

# **MaineGeneral Health and Subsidiaries**

**Consolidated Financial Statements  
and Other Financial Information**

*For the Years Ended June 30, 2024 and 2023  
With Independent Auditors' Report*

Baker Newman & Noyes LLC  
MAINE | MASSACHUSETTS | NEW HAMPSHIRE  
800.244.7444 | [www.bnn CPA.com](http://www.bnn CPA.com)



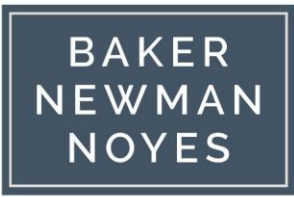
# MAINEGENERAL HEALTH AND SUBSIDIARIES

## Consolidated Financial Statements and Other Financial Information

For the Years Ended June 30, 2024 and 2023

### CONTENTS

Independent Auditors' Report	1
Consolidated Financial Statements:	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	5
Consolidated Statements of Changes in Net Assets	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8
Other Financial Information:	
Independent Auditors' Report on Other Financial Information	37
2024:	
Consolidating Balance Sheet	38
Consolidating Statement of Operations	40
2023:	
Consolidating Balance Sheet	41
Consolidating Statement of Operations	43



## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
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, 2024 and 2023, 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, 2024 and 2023, 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 27, 2024

**MAINEGENERAL HEALTH AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**

**June 30, 2024 and 2023**

**ASSETS**

	<b><u>2024</u></b>	<b><u>2023</u></b>
Current assets:		
Cash and cash equivalents	\$ 23,850,914	\$ 19,959,279
Investments	4,762,838	1,880,750
Patient accounts receivable	96,825,642	88,557,667
Supplies	9,970,830	10,097,437
Pledges receivable, net of allowance	8,404,063	188,320
Estimated third-party payor settlements	11,630,022	13,833,774
Prepaid expenses and other current assets	21,586,831	25,897,526
Current portion of assets held in trust under debt and other agreements	<u>1,673,492</u>	<u>1,457,749</u>
Total current assets	178,704,632	161,872,502
Investments:		
Board designated	57,130,419	58,203,243
Assets whose use is limited or restricted:		
Board-designated	5,393,108	5,083,729
Assets held in trust under debt and other agreements	16,064,665	15,968,767
Beneficial interest in perpetual trusts	12,940,985	12,045,318
With donor restrictions	<u>64,993,741</u>	<u>63,657,181</u>
Beneficial interest in workers' compensation trust	<u>156,522,918</u>	<u>154,958,238</u>
	<u>2,841,981</u>	<u>2,605,999</u>
Total investments and assets whose use is limited or restricted	159,364,899	157,564,237
Pledges receivable, net of current portion	7,468,933	26,396
Property and equipment, net	354,864,113	356,255,159
Right-of-use assets	26,815,210	28,275,538
Other assets, net	<u>446,419</u>	<u>637,074</u>
Total assets	<u>\$727,664,206</u>	<u>\$704,630,906</u>

**LIABILITIES AND NET ASSETS**

	<b><u>2024</u></b>	<b><u>2023</u></b>
Current liabilities:		
Accounts payable and accrued expenses	\$ 21,498,578	\$ 17,880,701
Accrued employee compensation and compensated absences	49,952,645	36,209,223
Other current liabilities	15,879,906	17,939,178
Current portion of long-term debt	10,850,697	12,628,039
Current portion of lease obligations	<u>4,603,046</u>	<u>4,228,077</u>
Total current liabilities	102,784,872	88,885,218
Long-term debt, less current portion	256,301,626	266,035,634
Accrued pension cost	11,623,939	11,624,330
Lease obligations, net of current portion	26,307,681	28,291,486
Other long-term liabilities	<u>21,414,672</u>	<u>18,335,986</u>
Total liabilities	418,432,790	413,172,654
Commitments and contingencies		
Net assets:		
Without donor restrictions	205,032,394	215,541,037
With donor restrictions	<u>104,199,022</u>	<u>75,917,215</u>
Total net assets	309,231,416	291,458,252
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$727,664,206</u>	<u>\$704,630,906</u>

See accompanying notes.

**MAINEGENERAL HEALTH AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

**Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Operating revenue:		
Patient service revenue	\$ 635,338,608	\$ 600,633,501
Other revenue	80,953,245	85,521,352
Net assets released from restrictions used for operations	<u>3,085,580</u>	<u>3,180,082</u>
Total operating revenue	719,377,433	689,334,935
Operating expenses:		
Salaries and wages	337,490,047	307,855,834
Employee benefits	78,099,181	69,774,300
Supplies and other	285,384,581	298,417,485
Depreciation and amortization	24,478,364	24,516,286
Interest	<u>8,217,279</u>	<u>8,240,055</u>
Total operating expenses	<u>733,669,452</u>	<u>708,803,960</u>
Loss from operations	(14,292,019)	(19,469,025)
Nonoperating gains (losses):		
Investment income, net	736,501	1,101,222
Net realized and unrealized gains on investments	2,953,171	3,035,742
Contributions	356,121	403,856
Other	<u>(691,544)</u>	<u>(407,959)</u>
Total nonoperating gains, net	<u>3,354,249</u>	<u>4,132,861</u>
Deficiency of revenue over expenses	\$ <u>(10,937,770)</u>	\$ <u>(15,336,164)</u>

See accompanying notes.

**MAINEGENERAL HEALTH AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**  
**Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions:		
Deficiency of revenue over expenses	\$(10,937,770)	\$ (15,336,164)
Change in net unrealized gains (losses) on debt securities	93,007	(84,953)
Pension-related changes other than net periodic pension cost	(116,754)	7,707,141
Net assets released from restrictions used for capital acquisitions	<u>452,874</u>	<u>1,736,251</u>
Decrease in net assets without donor restrictions	(10,508,643)	(5,977,725)
Net assets with donor restrictions:		
Contributions	23,926,556	6,777,373
Investment income, net	1,267,758	1,952,044
Net realized and unrealized gains on investments	5,730,280	3,778,647
Net assets released from restrictions	(3,538,454)	(4,916,333)
Change in market value of perpetual trusts	<u>895,667</u>	<u>169,228</u>
Increase in net assets with donor restrictions	<u>28,281,807</u>	<u>7,760,959</u>
Increase in net assets	17,773,164	1,783,234
Net assets, beginning of year	<u>291,458,252</u>	<u>289,675,018</u>
Net assets, end of year	<u>\$309,231,416</u>	<u>\$ 291,458,252</u>

See accompanying notes.

**MAINEGENERAL HEALTH AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Increase in net assets	\$ 17,773,164	\$ 1,783,234
Adjustments to reconcile increase in net assets to cash provided (used) by operating activities:		
Amortization of bond premium	275,408	275,408
Amortization of right-of-use asset	3,170,927	3,138,462
Depreciation and amortization	24,478,364	24,516,286
Pension related changes other than net periodic pension cost	116,754	(7,707,141)
Change in market value of perpetual trusts	(895,667)	(169,228)
Net realized and unrealized gains on investments	(8,776,458)	(6,729,436)
Loss on disposal of property and equipment, net	242,336	145,087
Restricted contributions	(23,926,556)	(6,777,373)
Increase (decrease) in cash resulting from a change in:		
Patient accounts receivable	(8,267,975)	(1,859,755)
Pledges receivable	(15,658,280)	(51,549)
Supplies	126,607	(697,049)
Prepaid expenses and other assets	4,310,695	10,589,735
Accounts payable and accrued expenses	3,617,877	(7,145,730)
Other current liabilities and accrued employee compensation and compensated absences	11,684,150	(1,696,842)
Estimated third-party payor settlements	2,203,752	(11,137,451)
Operating leases	(3,319,435)	(3,407,149)
Other long-term liabilities and accrued pension cost	<u>2,961,541</u>	<u>1,288,541</u>
Net cash provided (used) by operating activities	10,117,204	(5,641,950)
Cash flows from investing activities:		
Proceeds from sale of investments	59,745,475	67,908,906
Purchases of investments	(46,703,567)	(41,643,325)
Purchases of property and equipment	(23,329,654)	(20,109,079)
Other assets	<u>190,655</u>	<u>766,240</u>
Net cash (used) provided by investing activities	(10,097,091)	6,922,742
Cash flows from financing activities:		
Payments on long-term debt, net	(12,688,676)	(10,249,814)
Proceeds from long-term debt	901,918	2,400,000
Restricted contributions	<u>15,658,280</u>	<u>51,549</u>
Net cash provided (used) by financing activities	<u>3,871,522</u>	<u>(7,798,265)</u>
Increase (decrease) in cash and cash equivalents	3,891,635	(6,517,473)
Cash and cash equivalents, beginning of year	<u>19,959,279</u>	<u>26,476,752</u>
Cash and cash equivalents, end of year	\$ <u>23,850,914</u>	\$ <u>19,959,279</u>
Supplemental disclosure:		
Cash paid for interest	\$ <u>8,499,006</u>	\$ <u>8,595,423</u>

See accompanying notes.

# MAINEGENERAL HEALTH AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

### 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.

### 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 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, 2024 and 2023**

**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 \$375,000 and \$174,000 for the years ended June 30, 2024 and 2023, respectively.

Revenues from the Medicare and Medicaid programs accounted for approximately 36% and 16% and 37% and 16%, of the Company's patient service revenue for the years ended June 30, 2024 and 2023, 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 balance sheets.

# MAINEGENERAL HEALTH AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

### 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, 2024 and 2023, 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, 2024 and 2023, 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 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 non-credit-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 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, 2024 and 2023

### 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 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.

#### 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.

# MAINEGENERAL HEALTH AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (Continued)

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 \$1,976,280 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.

#### Assets Whose Use is Limited or Restricted

Assets whose use is limited include assets set aside by the Board of Trustees (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.

**MAINEGENERAL HEALTH AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**2. Summary of Significant Accounting Policies (Continued)**

*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.

*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.

*Deficiency of Revenue Over Expenses*

The consolidated statements of operations include deficiency of revenue over expenses. Changes in net assets without donor restrictions which are excluded from 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.

# MAINEGENERAL HEALTH AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

### 2. Summary of Significant Accounting Policies (Continued)

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, 2024.

#### Other Relief Funding

Included in other revenue is approximately \$2,240,000 and \$11,647,000 related to the *Federal Emergency Management Agency's (FEMA) Public Assistance* grant program for the years ended June 30, 2024 and 2023, respectively. The Company believes they have complied with the requirements for these reimbursements.

#### New Accounting Pronouncement

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans and other-than-trading debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The amendments in these Updates are effective for fiscal years beginning after December 15, 2022.

The Company adopted Topic 326 effective July 1, 2023. There was no impact to the Company's consolidated financial statements as a result of adoption.

#### Reclassifications

Certain 2023 amounts have been reclassified to permit comparison with the 2024 consolidated financial statements presentation format.

#### Subsequent Events

Events occurring after the balance sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through September 27, 2024 which is the date the consolidated financial statements were available to be issued.

# MAINEGENERAL HEALTH AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

### 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.

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>2024</u>	<u>2023</u>
Medicare	\$ 230,133,140	\$ 224,601,054
Medicaid	99,635,346	93,323,154
Commercial	287,411,575	267,224,881
Patients (private pay/self pay)	<u>18,158,547</u>	<u>15,484,412</u>
	<u>\$ 635,338,608</u>	<u>\$ 600,633,501</u>

# MAINEGENERAL HEALTH AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

### 3. Patient Service Revenue (Continued)

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 2020 for Medicare and Medicaid.

In response to delayed payment, ChangeHealthcare issued advanced payments of approximately \$8,000,000 to the Company in 2024 which are required to be repaid. The advanced funds are recorded in the estimated third-party payor settlements at June 30, 2024, and repayment to ChangeHealthcare is anticipated to begin in December 2024.

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.

## MAINEGENERAL HEALTH AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

#### 4. Community Benefit and Charity Care

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

- The Kennebec Valley Access to Care program served 16 uninsured individuals in the region, providing primary care, preventive services, hospital services, pharmaceuticals, care management and specialty care by participating providers, totaling \$55,627 in fiscal year 2024.
- In fiscal year 2024, the Medical Center also provided a total of \$442,052 in free care broken down as follows:
  - 150% of Federal Poverty guidelines: \$419,633 (286 individuals).
  - 151% to 200% Federal Poverty guidelines: \$22,419 (41 individuals).
- 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 405 community health events and outreach, including free education sessions, support meetings and training, to 32,996 participants.
- The Company held 53 flu vaccination clinics, vaccinating a total of 2,284 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.
- 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, 2024 and 2023 were approximately \$497,000 and \$295,000, respectively.

**MAINEGENERAL HEALTH AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**5. Investments**

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

	2024		2023	
	Cost	Market	Cost	Market
Short-term investments:				
Cash and cash equivalents	\$ 4,019,152	\$ 4,019,152	\$ 1,736,127	\$ 1,736,127
Fixed income mutual funds	<u>742,113</u>	<u>743,686</u>	<u>147,473</u>	<u>144,623</u>
Total short-term investments	4,761,265	4,762,838	1,883,600	1,880,750
Long-term investments:				
Cash and cash equivalents	5,862,169	5,862,169	13,363,083	13,363,083
Accrued interest	19,362	19,362	13,064	13,064
U.S. Government securities	27,801,537	27,681,252	16,956,110	25,046,214
Common stock mutual funds	45,493,618	57,274,385	40,970,682	46,499,720
Private equity funds	22,846,326	23,658,238	26,469,905	26,914,024
Global asset allocation mutual funds	4,833,245	4,827,313	4,455,771	4,281,886
Fixed income mutual funds	4,965,534	4,874,617	18,655,768	10,209,007
Corporate debt securities	307,108	290,754	363,736	336,804
Employee benefit plans (primary equity mutual funds)	19,345,454	21,305,165	18,163,450	18,269,235
Beneficial interest in charitable remainder trusts	547,567	630,659	543,323	585,882
Beneficial interest in perpetual trusts	<u>10,569,241</u>	<u>12,940,985</u>	<u>10,685,818</u>	<u>12,045,318</u>
Total long-term investments	<u>142,591,161</u>	<u>159,364,899</u>	<u>150,640,710</u>	<u>157,564,237</u>
Total investments	<u>\$147,352,426</u>	<u>\$164,127,737</u>	<u>\$152,524,310</u>	<u>\$159,444,987</u>

Private equity funds include investments with a fair value of \$23,658,238 and \$26,914,024 at June 30, 2024 and 2023, 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, 2024 and 2023**

**5. Investments (Continued)**

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

	<u>2024</u>	<u>2023</u>
Without donor restrictions:		
Investment income, net of investment fees	\$ 736,501	\$ 1,101,222
Investment income included in other revenue	1,174,444	731,854
Net realized and unrealized gains on investments	<u>3,046,178</u>	<u>2,950,789</u>
Total without donor restrictions	4,957,123	4,783,865
With donor restrictions:		
Investment income	1,267,758	1,952,044
Net realized and unrealized gains on investments	5,730,280	3,778,647
Change in market value of perpetual trusts	<u>895,667</u>	<u>169,228</u>
Total with donor restrictions	<u>7,893,705</u>	<u>5,899,919</u>
	<u>\$12,850,828</u>	<u>\$ 10,683,784</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, 2024 and 2023**

**5. Investments (Continued)**

The Medical Center is a beneficiary of irrevocable perpetual trusts. The amounts reflected as an asset on the balance sheet are valued at the fair value of the Medical Center's interest in the perpetual trust. At June 30, 2024 and 2023, the Medical Center has recorded the beneficial interest in the perpetual trusts of \$12,940,985 and \$12,045,318, 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>
<b>2024</b>				
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>

**MAINEGENERAL HEALTH AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**5. Investments (Continued)**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>2023</b>				
Short-term investments:				
Cash and cash equivalents	\$ 1,736,127	\$ —	\$ —	\$ 1,736,127
Fixed income mutual funds	<u>144,623</u>	<u>—</u>	<u>—</u>	<u>144,623</u>
Total short-term investments	1,880,750	—	—	1,880,750
Long-term investments:				
Cash and cash equivalents	13,363,083	—	—	13,363,083
Accrued interest	13,064	—	—	13,064
U.S. Government securities	25,046,214	—	—	25,046,214
Common stock mutual funds	46,499,720	—	—	46,499,720
Global asset allocation mutual funds	4,281,886	—	—	4,281,886
Fixed income mutual funds	10,209,007	—	—	10,209,007
Corporate debt securities	—	336,804	—	336,804
Employee benefit plans (primary equity mutual funds)	<u>18,269,235</u>	<u>—</u>	<u>—</u>	<u>18,269,235</u>
Total long-term investments	117,682,209	336,804	—	118,019,013
Beneficial interest in charitable remainder trusts	—	—	585,882	585,882
Beneficial interest in perpetual trusts	<u>—</u>	<u>—</u>	<u>12,045,318</u>	<u>12,045,318</u>
	<u>\$119,562,959</u>	<u>\$336,804</u>	<u>\$12,631,200</u>	132,530,963
Private equity funds				<u>26,914,024</u>
Total investments				<u>\$159,444,987</u>

The above schedules do not include current portion of assets held in trust under debt and other agreements of \$1,673,492 and \$1,457,749 at June 30, 2024 and 2023, 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, 2024 and 2023**

**5. Investments (Continued)**

The following is a rollforward of the 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>
<b>2024</b>			
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>
<b>2023</b>			
Fair value, July 1, 2022	\$543,959	\$11,876,090	\$12,420,049
Change in value of charitable remainder trusts and perpetual trusts	<u>41,923</u>	<u>169,228</u>	<u>211,151</u>
Fair value, June 30, 2023	<u>\$585,882</u>	<u>\$12,045,318</u>	<u>\$12,631,200</u>

**6. Property and Equipment**

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Land and improvements	\$ 19,778,929	\$ 19,632,916
Buildings	442,177,068	434,851,647
Equipment	217,641,104	229,285,935
Construction in progress	<u>15,589,007</u>	<u>7,467,892</u>
	695,186,108	691,238,390
Less accumulated depreciation	<u>(340,321,995)</u>	<u>(334,983,231)</u>
	<u>\$ 354,864,113</u>	<u>\$ 356,255,159</u>

Depreciation expense for the years ended June 30, 2024 and 2023 was approximately \$24,478,000 and \$24,516,000, respectively. The Company retired approximately \$19,723,000 and \$5,345,000 of assets in fiscal 2024 and 2023, respectively, which consisted largely of fully depreciated, obsolete equipment.

**MAINEGENERAL HEALTH AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**7. Long-Term Obligations**

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

	<u>2024</u>	<u>2023</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	\$267,643,423	\$277,182,105
Promissory note by seller, Michael Nowak, interest at 6.25%, paid in full during 2024	–	2,259,476
Other notes payable, payments in various amounts through 2031	<u>5,453,117</u>	<u>5,441,716</u>
	273,096,540	284,883,297
Net unamortized debt issuance costs	<u>(5,944,217)</u>	<u>(6,219,624)</u>
	267,152,323	278,663,673
Less current portion	<u>(10,850,697)</u>	<u>(12,628,039)</u>
	<u>\$256,301,626</u>	<u>\$266,035,634</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:

2025	\$ 10,850,697
2026	10,915,061
2027	11,138,307
2028	11,146,245
2029	11,239,570
Thereafter	<u>217,806,660</u>
	<u>\$273,096,540</u>

**MAINEGENERAL HEALTH AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**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 \$15,650,206. The overfunding at June 30, 2024 and 2023 is \$414,459 and \$318,561, respectively. The total amounts held in these reserves and escrows are as follows at June 30:

	<u>2024</u>	<u>2023</u>
2021 HUD Mortgage Reserve Fund:		
Escrow for property insurance	\$ 611,215	\$ 482,982
Escrow for mortgage insurance premiums	1,062,277	974,767
MRF	<u>16,064,665</u>	<u>15,968,767</u>
	<u>\$17,738,157</u>	<u>\$17,426,516</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 (8.50% at June 30, 2024) 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 2024 or 2023.

**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 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.

At June 30, 2024 and 2023, the ROU asset is \$26,815,210 and \$28,275,538, respectively. Lease expense amounted to \$3,111,751 and \$5,927,661 for the years ended June 30, 2024 and 2023, respectively.

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

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term	6.43 years	7.27 years
Weighted-average discount rate	6.03%	6.03%

**MAINEGENERAL HEALTH AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**8. Leases (Continued)**

A summary of the future lease payments under lease liabilities is as follows at June 30, 2024:

2025	\$ 6,380,408
2026	6,068,925
2027	6,001,975
2028	5,820,749
2029	5,430,051
Thereafter	<u>7,724,416</u>
Total minimum lease payments	37,426,524
Less imputed interest	<u>(6,515,797)</u>
Total liabilities	30,910,727
Less current portion	<u>(4,603,046)</u>
	<u>\$26,307,681</u>

**9. Net Assets With Donor Restrictions**

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

	<u>2024</u>	<u>2023</u>
Purpose restriction:		
Charity care	\$ 390,220	\$ 419,416
Equipment and capital improvements	165,351	176,593
Education and scholarships	429,356	506,690
Cancer Center renovation	11,569,944	4,392,629
Other	<u>29,242,714</u>	<u>8,931,090</u>
	41,797,585	14,426,418
Perpetual in nature:		
Investments, gains and income from which is donor restricted	3,866,619	3,851,646
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	39,402,486	39,402,486
Beneficial interest in perpetual trust	<u>12,940,985</u>	<u>12,045,318</u>
	<u>62,401,437</u>	<u>61,490,797</u>
Total net assets with donor restrictions	<u>\$104,199,022</u>	<u>\$75,917,215</u>

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

**MAINEGENERAL HEALTH AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**9. Net Assets With Donor Restrictions (Continued)**

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>2024</u>	<u>2023</u>
Pledges receivable for construction and other purposes	\$15,872,996	\$ 214,716
Equipment purchase	165,351	176,593
Amounts receivable from charitable remainder trusts	564,554	524,078
Education programs	429,356	506,690
Charity care	390,220	419,416
Grounds maintenance	51,400	108,003
Cancer Center renovation	11,569,944	4,392,629
Accumulated realized/unrealized gains on investments for support of the Company	11,619,626	7,277,269
Other	<u>1,134,138</u>	<u>807,024</u>
	<u>\$41,797,585</u>	<u>\$14,426,418</u>

During 2024 and 2023, 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 \$3,538,000 and \$4,916,000, respectively.

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>2024</u>	<u>2023</u>
Scholarships	\$ 384,831	\$ 384,831
Education programs	375,737	375,537
Amounts receivable from charitable remainder trusts	66,105	61,804
Community health programs	238,337	235,286
Alzheimers care center	1,333,928	1,333,928
Medical Center support	1,780,513	1,780,513
Perpetual trusts	12,940,985	12,045,318
Equipment purchases	130,203	130,203
Charity care	2,013,204	2,010,204
Grounds maintenance	502,332	502,332
Healthy Living Resource Center	42,479,393	42,479,393
Other	<u>155,869</u>	<u>151,448</u>
	<u>\$62,401,437</u>	<u>\$61,490,797</u>

## MAINEGENERAL HEALTH AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

#### 9. Net Assets With Donor Restrictions (Continued)

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 Trustees to function as endowments. Net assets associated with endowment funds are classified, in accordance with relevant state law as interpreted by the Board of Trustees, 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.

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 Trustees, 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.

**MAINEGENERAL HEALTH AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**9. Net Assets With Donor Restrictions (Continued)**

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>
<b>2024</b>			
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>
<b>2023</b>			
Endowment net assets, beginning of year	\$ 16,208,987	\$65,435,610	\$ 81,644,597
Investment return:			
Investment income	327,667	94,319	421,986
Net appreciation (realized and unrealized)	<u>1,105,498</u>	<u>5,527,716</u>	<u>6,633,214</u>
Total investment return	1,433,165	5,622,035	7,055,200
Contributions	162,962	407,510	570,472
Appropriation of endowment assets for expenditure	<u>(12,721,385)</u>	<u>(2,697,089)</u>	<u>(15,418,474)</u>
Endowment net assets, end of year	<u>\$ 5,083,729</u>	<u>\$68,768,066</u>	<u>\$ 73,851,795</u>

**10. Financial Assets and Liquidity Resources**

As of June 30, 2024 and 2023, 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>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 23,850,914	\$ 19,959,279
Investments	68,959,857	66,625,471
Patient accounts receivable	<u>96,825,642</u>	<u>88,557,667</u>
	<u>\$189,636,413</u>	<u>\$175,142,417</u>

**MAINEGENERAL HEALTH AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**10. Financial Assets and Liquidity Resources (Continued)**

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, 2024 and 2023, the balances held in cash and cash equivalents and short-term investments were \$28,613,752 and \$21,840,029, 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, 2024 and 2023, the balance in board-designated assets was approximately \$5,393,000 and \$5,084,000, respectively.

**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 MGVB. 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>2024</u>	<u>2023</u>
Change in benefit obligation:		
Benefit obligation, beginning of year	\$111,588,914	\$121,743,582
Interest cost	5,487,041	5,319,934
Actuarial gain (loss)	1,548,348	(6,925,940)
Gross benefits paid	<u>(8,883,785)</u>	<u>(8,548,662)</u>
Accumulated benefit obligation, end of year	<u>\$109,740,518</u>	<u>\$111,588,914</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	\$ 99,964,584	\$101,338,483
Actual return on plan assets	6,388,711	5,690,210
Contribution to plan	647,069	1,484,553
Gross benefits paid	<u>(8,883,785)</u>	<u>(8,548,662)</u>
Fair value of plan assets, end of year	<u>\$ 98,116,579</u>	<u>\$ 99,964,584</u>

**MAINEGENERAL HEALTH AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**11. Retirement Plans (Continued)**

	<u>2024</u>	<u>2023</u>
Funded status:		
Fair value of plan assets	\$ 98,116,579	\$ 99,964,584
Projected benefit obligation	<u>109,740,518</u>	<u>111,588,914</u>
Funded status, amount recognized end of year (noncurrent liability)	<u>\$(11,623,939)</u>	<u>\$(11,624,330)</u>
Amounts recognized in net assets without donor restrictions:		
Net actuarial loss	<u>\$ 44,782,498</u>	<u>\$ 44,665,744</u>

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

	<u>2024</u>	<u>2023</u>
Components of net periodic benefit cost:		
Interest cost	\$ (5,487,041)	\$ (5,319,934)
Expected return on plan assets	6,645,970	6,865,819
Amortization of net loss	<u>(1,688,853)</u>	<u>(1,956,810)</u>
Net periodic benefit cost	<u>\$ (529,924)</u>	<u>\$ (410,925)</u>

The net actuarial loss that will be amortized from net assets without donor restrictions into net periodic benefit cost in 2025 is \$1,755,371.

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>2024</u>	<u>2023</u>
Change in net (loss) gain	\$ (1,805,607)	\$ 5,750,331
Amortization of net loss	<u>1,688,853</u>	<u>1,956,810</u>
Total recognized (loss) gain	<u>\$ (116,754)</u>	<u>\$ 7,707,141</u>

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

Mortality	For 2024 and 2023, Pri-2012 mortality table/MP-2021 mortality improvement
-----------	---

**MAINEGENERAL HEALTH AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**11. Retirement Plans (Continued)**

	<u>2024</u>	<u>2023</u>
Benefit obligation:		
Weighted average discount rate	5.40%	5.15%
Periodic benefit cost:		
Weighted average discount rate	5.15%	4.55%
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.

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

	<u>2024 Target</u>	<u>2024</u>	<u>2023 Target</u>	<u>2023</u>
	<u>Allocation</u>	<u>Actual</u>	<u>Allocation</u>	<u>Actual</u>
Asset category:				
Large cap equity securities	18.0%	20.9%	20.0%	20.0%
Small cap equity securities	9.0	8.4	7.0	8.0
International equity securities	19.0	18.4	19.0	18.6
Fixed income securities	48.0	45.4	48.5	47.7
Global asset allocation fund	4.0	3.9	4.0	4.0
Other	<u>2.0</u>	<u>3.0</u>	<u>1.5</u>	<u>1.7</u>
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

**MAINEGENERAL HEALTH AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**11. Retirement Plans (Continued)**

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>
<b>2024</b>				
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>
<b>2023</b>				
Large cap equity securities	\$19,952,193	\$ –	\$ –	\$19,952,193
Small cap equity securities	4,219,414	–	–	4,219,414
International equity securities	10,478,875	–	–	10,478,875
Fixed income securities	45,983,847	–	–	45,983,847
Cash and cash equivalents	1,696,239	–	–	1,696,239
Guaranteed investment contract	<u>–</u>	<u>–</u>	<u>1,757,778</u>	<u>1,757,778</u>
	<u>\$82,330,568</u>	<u>\$ –</u>	<u>\$1,757,778</u>	84,088,346
Private equity funds				<u>15,876,238</u>
Total pension investment				<u>\$99,964,584</u>

The following summarizes changes in the fair value of the defined benefit plan's Level 3 assets:

	<u>Guaranteed Investment Contract</u>
Fair value, July 1, 2023	\$ 1,757,778
Purchases	27,670
Sales	<u>(1,785,448)</u>
Fair value, June 30, 2024	<u>\$ –</u>
Fair value, July 1, 2022	\$ 1,773,383
Purchases	78,761
Sales	<u>(94,366)</u>
Fair value, June 30, 2023	<u>\$ 1,757,778</u>

**MAINEGENERAL HEALTH AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**11. Retirement Plans (Continued)**

Contributions

Contributions of approximately \$3,857,000 are expected to be made to the plan in 2025.

Estimated Future Benefit Payments

Benefit payments are expected to be paid as follows:

2025	\$ 9,636,000
2026	9,365,000
2027	9,348,000
2028	9,228,000
2029	9,143,000
2030 – 2034	43,222,000

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 \$10,447,000 and \$8,462,000 of expenses in 2024 and 2023, 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, 2024 and 2023.

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 \$21,305,165 and \$18,269,235 at June 30, 2024 and 2023, respectively. The assets of \$21,305,165 and \$18,269,235 are considered to be Level 1 assets (as defined in Note 5).

## MAINEGENERAL HEALTH AND SUBSIDIARIES

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024 and 2023

#### 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, 2024 and 2023, the Company recorded a liability, included in other current liabilities on the consolidated balance sheets, of \$8,873,033 and \$11,690,113, 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, 2024 or 2023. 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>2024</u>	<u>2023</u>
Medicare and Medicaid	58%	59%
Managed care	2	2
Commercial insurance	19	18
Anthem	11	11
Patients	<u>10</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, 2024 and 2023**

**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:

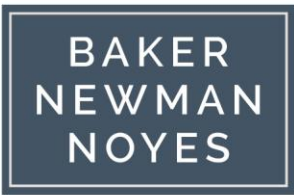
	<u>Health Services</u>	<u>General and Administrative</u>	<u>Total</u>
<b>2024</b>			
Salaries and wages	\$263,219,906	\$ 74,270,141	\$337,490,047
Employee benefits	60,912,194	17,186,987	78,099,181
Supplies and other	222,581,090	62,803,491	285,384,581
Interest	6,408,934	1,808,345	8,217,279
Depreciation 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>
<b>2023</b>			
Salaries and wages	\$247,242,210	\$ 60,613,624	\$307,855,834
Employee benefits	56,036,463	13,737,837	69,774,300
Supplies and other	239,662,174	58,755,311	298,417,485
Interest	6,617,674	1,622,381	8,240,055
Depreciation and amortization	<u>19,689,283</u>	<u>4,827,003</u>	<u>24,516,286</u>
	<u>\$569,247,804</u>	<u>\$139,556,156</u>	<u>\$708,803,960</u>

**MAINEGENERAL HEALTH AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2024 and 2023**

**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 Trustees  
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, 2024 and 2023, 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 27, 2024

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	<u>–</u>	<u>4,371,587</u>	<u>231,459</u>	<u>–</u>	<u>–</u>	<u>4,603,046</u>	<u>–</u>	<u>4,603,046</u>
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>MGRLTC</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>

MAINEGENERAL HEALTH AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET

June 30, 2023

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	\$ 1,767,890	\$ 17,011,435	\$ 752,496	\$ 427,458	\$ –	\$ 19,959,279	\$ –	\$ 19,959,279
Investments	20,896	1,787,527	30,054	42,273	–	1,880,750	–	1,880,750
Patient accounts receivable	–	84,545,438	1,628,344	2,383,885	–	88,557,667	–	88,557,667
Amounts due from affiliates	25,580,434	2,702,917	59,419	181,757	63	28,524,590	(28,524,590)	–
Supplies	–	10,097,437	–	–	–	10,097,437	–	10,097,437
Pledges receivable, net	18,453	157,111	3,998	8,758	–	188,320	–	188,320
Estimated third-party payor settlements	–	15,298,088	(760,510)	(703,804)	–	13,833,774	–	13,833,774
Prepaid expenses and other current assets	1,923,948	19,734,889	1,136,553	3,102,136	–	25,897,526	–	25,897,526
Current portion of assets held in trust under debt and other agreements	–	1,457,749	–	–	–	1,457,749	–	1,457,749
Total current assets	29,311,621	152,792,591	2,850,354	5,442,463	63	190,397,092	(28,524,590)	161,872,502
Investments:								
Board designated	18,249,056	32,528,284	7,429,181	(3,278)	–	58,203,243	–	58,203,243
Assets whose use is limited or restricted:								
Board-designated	5,062,635	–	–	21,094	–	5,083,729	–	5,083,729
Assets held in trust under debt and other agreements	–	15,968,767	–	–	–	15,968,767	–	15,968,767
Beneficial interest in perpetual trusts	–	12,045,318	–	–	–	12,045,318	–	12,045,318
With donor restrictions	989,556	60,898,977	189,096	1,579,552	–	63,657,181	–	63,657,181
	24,301,247	121,441,346	7,618,277	1,597,368	–	154,958,238	–	154,958,238
Beneficial interest in workers' compensation trust	14,755	1,955,373	240,073	395,798	–	2,605,999	–	2,605,999
Total investments and assets whose use is limited or restricted	24,316,002	123,396,719	7,858,350	1,993,166	–	157,564,237	–	157,564,237
Pledges receivable, net of current portion	–	26,396	–	–	–	26,396	–	26,396
Property and equipment, net	13,954	348,598,360	155,226	7,487,619	–	356,255,159	–	356,255,159
Right-of-use assets	–	27,925,217	350,321	–	–	28,275,538	–	28,275,538
Other assets, net	–	637,074	–	–	–	637,074	–	637,074
Total assets	\$ 53,641,577	\$ 653,376,357	\$ 11,214,251	\$ 14,923,248	\$ 63	\$ 733,155,496	\$ (28,524,590)	\$ 704,630,906

**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	\$ 361,381	\$ 16,266,350	\$ 203,888	\$ 1,049,082	\$ –	\$ 17,880,701	\$ –	\$ 17,880,701
Accrued employee compensation and compensated absences	18,035,587	16,761,219	623,399	789,018	–	36,209,223	–	36,209,223
Amounts due to affiliates	2,339,019	23,403,245	680,110	2,043,302	58,914	28,524,590	(28,524,590)	–
Other current liabilities	4,729,439	12,056,849	973,191	179,699	–	17,939,178	–	17,939,178
Current portion of long-term debt	–	12,628,039	–	–	–	12,628,039	–	12,628,039
Current portion of lease obligations	<u>–</u>	<u>3,988,253</u>	<u>239,824</u>	<u>–</u>	<u>–</u>	<u>4,228,077</u>	<u>–</u>	<u>4,228,077</u>
Total current liabilities	25,465,426	85,103,955	2,720,412	4,061,101	58,914	117,409,808	(28,524,590)	88,885,218
Long-term debt, less current portion	–	266,035,634	–	–	–	266,035,634	–	266,035,634
Accrued pension cost	943,320	10,681,010	–	–	–	11,624,330	–	11,624,330
Lease obligations, net of current portion	–	28,106,862	184,624	–	–	28,291,486	–	28,291,486
Other long-term liabilities	<u>18,269,236</u>	<u>66,750</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>18,335,986</u>	<u>–</u>	<u>18,335,986</u>
Total liabilities	44,677,982	389,994,211	2,905,036	4,061,101	58,914	441,697,244	(28,524,590)	413,172,654
Net assets (deficit):								
Without donor restrictions	7,955,587	190,254,343	8,116,121	9,273,837	(58,851)	215,541,037	–	215,541,037
With donor restrictions	<u>1,008,008</u>	<u>73,127,803</u>	<u>193,094</u>	<u>1,588,310</u>	<u>–</u>	<u>75,917,215</u>	<u>–</u>	<u>75,917,215</u>
Total net assets (deficit)	<u>8,963,595</u>	<u>263,382,146</u>	<u>8,309,215</u>	<u>10,862,147</u>	<u>(58,851)</u>	<u>291,458,252</u>	<u>–</u>	<u>291,458,252</u>
Total liabilities and net assets	<u>\$ 53,641,577</u>	<u>\$ 653,376,357</u>	<u>\$ 11,214,251</u>	<u>\$ 14,923,248</u>	<u>\$ 63</u>	<u>\$ 733,155,496</u>	<u>\$ (28,524,590)</u>	<u>\$ 704,630,906</u>

**MAINEGENERAL HEALTH AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENT OF OPERATIONS**

**Year Ended June 30, 2023**

	<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	\$ —	\$ 559,762,534	\$ 15,590,298	\$ 25,280,669	\$ —	\$ 600,633,501	\$ —	\$ 600,633,501
Other revenue	13,722,291	79,242,799	2,649,441	9,255,399	3,426	104,873,356	(19,352,004)	85,521,352
Net assets released from restrictions used for operations	<u>115,769</u>	<u>2,964,832</u>	<u>6,496</u>	<u>92,985</u>	<u>—</u>	<u>3,180,082</u>	<u>—</u>	<u>3,180,082</u>
Total operating revenue	<u>13,838,060</u>	<u>641,970,165</u>	<u>18,246,235</u>	<u>34,629,053</u>	<u>3,426</u>	<u>708,686,939</u>	<u>(19,352,004)</u>	<u>689,334,935</u>
Operating expenses:								
Salaries and wages	8,892,918	271,108,134	10,109,723	17,745,059	—	307,855,834	—	307,855,834
Employee benefits	2,082,960	61,201,123	2,816,042	4,824,649	—	70,924,774	(1,150,474)	69,774,300
Supplies and other	2,841,384	295,193,770	5,226,420	13,342,511	14,930	316,619,015	(18,201,530)	298,417,485
Depreciation and amortization	20,793	23,632,617	48,569	814,307	—	24,516,286	—	24,516,286
Interest	<u>5</u>	<u>8,240,050</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,240,055</u>	<u>—</u>	<u>8,240,055</u>
Total operating expenses	<u>13,838,060</u>	<u>659,375,694</u>	<u>18,200,754</u>	<u>36,726,526</u>	<u>14,930</u>	<u>728,155,964</u>	<u>(19,352,004)</u>	<u>708,803,960</u>
(Loss) income from operations	—	(17,405,529)	45,481	(2,097,473)	(11,504)	(19,469,025)	—	(19,469,025)
Nonoperating gains (losses):								
Investment income, net	97,269	862,867	140,462	624	—	1,101,222	—	1,101,222
Net realized and unrealized gains on investments	307,503	2,273,042	457,947	(2,750)	—	3,035,742	—	3,035,742
Contributions and other	<u>(29,822)</u>	<u>41,373</u>	<u>—</u>	<u>(15,654)</u>	<u>—</u>	<u>(4,103)</u>	<u>—</u>	<u>(4,103)</u>
Total nonoperating gains (losses), net	<u>374,950</u>	<u>3,177,282</u>	<u>598,409</u>	<u>(17,780)</u>	<u>—</u>	<u>4,132,861</u>	<u>—</u>	<u>4,132,861</u>
(Deficiency) excess of revenue over expenses	374,950	(14,228,247)	643,890	(2,115,253)	(11,504)	(15,336,164)	—	(15,336,164)
Change in net unrealized losses on debt securities	(2,102)	(73,285)	(4,799)	(4,767)	—	(84,953)	—	(84,953)
Pension-related changes other than net periodic pension cost	559,331	7,147,810	—	—	—	7,707,141	—	7,707,141
Net assets released from restrictions used for capital acquisitions	—	1,537,731	32,502	166,018	—	1,736,251	—	1,736,251
Transfers (to) from affiliates	<u>—</u>	<u>(7,000,000)</u>	<u>—</u>	<u>7,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
(Decrease) increase in net assets without donor restrictions	<u>\$ 932,179</u>	<u>\$ (12,615,991)</u>	<u>\$ 671,593</u>	<u>\$ 5,045,998</u>	<u>\$ (11,504)</u>	<u>\$ (5,977,725)</u>	<u>\$ —</u>	<u>\$ (5,977,725)</u>