

MaineGeneral Health and Subsidiaries

**Consolidated Financial Statements
and Other Financial Information**

*For the Years Ended June 30, 2025 and 2024
With Independent Auditors' Report*

Baker Newman & Noyes LLC
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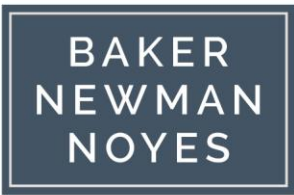
MAINEGENERAL HEALTH AND SUBSIDIARIES

Consolidated Financial Statements and Other Financial Information

For the Years Ended June 30, 2025 and 2024

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
MaineGeneral Health and Subsidiaries

Opinion

We have audited the consolidated financial statements of MaineGeneral Health and Subsidiaries (the Company), which comprise the balance sheets as of June 30, 2025 and 2024, the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2025 and 2024, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Baker Newman + Noyes LLC

Portland, Maine
September 26, 2025

MAINEGENERAL HEALTH AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2025 and 2024

ASSETS

| | <u>2025</u> | <u>2024</u> |
|--|-----------------------------|-----------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 28,333,130 | \$ 23,850,914 |
| Investments | 7,146,297 | 4,762,838 |
| Patient accounts receivable | 97,995,492 | 96,825,642 |
| Supplies | 10,186,690 | 9,970,830 |
| Pledges receivable, net of allowance | 2,087,949 | 8,404,063 |
| Estimated third-party payor settlements | 21,211,907 | 11,630,022 |
| Prepaid expenses and other current assets | 25,861,007 | 21,586,831 |
| Current portion of assets held in trust under debt and other agreements | <u>1,793,772</u> | <u>1,673,492</u> |
| Total current assets | 194,616,244 | 178,704,632 |
| Investments: | | |
| Board designated | 49,391,691 | 57,130,419 |
| Assets whose use is limited or restricted: | | |
| Board-designated | 5,461,354 | 5,393,108 |
| Assets held in trust under debt and other agreements | 16,218,966 | 16,064,665 |
| Beneficial interest in perpetual trusts | 13,675,723 | 12,940,985 |
| With donor restrictions | <u>69,909,687</u> | <u>64,993,741</u> |
| Beneficial interest in workers' compensation trust | <u>154,657,421</u> | <u>156,522,918</u> |
| Total investments and assets whose use is limited or restricted | 157,609,272 | 159,364,899 |
| Pledges receivable, net of current portion | 252,928 | 7,468,933 |
| Property and equipment, net | 361,419,831 | 354,864,113 |
| Right-of-use assets | 44,184,887 | 26,815,210 |
| Other assets, net | <u>470,213</u> | <u>446,419</u> |
| Total assets | <u>\$758,553,375</u> | <u>\$727,664,206</u> |

LIABILITIES AND NET ASSETS

| | <u>2025</u> | <u>2024</u> |
|--|----------------------|----------------------|
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 19,845,534 | \$ 21,498,578 |
| Accrued employee compensation and compensated absences | 55,623,506 | 49,952,645 |
| Other current liabilities | 17,314,803 | 15,879,906 |
| Current portion of long-term debt | 10,710,104 | 10,850,697 |
| Current portion of lease obligations | <u>5,646,344</u> | <u>4,603,046</u> |
| Total current liabilities | 109,140,291 | 102,784,872 |
| Long-term debt, less current portion | 244,709,645 | 256,301,626 |
| Accrued pension cost | 11,263,257 | 11,623,939 |
| Lease obligations, net of current portion | 41,728,525 | 26,307,681 |
| Other long-term liabilities | <u>24,889,579</u> | <u>21,414,672</u> |
| Total liabilities | 431,731,297 | 418,432,790 |
| Commitments and contingencies | | |
| Net assets: | | |
| Without donor restrictions | 235,512,154 | 205,032,394 |
| With donor restrictions | <u>91,309,924</u> | <u>104,199,022</u> |
| Total net assets | 326,822,078 | 309,231,416 |
| | <hr/> | <hr/> |
| Total liabilities and net assets | <u>\$758,553,375</u> | <u>\$727,664,206</u> |

See accompanying notes.

MAINEGENERAL HEALTH AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|------------------------|
| Operating revenue: | | |
| Patient service revenue | \$ 697,135,707 | \$ 635,338,608 |
| Other revenue | 76,952,795 | 80,953,245 |
| Net assets released from restrictions used for operations | <u>2,779,220</u> | <u>3,085,580</u> |
| Total operating revenue | 776,867,722 | 719,377,433 |
| Operating expenses: | | |
| Salaries and wages | 355,143,229 | 337,490,047 |
| Employee benefits | 86,659,574 | 78,099,181 |
| Supplies and other | 297,117,248 | 285,384,581 |
| Depreciation and amortization | 24,826,878 | 24,478,364 |
| Interest | <u>7,051,711</u> | <u>8,217,279</u> |
| Total operating expenses | <u>770,798,640</u> | <u>733,669,452</u> |
| Income (loss) from operations | 6,069,082 | (14,292,019) |
| Nonoperating gains (losses): | | |
| Investment income, net | 796,876 | 736,501 |
| Net realized and unrealized gains on investments | 1,944,833 | 2,953,171 |
| Loss on disposal of property and equipment, net | (37,492) | - |
| Contributions | 411,504 | 356,121 |
| Other | <u>(1,007,895)</u> | <u>(691,544)</u> |
| Total nonoperating gains, net | <u>2,107,826</u> | <u>3,354,249</u> |
| Excess (deficiency) of revenue over expenses | <u>\$ 8,176,908</u> | <u>\$ (10,937,770)</u> |

See accompanying notes.

MAINE GENERAL HEALTH AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years Ended June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|-----------------------|
| Net assets without donor restrictions: | | |
| Excess (deficiency) of revenue over expenses | \$ 8,176,908 | \$ (10,937,770) |
| Change in net unrealized gains on debt securities | 295,429 | 93,007 |
| Pension-related changes other than net periodic pension cost | (2,404,589) | (116,754) |
| Net assets released from restrictions used for capital acquisitions | <u>24,412,012</u> | <u>452,874</u> |
| Increase (decrease) in net assets without donor restrictions | 30,479,760 | (10,508,643) |
| Net assets with donor restrictions: | | |
| Contributions | 6,265,990 | 23,926,556 |
| Investment income, net | 1,284,081 | 1,267,758 |
| Net realized and unrealized gains on investments | 6,017,325 | 5,730,280 |
| Net assets released from restrictions | (27,191,232) | (3,538,454) |
| Change in market value of perpetual trusts | <u>734,738</u> | <u>895,667</u> |
| (Decrease) increase in net assets with donor restrictions | <u>(12,889,098)</u> | <u>28,281,807</u> |
| Increase in net assets | 17,590,662 | 17,773,164 |
| Net assets, beginning of year | <u>309,231,416</u> | <u>291,458,252</u> |
| Net assets, end of year | <u>\$326,822,078</u> | <u>\$ 309,231,416</u> |

See accompanying notes.

MAINEGENERAL HEALTH AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

| | <u>2025</u> | <u>2024</u> |
|---|----------------------|----------------------|
| Cash flows from operating activities: | | |
| Increase in net assets | \$ 17,590,662 | \$ 17,773,164 |
| Adjustments to reconcile increase in net assets to cash provided by operating activities: | | |
| Amortization of bond premium | 275,408 | 275,408 |
| Depreciation and amortization | 24,826,878 | 24,478,364 |
| Pension related changes other than net periodic pension cost | 2,404,589 | 116,754 |
| Change in market value of perpetual trusts | (734,738) | (895,667) |
| Net realized and unrealized gains on investments | (8,257,587) | (8,776,458) |
| Loss on disposal of property and equipment, net | 37,492 | 242,336 |
| Restricted contributions | (6,265,990) | (23,926,556) |
| Noncash lease expense | (905,535) | (148,508) |
| Increase (decrease) in cash resulting from a change in: | | |
| Patient accounts receivable | (1,169,850) | (8,267,975) |
| Pledges receivable | - | (15,658,280) |
| Supplies | (215,860) | 126,607 |
| Prepaid expenses and other assets | (5,561,527) | 4,310,695 |
| Accounts payable and accrued expenses | (1,653,044) | 3,617,877 |
| Other current liabilities and accrued employee compensation and compensated absences | 7,105,758 | 11,684,150 |
| Estimated third-party payor settlements | (9,581,885) | 2,203,752 |
| Other long-term liabilities and accrued pension cost | <u>709,636</u> | <u>2,961,541</u> |
| Net cash provided by operating activities | <u>18,604,407</u> | <u>10,117,204</u> |
| Cash flows from investing activities: | | |
| Proceeds from sale of investments | 68,414,044 | 59,745,475 |
| Purchases of investments | (60,169,831) | (46,703,567) |
| Purchases of property and equipment | (32,347,252) | (23,329,654) |
| Proceeds from sale of property and equipment | 927,164 | - |
| Other assets | <u>(23,794)</u> | <u>190,655</u> |
| Net cash used by investing activities | <u>(23,199,669)</u> | <u>(10,097,091)</u> |
| Cash flows from financing activities: | | |
| Payments on long-term debt, net | (10,720,631) | (12,688,676) |
| Proceeds from long-term debt | - | 901,918 |
| Restricted contributions | <u>19,798,109</u> | <u>15,658,280</u> |
| Net cash (used) provided by financing activities | <u>9,077,478</u> | <u>3,871,522</u> |
| Increase in cash and cash equivalents | 4,482,216 | 3,891,635 |
| Cash and cash equivalents, beginning of year | <u>23,850,914</u> | <u>19,959,279</u> |
| Cash and cash equivalents, end of year | <u>\$ 28,333,130</u> | <u>\$ 23,850,914</u> |
| Supplemental disclosure: | | |
| Cash paid for interest | <u>\$ 7,917,932</u> | <u>\$ 8,499,006</u> |
| Right-of-use asset obtained in exchange for lease obligations | <u>\$ 25,743,788</u> | <u>\$ -</u> |

See accompanying notes.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

1. Corporate Organization

MaineGeneral Health (MGH) is a nonprofit corporation which operates an acute care hospital, home care and community mental health services, long-term care facilities, physician practices, and senior housing through its subsidiaries. Significant subsidiaries include MaineGeneral Medical Center and its subsidiary, Kennebec Risk, LLC (collectively, the Medical Center or MGMC), MaineGeneral Community Care (MGCC), MaineGeneral Rehabilitation & Long Term Care (MGRLTC) and MaineGeneral Virtual Health (MGVH).

On July 1, 2012, Kennebec Risk, LLC (the Captive) began operations as a subsidiary of the Medical Center. The purpose of the Captive is to engage in the business of insuring various types of risks as a captive insurance company licensed in the State of Vermont. MGH also secured a standby letter of credit with an approved amount of \$1,250,000 for additional capitalization of the Captive.

Kennebec Region Health Alliance (KRHA) is a Physician Hospital Organization (PHO) and a nonprofit Maine corporation with many members, including MGH. Subsequent to year end, on July 1, 2025, subsequent to year end, KRHA filed a conversion with the State of Maine to become KRHA, LLC, a Limited Liability Company, with MGH as the sole member of KRHA, LLC. KRHA, LLC will be included as a consolidated entity in 2026.

2. Summary of Significant Accounting Policies

General

The accompanying consolidated financial statements include the accounts of MGH and its subsidiaries (collectively, the Company).

Principles of Consolidation

Upon consolidation, significant intercompany accounts and transactions have been eliminated.

Basis of Presentation

The consolidated financial statements have been presented in conformity with accounting principles generally accepted in the United States of America (GAAP). For purposes of display, transactions deemed by management to be ongoing and central to the provision of health care services are reported as operating revenue and operating expenses. Peripheral or incidental transactions are reported as nonoperating gains and losses.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are made in the areas of valuation of accounts receivable, estimated settlements with third-party payors and underlying assumptions used for the actuarial computations for the defined benefit pension plan.

MAINEGENERAL HEALTH AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Patient service revenue is recorded in the period the health services are provided based upon the estimated realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Under the terms of various agreements, regulations and statutes, certain elements of third-party reimbursements are subject to negotiation, audit and/or final determination by the third-party payor. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Changes between preliminary estimates of patient service revenue and final third-party settlements are included in patient service revenue in the year in which the settlement or change in estimate occurs. The differences between amounts previously estimated and amounts subsequently determined to be receivable or payable to third-party payors increased patient service revenue by approximately \$520,000 and \$375,000 for the years ended June 30, 2025 and 2024, respectively.

Revenues from the Medicare and Medicaid programs accounted for approximately 36% and 17% and 36% and 16% of the Company's patient service revenue for the years ended June 30, 2025 and 2024, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Company believes that it is in substantial compliance with all applicable laws and regulations.

Compliance with such laws and regulations may be subject to future government review and interpretation, as well as significant regulatory action including repayment of previously billed and collected revenue, fines, penalties and exclusion from the Medicare and Medicaid programs.

Charity Care

The Company provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Since the Company does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as revenue.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and investments that are readily convertible into cash and purchased with original maturities of three months or less. Cash and cash equivalents held in the investment portfolio are excluded from the cash and cash equivalents line item on the consolidated balance sheets.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

Investments and Investment Income

Investments in equity securities with readily determinable market values and all investments in debt securities are recorded at fair market value. At June 30, 2025 and 2024, MGH held interests in private equity funds, also known as alternative investments. Interests in private equity funds are generally recorded at fair value. Securities for which no quotations or valuations are readily available are carried at fair value as estimated by management using values provided by external investment managers. MGH believes that these valuations are a reasonable estimate of fair value as of June 30, 2025 and 2024, but are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investment existed. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess (deficiency) of revenue over expenses, unless the income or loss is restricted by donor or law.

Interest and dividend income and realized gains and losses on proceeds of borrowings that are held by a trustee, to the extent not capitalized, and investment income on short-term investments, certain workers' compensation trust assets, and cash and cash equivalents, are reported as other revenue. Investment income (including realized gains and losses on investments, interest and dividends) from all other investments, unless donor-restricted, is reported as nonoperating gains. For debt securities, unrealized gains or losses are reported as a change in net assets. For equity securities, unrealized gains or losses are reported as part of nonoperating gains (losses).

For debt securities with a fair value that is less than the historical cost basis, management will evaluate whether the decline in fair value has resulted from credit losses or other factors. In making this assessment, management considers the extent to which fair value is less than historical cost, any changes to the rating of the security by a rating agency, and adverse conditions specifically related to the security, among other factors. If this assessment indicates that a credit loss exists, the present value of cash flows expected to be collected from the security is compared to the historical cost basis of the security. If the present value of cash flows expected to be collected is less than the historical cost basis, a credit loss exists and an allowance for credit losses is recorded for the credit loss, limited by the amount that the fair value is less than the historical cost basis. Changes in the allowance and losses related to noncredit-related factors are recorded as a change in net assets.

Investments within current assets are those that management intends to use for current operations.

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

Supplies

Supplies are stated at the lower of weighted average cost or market (net realizable value).

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

Deferred Costs

Financing costs incurred in conjunction with the issuance of MGH's long-term debt have been capitalized and are being amortized to interest expense over the respective terms of the debt using the straight-line method, which approximates the effective interest method. These are included in long-term debt.

Property and Equipment

Property and equipment are stated at cost or, if received by gift or donation, at fair value at the date of the gift. The costs of repairs and maintenance are charged to expense as incurred. Significant improvements which increase the useful life of the asset by greater than one year are capitalized. Depreciation is computed under the straight-line method based upon management's assessment of estimated useful lives (see Note 6).

Upon disposition of assets, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss on disposition is reported as nonoperating activity.

Interest costs incurred on borrowed funds during the period of construction of capital assets, net of the related interest income, are capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets such as land, buildings or equipment are reported as unrestricted support and are excluded from the excess (deficiency) of revenue over expenses. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as an increase in net assets with donor restrictions. Absent explicit donor stipulations about how those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Leases

The Company accounts for leases in accordance with Accounting Standards Codification (ASC) 842, *Leases*. The core principle of ASC 842 is that a lessee should recognize on the balance sheet the assets and liabilities that arise from leases. The Company has elected, as an accounting policy, to treat lease and nonlease components as a single component for leases of all underlying asset types, including real estate and nonreal estate. Under ASC 842, an entity may elect, as a practical expedient, not to reassess the lease classification for expired or existing leases. The Company has elected to adopt this practical expedient; as such, the lease classification of the transition lease will not be reassessed, and this lease will remain as an operating lease upon the Company's adoption of ASC 842.

The Company determines if an arrangement is a lease at the inception of a contract. Leases with an initial term of twelve months or less are not recorded on the balance sheets.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

Right-of-use assets represent the Company's right to use an underlying asset during the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the commencement date, based on the net present value of fixed lease payments over the lease term. The Company's lease terms include options to extend or terminate the lease when it is reasonably certain that the options will be exercised.

The Company determines the present value of future lease payments using the rate implicit in the lease or, if that rate cannot be readily determined, its incremental borrowing rate at the lease commencement date. As most of the Company's operating leases do not provide an implicit rate, the Company generally uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The Company considers recent debt issuances, as well as publicly available data for instruments with similar characteristics, when calculating its incremental borrowing rate.

Operating fixed lease expense and finance lease depreciation expense are recognized on a straight-line basis over the lease term. Variable lease costs consist primarily of common area maintenance and are not significant to total lease expense.

Accrued Insurance Reserves

The Company established the Captive on July 1, 2012 as a limited liability company with the Medical Center as the sole member to self-fund the Company's and its employed physicians' malpractice losses. The Captive insures the first \$2 million per medical incident/\$8 million in the aggregate of the hospital professional liability, employed physician medical professional liability, and general liability risks of the Company. Claims exceeding \$2 million are covered under a separate policy with an insurance company. The Captive assesses monthly premiums to the Company, based on actuarial analyses of anticipated losses and projected operating costs of the Captive. The Company establishes reserves for anticipated claims and determines malpractice insurance expense based on actual experience, physician census, and estimates of incurred but not reported claims.

The Company manages a self-insured irrevocable trust fund for workers' compensation claims, which covers MGH and all subsidiaries. The self-insurance program is managed with the assistance of a professional insurance consultant and is funded according to actuarial projections approved by the State of Maine Bureau of Insurance (the Bureau). Reinsurance has been purchased with limits which conform to the requirements of the Bureau. The Company establishes reserves for each claim and determines workers' compensation expense based on actual claims experience, employee census, and historical trends as evaluated by a professional actuary. The expense is allocated among the relevant consolidated entities based on a weighted premium calculated by employee job classification.

MGH maintains a self-insured health benefit arrangement for MGH and all subsidiaries. Employee Benefit Plan Administration, Inc. serves as the third-party administrator of the plan. The Captive provides specific stop loss coverage with a deductible per individual of \$250,000; individual claims exceeding \$550,000 are covered by a separate policy with an insurance company. Annual aggregate claims exposure by the Captive is limited to \$2,639,723 with amounts above that covered by a separate policy. MGH establishes reserves for anticipated claims and determines health insurance expense based on actual claims experience, employee census, and estimates of incurred but not reported claims.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

Assets Whose Use is Limited or Restricted

Assets whose use is limited include assets set aside by the Board of Directors (the Board) for future capital investments or program development over which the Board retains control and may, at its discretion, subsequently use for other purposes; assets held by trustees under bond indenture agreements; assets held in trust for funding workers' compensation costs; and assets whose use is restricted including assets contributed by donors for specific purposes (net assets with donor restrictions), and perpetual trusts and permanent endowment funds (net assets with donor restrictions).

Other Revenue

Unrestricted investment income on short-term investments, assets held in trust under debt agreements, certain insurance reserve assets, and interest income on operating cash, bond reserve funds, and temporary investments are included in other revenue. Rental revenue, grant revenue, relief funding, senior housing revenue, cafeteria sales, cooperative rebates, joint venture income, practice management revenue and other miscellaneous revenue are also included in other revenue.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Company are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is actually received or the conditions are met. Gifts are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of operations as net assets released from restrictions.

Beneficial Interest in Perpetual Trusts

The Company is the beneficiary of several trust funds administered by trustees or other third parties. Trusts, wherein the Company has an irrevocable right to receive the income earned on the trust assets in perpetuity, are recorded as net assets with donor restrictions at the fair value of the trust at the date of receipt and are included in donor-restricted funds in the consolidated balance sheet. Income distributions from the trusts are reported as investment income that increases net assets without donor restrictions, unless restricted by the donor. Annual changes in market value of the trusts are recorded as increases or decreases to net assets with donor restrictions.

Net Assets With Donor Restrictions

Net assets with donor restrictions are those subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Company or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

Retirement Plans

The Company sponsors a noncontributory, defined benefit plan established for the purpose of providing employees of MGH and certain of its affiliates with retirement benefits. The Company elected to freeze the plan as of December 31, 2004. Consequently, benefits shall be no greater than the monthly retirement benefit accrued as of December 31, 2004. The Company's funding policy is to make cash contributions to the plan in amounts sufficient to comply with the requirements of ERISA as computed by the plan's actuary.

The Company also sponsors defined contribution retirement plans which cover substantially all employees who have met certain eligibility requirements of the respective plans. See Note 11 for further information on the retirement plans.

Excess (Deficiency) of Revenue Over Expenses

The consolidated statements of operations include excess (deficiency) of revenue over expenses. Changes in net assets without donor restrictions which are excluded from excess (deficiency) of revenue over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purpose of acquiring such assets), unrealized gains and losses on debt securities and pension related changes other than net periodic pension cost.

Tax Status

The Company and its affiliates have been determined to be tax-exempt organizations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and, accordingly, are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements for these tax-exempt organizations.

The Captive is a limited liability company (LLC) under the Federal Income Tax Code and as an LLC passes its income or loss for federal and state tax purposes to its members.

Tax-exempt organizations could be required to record an obligation for income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status. Under guidance issued by Financial Accounting Standards Board (FASB), assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold, based upon the technical merits of the position. Estimated interest and penalties, if applicable, related to uncertain tax positions are included as a component of income tax expense. The Company has evaluated the tax positions taken on its filed tax returns. The Company has concluded no uncertain income tax positions exist at June 30, 2025.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (Continued)

Other Relief Funding

Included in other revenue is approximately \$2,240,000 related to the *Federal Emergency Management Agency's (FEMA) Public Assistance* grant program for the year ended June 30, 2024. There were no additional FEMA funds received during the year ended June 30, 2025. The Company believes they have complied with the requirements for these reimbursements.

Reclassifications

Certain 2024 amounts have been reclassified to permit comparison with the 2025 consolidated financial statements presentation format.

Subsequent Events

Events occurring after the consolidated balance sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the consolidated financial statements. Management has evaluated subsequent events through September 26, 2025 which is the date the consolidated financial statements were available to be issued.

3. Patient Service Revenue

Revenues generally relate to contracts with patients in which MGH's performance obligations are to provide health care services to patients. Revenues are recorded during the period obligations to provide health care services are satisfied. Performance obligations for inpatient services are generally satisfied over a period of days. Performance obligations for outpatient services are generally satisfied over a period of less than one day. The contractual relationships with patients, in most cases, also involve a third-party payor (Medicare, Medicaid, managed care health plans and commercial insurance companies, including plans offered through the health insurance exchanges) and the transaction prices for the services provided are dependent upon the terms provided by Medicare and Medicaid or negotiated with managed care health plans and commercial insurance companies, the third-party payors. The payment arrangements with third-party payors for the services provided to related patients typically specifies payments at amounts less than standard charges. Medicare generally pays for inpatient and outpatient services at prospectively determined rates based on clinical, diagnostic and other factors. Services provided to patients having Medicaid coverage are generally paid at prospectively determined rates per discharge, per identified service or per covered member. Agreements with commercial insurance carriers, managed care and preferred provider organizations generally provide for payments based upon predetermined rates per diagnosis, per diem rates or discounted fee-for-service rates. Management continually reviews the revenue recognition process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms resulting from contract renegotiations and renewals.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

3. Patient Service Revenue (Continued)

Revenues are based upon estimated amounts that MGH expects to be entitled to receive from patients and third-party payors. Revenues under managed care and commercial insurance plans are based upon the payment terms specified in the related contractual agreements. Revenues related to uninsured patients and uninsured copayment and deductible amounts for patients who have health care coverage may have discounts applied (uninsured discounts and contractual discounts) and the recorded revenue is based primarily on historical collection experience.

Revenues from third-party payors and the uninsured are summarized as follows at June 30:

| | <u>2025</u> | <u>2024</u> |
|---------------------------------|-----------------------|-----------------------|
| Medicare | \$ 249,452,118 | \$ 230,133,140 |
| Medicaid | 118,029,495 | 99,635,346 |
| Commercial | 307,384,143 | 287,411,575 |
| Patients (private pay/self pay) | <u>22,269,951</u> | <u>18,158,547</u> |
| | <u>\$ 697,135,707</u> | <u>\$ 635,338,608</u> |

The collection of outstanding receivables for Medicare, Medicaid, managed care payors, other third-party payors and patients is MGH's primary source of operating cash and is critical to operating performance. The primary collection risks relate to uninsured patient accounts, including patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient responsibility amounts (deductibles and copayments) remain outstanding. Implicit price concessions relate primarily to amounts due directly from patients. Estimated implicit price concessions are recorded for all uninsured accounts, regardless of the aging of those accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed. The estimates for implicit price concessions are based upon management's assessment of historical writeoffs and expected net collections, business and economic conditions, trends in federal, state and private employer health care coverage and other collection indicators. Management relies on the results of detailed reviews of historical writeoffs and collections at facilities that represent a majority of MGH's revenues and accounts receivable as a primary source of information in estimating the collectability of accounts receivable.

MGH has entered into payment agreements with Medicare, MaineCare and various commercial insurance carriers. The basis for payment under these agreements includes prospectively determined rates per discharge, episode of care, per day or per visit, prospectively determined rates for outpatient episodes of care, discounts from established charges, cost (subject to limits) and fee tables.

The estimated third-party payor settlements reflected on the consolidated balance sheet represent the estimated net amounts to be received or paid under reimbursement contracts with CMS, Medicaid and any commercial payors with settlement provisions. Settlements have been issued through 2022 for Medicare and through 2020 for Medicaid.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

3. Patient Service Revenue (Continued)

In response to delayed payment, ChangeHealthcare issued advanced payments of approximately \$8,000,000 to the Company in 2024 which were required to be repaid. The advanced funds were recorded in the estimated third-party payor settlements at June 30, 2024, and the amount due to ChangeHealthcare was fully repaid as of May 2025.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. MGH believes that it is substantially in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing specific to MGH. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in patient service revenue in the year that such amounts become known.

4. Community Benefit and Charity Care

MGH provides comprehensive healthcare services to the community regardless of a patient's ability to pay.

- In fiscal year 2025, the Medical Center also provided a total of \$1,079,714 in free care broken down as follows:
 - 150% of Federal Poverty guidelines: \$1,034,437 (265 individuals).
 - 151% to 200% Federal Poverty guidelines: \$28,546 (52 individuals).
- The Kennebec Valley Access to Care program served 23 uninsured individuals in the region, providing primary care, preventive services, hospital services, pharmaceuticals, care management and specialty care by participating providers, totaling \$16,731 in fiscal year 2025.
- For children and families, even during the pandemic, the Company offers several health promotion programs throughout the year, including nutrition education and parenting education.
- Last year, the Company provided 377 community health events and outreach, including free education sessions, support meetings and training, to 31,715 participants.
- The Company held 43 flu vaccination clinics, vaccinating a total of 2,246 children and adults.
- For adults and seniors, the Company provides classes and support groups aimed at health and wellness, including cancer prevention and screening and diabetes care, along with support groups for area individuals and families with a variety of health needs, including diabetes, bariatric surgery and hospice.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

4. Community Benefit and Charity Care (Continued)

- The Medical Center's Physician Hospital Organization is part of an employer healthcare collaborative designed to help improve employees' health, concentrating on high risk behaviors and chronic disease. Overall, the goals are to help stabilize rising healthcare costs and enhance individuals' quality of life.

MGH accepts patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies, which define charity services as those services for which no payment is anticipated. In assessing a patient's eligibility for charity care, the Medical Center and MGRLTC use federally established poverty guidelines. Free care eligibility has been established at 150% of federal poverty levels with a sliding scale up to 225%. MGCC provides certain community alcohol rehabilitation services under sliding fee arrangements. In addition, the Medical Center, MGRLTC and MGCC will, at times, accept reduced payments when management identifies cases of financial hardship which do not conform to MGH's formal guidelines.

Charity care is measured based on services provided at established rates but is not included in patient service revenue. Costs and expenses incurred in providing these services are included in operating expenses. MGH determines the costs associated with providing charity care by calculating a ratio of cost to gross charges and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for free care. Under this methodology, the estimated costs of caring for charity care patients for the years ended June 30, 2025 and 2024 were approximately \$1,080,000 and \$497,000, respectively.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

5. Investments

The cost and fair value of investments held at June 30 are as follows:

| | 2025 | | 2024 | |
|---|----------------------|----------------------|----------------------|----------------------|
| | <u>Cost</u> | <u>Market</u> | <u>Cost</u> | <u>Market</u> |
| Short-term investments: | | | | |
| Cash and cash equivalents | \$ 2,359,529 | \$ 2,359,527 | \$ 4,019,152 | \$ 4,019,152 |
| Fixed income mutual funds | <u>4,659,856</u> | <u>4,786,770</u> | <u>742,113</u> | <u>743,686</u> |
| Total short-term investments | <u>7,019,385</u> | <u>7,146,297</u> | <u>4,761,265</u> | <u>4,762,838</u> |
| Long-term investments: | | | | |
| Cash and cash equivalents | 11,809,008 | 11,809,007 | 5,862,169 | 5,862,169 |
| Accrued interest | 16,648 | 16,648 | 19,362 | 19,362 |
| U.S. Government securities | 25,493,341 | 25,692,588 | 27,801,537 | 27,681,252 |
| Common stock mutual funds | 30,555,851 | 43,654,370 | 45,493,618 | 57,274,385 |
| Private equity funds | 19,820,260 | 21,361,253 | 22,846,326 | 23,658,238 |
| Global asset allocation mutual funds | 3,201,678 | 3,213,056 | 4,833,245 | 4,827,313 |
| Fixed income mutual funds | 12,296,033 | 12,410,916 | 4,965,534 | 4,874,617 |
| Corporate debt securities | 374,602 | 372,634 | 307,108 | 290,754 |
| Employee benefit plans (primary equity mutual funds) | 21,362,369 | 24,737,073 | 19,345,454 | 21,305,165 |
| Beneficial interest in charitable remainder trusts | 553,389 | 666,004 | 547,567 | 630,659 |
| Beneficial interest in perpetual trusts | <u>10,519,038</u> | <u>13,675,723</u> | <u>10,569,241</u> | <u>12,940,985</u> |
| Total long-term investments | <u>136,002,217</u> | <u>157,609,272</u> | <u>142,591,161</u> | <u>159,364,899</u> |
| Total investments | <u>\$143,021,602</u> | <u>\$164,755,569</u> | <u>\$147,352,426</u> | <u>\$164,127,737</u> |

Private equity funds include investments with a fair value of \$21,361,253 and \$23,658,238 at June 30, 2025 and 2024, respectively, whose holdings are in U.S. and international equities and bonds.

The Medical Center has a beneficial interest in certain perpetual trusts established by donors for the benefit of the Medical Center. The Medical Center receives the investment income from the perpetual trusts; however, the principal and gains of the trusts are to be maintained perpetually in the trusts and will not become available to the Medical Center. The perpetual trusts are included in net assets with donor restrictions.

The underlying fair value of investments, which are traded on national exchanges (except for managed funds), is based on the final reported sales price on the last business day of the year. The fair value of investments traded in over-the-counter markets is based on the average of the last recorded bid and ask price.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

5. Investments (Continued)

Investment return, net is comprised of the following for the years ended June 30:

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|----------------------|
| Without donor restrictions: | | |
| Investment income, net of investment fees | \$ 796,876 | \$ 736,501 |
| Investment income included in other revenue | 1,340,020 | 1,174,444 |
| Net realized and unrealized gains on investments | <u>2,240,262</u> | <u>3,046,178</u> |
| Total without donor restrictions | 4,377,158 | 4,957,123 |
| With donor restrictions: | | |
| Investment income | 1,284,081 | 1,267,758 |
| Net realized and unrealized gains on investments | 6,017,325 | 5,730,280 |
| Change in market value of perpetual trusts | <u>734,738</u> | <u>895,667</u> |
| Total with donor restrictions | <u>8,036,144</u> | <u>7,893,705</u> |
| | <u>\$12,413,302</u> | <u>\$ 12,850,828</u> |

The Company has adopted ASC 820-10 which establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity and unobservable inputs reflect the entities' own assumptions about how market participants would value an asset based on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

Following is a description of the Company's valuation methodologies for assets measured at fair value:

Level 1 – Assets classified as Level 1 represent items that are traded in active exchange markets and for which valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities. Assets classified as Level 1 include cash and cash equivalents, accrued interest, U.S. Government securities, mutual funds and corporate equity securities. Employee benefit plan assets consist primarily of equity mutual funds.

Level 2 – Valuations for assets traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities. Assets classified as Level 2 include guaranteed income contracts and corporate debt securities.

Level 3 – Valuations for assets that are derived from other valuation methodologies not based on direct market exchange, dealer or broker traded transactions. Assets classified as Level 3 include beneficial interests in perpetual trusts and charitable remainder trusts.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

5. Investments (Continued)

The Medical Center is a beneficiary of irrevocable perpetual trusts. The amounts reflected as an asset on the consolidated balance sheet are valued at the fair value of the Medical Center's interest in the perpetual trust. At June 30, 2025 and 2024, the Medical Center has recorded the beneficial interest in the perpetual trusts of \$13,675,723 and \$12,940,985, respectively.

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

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The financial instruments carried at fair value by caption on the consolidated balance sheets by the ASC 820-10 valuation hierarchy defined previously are as follows at June 30:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------------|------------------|---------------------|----------------------|
| 2025 | | | | |
| Short-term investments: | | | | |
| Cash and cash equivalents | \$ 2,359,527 | \$ — | \$ — | \$ 2,359,527 |
| Fixed income mutual funds | <u>4,786,770</u> | <u>—</u> | <u>—</u> | <u>4,786,770</u> |
| Total short-term investments | 7,146,297 | — | — | 7,146,297 |
| Long-term investments: | | | | |
| Cash and cash equivalents | 11,809,007 | — | — | 11,809,007 |
| Accrued interest | 16,648 | — | — | 16,648 |
| U.S. Government securities | 25,692,588 | — | — | 25,692,588 |
| Common stock mutual funds | 43,654,370 | — | — | 43,654,370 |
| Global asset allocation mutual funds | 3,213,056 | — | — | 3,213,056 |
| Fixed income mutual funds | 12,410,916 | — | — | 12,410,916 |
| Corporate debt securities | — | 372,634 | — | 372,634 |
| Employee benefit plans (primary equity mutual funds) | <u>24,737,073</u> | <u>—</u> | <u>—</u> | <u>24,737,073</u> |
| Total long-term investments | 121,533,658 | 372,634 | — | 121,906,292 |
| Beneficial interest in charitable remainder trusts | — | — | 666,004 | 666,004 |
| Beneficial interest in perpetual trusts | <u>—</u> | <u>—</u> | <u>13,675,723</u> | <u>13,675,723</u> |
| | <u>\$128,679,955</u> | <u>\$372,634</u> | <u>\$14,341,727</u> | 143,394,316 |
| Private equity funds | | | | <u>21,361,253</u> |
| Total investments | | | | <u>\$164,755,569</u> |

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

5. Investments (Continued)

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---|----------------------|------------------|---------------------|----------------------|
| 2024 | | | | |
| Short-term investments: | | | | |
| Cash and cash equivalents | \$ 4,019,152 | \$ — | \$ — | \$ 4,019,152 |
| Fixed income mutual funds | <u>743,686</u> | <u>—</u> | <u>—</u> | <u>743,686</u> |
| Total short-term investments | 4,762,838 | — | — | 4,762,838 |
| Long-term investments: | | | | |
| Cash and cash equivalents | 5,862,169 | — | — | 5,862,169 |
| Accrued interest | 19,362 | — | — | 19,362 |
| U.S. Government securities | 27,681,252 | — | — | 27,681,252 |
| Common stock mutual funds | 57,274,385 | — | — | 57,274,385 |
| Global asset allocation mutual funds | 4,827,313 | — | — | 4,827,313 |
| Fixed income mutual funds | 4,874,617 | — | — | 4,874,617 |
| Corporate debt securities | — | 290,754 | — | 290,754 |
| Employee benefit plans (primary equity mutual funds) | <u>21,305,165</u> | <u>—</u> | <u>—</u> | <u>21,305,165</u> |
| Total long-term investments | 121,844,263 | 290,754 | — | 122,135,017 |
| Beneficial interest in charitable remainder trusts | — | — | 630,659 | 630,659 |
| Beneficial interest in perpetual trusts | <u>—</u> | <u>—</u> | <u>12,940,985</u> | <u>12,940,985</u> |
| | <u>\$126,607,101</u> | <u>\$290,754</u> | <u>\$13,571,644</u> | 140,469,499 |
| Private equity funds | | | | <u>23,658,238</u> |
| Total investments | | | | <u>\$164,127,737</u> |

The above schedules do not include current portion of assets held in trust under debt and other agreements of \$1,793,772 and \$1,673,492 at June 30, 2025 and 2024, respectively. Such amounts are not required to be included on the above table but if so would be classified as Level 1.

The private equity funds are subject to certain redemption terms based upon net asset value. Amounts may be redeemed with notification periods ranging from 5 to 30 days. There are no commitments to purchase additional units.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

5. Investments (Continued)

The following is a rollforward of the consolidated balance sheet amounts for financial instruments classified by the Company within Level 3 of the fair value hierarchy defined above for the years ended June 30:

| | <u>Charitable Remainder Trusts</u> | <u>Perpetual Trusts</u> | <u>Total Level 3 Assets</u> |
|--|--|-----------------------------|-------------------------------------|
| 2025 | | | |
| Fair value, July 1, 2024 | \$630,659 | \$12,940,985 | \$13,571,644 |
| Change in value of charitable remainder trusts and perpetual trusts | <u>35,345</u> | <u>734,738</u> | <u>770,083</u> |
| Fair value, June 30, 2025 | <u>\$666,004</u> | <u>\$13,675,723</u> | <u>\$14,341,727</u> |
| 2024 | | | |
| Fair value, July 1, 2023 | \$585,882 | \$12,045,318 | \$12,631,200 |
| Change in value of charitable remainder trusts and perpetual trusts | <u>44,777</u> | <u>895,667</u> | <u>940,444</u> |
| Fair value, June 30, 2024 | <u>\$630,659</u> | <u>\$12,940,985</u> | <u>\$13,571,644</u> |

6. Property and Equipment

Property and equipment consisted of the following at June 30:

| | <u>2025</u> | <u>2024</u> |
|-------------------------------|-----------------------|-----------------------|
| Land and improvements | \$ 19,964,430 | \$ 19,778,929 |
| Buildings | 471,927,031 | 442,177,068 |
| Equipment | 220,473,779 | 217,641,104 |
| Construction in progress | <u>3,741,191</u> | <u>15,589,007</u> |
| | 716,106,431 | 695,186,108 |
| Less accumulated depreciation | <u>(354,686,600)</u> | <u>(340,321,995)</u> |
| | <u>\$ 361,419,831</u> | <u>\$ 354,864,113</u> |

Depreciation expense for the years ended June 30, 2025 and 2024 was approximately \$24,827,000 and \$24,478,000, respectively. The Company retired approximately \$11,436,000 and \$19,723,000 of assets in fiscal 2025 and 2024, respectively, which consisted largely of fully depreciated, obsolete equipment.

MAINEGENERAL HEALTH AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

7. Long-Term Obligations

Long-term debt consisted of the following at June 30:

| | <u>2025</u> | <u>2024</u> |
|--|----------------------|----------------------|
| Mortgage loan insured by U.S. Department of Housing and Urban Development (HUD), interest at fixed rate of 2.24%, maturing in various amounts through 2046 | \$257,888,868 | \$267,643,423 |
| Other notes payable, payments in various amounts through 2031 | <u>3,199,690</u> | <u>5,453,117</u> |
| | 261,088,558 | 273,096,540 |
| Net unamortized debt issuance costs | <u>(5,668,809)</u> | <u>(5,944,217)</u> |
| | 255,419,749 | 267,152,323 |
| Less current portion | <u>(10,710,104)</u> | <u>(10,850,697)</u> |
| | <u>\$244,709,645</u> | <u>\$256,301,626</u> |

In January 2021, the Medical Center entered into a mortgage loan in the amount of \$299,371,500. The mortgage loan is insured by HUD under its Section 242/223(f) mortgage insurance program. Proceeds of the mortgage loan were used to refinance the Medical Center's existing 2015 and 2011 Series Revenue Bonds and Bangor Savings Bank term loan. Under the terms of the agreement, the Medical Center is required to remit fixed monthly payments of principal and interest of \$1,304,169 until January 2046. The loan includes a first mortgage lien on the Medical Center's Alford Center for Health, Thayer Center for Health, Harold Alford Center for Cancer, Family Medicine Institute and Four Seasons Practice properties.

Scheduled principal payments of long-term debt are as follows for the years ended June 30:

| | |
|------------|----------------------|
| 2026 | \$ 10,710,104 |
| 2027 | 10,920,882 |
| 2028 | 10,915,593 |
| 2029 | 10,994,887 |
| 2030 | 11,063,842 |
| Thereafter | <u>206,483,250</u> |
| | <u>\$261,088,558</u> |

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

7. Long-Term Obligations (Continued)

Under the HUD insured mortgage loan, the Medical Center is required to fund and maintain a mortgage reserve fund (MRF) with a trustee, and escrow funds for the payment of property and mortgage insurance premiums with the mortgagee. The MRF is required by HUD to have a minimum balance of at least \$15,650,026. The overfunding at June 30, 2025 and 2024 is \$568,940 and \$414,459, respectively. The total amounts held in these reserves and escrows are as follows at June 30:

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|---------------------|
| 2021 HUD Mortgage Reserve Fund: | | |
| Escrow for property insurance | \$ 642,005 | \$ 611,215 |
| Escrow for mortgage insurance premiums | 1,151,767 | 1,062,277 |
| MRF | <u>16,218,966</u> | <u>16,064,665</u> |
| | <u>\$18,012,738</u> | <u>\$17,738,157</u> |

MGH has a standby letter of credit by Wells Fargo Bank, N.A. through Bangor Savings Bank for the purpose of capitalizing the Captive. The maximum amount available under this agreement is \$1,250,000. According to the agreement, the interest rate (7.5% at June 30, 2025) is based on the Prime rate, and outstanding principal and interest payments are due upon demand. The letter of credit was renewed on July 6, 2024 with the same terms and is effective until July 6, 2025. No amounts were drawn under the letter of credit in 2025 or 2024.

MGH has a line of credit by Bangor Savings Bank for the purpose of supporting accounts receivable. Line of credit availability will be governed by a Borrowing Base formula tested monthly and is limited to 75% of eligible accounts receivable, up to \$18,000,000 or 150% of the total line commitment (\$18,000,000 available as of June 30, 2025). According to the agreement, the interest rate (6.5% at June 30, 2025) is based on the 1-month Term SOFR, and outstanding principal and interest payments are due upon demand. The line of credit expires on December 8, 2025. No amounts were drawn under the line of credit in 2025 or 2024.

8. Leases

MGH utilizes operating leases for the use of certain medical office buildings and medical equipment. All lease agreements generally require MGH to pay maintenance, repairs, property taxes and insurance costs, which are variable amounts based on actual costs incurred during each applicable period. Such costs are not included in the determination of the right-of-use (ROU) asset or lease liability. Variable lease cost also includes escalating rent payments that are not fixed at commencement but are based on an index that is determined in future periods over the lease term based on changes in the Consumer Price Index or other measure of cost inflation. Most leases include one or more options to renew the lease at the end of the initial term, with renewal terms that generally extend the lease at the then market rate of rental payment. Certain leases also include an option to buy the underlying asset at or a short time prior to the termination of the lease. All such options are at MGH's discretion and are evaluated at the commencement of the lease, with only those that are reasonably certain of exercise included in determining the appropriate lease term.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

8. Leases (Continued)

At June 30, 2025 and 2024, the ROU asset is \$44,184,887 and \$26,815,210, respectively. Lease expense amounted to \$3,168,321 and \$3,111,751 for the years ended June 30, 2025 and 2024, respectively.

Supplemental information related to leases is as follows as of and for the years ended June 30:

| | <u>2025</u> | <u>2024</u> |
|---------------------------------------|-------------|-------------|
| Weighted-average remaining lease term | 7.07 years | 6.43 years |
| Weighted-average discount rate | 6.37% | 6.03% |

A summary of the future lease payments under lease liabilities is as follows at June 30, 2025:

| | | |
|------------------------------|--|----------------------|
| 2026 | | \$ 8,471,771 |
| 2027 | | 8,494,233 |
| 2028 | | 8,378,902 |
| 2029 | | 8,080,613 |
| 2030 | | 5,610,767 |
| Thereafter | | <u>21,545,956</u> |
| Total minimum lease payments | | 60,582,242 |
| Less imputed interest | | <u>(13,207,373)</u> |
| Total liabilities | | 47,374,869 |
| Less current portion | | <u>(5,646,344)</u> |
| | | <u>\$ 41,728,525</u> |

9. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30:

| | <u>2025</u> | <u>2024</u> |
|------------------------------------|-------------------|-------------------|
| Purpose restriction: | | |
| Charity care | \$ 564,979 | \$ 390,220 |
| Equipment and capital improvements | 142,920 | 165,351 |
| Education and scholarships | 486,315 | 429,356 |
| Cancer Center renovation | 6,186,036 | 11,569,944 |
| Other | <u>20,782,792</u> | <u>29,242,714</u> |
| | 28,163,042 | 41,797,585 |

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

9. Net Assets With Donor Restrictions (Continued)

| | <u>2025</u> | <u>2024</u> |
|---|-------------------------|--------------------------|
| Perpetual in nature: | | |
| Investments, gains and income from which is donor restricted | \$ 3,877,325 | \$ 3,866,619 |
| Investments, gains and income from which is released to net assets without donor restrictions | 6,191,347 | 6,191,347 |
| Corpus restriction with directed earnings | 39,402,487 | 39,402,486 |
| Beneficial interest in perpetual trust | <u>13,675,723</u> | <u>12,940,985</u> |
| | <u>63,146,882</u> | <u>62,401,437</u> |
| Total net assets with donor restrictions | <u>\$91,309,924</u> | <u>\$104,199,022</u> |

Net assets with donor restrictions are managed in accordance with donor intent and are invested in various portfolios.

Net assets with donor restrictions are restricted for the purchase of specific equipment, for building construction, or for specified uses by various departments as follows at June 30:

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| Pledges receivable for construction and other purposes | \$ 2,340,877 | \$15,872,996 |
| Equipment purchase | 142,920 | 165,351 |
| Amounts receivable from charitable remainder trusts | 596,667 | 564,554 |
| Education programs | 486,315 | 429,356 |
| Charity care | 564,979 | 390,220 |
| Grounds maintenance | 92,004 | 51,400 |
| Cancer Center renovation | 6,186,036 | 11,569,944 |
| Accumulated realized/unrealized gains on investments for support of the Company | 16,331,648 | 11,619,626 |
| Other | <u>1,421,596</u> | <u>1,134,138</u> |
| | <u>\$28,163,042</u> | <u>\$41,797,585</u> |

During 2025 and 2024, net assets were released from donor restrictions by making expenditures satisfying the restricted purposes of construction, charity care, acquisition of equipment, and other departmental operating costs of approximately \$27,192,000 and \$3,538,000, respectively.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

9. Net Assets With Donor Restrictions (Continued)

Net assets with donor restrictions, which include beneficial interests in perpetual trusts and certain endowment funds of the Company, are as follows at June 30:

| | <u>2025</u> | <u>2024</u> |
|---|---------------------|---------------------|
| Scholarships | \$ 387,661 | \$ 384,831 |
| Education programs | 375,937 | 375,737 |
| Amounts receivable from charitable remainder trusts | 69,337 | 66,105 |
| Community health programs | 238,337 | 238,337 |
| Alzheimers care center | 1,333,928 | 1,333,928 |
| Medical Center support | 1,780,513 | 1,780,513 |
| Perpetual trusts | 13,675,723 | 12,940,985 |
| Equipment purchases | 130,203 | 130,203 |
| Charity care | 2,013,204 | 2,013,204 |
| Grounds maintenance | 502,332 | 502,332 |
| Healthy Living Resource Center | 42,479,393 | 42,479,393 |
| Other | <u>160,314</u> | <u>155,869</u> |
| | <u>\$63,146,882</u> | <u>\$62,401,437</u> |

Net gains or losses on the sale of investments held by perpetual trusts are required to be added to or deducted from the principal of the trusts. Interest and dividend income from the perpetual trusts is unrestricted, and investment income (including net gains or losses on the sale of investments) related to the majority of the remaining donor restrictions is subject to use based on the Company's spending policy.

The Company's endowment funds consist of approximately 50 individual funds established 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. Net assets associated with endowment funds are classified, in accordance with relevant state law as interpreted by the Board of Directors, as with and without donor restrictions based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions include board-designated funds, and any accumulated income and appreciation thereon. Net assets with donor restrictions include accumulated appreciation on donor-restricted funds. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Company maintains the preservation of the fair value of the endowed gift as of the gift date absent explicit donor stipulations to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Company considers 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.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

9. Net Assets With Donor Restrictions (Continued)

The Company has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Company must hold in perpetuity or for a donor-specific period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce a return of 7.5% over the long term. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Company relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Company targets a diversified asset allocation that places a greater emphasis on equity-based and fixed income investments to achieve its long-term objective within prudent risk constraints.

The Company has a policy of appropriating for distribution each year 4.5% of its endowment fund's moving average fair value over the prior 36 months as of June 30 of the preceding fiscal year in which the distribution is planned. In establishing this policy, the Company considered the long-term expected return on its endowment. Accordingly, over the long term, the Company expects the current spending policy to allow its endowment to grow at an average of the long-term rate of inflation. This is consistent with the Company's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specific term as well as to provide additional real growth through new gifts and investment return.

Changes in endowment net assets consisted of the following for the years ended June 30:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---|--|----------------------|
| 2025 | | | |
| Endowment net assets, beginning of year | \$5,393,108 | \$74,021,063 | \$ 79,414,171 |
| Investment return: | | | |
| Investment income | 94,691 | 92,021 | 186,712 |
| Net appreciation (realized and unrealized) | <u>222,638</u> | <u>5,555,505</u> | <u>5,778,143</u> |
| Total investment return | 317,329 | 5,647,526 | 5,964,855 |
| Contributions | – | 7,298 | 7,298 |
| Appropriation of endowment assets for expenditure | <u>(249,083)</u> | <u>(197,357)</u> | <u>(446,440)</u> |
| Endowment net assets, end of year | <u>\$5,461,354</u> | <u>\$79,478,530</u> | <u>\$ 84,939,884</u> |

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

9. Net Assets With Donor Restrictions (Continued)

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---|--|----------------------|
| 2024 | | | |
| Endowment net assets, beginning of year | \$ 5,083,729 | \$68,768,066 | \$ 73,851,795 |
| Investment return: | | | |
| Investment income | 77,280 | 1,248,612 | 1,325,892 |
| Net appreciation (realized and unrealized) | <u>471,591</u> | <u>6,584,296</u> | <u>7,055,887</u> |
| Total investment return | 548,871 | 7,832,908 | 8,381,779 |
| Contributions | – | 11,499 | 11,499 |
| Appropriation of endowment assets for expenditure | <u>(239,492)</u> | <u>(2,591,410)</u> | <u>(2,830,902)</u> |
| Endowment net assets, end of year | <u>\$ 5,393,108</u> | <u>\$74,021,063</u> | <u>\$ 79,414,171</u> |

10. Financial Assets and Liquidity Resources

As of June 30, 2025 and 2024, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, consisted of the following:

| | <u>2025</u> | <u>2024</u> |
|-----------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 28,333,130 | \$ 23,850,914 |
| Investments | 63,793,114 | 68,959,857 |
| Patient accounts receivable | <u>97,995,492</u> | <u>96,825,642</u> |
| | <u>\$190,121,736</u> | <u>\$189,636,413</u> |

To manage liquidity, MGH maintains sufficient cash and cash equivalent balances to support daily operations throughout the year. Cash and cash equivalents include bank deposits, money market funds, and other similar vehicles that generate a return on cash and provide daily liquidity to MGH. Short-term investments without donor restrictions are also utilized to generate a higher yield on balances versus cash and cash equivalents, and to provide MGH with an additional layer of liquidity for daily operations if needed. As of June 30, 2025 and 2024, the balances held in cash and cash equivalents and short-term investments were \$35,479,427 and \$28,613,752, respectively. In addition, MGH has board-designated assets without donor restrictions that can be utilized at the discretion of management to help fund both operational needs and/or capital projects. As of June 30, 2025 and 2024, the balance in board-designated assets was approximately \$5,461,000 and \$5,393,000, respectively. Management has elected to not include the remaining board-designated fund.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

11. Retirement Plans

Effective December 31, 2004, MGH's Board of Directors approved the curtailment of MGH's noncontributory defined benefit plan which covered substantially all employees except employees of MGRLTC, MGCC and MGVH. Participation and benefit accruals were frozen under the Plan effective December 31, 2004. As a result, the projected benefit obligation equals the accumulated benefit obligation.

Funded Status

The changes in benefit obligation and fair value of plan assets based on the measurement date and the amounts recognized in the consolidated financial statements consist of the following at June 30:

| | <u>2025</u> | <u>2024</u> |
|--|------------------------|------------------------|
| Change in benefit obligation: | | |
| Benefit obligation, beginning of year | \$109,740,518 | \$ 111,588,914 |
| Interest cost | 5,651,646 | 5,487,041 |
| Actuarial gain | 4,703,068 | 1,548,348 |
| Gross benefits paid | <u>(8,792,527)</u> | <u>(8,883,785)</u> |
| Accumulated benefit obligation, end of year | <u>\$111,302,705</u> | <u>\$ 109,740,518</u> |
| Change in plan assets: | | |
| Fair value of plan assets, beginning of year | \$ 98,116,579 | \$ 99,964,584 |
| Actual return on plan assets | 7,056,998 | 6,388,711 |
| Contribution to plan | 3,658,398 | 647,069 |
| Gross benefits paid | <u>(8,792,527)</u> | <u>(8,883,785)</u> |
| Fair value of plan assets, end of year | <u>\$100,039,448</u> | <u>\$ 98,116,579</u> |
| Funded status: | | |
| Fair value of plan assets | \$ 100,039,448 | \$ 98,116,579 |
| Projected benefit obligation | <u>111,302,705</u> | <u>109,740,518</u> |
| Funded status, amount recognized end of year (noncurrent liability) | <u>\$ (11,263,257)</u> | <u>\$ (11,623,939)</u> |
| Amounts recognized in net assets without donor restrictions: | | |
| Net actuarial loss | <u>\$ 47,187,087</u> | <u>\$ 44,782,498</u> |

The components of periodic benefit cost for the plan are as follows for the years ended June 30:

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|---------------------|
| Components of net periodic benefit cost: | | |
| Interest cost | \$ (5,651,646) | \$ (5,487,041) |
| Expected return on plan assets | 6,513,890 | 6,645,970 |
| Amortization of net loss | <u>(1,755,371)</u> | <u>(1,688,853)</u> |
| Net periodic benefit cost | <u>\$ (893,127)</u> | <u>\$ (529,924)</u> |

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

11. Retirement Plans (Continued)

The net actuarial loss that will be amortized from net assets without donor restrictions into net periodic benefit cost in 2026 is \$1,947,964.

The other changes in plan assets and benefit obligations recognized on the consolidated statements of changes in net assets are as follows at June 30:

| | <u>2025</u> | <u>2024</u> |
|--------------------------|----------------------|--------------------|
| Change in net loss | \$(4,159,960) | \$(1,805,607) |
| Amortization of net loss | <u>1,755,371</u> | <u>1,688,853</u> |
| Total recognized loss | <u>\$(2,404,589)</u> | <u>\$(116,754)</u> |

The assumptions used to determine the benefit obligation and periodic benefit cost are as follows at June 30:

| | For 2025 and 2024, Pri-2012 mortality table/ MP-2021 mortality improvement | |
|---|---|-------------|
| | <u>2025</u> | <u>2024</u> |
| Mortality | | |
| Benefit obligation: | | |
| Weighted average discount rate | 5.33% | 5.40% |
| Periodic benefit cost: | | |
| Weighted average discount rate | 5.40% | 5.15% |
| Weighted average expected long-term rate of return on plan assets | 7.00% | 7.00% |

Investment Policy and Asset Allocations

The expected long-term rate of return assumption represents the expected average rate of earnings on the funds invested or to be invested to provide for the benefits included in the benefit obligations. The long-term rate of return assumption is determined based on a number of factors, including historical market index returns, the anticipated long-term asset allocation of the plans, historical plan return data, plan expenses, and the potential to outperform market index returns.

The investment objectives for the assets of the plan are to minimize expected funding contributions and to meet or exceed the rate of return assumed for plan funding purposes over the long term. The nature and duration of benefit obligations, along with assumptions concerning asset class returns and return correlations, are considered when determining an appropriate asset allocation to achieve the investment objectives. Active and indexed investment managers are incorporated in the investment portfolio as deemed prudent.

Investment policies and strategies governing the assets of the plans are designed to achieve investment objectives within prudent risk parameters. Risk management practices include the use of external investment managers and the maintenance of a portfolio diversified by asset class, investment approach and security holdings, and the maintenance of sufficient liquidity to meet benefit obligations as they come due.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

11. Retirement Plans (Continued)

The weighted average asset allocations for the plan and the target allocation by asset category are as follows at June 30:

| | <u>2025 Target Allocation</u> | <u>2025 Actual</u> | <u>2024 Target Allocation</u> | <u>2024 Actual</u> |
|---------------------------------|-----------------------------------|------------------------|-----------------------------------|------------------------|
| Asset category: | | | | |
| Large cap equity securities | 16.5% | 17.1% | 18.0% | 20.9% |
| Small cap equity securities | 7.0 | 6.4 | 9.0 | 8.4 |
| International equity securities | 13.5 | 14.3 | 19.0 | 18.4 |
| Fixed income securities | 58.5 | 56.4 | 48.0 | 45.4 |
| Global asset allocation fund | 0.0 | 0.0 | 4.0 | 3.9 |
| Other | <u>4.5</u> | <u>5.8</u> | <u>2.0</u> | <u>3.0</u> |
| | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |

The plan's investments measured at fair value using the fair value hierarchy defined in Note 5 are as follows as of June 30:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---------------------------------|---------------------|----------------|----------------|----------------------|
| 2025 | | | | |
| Large cap equity securities | \$17,080,060 | \$ – | \$ – | \$ 17,080,060 |
| Small cap equity securities | 3,105,907 | – | – | 3,105,907 |
| International equity securities | 7,680,694 | – | – | 7,680,694 |
| Fixed income securities | 26,177,277 | – | – | 26,177,277 |
| Cash and cash equivalents | <u>2,736,481</u> | <u>–</u> | <u>–</u> | <u>2,736,481</u> |
| | <u>\$56,780,419</u> | <u>\$ –</u> | <u>\$ –</u> | 56,780,419 |
| Private equity funds | | | | <u>43,259,029</u> |
| Total pension investment | | | | <u>\$100,039,448</u> |
| 2024 | | | | |
| Large cap equity securities | \$20,501,181 | \$ – | \$ – | \$ 20,501,181 |
| Small cap equity securities | 4,038,318 | – | – | 4,038,318 |
| International equity securities | 9,539,448 | – | – | 9,539,448 |
| Fixed income securities | 44,514,017 | – | – | 44,514,017 |
| Cash and cash equivalents | <u>2,995,937</u> | <u>–</u> | <u>–</u> | <u>2,995,937</u> |
| | <u>\$81,588,901</u> | <u>\$ –</u> | <u>\$ –</u> | 81,588,901 |
| Private equity funds | | | | <u>16,527,678</u> |
| Total pension investment | | | | <u>\$ 98,116,579</u> |

MAINEGENERAL HEALTH AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

11. Retirement Plans (Continued)

Contributions

Contributions of approximately \$2,232,000 are expected to be made to the plan in 2026.

Estimated Future Benefit Payments

Benefit payments are expected to be paid as follows:

| | |
|-------------|--------------|
| 2026 | \$ 9,995,305 |
| 2027 | 9,867,269 |
| 2028 | 9,704,610 |
| 2029 | 9,586,835 |
| 2030 | 9,473,720 |
| 2031 – 2035 | 43,917,006 |

Defined Contribution Plan

The Company sponsors a 403(b) defined contribution plan which covers substantially all employees of the Company. Under this plan, the Company makes a matching contribution of 50% of any employee's voluntary pretax contributions up to 4% of eligible compensation.

The Company also sponsors a 401(a) defined contribution plan. The 401(a) plan is available to all employees who work 1,000 or more hours per year. Under this plan, the Company makes a core contribution equal to 2.0% of eligible compensation earned during the plan year.

MGH incurred approximately \$11,362,000 and \$10,447,000 of expenses in 2025 and 2024, respectively, for the 403(b) and 401(a) defined contribution plans.

Deferred Compensation Plan

MGH maintains a 457(b) deferred compensation plan which covers certain key employees of MGH. Under this plan, key employees may elect to supplement their retirement savings through the deferral of a portion of their compensation. This plan is maintained primarily for the purpose of providing deferred compensation for key employees under Section 201 of the Employee Retirement Income Security Act. MGH did not make any contributions during the years ended June 30, 2025 and 2024.

The asset and liability are classified under unrestricted board designated investments and other long-term liabilities, respectively, in the MGH financial statements both of which total \$24,737,073 and \$21,305,165 at June 30, 2025 and 2024, respectively. The assets of \$24,737,073 and \$21,305,165 are considered to be Level 1 assets (as defined in Note 5).

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

12. Malpractice Insurance

The Company insures its medical malpractice risks on a claims-made basis. In accordance with ASU No. 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*, at June 30, 2025 and 2024, the Company recorded a liability, included in other current liabilities on the consolidated balance sheets, of \$10,398,957 and \$8,873,033, respectively, related to estimated professional liability losses relating to reported cases as well as potential incurred but not reported claims. There was no receivable for estimated recoveries at June 30, 2025 or 2024. At June 30, 2024, there were no known malpractice claims outstanding which, in the opinion of management, will be settled for amounts in excess of insurance coverage.

13. Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are patient accounts receivable, cash equivalents and investments. The Company invests its cash, cash equivalents and marketable securities in debt instruments and interest bearing accounts at major financial institutions in excess of insured limits. The Company mitigates credit risk by limiting the investment type and maturity to securities that preserve capital, maintain liquidity and have a high credit quality.

The Company grants credit without collateral to its patients, many of whom are local residents and are insured under third-party payor agreements. The Company's accounts receivable from patients and third-party payors, exclusive of estimated settlements, were as follows at June 30:

| | <u>2025</u> | <u>2024</u> |
|-----------------------|-------------|-------------|
| Medicare and Medicaid | 57% | 58% |
| Managed care | 2 | 2 |
| Commercial insurance | 20 | 19 |
| Anthem | 10 | 11 |
| Patients | <u>11</u> | <u>10</u> |
| | <u>100%</u> | <u>100%</u> |

14. Commitments and Contingencies

Various legal claims, generally incidental to the conduct of normal business, are pending or have been threatened against the Company. The Company intends to defend vigorously against these claims. While ultimate liability, if any, arising from any such claim is presently indeterminable, it is management's opinion that the ultimate resolution of these claims will not have a material adverse effect on the financial condition of the Company.

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Recently, government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. Compliance with such laws and regulations is subject to government review and interpretations as well as regulatory actions unknown or unasserted at this time.

MAINEGENERAL HEALTH AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

15. Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating the fair value of its financial instruments:

Cash and Cash Equivalents, Accounts Receivable, Accounts Payable and Accrued Expenses

The recorded amounts reported in the consolidated balance sheets for these accounts approximate their fair values based on their short-term nature.

Investments and Assets Whose Use is Limited or Restricted

These assets consist primarily of interest receivable, investments in money market funds, government securities, mutual funds, limited partnerships, corporate equity and debt securities, hedge funds and beneficial interest in perpetual trusts. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As such, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial position and operations. Determination of fair value is discussed in Notes 2 and 5.

16. Functional Expenses

The Company provides acute and long-term health care services. Expenses related to providing these services are as follows for the years ended June 30:

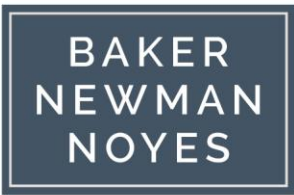
| | <u>Health Services</u> | <u>General and Administrative</u> | <u>Total</u> |
|-------------------------------|----------------------------|---------------------------------------|----------------------|
| 2025 | | | |
| Salaries and wages | \$270,024,938 | \$ 85,118,291 | \$355,143,229 |
| Employee benefits | 65,889,602 | 20,769,972 | 86,659,574 |
| Supplies and other | 225,906,227 | 71,211,021 | 297,117,248 |
| Interest | 5,361,605 | 1,690,106 | 7,051,711 |
| Depreciation and amortization | <u>18,876,542</u> | <u>5,950,336</u> | <u>24,826,878</u> |
| | <u>\$586,058,914</u> | <u>\$184,739,726</u> | <u>\$770,798,640</u> |
| 2024 | | | |
| Salaries and wages | \$263,219,906 | \$ 74,270,141 | \$337,490,047 |
| Employee benefits | 60,912,194 | 17,186,987 | 78,099,181 |
| Supplies and other | 222,581,090 | 62,803,491 | 285,384,581 |
| Interest | 6,408,934 | 1,808,345 | 8,217,279 |
| Depreciation and amortization | <u>19,091,504</u> | <u>5,386,860</u> | <u>24,478,364</u> |
| | <u>\$572,213,628</u> | <u>\$161,455,824</u> | <u>\$733,669,452</u> |

MAINEGENERAL HEALTH AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2025 and 2024

16. Functional Expenses (Continued)

The consolidated financial statements report certain expense categories that are attributable to more than one healthcare service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, such as, depreciation and interest, are allocated to a function based on square footage. Supporting activities that are not directly identifiable with one or more healthcare programs are classified as general and administrative. If it is impossible or impractical to make a direct identification, allocation of the expenses were made according to management's estimates. Employee benefits were allocated in accordance with the ratio of salaries and wages of the functional classes. Specifically identifiable costs are assigned to the function to which they are identified.



**INDEPENDENT AUDITORS' REPORT
ON OTHER FINANCIAL INFORMATION**

Board of Directors
MaineGeneral Health and Subsidiaries

We have audited the consolidated financial statements of MaineGeneral Health and Subsidiaries (the Company) as of and for the years ended June 30, 2025 and 2024, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations, and cash flows of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Newman + Noyes LLC

Portland, Maine
September 26, 2025

MAINEGENERAL HEALTH AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET

June 30, 2025

ASSETS

| | <u>MGH</u> | <u>MGMC</u> | <u>MGCC</u> | <u>MGRLTC</u> | <u>MGVH</u> | <u>Total</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|----------------------|-----------------------|----------------------|----------------------|--------------|-----------------------|------------------------|-----------------------|
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ 1,116,916 | \$ 24,652,833 | \$ 998,148 | \$ 1,565,233 | \$ – | \$ 28,333,130 | \$ – | \$ 28,333,130 |
| Investments | 60,051 | 6,909,459 | 69,488 | 107,299 | – | 7,146,297 | – | 7,146,297 |
| Patient accounts receivable | – | 93,408,133 | 1,149,915 | 3,437,444 | – | 97,995,492 | – | 97,995,492 |
| Amounts due from affiliates | 44,702,941 | 3,311,214 | 76,745 | 104,135 | 63 | 48,195,098 | (48,195,098) | – |
| Supplies | – | 10,186,690 | – | – | – | 10,186,690 | – | 10,186,690 |
| Pledges receivable, net | 46,797 | 2,031,146 | 3,228 | 6,778 | – | 2,087,949 | – | 2,087,949 |
| Estimated third-party payor settlements | – | 21,175,487 | (58,882) | 95,302 | – | 21,211,907 | – | 21,211,907 |
| Prepaid expenses and other current assets | 3,582,598 | 22,095,968 | 23,380 | 159,061 | – | 25,861,007 | – | 25,861,007 |
| Current portion of assets held in trust under debt and other agreements | – | <u>1,793,772</u> | – | – | – | <u>1,793,772</u> | – | <u>1,793,772</u> |
| Total current assets | <u>49,509,303</u> | <u>185,564,702</u> | <u>2,262,022</u> | <u>5,475,252</u> | <u>63</u> | <u>242,811,342</u> | <u>(48,195,098)</u> | <u>194,616,244</u> |
| Investments: | | | | | | | | |
| Board designated | 24,737,320 | 15,550,588 | 9,104,686 | (903) | – | 49,391,691 | – | 49,391,691 |
| Assets whose use is limited or restricted: | | | | | | | | |
| Board-designated | 5,436,525 | – | – | 24,829 | – | 5,461,354 | – | 5,461,354 |
| Assets held in trust under debt and other agreements | – | 16,218,966 | – | – | – | 16,218,966 | – | 16,218,966 |
| Beneficial interest in perpetual trusts | – | 13,675,723 | – | – | – | 13,675,723 | – | 13,675,723 |
| With donor restrictions | <u>1,142,638</u> | <u>66,646,050</u> | <u>308,547</u> | <u>1,812,452</u> | – | <u>69,909,687</u> | – | <u>69,909,687</u> |
| Beneficial interest in workers' compensation trust | <u>31,316,483</u> | <u>112,091,327</u> | <u>9,413,233</u> | <u>1,836,378</u> | – | <u>154,657,421</u> | – | <u>154,657,421</u> |
| Total investments and assets whose use is limited or restricted | <u>49,358</u> | <u>2,279,052</u> | <u>266,395</u> | <u>357,046</u> | – | <u>2,951,851</u> | – | <u>2,951,851</u> |
| Pledges receivable, net of current portion | – | 252,928 | – | – | – | 252,928 | – | 252,928 |
| Property and equipment, net | 756 | 353,668,351 | 114,956 | 7,635,768 | – | 361,419,831 | – | 361,419,831 |
| Right-of-use assets | – | 42,867,937 | 1,316,950 | – | – | 44,184,887 | – | 44,184,887 |
| Other assets, net | – | <u>470,213</u> | – | – | – | <u>470,213</u> | – | <u>470,213</u> |
| Total assets | <u>\$ 80,875,900</u> | <u>\$ 697,194,510</u> | <u>\$ 13,373,556</u> | <u>\$ 15,304,444</u> | <u>\$ 63</u> | <u>\$ 806,748,473</u> | <u>\$ (48,195,098)</u> | <u>\$ 758,553,375</u> |

LIABILITIES AND NET ASSETS

| | <u>MGH</u> | <u>MGMC</u> | <u>MGCC</u> | <u>MGRLTC</u> | <u>MGVH</u> | <u>Total</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|----------------------|-----------------------|----------------------|----------------------|-----------------|-----------------------|------------------------|-----------------------|
| Current liabilities: | | | | | | | | |
| Accounts payable and accrued expenses | \$ 2,225,837 | \$ 16,791,394 | \$ 272,531 | \$ 555,772 | \$ – | \$ 19,845,534 | \$ – | \$ 19,845,534 |
| Accrued employee compensation and compensated absences | 35,483,176 | 18,650,592 | 584,122 | 905,616 | | 55,623,506 | – | 55,623,506 |
| Amounts due to affiliates | 3,112,648 | 42,903,880 | 730,432 | 1,389,224 | 58,914 | 48,195,098 | (48,195,098) | – |
| Other current liabilities | 4,596,212 | 11,552,858 | 966,250 | 199,483 | – | 17,314,803 | – | 17,314,803 |
| Current portion of long-term debt | – | 10,710,104 | – | – | – | 10,710,104 | – | 10,710,104 |
| Current portion of lease obligations | <u>–</u> | <u>5,394,239</u> | <u>252,105</u> | <u>–</u> | <u>–</u> | <u>5,646,344</u> | <u>–</u> | <u>5,646,344</u> |
| Total current liabilities | 45,417,873 | 106,003,067 | 2,805,440 | 3,050,095 | 58,914 | 157,335,389 | (48,195,098) | 109,140,291 |
| Long-term debt, less current portion | – | 244,709,645 | – | – | – | 244,709,645 | – | 244,709,645 |
| Accrued pension cost | 917,116 | 10,346,141 | – | – | – | 11,263,257 | – | 11,263,257 |
| Lease obligations, net of current portion | – | 40,636,356 | 1,092,169 | – | – | 41,728,525 | – | 41,728,525 |
| Other long-term liabilities | <u>24,817,073</u> | <u>72,506</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>24,889,579</u> | <u>–</u> | <u>24,889,579</u> |
| Total liabilities | 71,152,062 | 401,767,715 | 3,897,609 | 3,050,095 | 58,914 | 479,926,395 | (48,195,098) | 431,731,297 |
| Net assets (deficit): | | | | | | | | |
| Without donor restrictions | 8,534,403 | 207,437,311 | 9,164,172 | 10,435,119 | (58,851) | 235,512,154 | – | 235,512,154 |
| With donor restrictions | <u>1,189,435</u> | <u>87,989,484</u> | <u>311,775</u> | <u>1,819,230</u> | <u>–</u> | <u>91,309,924</u> | <u>–</u> | <u>91,309,924</u> |
| Total net assets (deficit) | <u>9,723,838</u> | <u>295,426,795</u> | <u>9,475,947</u> | <u>12,254,349</u> | <u>(58,851)</u> | <u>326,822,078</u> | <u>–</u> | <u>326,822,078</u> |
| Total liabilities and net assets | <u>\$ 80,875,900</u> | <u>\$ 697,194,510</u> | <u>\$ 13,373,556</u> | <u>\$ 15,304,444</u> | <u>\$ 63</u> | <u>\$ 806,748,473</u> | <u>\$ (48,195,098)</u> | <u>\$ 758,553,375</u> |

MAINEGENERAL HEALTH AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS

Year Ended June 30, 2025

| | <u>MGH</u> | <u>MGMC</u> | <u>MGCC</u> | <u>MGRLTC</u> | <u>MGVH</u> | <u>Total</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|-------------------|----------------------|---------------------|-------------------|-------------|----------------------|---------------------|----------------------|
| Operating revenue: | | | | | | | | |
| Patient service revenue | \$ — | \$ 652,653,915 | \$ 15,295,849 | \$ 29,185,943 | \$ — | \$ 697,135,707 | \$ — | \$ 697,135,707 |
| Other revenue | 14,865,274 | 79,903,584 | 1,047,088 | 2,793,328 | — | 98,609,274 | (21,656,479) | 76,952,795 |
| Net assets released from restrictions used for operations | <u>80,052</u> | <u>2,582,287</u> | <u>25,528</u> | <u>91,353</u> | <u>—</u> | <u>2,779,220</u> | <u>—</u> | <u>2,779,220</u> |
| Total operating revenue | <u>14,945,326</u> | <u>735,139,786</u> | <u>16,368,465</u> | <u>32,070,624</u> | <u>—</u> | <u>798,524,201</u> | <u>(21,656,479)</u> | <u>776,867,722</u> |
| Operating expenses: | | | | | | | | |
| Salaries and wages | 9,592,465 | 312,901,809 | 10,513,158 | 22,135,797 | — | 355,143,229 | — | 355,143,229 |
| Employee benefits | 2,086,511 | 75,302,813 | 3,142,506 | 6,127,744 | — | 86,659,574 | — | 86,659,574 |
| Supplies and other | 3,265,432 | 305,321,846 | 3,576,554 | 6,609,895 | — | 318,773,727 | (21,656,479) | 297,117,248 |
| Depreciation and amortization | 918 | 23,892,832 | 34,400 | 898,728 | — | 24,826,878 | — | 24,826,878 |
| Interest | <u>—</u> | <u>7,051,711</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>7,051,711</u> | <u>—</u> | <u>7,051,711</u> |
| Total operating expenses | <u>14,945,326</u> | <u>724,471,011</u> | <u>17,266,618</u> | <u>35,772,164</u> | <u>—</u> | <u>792,455,119</u> | <u>(21,656,479)</u> | <u>770,798,640</u> |
| (Loss) income from operations | — | 10,668,775 | (898,153) | (3,701,540) | — | 6,069,082 | — | 6,069,082 |
| Nonoperating gains (losses): | | | | | | | | |
| Investment income, net | 94,295 | 523,395 | 178,760 | 426 | — | 796,876 | — | 796,876 |
| Net realized and unrealized gains on investments | 223,379 | 1,365,016 | 353,920 | 2,518 | — | 1,944,833 | — | 1,944,833 |
| Loss on disposal of property and equipment, net | — | (36,234) | — | (1,258) | — | (37,492) | — | (37,492) |
| Contributions | — | 411,504 | — | — | — | 411,504 | — | 411,504 |
| Other | <u>(64,816)</u> | <u>(943,079)</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>(1,007,895)</u> | <u>—</u> | <u>(1,007,895)</u> |
| Total nonoperating gains (losses), net | <u>252,858</u> | <u>1,320,602</u> | <u>532,680</u> | <u>1,686</u> | <u>—</u> | <u>2,107,826</u> | <u>—</u> | <u>2,107,826</u> |
| Excess (deficiency) revenue over expenses | 252,858 | 11,989,377 | (365,473) | (3,699,854) | — | 8,176,908 | — | 8,176,908 |
| Change in net unrealized gains on debt securities | 2,528 | 281,394 | 5,773 | 5,734 | — | 295,429 | — | 295,429 |
| Pension-related changes other than net periodic pension cost | (174,508) | (2,230,081) | — | — | — | (2,404,589) | — | (2,404,589) |
| Net assets released from restrictions used for capital acquisitions | — | 24,349,095 | — | 62,917 | — | 24,412,012 | — | 24,412,012 |
| Transfers (to) from affiliates | <u>—</u> | <u>(4,024,664)</u> | <u>—</u> | <u>4,024,664</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| (Decrease) increase in net assets without donor restrictions | <u>\$ 80,878</u> | <u>\$ 30,365,121</u> | <u>\$ (359,700)</u> | <u>\$ 393,461</u> | <u>\$ —</u> | <u>\$ 30,479,760</u> | <u>\$ —</u> | <u>\$ 30,479,760</u> |

MAINEGENERAL HEALTH AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET

June 30, 2024

ASSETS

| | <u>MGH</u> | <u>MGMC</u> | <u>MGCC</u> | <u>MGRLTC</u> | <u>MGVH</u> | <u>Total</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|----------------------|-----------------------|----------------------|----------------------|--------------|-----------------------|------------------------|-----------------------|
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ 3,581,376 | \$ 16,428,826 | \$ 1,299,514 | \$ 2,541,198 | \$ – | \$ 23,850,914 | \$ – | \$ 23,850,914 |
| Investments | 7,901 | 4,620,696 | 49,944 | 84,297 | – | 4,762,838 | – | 4,762,838 |
| Patient accounts receivable | – | 92,194,531 | 1,622,763 | 3,008,348 | – | 96,825,642 | – | 96,825,642 |
| Amounts due from affiliates | 40,238,912 | 3,750,185 | 53,701 | 79,808 | 63 | 44,122,669 | (44,122,669) | – |
| Supplies | – | 9,970,830 | – | – | – | 9,970,830 | – | 9,970,830 |
| Pledges receivable, net | 11,231 | 8,382,871 | 4,189 | 5,772 | – | 8,404,063 | – | 8,404,063 |
| Estimated third-party payor settlements | – | 12,649,810 | (168,844) | (850,944) | – | 11,630,022 | – | 11,630,022 |
| Prepaid expenses and other current assets | 2,429,690 | 18,952,222 | 41,779 | 163,140 | – | 21,586,831 | – | 21,586,831 |
| Current portion of assets held in trust under debt and other agreements | – | <u>1,673,492</u> | – | – | – | <u>1,673,492</u> | – | <u>1,673,492</u> |
| Total current assets | <u>46,269,110</u> | <u>168,623,463</u> | <u>2,903,046</u> | <u>5,031,619</u> | <u>63</u> | <u>222,827,301</u> | <u>(44,122,669)</u> | <u>178,704,632</u> |
| Investments: | | | | | | | | |
| Board designated | 21,305,919 | 27,170,022 | 8,653,899 | 579 | – | 57,130,419 | – | 57,130,419 |
| Assets whose use is limited or restricted: | | | | | | | | |
| Board-designated | 5,369,660 | – | – | 23,448 | – | 5,393,108 | – | 5,393,108 |
| Assets held in trust under debt and other agreements | – | 16,064,665 | – | – | – | 16,064,665 | – | 16,064,665 |
| Beneficial interest in perpetual trusts | – | 12,940,985 | – | – | – | 12,940,985 | – | 12,940,985 |
| With donor restrictions | <u>1,054,883</u> | <u>61,968,777</u> | <u>299,087</u> | <u>1,670,994</u> | – | <u>64,993,741</u> | – | <u>64,993,741</u> |
| | <u>27,730,462</u> | <u>118,144,449</u> | <u>8,952,986</u> | <u>1,695,021</u> | – | <u>156,522,918</u> | – | <u>156,522,918</u> |
| Beneficial interest in workers' compensation trust | <u>85,814</u> | <u>2,161,581</u> | <u>262,711</u> | <u>331,875</u> | – | <u>2,841,981</u> | – | <u>2,841,981</u> |
| Total investments and assets whose use is limited or restricted | <u>27,816,276</u> | <u>120,306,030</u> | <u>9,215,697</u> | <u>2,026,896</u> | – | <u>159,364,899</u> | – | <u>159,364,899</u> |
| Pledges receivable, net of current portion | – | 7,468,933 | – | – | – | 7,468,933 | – | 7,468,933 |
| Property and equipment, net | 1,674 | 347,141,973 | 151,969 | 7,568,497 | – | 354,864,113 | – | 354,864,113 |
| Right-of-use assets | – | 26,442,891 | 372,319 | – | – | 26,815,210 | – | 26,815,210 |
| Other assets, net | – | <u>446,419</u> | – | – | – | <u>446,419</u> | – | <u>446,419</u> |
| Total assets | <u>\$ 74,087,060</u> | <u>\$ 670,429,709</u> | <u>\$ 12,643,031</u> | <u>\$ 14,627,012</u> | <u>\$ 63</u> | <u>\$ 771,786,875</u> | <u>\$ (44,122,669)</u> | <u>\$ 727,664,206</u> |

LIABILITIES AND NET ASSETS

| | <u>MGH</u> | <u>MGMC</u> | <u>MGCC</u> | <u>MGRLTC</u> | <u>MGVH</u> | <u>Total</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|--|-----------------------------|------------------------------|-----------------------------|-----------------------------|------------------------|------------------------------|-------------------------------|------------------------------|
| Current liabilities: | | | | | | | | |
| Accounts payable and accrued expenses | \$ 1,406,416 | \$ 19,253,056 | \$ 117,914 | \$ 721,192 | \$ – | \$ 21,498,578 | \$ – | \$ 21,498,578 |
| Accrued employee compensation and compensated absences | 31,588,645 | 16,917,638 | 622,853 | 823,509 | – | 49,952,645 | – | 49,952,645 |
| Amounts due to affiliates | 3,555,893 | 38,594,256 | 727,551 | 1,186,055 | 58,914 | 44,122,669 | (44,122,669) | – |
| Other current liabilities | 5,728,011 | 9,032,942 | 941,121 | 177,832 | – | 15,879,906 | – | 15,879,906 |
| Current portion of long-term debt | – | 10,850,697 | – | – | – | 10,850,697 | – | 10,850,697 |
| Current portion of lease obligations | – | 4,371,587 | 231,459 | – | – | 4,603,046 | – | 4,603,046 |
| Total current liabilities | 42,278,965 | 99,020,176 | 2,640,898 | 2,908,588 | 58,914 | 146,907,541 | (44,122,669) | 102,784,872 |
| Long-term debt, less current portion | – | 256,301,626 | – | – | – | 256,301,626 | – | 256,301,626 |
| Accrued pension cost | 943,291 | 10,680,648 | – | – | – | 11,623,939 | – | 11,623,939 |
| Lease obligations, net of current portion | – | 26,132,696 | 174,985 | – | – | 26,307,681 | – | 26,307,681 |
| Other long-term liabilities | <u>21,345,165</u> | <u>69,507</u> | <u>–</u> | <u>–</u> | <u>–</u> | <u>21,414,672</u> | <u>–</u> | <u>21,414,672</u> |
| Total liabilities | 64,567,421 | 392,204,653 | 2,815,883 | 2,908,588 | 58,914 | 462,555,459 | (44,122,669) | 418,432,790 |
| Net assets (deficit): | | | | | | | | |
| Without donor restrictions | 8,453,525 | 177,072,190 | 9,523,872 | 10,041,658 | (58,851) | 205,032,394 | – | 205,032,394 |
| With donor restrictions | <u>1,066,114</u> | <u>101,152,866</u> | <u>303,276</u> | <u>1,676,766</u> | <u>–</u> | <u>104,199,022</u> | <u>–</u> | <u>104,199,022</u> |
| Total net assets (deficit) | <u>9,519,639</u> | <u>278,225,056</u> | <u>9,827,148</u> | <u>11,718,424</u> | <u>(58,851)</u> | <u>309,231,416</u> | <u>–</u> | <u>309,231,416</u> |
| Total liabilities and net assets | <u>\$ 74,087,060</u> | <u>\$ 670,429,709</u> | <u>\$ 12,643,031</u> | <u>\$ 14,627,012</u> | <u>\$ 63</u> | <u>\$ 771,786,875</u> | <u>\$ (44,122,669)</u> | <u>\$ 727,664,206</u> |

MAINEGENERAL HEALTH AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF OPERATIONS

Year Ended June 30, 2024

| | <u>MGH</u> | <u>MGMC</u> | <u>MGCC</u> | <u>MGR LTC</u> | <u>MGVH</u> | <u>Total</u> | <u>Eliminations</u> | <u>Consolidated</u> |
|---|-------------------|------------------------|---------------------|-------------------|-------------|------------------------|---------------------|------------------------|
| Operating revenue: | | | | | | | | |
| Patient service revenue | \$ — | \$ 590,682,231 | \$ 16,577,340 | \$ 28,079,037 | \$ — | \$ 635,338,608 | \$ — | \$ 635,338,608 |
| Other revenue | 13,944,570 | 80,915,210 | 1,878,076 | 4,197,982 | — | 100,935,838 | (19,982,593) | 80,953,245 |
| Net assets released from restrictions used for operations | <u>86,040</u> | <u>2,907,925</u> | <u>8,702</u> | <u>82,913</u> | <u>—</u> | <u>3,085,580</u> | <u>—</u> | <u>3,085,580</u> |
| Total operating revenue | <u>14,030,610</u> | <u>674,505,366</u> | <u>18,464,118</u> | <u>32,359,932</u> | <u>—</u> | <u>739,360,026</u> | <u>(19,982,593)</u> | <u>719,377,433</u> |
| Operating expenses: | | | | | | | | |
| Salaries and wages | 9,544,397 | 297,793,714 | 10,853,277 | 19,298,659 | — | 337,490,047 | — | 337,490,047 |
| Employee benefits | 2,124,337 | 69,065,740 | 3,069,102 | 5,189,683 | — | 79,448,862 | (1,349,681) | 78,099,181 |
| Supplies and other | 2,349,596 | 287,411,779 | 3,934,474 | 10,321,644 | — | 304,017,493 | (18,632,912) | 285,384,581 |
| Depreciation and amortization | 12,280 | 23,567,506 | 38,389 | 860,189 | — | 24,478,364 | — | 24,478,364 |
| Interest | <u>—</u> | <u>8,217,279</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>8,217,279</u> | <u>—</u> | <u>8,217,279</u> |
| Total operating expenses | <u>14,030,610</u> | <u>686,056,018</u> | <u>17,895,242</u> | <u>35,670,175</u> | <u>—</u> | <u>753,652,045</u> | <u>(19,982,593)</u> | <u>733,669,452</u> |
| (Loss) income from operations | — | (11,550,652) | 568,876 | (3,310,243) | — | (14,292,019) | — | (14,292,019) |
| Nonoperating gains (losses): | | | | | | | | |
| Investment income, net | 74,982 | 543,653 | 117,534 | 332 | — | 736,501 | — | 736,501 |
| Net realized and unrealized gains on investments | 468,237 | 1,772,879 | 707,333 | 4,722 | — | 2,953,171 | — | 2,953,171 |
| Contributions and other | <u>(38,458)</u> | <u>(294,131)</u> | <u>—</u> | <u>(2,834)</u> | <u>—</u> | <u>(335,423)</u> | <u>—</u> | <u>(335,423)</u> |
| Total nonoperating gains (losses), net | <u>504,761</u> | <u>2,022,401</u> | <u>824,867</u> | <u>2,220</u> | <u>—</u> | <u>3,354,249</u> | <u>—</u> | <u>3,354,249</u> |
| (Deficiency) excess of revenue over expenses | 504,761 | (9,528,251) | 1,393,743 | (3,308,023) | — | (10,937,770) | — | (10,937,770) |
| Change in net unrealized gains on debt securities | 1,650 | 83,846 | 3,768 | 3,743 | — | 93,007 | — | 93,007 |
| Pension-related changes other than net periodic pension cost | (8,473) | (108,281) | — | — | — | (116,754) | — | (116,754) |
| Net assets released from restrictions used for capital acquisitions | — | 342,755 | 10,240 | 99,879 | — | 452,874 | — | 452,874 |
| Transfers (to) from affiliates | <u>—</u> | <u>(3,972,222)</u> | <u>—</u> | <u>3,972,222</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| (Decrease) increase in net assets without donor restrictions | <u>\$ 497,938</u> | <u>\$ (13,182,153)</u> | <u>\$ 1,407,751</u> | <u>\$ 767,821</u> | <u>\$ —</u> | <u>\$ (10,508,643)</u> | <u>\$ —</u> | <u>\$ (10,508,643)</u> |