit. All grants have a restricted purpose and most are conditional. This is determined from the award document.

Generally, both the condition and restricted purposes are met simultaneously and National Jewish Health has elected the expediency of recording these grant awards to revenues, gains and other support without donor restrictions when the conditions and restrictions have been met. Unconditional restricted contributions are recorded to revenue, gains, and other support with donor restrictions at the time the grant is awarded, and released to revenue, gains, and other support without donor restrictions when the restricted purpose has been met.

Exchange transactions are recorded directly to revenue, gains, and other support without donor restrictions as performance obligations are met over time. Both the contributions and the exchange transactions are recorded as grant research awards in the consolidated statements of activities. The composition of total grant revenue for the years ended June 30, 2026 and 2025 is:

	2026			2025		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Contributions	$ 54,362	$ -	$ 54,362	$ 56,895	$ -	$ 56,895
Exchange transactions	4,068	-	4,068	5,092	-	5,092
	$ 58,430	$ -	$ 58,430	$ 61,987	$ -	$ 61,987

At June 30, 2026 and 2025, National Jewish Health had $30,678 and $41,593, respectively, of conditional contributions remaining consisting of federal grants and non-federal grants whose conditions and restrictions relate to National Jewish Health expending allowable costs. At June 30, 2026, these agreements had award end dates ranging from one month to seven years.

Additionally, at June 30, 2026 and 2025, National Jewish Health had $24,059 and $23,820, respectively, of conditional contributions remaining consisting of state smoking cessation contracts whose conditions and restrictions relate to National Jewish Health performing services related to the contract. At June 30, 2026, these contracts had award end dates ranging from three months to three years.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with original maturities of three months or less. Cash and cash equivalents included in long-term investments, endowment accounts, and assets limited as to use restricted internally by the board or externally are not considered to be cash and cash equivalents.

Debt Issuance Costs

Bond issuance costs and bond discounts related to the issuance of bonds are deferred and amortized over the life of the respective bond issue using the straight-line method. Additionally, finance lease issuance costs related to the issuance of finance leases are deferred and amortized over the life of the finance lease using the straight-line method.

Investments and Net Investment Return

National Jewish Health measures securities, other than investments that qualify for the equity method of accounting, at fair value.

Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Investment income, net includes interest and other investment income, dividend, realized and unrealized gains and losses on investments, less investment expenses. Investment income from endowment investments is reflected in net assets with donor restrictions, then is released from restriction when the Board appropriates the funds for expenditures. Other investment income is reflected in net assets without donor restrictions.

Property and Equipment

Property and equipment is stated at cost if purchased, or if donated, is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as net assets with donor restrictions, otherwise, they are recorded as net assets without donor restrictions. Non-depreciable assets (land) at June 30, 2026 and 2025 is $13,219 and $13,168, respectively. Depreciation of buildings and equipment is calculated using the straight-line method over the estimated useful lives of the assets in accordance with American Hospital Association guidelines. Depreciation expense for 2026 and 2025, respectively, is $9,794 and $9,911, while accumulated depreciation is $172,213 and $162,805. The estimated useful lives for buildings is 20 – 40 years and for equipment and software is 3 – 15 years. Assets under finance lease obligations and leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives.

Long-Lived Asset Impairment

National Jewish Health evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimate of future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. There was no asset impairment loss in years ended June 30, 2026 and 2025.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor or certain grantor restrictions, net assets for operating reserves and an endowment.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Patient Service Revenue

Patient service revenue is recognized as National Jewish Health satisfies performance obligations under its contracts with patients. Patient service revenue is reported at the estimated transaction price or amount that reflects the consideration National Jewish Health expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors, and others for services rendered, taking into consideration both explicit price concessions (such as contractual agreements) and implicit price concessions (such as uncollectible self-pay portions). National Jewish Health pursues collection of self-pay portions, but anticipates a small amount of loss based on historical results. Due to insurance plans, government programs, charitable financial policies (state and National Jewish Health), and uncollectibles, amounts received are generally less than established billing rates.

Other Operating Revenue

National Jewish Health participates in the 340B Drug Pricing Program (340B Program) enabling National Jewish Health to get discounts from drug manufacturers. Other operating revenue is primarily composed of 340B Program revenue totaling $214,823 and $80,032 for the years ended June 30, 2026 and 2025, respectively. The revenue is earned at a point in time as the performance obligation is met. Remaining other operating revenue also includes physician contracted services, radiology services, and other miscellaneous revenue. The 340B Program, like other federal laws, is complex and subject to interpretation and change.

Subsequent Events

Subsequent events have been evaluated through October 30, 2026, which is the date the consolidated financial statements were issued.

Presentation of Financial Statements

Management has elected to present the financial statements under the not-for-profit model rather than the healthcare model since National Jewish Health's non-patient revenues, gains and other support are historically in excess of patient service revenue. The difference in presentation would have no effect on the change in net assets.

Note 3. Patient Service Revenue

Patient service revenue generally relates to contracts with patients in which the performance obligations are to provide health care services to patients over a period of time. Revenue is estimated for patients who have not been discharged as of the reporting period based on actual charges incurred to date in relation to total expected charges. National Jewish Health believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. The contractual relationship with patients also typically involves a third-party payer (Medicare, Medicaid, managed care plans, and commercial insurance companies), and the transaction prices for the services provided are dependent upon the terms provided by or negotiated with the third-party payers. The payment arrangements with third-party payers for the services provided to the related patients typically specify payment or reimbursement to National Jewish Health at other-than-standard charges.

Since all of its performance obligations relate to contracts with a duration of less than one year, National Jewish Health has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), so is not required to disclose the aggregate amount of the transaction price allocated to performance obligations which are unsatisfied or partially unsatisfied at the end of the reporting period. National Jewish Health has also elected the practical expedient allowed under FASB ASC 606-10-32-18 so patient accounts are not adjusted for a financing component since National Jewish Health's expectation is accounts will be paid within one year. Generally, National Jewish Health bills within several days for services provided and the majority of receivables are paid within one year of service. National Jewish Health does enter into contracts where payments extend beyond one year. In these limited cases, the financing component is not deemed to be significant to the contract.

National Jewish Health determines the transaction price based on standard charges for goods and services provided, reduced by explicit price concessions which consist of contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with its policy, and implicit price concessions provided to uninsured patients. National Jewish Health determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. National Jewish Health determines its estimate of implicit price concessions based on its historical collection experience with private pay and uninsured patients. For the years ended June 30, 2026 and 2025, implicit price concessions were approximately $1,708 and $2,143, respectively.

National Jewish Health has determined the nature, amount, timing and uncertainty of revenue and cash flows are affected by payer class. The composition of patient service revenue by primary payor for the years ended 2026 and 2025 is as follows:

	2026	2025
Medicare	$ 75,961	$ 56,342
Medicaid	18,237	16,274
Managed Care, Commercial and Other	88,971	79,759
Self-Pay	1,174	901
Total patient service revenue	$ 184,343	$ 153,276

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the National Jewish Health's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon National Jewish Health. In addition, the contracts National Jewish Health has with commercial payors also provide for retroactive audit and review of claims.

National Jewish Health provides services in Colorado to patients from throughout the United States and internationally. As of June 30, 2026 and 2025, National Jewish Health's patient care receivable for services rendered was $25,833 and $23,377, respectively.

Settlements with third-party payers for retroactive adjustments due to cost report or other audits and reviews are variable consideration and are included in the determination of the estimated transaction price for providing patient care. This includes an assessment to ensure it is probable a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known based on newly available information or as years are settled or no longer subject to such audits and reviews. Adjustments arising from a change in the transaction price were not significant in 2026 nor 2025.

Consistent with National Jewish Health's mission, care is provided to patients regardless of their ability to pay. Financial assistance is made available to patients based upon their ability to pay, and determinations in individual cases are made during National Jewish Health's preadmission process. Because National Jewish Health does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

National Jewish Health's direct and indirect costs for services furnished under its charity care policy totaled $498 and $863 in 2026 and 2025, respectively. National Jewish Health also participates in the Medicare and Medicaid programs. Under these programs, National Jewish Health provides care to patients at payment rates determined by governmental agencies, regardless of actual cost. Governmental rates are frequently below cost.

Note 4. Natural and Functional Expense Analysis

The tables below present expenses by both their nature and their function for the years ended June 30, 2026 and 2025.

	June 30, 2026					
	Program Activities			Supporting Activities		
	Academic Services	Clinical Services	Other Services	Fund Development	Administration and Support Services	FY26 Total Expenses
Salaries and fringe benefits expense	$ 87,328	$ 56,435	$ 6,534	$ 6,605	$ 41,329	$ 198,231
Professional fees	7,159	7,368	3,619	612	5,468	24,226
Medical supplies and drugs expense	3,649	215,941	3,178	-	1,019	223,787
Occupancy expense	1,018	4,157	145	469	9,538	15,327
Office expense	445	422	661	829	2,124	4,481
Depreciation and interest	2,592	10,511	237	226	1,366	14,932
Collaborative agreements	11,694	-	-	-	-	11,694
Other expense	2,905	5,020	1,198	1,232	6,310	16,665
Total expenses	$ 116,790	$ 299,854	$ 15,572	$ 9,973	$ 67,154	$ 509,343

	June 30, 2025					
	Program Activities			Supporting Activities		
	Academic Services	Clinical Services	Other Services	Fund Development	Administration and Support Services	FY25 Total Expenses
Salaries and fringe benefits expense	$ 85,001	$ 52,407	$ 6,998	$ 5,545	$ 40,274	$ 190,225
Professional fees	6,362	8,413	3,179	640	5,021	23,615
Medical supplies and drugs expense	4,668	95,012	3,035	-	869	103,584
Occupancy expense	1,138	3,368	67	451	10,397	15,421
Office expense	475	405	458	775	2,201	4,314
Depreciation and interest	4,973	9,350	431	279	1,888	16,921
Collaborative agreements	10,424	-	-	-	-	10,424
Other expense	3,276	5,610	1,060	1,163	6,000	17,109
Total expenses	$ 116,317	$ 174,565	$ 15,228	$ 8,853	$ 66,650	$ 381,613

The consolidated financial statements report certain categories of expenses attributable to more than one program or support function. Therefore, these expenses require allocation on a reasonable basis that is applied consistently. The expenses include depreciation and interest allocated based on the percentage of total expenses.

Note 5. Liquidity and Availability of Funds

The following reflects National Jewish Health's liquid financial assets available to meet cash needs for general expenditures for the period of one year after the consolidated statements of financial position dates of June 30, 2026 and 2025.

	2026	2025
Cash and cash equivalents	$ 38,304	$ 15,799
Patient care	25,833	23,377
Contributions receivable, without donor restrictions	15,249	17,197
Pledges without donor restrictions and bequests, net	901	2,649
Other	23,260	14,811
Total liquid financial assets	$ 103,547	$ 73,833

National Jewish Health maintains a line of credit in the amount of $15,000, which it could draw upon in the event of liquidity needs. This line of credit is unused as of June 30, 2026. National Jewish Health also has board-designated and donor-restricted assets limited to use which the institution does not intend to spend outside of approved expenditures. Of these, the internally designated assets of $40,550 at June 30, 2026, may be drawn upon, if necessary, to meet unexpected liquidity needs.

National Jewish Health invests cash in excess of daily requirements in various short-term instruments as allowed by the investment policy.

Note 6. Promises to Give

The following are unconditional promises to give recognized as receivables as of June 30, 2026 and 2025:

	2026	2025
Pledges and bequests, before discount and allowances	$ 18,328	$ 37,488
Less unamortized discount – pledges	(1,190)	(1,540)
Less allowance for uncollectibles – pledges and bequests	(4,355)	(19,804)
Net unconditional promises to give	$ 12,783	$ 16,144
Amounts due in		
Less than one year	$ 8,720	$ 28,042
One to five years	3,455	3,449
More than five years	6,153	5,997
Total	$ 18,328	$ 37,488

Discount rates are established when the promise to give is made. Discount rates ranged from 0.64% to 4.51% for years ended June 30, 2026 and 2025, respectively.

Note 7. Contributions Receivable

Contributions receivable are due within one year and for the years ended June 30, 2026 and 2025, consists of the following:

	Without Donor Restrictions	
	2026	2025
Grants	$ 12,108	$ 14,257
Health initiatives	2,993	2,879
Professional education	148	61
Total	$ 15,249	$ 17,197

Note 8. Internally-Designated Assets

The governing body has designated certain assets for strategic and other future purposes. On June 30, 2026 and 2025, the composition of internally designated assets stated at fair value, as determined by the most recent market quotations or an estimate based on significant other observable inputs are stated below:

	2026	2025
Cash and cash equivalents	$ 739	$ 955
Common stocks and equity funds	9,371	9,287
International securities and equities funds	6,300	6,067
Fixed income securities funds	19,655	9,103
U.S. government and agency obligations funds	-	10,051
Alternative investments	5,140	4,960
	$ 41,205	$ 40,423

Note 9. Long-Term Investments

The composition of long-term investments, stated at fair value, as determined by the most recent market quotations or an estimate based on significant other observable inputs, at June 30, 2026 and 2025, is as follows:

	2026	2025
Cash and cash equivalents	$ 891	$ 1,188
Convertible securities and equities funds	23,707	20,494
International securities and equities funds	9,993	8,878
Fixed income securities funds	16,932	6,936
U.S. government and agency obligations funds	-	8,738
Alternative investments	42,443	35,266
	$ 93,966	$ 81,500

Investments as of June 30, 2026 and 2025 include gift annuity investments of $12,685 and $11,285, respectively, and the present value of the gift annuity obligations under those agreements was $6,733 and $7,866, respectively. Reserves for gift annuities are held in separate investment accounts with minimums as required by appropriate state requirements.

Note 10. Composition of Investment Returns

The following summarizes investment returns and classification in the consolidated statements of activities:

	2026	
	Without Donor Restriction	With Donor Restriction
Interest income, net	$ 2,789	$ 1,348
Gains		
Realized gains	3,169	5,688
Unrealized gain	583	6,161
Total gains	3,752	11,849
Total return on investments in stock and bond portfolios	$ 6,541	$ 13,197

	2025	
	Without Donor Restriction	With Donor Restriction
Interest income, net	$ 2,594	$ 1,182
Gains		
Realized gains	2,984	7,081
Unrealized gains	1,701	1,644
Total gains	4,685	8,725
Total return on investments in stock and bond portfolios	$ 7,279	$ 9,907

Note 11. Long-Term Debt

Long-term debt at June 30, 2026 and 2025 is summarized as follows:

	2026	2025
Revenue Bonds, Series 2012 (a)	$ -	$ 2,935
Revenue Bonds, Series 2005 (b)	5,900	6,400
Unamortized Bond Premium		
Revenue Bonds, Series 2012 (a)	-	147
	5,900	9,482
Unamortized debt issuance costs	(76)	(131)
Current portion	(5,824)	(3,535)
	$ -	$ 5,816

(a) Series 2012 Revenue Bonds

The Colorado Health Facilities Authority issued $26,790 aggregate principal amount of its Refunding Revenue Bonds Series 2012 (the 2012 Bonds) dated March 1, 2012. The proceeds were used to refund the Series 1998 and Series 1998B Bonds. National Jewish Health issued a notice of redemption for the outstanding aggregate principal amount of $2,935 and redeemed the bonds on October 1, 2025.

(b) Series 2005 Revenue Bonds

In January 2005, the Colorado Health Facilities Authority issued $13,500 aggregate principal amount of its Series 2005 Revenue Bonds (the 2005 Bonds) dated January 20, 2005. Proceeds from the 2005 Bonds were used to finance the construction of a clinical and research building, as well as several renovation projects and equipment. Unamortized debt issuance costs for the 2005 Bonds were $76 and $84 at June 30, 2026 and 2025, respectively.

The 2005 Bonds require annual payments of varying amounts. These payments began on January 1, 2007. Final principal payments on the bonds are due in January 2035. Subsequent to year-end, National Jewish Health issued a notice of redemption for the outstanding aggregate principal amount of $5,900 which was redeemed on September 11, 2026, as such the entire remaining principal balance net of unamortized debt issuance costs is classified as current liability on the consolidated balance sheets under long-term debt, current portion.

The 2005 Bonds bear a variable rate of interest based on the rate at which the bonds could be remarketed at their face value and are secured by the rights to all future revenue derived from National Jewish Health's property, excluding revenue derived from donor-restricted property if such revenue is unavailable for debt service. The interest rate at June 30, 2026 was 2.60%. The 2005 Bonds are backed by an irrevocable transferable letter of credit, which is automatically extended without amendment for an additional period of 12 months. The letter of credit expires March 1, 2027, and is automatically extended by one year, each year, beginning March 1, unless otherwise terminated before the updated expiration date. Unless certain events occur, such as the expiration date of the letter of credit, advances made on the letter of credit are not due for 366 days from the date of the advance. At June 30, 2026 and 2025, no borrowings were outstanding. The 2005 Bonds are subject to covenants, which impose certain operating and financial restrictions on National Jewish Health. Management believes National Jewish Health is in compliance with all covenants for the years ended June 30, 2026 and 2025.

Held by Trustee

Assets held by trustees represent funds designated by the bond indenture to pay principal and interest on the 2012 and 2005 Bonds. These funds, which are comprised of cash and cash equivalents, relate to the following as of June 30, 2026 and 2025:

	2026	
	Cash and Cash Equivalents	Total
2005 Bonds		
Bond Reserve Fund	$ 794	$ 794
Bond Interest/Principal Fund	138	138
	$ 932	$ 932

	2025	
	Cash and Cash Equivalents	Total
2012 Bonds		
Bond Reserve Fund	$ 2,738	$ 2,738
Bond Interest/Principal Fund	373	373
	$ 3,111	$ 3,111
2005 Bonds		
Bond Reserve Fund	$ 795	$ 795
Bond Interest/Principal Fund	106	106
	$ 901	$ 901

Note 12. Line of Credit

National Jewish Health has a $15,000 unsecured revolving bank line of credit expiring on March 1, 2028. At June 30, 2026 and 2025, there was $0 borrowed against this line. Interest accrues at a floating per annum rate of interest at the borrower's option of (a) 30 day SOFR rate plus 1.85% (b) 90 day SOFR rate plus 1.85% or (c) Prime Rate less 1%. Either selection shall not be less than 4.25%. National Jewish Health's borrowing interest rate was 5.50% and 6.17% on June 30, 2026 and 2025, respectively.

Note 13. Leases

Accounting Policies

National Jewish Health determines if an arrangement is a lease or contains a lease at inception. Each arrangement with monthly payments in excess of $5 and total lease liability in excess of $75 result in the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. National Jewish Health determines lease classification as operating or finance at the lease commencement date and reports each on the statements of financial position on separate lines.

National Jewish Health elected not to combine lease and nonlease components, such as common area and other maintenance costs, property taxes, service and warranty agreements, in calculating the ROU assets and lease liabilities for its office buildings and equipment.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. For finance leases, National Jewish Health uses the implicit rate when readily determinable. As most of the finance leases do not provide an implicit rate, National Jewish Health uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments. For finance leases, National Jewish Health determines the present value of lease payments using the incremental or stated borrowing rate. For operating leases, National Jewish Health has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that National Jewish Health is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

National Jewish Health has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

National Jewish Health has entered into the following lease arrangements:

Finance Leases

These leases consist of the Building Finance Lease described below as well as other office and medical equipment leases. Termination of the leases generally are prohibited unless there is a violation under the lease agreements. Amortization of finance lease right-of-use asset was $1,929 and $1,947 for the years ended June 30, 2026 and 2025, respectively. Interest paid on finance lease liabilities was $2,742 and $2,824 for the years ended June 30, 2026 and 2025, respectively. The weighted average remaining lease term and discount rate for the years ended June 30, 2026 and 2025 was 35.5 years and 4.22%; and 36.4 years and 4.23%, respectively.

Building Finance Lease

On October 16, 2019, Colorado Health Facilities Authority Revenue Bonds (NJH-SJH Center for Outpatient Health project) Series 2019 in the aggregate principal of $72,050 were issued on behalf of the NJH-SJH Center for Outpatient Health LLC (the Borrower), to fund construction of the Center for Outpatient Health building on land owned by National Jewish Health. The bonds were issued at a premium. The cash received in excess of $72,050 approximated the amount of interest paid on the bonds prior to National Jewish Health occupying the newly constructed building in fiscal year 2022. This land is on the National Jewish Health main campus, and leased to the Borrower of the bonds. Concurrently, National Jewish Health entered into an installment sale contract with the Borrower for use and eventual purchase of the Center for Outpatient Health building. Obligations to make payments under the installment sale contract is a non-recourse obligation of National Jewish Health's limited to National Jewish Health's interest in the building and land.

The payment obligation under the installment sale contract is identical in timing and amount to the obligations of the Borrower under the bonds, which bear interest at fixed rates varying from 3.00% to 5.00% and terminates January 1, 2050. Payments under the installment sales contract began January 1, 2023. The obligation under the installment sale contract is guaranteed by Intermountain Health.

As of June 30, 2026 and 2025, $72,050 of the bond funds have been expended for construction costs. Since the facility is included in National Jewish Health's joint operating agreement (JOA) with Intermountain Health | St. Joseph Hospital, 75% of the depreciation and interest for the facility will be recovered from Intermountain Health | St. Joseph Hospital through the JOA. The Center for Outpatient Health opened in fall 2021.

Operating Leases

National Jewish Health leases office space, clinic space, and a variety of equipment that expire in various years through 2031. These leases generally contain renewal options for periods ranging from 1 to 5 years and require National Jewish Health to pay all executory costs (property taxes, maintenance and insurance). Lease payments have an escalating fee schedule, which range from a 0% to 3% percent increase each year. Termination of the leases is generally prohibited unless there is a violation under the lease agreement. Operating lease cost was approximately $1,766 and $1,777 for the years ended June 30, 2026 and 2025, respectively. Cash paid for amounts included in the measurement of operating lease liabilities was approximately $1,826 and $1,853, respectively. The weighted average remaining lease term and discount rate for the years ended June 30, 2026 and 2025 was 2.74 years and 3.60%; and 2.62 years and 3.07%, respectively.

Short-Term Leases

National Jewish Health leases certain equipment with an expected lease terms of less than 12 months. Total lease expense included in operating expenses for the years ended June 30, 2026 and 2025, was $3 and $5, respectively.

All Leases

National Jewish Health has no material related-party leases. National Jewish Health's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Future minimum lease payments and reconciliation to the consolidated statements of financial position at June 30, 2026, are as follows:

	Finance Leases	Operating Leases
2027	$ 4,383	$ 1,764
2028	4,296	1,378
2029	4,291	534
2030	4,293	266
2031	4,291	136
Thereafter	81,539	-
Total future undiscounted lease payments	103,093	4,078
Less future interest expense	36,611	198
Lease liabilities	$ 66,482	$ 3,880

Note 14. Commitments and Contingencies

Professional Liability

Professional liability reserve estimates represent the estimated ultimate cost of all reported and unreported losses incurred through the respective consolidated statements of financial position. The reserves for unpaid losses and loss expenses are estimated using individual case-basis valuations and actuarial analyses. Those estimates are subject to the effects of trends in loss severity and frequency. The estimates are continually reviewed and adjustments are recorded as experience develops or new information becomes known. The time period required to resolve these claims can vary depending upon whether the claim is settled or litigated. The estimation of the timing of payments beyond a year can vary significantly. Although considerable variability is inherent in professional liability reserve estimates, we believe the reserves for losses and loss expenses are adequate based on information currently known. It is reasonably possible this estimate could change materially in the near term.

Other

National Jewish Health has certain pending litigation and claims incurred in the ordinary course of business; however, management believes, based on the advice of legal counsel, the probable resolution of such contingencies will not materially affect the financial position or operations of National Jewish Health.

National Jewish Health maintains professional and general liability coverage through a claims-made policy with COPIC Insurance. The policy's liability is $1,000 per medical incident and $3,000 in the aggregate, with deductibles of $100 per medical incident/occurrence and $300 in the aggregate. In addition, umbrella coverage is provided to National Jewish Health through a claims-made policy with COPIC Insurance. The liability limit under the umbrella policy is $15,000 combined medical incident and in aggregate.

Risks and Uncertainties

Investments

National Jewish Health invests in securities which are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible changes in the values of investment securities will occur in the near term and those changes could materially affect the investment amounts reported in the consolidated statements of financial position.

Legislative Changes

On July 3, 2025, the U.S. Congress enacted the One Big Beautiful Bill Act (OBBBA), a comprehensive budget reconciliation law introducing significant changes to federal healthcare programs, tax policy, and energy-related incentives. The legislation includes substantial reductions in Medicaid funding, modifications to provider tax structures, and new eligibility and cost-sharing requirements for Medicaid beneficiaries.

The OBBBA has not had a material impact on the financial results to date as many aspects of the legislation are effective for future periods. The Organization is currently evaluating what impact the OBBBA will have on the financial results, cash flows and financial position for future periods.

Non-Cancelable Purchase Obligations

During 2024, National Jewish Health entered into a non-cancelable purchase commitment to purchase products and services, such as medical equipment. As of June 30, 2026, the total outstanding non-cancelable purchase obligation over the next eight years is $7,272.

Note 15. Net Assets

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30, 2026 and 2025, are restricted for the following purpose or periods.

Net assets reserved for future unrestricted uses represent contributions not yet received by National Jewish Health. Endowed assets not yet appropriated for expenditure represent earnings on permanently endowed funds which have not been appropriated for expenditure by National Jewish Health in a manner consistent with the standard of prudence prescribed by State of Colorado Prudent Management of Institutional Funds Act (SPMIFA).

	2026	2025
Net assets reserved for future unrestricted uses	$ 619	$ 2,377
Subject to expenditure for specified purpose		
Research, education, patient care and capital construction	53,871	53,827
Endowed asset earnings not yet appropriated for expenditure	39,013	29,711
Unitrust and pooled income agreements	8,941	7,679
Beneficial interest in perpetual trust agreements	16,674	15,006
Permanent endowments	38,650	37,686
	$ 157,768	$ 146,286

National Jewish Health is an income beneficiary of several perpetual trusts controlled by unrelated third-party trustees. The trust document or the trustees' policies govern the investment and distribution of trust assets. Trust income distributed to National Jewish Health for the years ended June 30, 2026 and 2025 was $653 and $569, respectively.

Net Assets Without Donor Restrictions

Net assets without donor restrictions at June 30, 2026 and 2025, are comprised of both designated and undesignated amounts as follows:

	2026	2025
Undesignated	$ 91,292	$ 68,949
Designated by the board for operating reserve	40,550	27,989
Designated by the board for endowment	-	11,016
Net assets without donor restrictions	$ 131,842	$ 107,954

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2026	2025
Expiration of time restrictions	$ 3,343	$ 593
Subject to expenditures for specified purposes		
Research, education, patient care and capital construction	13,978	18,280
Distributions (proceeds are not restricted by donors)		
Beneficial interests in charitable trusts held by others	274	315
Release of appropriated endowment amounts without purpose restrictions	-	2,356
Release of appropriated endowment amounts with purpose restrictions	303	3,389
	$ 17,898	$ 24,933

Note 16. Endowment

National Jewish Health's endowment consists of approximately 84 individual donor-restricted funds established as endowments and intended for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by United States of America generally accepted accounting principles (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions. The board-designated endowment funds were redesignated in fiscal year 2026 to support operations, research, and programmatic growth.

The Board of Directors has interpreted SPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, National Jewish Health classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board appropriates such amounts for expenditure. Most of those net assets are also subject to the purpose restrictions which must be met before classifying those net assets to net assets without donor restrictions. The Board of Directors has also interpreted SPMIFA as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. National Jewish Health has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law and deems a fund to be underwater if the fair value of the fund is less than the sum of: (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. National Jewish Health considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purpose of National Jewish Health and the donor-restricted endowment fund
3) General economic conditions

4) The possible effect of inflation and deflation
5) The expected total return from income and appreciation of investments
6) The resources of National Jewish Health
7) The investment policies of National Jewish Health

Investment Policy

National Jewish Health has adopted investment and spending policies for endowment assets which attempt to provide a predictable stream of funding to programs supported by the endowment while balancing fund growth. Under this policy, approved by the Board of Directors, the assets are invested in a manner intended to produce results which exceed Consumer Price Index plus 5% per year as measured over a rolling 36-month period. To satisfy this long-term rate of return objective, National Jewish Health relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. National Jewish Health targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

Spending Policy

National Jewish Health's spending policy varies by the purpose of the endowment and was established by the Board of Directors after considering all seven factors outlined by SPMIFA above. Funds with donor specific purposes have a spending policy of between 3% and 4% of the market value of the fund averaged over the past 12 fiscal quarters prior to when the distribution is made. Spending from unrestricted endowments should range from 0% to 5% of the market value of the fund averaged over 12 fiscal quarters prior to when the distribution is made.

National Jewish Health has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor stipulations or laws and regulations. No expenditures from underwater endowment funds were appropriated for during the years ended June 30, 2026 and 2025.

The composition of net assets by type of endowment at June 30, 2026:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	$ -	$ 80,978	$ 80,978
Total funds	$ -	$ 80,978	$ 80,978

Changes in endowment net assets for fiscal year ended June 30, 2026:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 11,016	$ 70,308	$ 81,324
Contributions	-	964	964
Endowment transfer	(11,610)	(1,070)	(12,680)
Investment income	222	1,030	1,252
Net assets released from restriction	-	(75)	(75)
Gain on sale of investments	497	3,810	4,307
Unrealized gain on investments	(125)	6,011	5,886
Endowment net assets, end of year	$ -	$ 80,978	$ 80,978

The composition of net assets by type of endowment fund at June 30, 2025:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	$ -	$ 70,308	$ 70,308
Board-designated endowment funds	11,016	-	11,016
Total funds	$ 11,016	$ 70,308	$ 81,324

Changes in endowment net assets for fiscal year ended June 30, 2025:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 9,925	$ 68,625	$ 78,550
Contributions	-	181	181
Endowment transfer	-	(6,616)	(6,616)
Investment income	223	829	1,052
Net assets released from restriction	-	(143)	(143)
Gain on sale of investments	601	5,801	6,402
Unrealized gain on investments	267	1,631	1,898
Endowment net assets, end of year	$ 11,016	$ 70,308	$ 81,324

Note 17. Fair Value Disclosure

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. A hierarchy of three levels of inputs may be used to measure fair value:

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

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets which are not active, other inputs which are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

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

Recurring Measurements

The following tables represent the fair value measurement of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the ASC 820 fair value hierarchy in which the fair value measurements fall at June 30, 2026 and 2025:

		Fair Value Measurements at Reporting Date Using		
June 30, 2026	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Internally-designated assets				
Common stocks and equity funds	$ 9,371	$ 9,371	$ -	$ -
International securities and equities	6,300	6,300	-	-
Fixed income securities	19,655	19,655	-	-
Alternative investments (A)	5,140	-	-	-
Total internally-designated assets	40,466	35,326	-	-
Assets reserved for gift annuities				
International securities and equities	2,319	2,319	-	-
Fixed income securities	3,389	3,389	-	-
Total assets reserved for gift annuities	5,708	5,708	-	-
Long-term investments				
Convertible securities and equities	23,707	23,707	-	-
International securities and equities	9,993	9,993	-	-
Fixed income securities	16,932	16,932	-	-
Alternative investments (A)	42,443	-	-	-
Total long-term investments	93,075	50,632	-	-
Other				
Beneficial interest in perpetual trust	16,674	-	-	16,674
Total assets above	155,923	$ 91,666	$ -	$ 16,674
Cash and cash equivalents not included above	1,794			
Total	$ 157,717			

June 30, 2025	Fair Value	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Internally-designated assets				
Common stocks and equity funds	$ 9,287	$ 9,287	$ -	$ -
International securities and equities	6,067	6,067	-	-
Fixed income securities	9,103	9,103	-	-
U.S. government and agency securities	10,051	10,051	-	-
Alternative investments (A)	4,960	-	-	-
Total internally-designated assets	39,468	34,508	-	-
Assets reserved for gift annuities				
Common stocks and equity funds	1,323	1,323	-	-
International securities and equities	2,279	2,279	-	-
Fixed income securities	918	918	-	-
U.S. government and agency securities	1,897	1,897	-	-
Total assets reserved for gift annuities	6,417	6,417	-	-
Long-term investments				
Convertible securities and equities	20,494	20,494	-	-
International securities and equities	8,878	8,878	-	-
Fixed income securities	6,936	6,936	-	-
U.S. government and agency securities	8,738	8,738	-	-
Alternative investments (A)	35,266	-	-	-
Total long-term investments	80,312	45,046	-	-
Other				
Beneficial interest in perpetual trust	15,006	-	-	15,006
Total assets above	141,203	$ 85,971	$ -	$ 15,006
Cash and cash equivalents not included above	2,298			
Total	$ 143,501			

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2026.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases, where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Beneficial Interest in Perpetual Trust

Fair value is estimated at the present value of the trust assets using quoted market prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters. Due to the trusts being held into perpetuity, National Jewish Health will not have the ability to redeem the corpus, and therefore it is classified within Level 3 of the hierarchy.

Alternative Investments

Except as described below, the fair value of alternative investments has been estimated using the net asset value per share of the investments. Alternative investments held at June 30 consist of the following:

	June 30, 2026			
	Fair Value	Unfunded	Redemption Frequency	Redemption Notice Period
Funds of Funds	$ 47,583	$ 9,000	Quarterly or Fund Termination	60 Days or Fund Termination

	June 30, 2025			
	Fair Value	Unfunded	Redemption Frequency	Redemption Notice Period
Funds of Funds	$ 40,226	$ 12,019	Quarterly or Fund Termination	60 Days or Fund Termination

This category includes investments in funds of funds that pursue multiple strategies to diversify risks and reduce volatility. The funds' composite portfolio includes investments in U.S. common stocks, global real estate projects, private equity, pooled income vehicles and arbitrage investments. However, as of June 30, 2026, it is probable all investments in this category will be sold at an amount different from the net asset value of National Jewish Health's ownership interest in partners' capital. Therefore, the fair values of the investments in this category have been estimated using recent observable transaction information for similar investments. Investments with quarterly redemptions require lock-up periods of one year which has expired on the funds currently held. Of the remaining funds, they cannot be liquidated prior to the termination of the fund without the approval of the General Manager of the fund. Investment in the funds is intended to be long-term.

Level 3 Reconciliation

The following is a reconciliation and ending balances of recurring fair value measurements recognized in the accompanying consolidated statements of financial position using significant unobservable (Level 3) inputs:

	Beneficial Interest in Perpetual Trust
Balance, June 30, 2024	$ 13,961
Unrealized appreciation on investments in net assets	1,045
Balance, June 30, 2025	15,006
Unrealized appreciation on investments in net assets	1,668
Balance, June 30, 2026	$ 16,674

Unobservable (Level 3) Inputs

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements.

Description	Fair Value June 30, 2026	Valuation Technique	Unobservable Inputs	Range Weighted Average
Beneficial Interest in Perpetual Trusts	$ 16,674	Fair value of trust assets	Lack of redeemability	Not Applicable

Description	Fair Value June 30, 2025	Valuation Technique	Unobservable Inputs	Range Weighted Average
Beneficial Interest in Perpetual Trusts	$ 15,006	Fair value of trust assets	Lack of redeemability	Not Applicable

Note 18. Employee Benefit Plans

National Jewish Health maintains a defined contribution plan (the Plan) covering substantially all benefit eligible employees. Under the terms of the Plan, National Jewish Health contributes between 5% and 6% of an employee's covered wages up to the Social Security wage base and between 10% and 11% of covered wages in excess of the Social Security wage base. The Plan contains no provisions requiring National Jewish Health to match a portion of employee contributions. Expenses under the Plan for 2026 and 2025 approximated $7,084 and $7,146, respectively.

Note 19. Related-Party Transactions

National Jewish Health from time-to-time in the normal course of business and within the guidelines of its conflict of interest policy, has entered into transactions with companies for which certain members of the companies' management also serve on the board of National Jewish Health. Management believes prices paid by National Jewish Health have been equal to or less than the prices that would have been paid in transactions with parties not related to National Jewish Health.