
Central Maine Healthcare Corporation and Subsidiaries

**Consolidated Financial Report
with Additional Information
June 30, 2022**

Central Maine Healthcare Corporation and Subsidiaries

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Independent Auditor's Report

To the Board of Directors
Central Maine Healthcare Corporation
and Subsidiaries

Opinion

We have audited the consolidated financial statements of Central Maine Healthcare Corporation and Subsidiaries (the "Corporation"), which comprise the consolidated balance sheet as of June 30, 2022 and 2021 and 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.

In our opinion, based on our audits and the report of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as of June 30, 2022 and 2021 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of CWM Insurance Ltd. a wholly owned subsidiary, whose statements reflect total assets constituting 9 percent and 13 percent of consolidated total assets at June 30, 2022 and 2021, respectively, and total revenue constituting 2 percent and 1 percent, respectively, of consolidated total revenue for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CWM Insurance Ltd., is based solely on the report of the other auditors. The financial statements of CWM Insurance Ltd. were not audited under *Government Auditing Standards*.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

To the Board of Directors
Central Maine Healthcare Corporation
and Subsidiaries

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

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

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

To the Board of Directors
Central Maine Healthcare Corporation
and Subsidiaries

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise Central Maine Healthcare Corporation and Subsidiaries' consolidated financial statements. The consolidating balance sheet as of June 30, 2022 and the consolidating statements of operations and changes in net assets for the year then ended are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. The consolidating balance sheet and consolidating statements of operations and changes in net assets are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating balance sheet and consolidating statements of operations and changes in net assets are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Plante & Moran, PLLC

November 16, 2022

Central Maine Healthcare Corporation and Subsidiaries

Consolidated Balance Sheet

June 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 21,612,841	\$ 27,933,956
Short-term investments (Note 6)	67,784,475	101,764,418
Patient accounts receivable (Note 4)	52,550,167	63,088,058
Supplies	10,899,968	10,607,052
Estimated third-party payor settlements (Note 5)	8,314,437	5,866,862
Assets limited as to use (Note 6)	6,190,838	6,095,765
Prepaid expenses and other	21,309,056	16,631,478
Total current assets	188,661,782	231,987,589
Assets Limited as to Use (Note 6)		
Held by trustee under bond indenture agreements	15,276,042	15,391,731
Internally designated	41,675,300	47,562,133
Externally restricted by donors	26,629,464	33,403,324
Held by trustee for self-insurance trust	6,289,113	12,120,731
Less amount required to meet current obligations	(6,190,838)	(6,095,765)
Total assets limited as to use	83,679,081	102,382,154
Property and Equipment - Net (Note 8)	134,137,555	145,018,302
Right-of-use Operating Lease Assets (Note 20)	17,493,261	9,272,611
Finance Lease Assets (Note 20)	35,714,584	10,389,189
Other Assets		
Estimated amounts due from third-party payors (Note 5)	6,615,039	12,003,637
Deferred compensation plan assets (Note 6)	40,131,134	43,150,436
Investment in equity investees (Note 7)	24,214,218	19,938,100
Other	2,996,683	3,718,395
Total other assets	73,957,074	78,810,568
Total assets	\$ 533,643,337	\$ 577,860,413

Central Maine Healthcare Corporation and Subsidiaries

Consolidated Balance Sheet (Continued)

June 30, 2022 and 2021

	2022	2021
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 36,645,288	\$ 51,146,568
Contract liabilities (Note 3)	16,388,675	29,198,043
Current portion of long-term debt (Note 11)	5,424,668	5,324,848
Current portion of lease liabilities - Operating (Note 20)	2,399,640	1,558,925
Current portion of lease liabilities - Finance (Note 20)	3,157,825	1,140,735
Estimated amounts due to third-party payors (Note 5)	11,559,639	10,154,429
Deferred grant revenue	535,892	327,013
Accrued liabilities and other	22,517,958	22,802,725
	98,629,585	121,653,286
Total current liabilities		
Long-term Debt - Net of current portion (Note 11)	93,606,543	99,933,454
Lease Liabilities - Operating (Note 20)	15,293,843	7,740,739
Lease Liabilities - Finance (Note 20)	36,699,843	13,869,746
Pension Liabilities (Note 16)	22,148,629	31,453,192
Estimated Self-insurance Costs	32,588,578	36,571,548
Other Liabilities		
Estimated amounts due to third-party payors (Note 5)	1,056,118	636,076
Contract liabilities (Note 3)	-	12,119,975
Asset retirement obligations (Note 18)	4,230,409	3,945,284
Other long-term liabilities	23,493,969	33,351,288
	327,747,517	361,274,588
Total liabilities		
Net Assets		
Without donor restrictions	179,920,824	189,152,809
With donor restrictions	25,974,996	27,433,016
	205,895,820	216,585,825
Total net assets		
Total liabilities and net assets	\$ 533,643,337	\$ 577,860,413

Central Maine Healthcare Corporation and Subsidiaries

Consolidated Statement of Operations

Years Ended June 30, 2022 and 2021

	2022	2021
Unrestricted Revenue, Gains, and Other Support		
Patient service revenue (Note 5)	\$ 495,164,232	\$ 474,975,989
Other	100,494,437	66,966,033
Net assets released from restrictions used for operations	110,317	2,110,213
Total unrestricted revenue, gains, and other support	595,768,986	544,052,235
Operating Expenses		
Salaries, wages, and employee benefits	323,450,451	295,350,537
Supplies and other	260,015,004	237,670,227
Depreciation and amortization	21,940,134	25,203,451
Interest	3,915,483	3,919,780
Total operating expenses (Note 15)	609,321,072	562,143,995
Operating Loss	(13,552,086)	(18,091,760)
Other Income (Loss)		
Investment return - Net (Note 6)	2,593,337	2,517,544
Realized gains on sale of investments (Note 6)	6,696,223	9,135,967
Change in unrealized investment (loss) gain (Note 6)	(19,133,609)	8,127,376
Gain on investment in equity investees	5,109,011	1,861,484
Other	628,237	1,034,162
Total nonoperating (expense) income	(4,106,801)	22,676,533
Excess of Revenue (Under) Over Expenses	(17,658,887)	4,584,773
Grant Funds Used for Acquisition of Property and Equipment	387,636	-
Net Assets Released for Acquisition of Property and Equipment	463,214	-
Change in Defined Benefit Pension Plan Gains and Losses (Note 16)	7,576,052	5,878,887
(Decrease) Increase in Net Assets without Donor Restrictions	\$ (9,231,985)	\$ 10,463,660

Central Maine Healthcare Corporation and Subsidiaries

Consolidated Statement of Changes in Net Assets

Years Ended June 30, 2022 and 2021

	2022	2021
Net Assets without Donor Restrictions		
Excess of revenue (under) over expenses	\$ (17,658,887)	\$ 4,584,773
Net assets released for acquisition of property and equipment	463,214	-
Grant funds used for acquisition of property and equipment	387,636	-
Change in defined benefit pension plan gains and losses	7,576,052	5,878,887
	<u>(9,231,985)</u>	<u>10,463,660</u>
(Decrease) increase in net assets without donor restrictions		
Net Assets with Donor Restrictions		
Contributions received	1,924,385	287,689
Investment return - Net (Note 6)	397,494	510,227
Change in unrealized (losses) gains on investments (Note 6)	(2,809,504)	533,015
Realized (losses) gains on investments (Note 6)	(162,024)	3,211,196
Other	(234,840)	307,960
Transfer to parent	-	(54,075)
Net assets released from restrictions	(573,531)	(2,110,213)
	<u>(1,458,020)</u>	<u>2,685,799</u>
(Decrease) increase in net assets with donor restrictions		
(Decrease) Increase in Net Assets	(10,690,005)	13,149,459
Net Assets - Beginning of year	<u>216,585,825</u>	<u>203,436,366</u>
Net Assets - End of year	<u><u>\$ 205,895,820</u></u>	<u><u>\$ 216,585,825</u></u>

Central Maine Healthcare Corporation and Subsidiaries

Consolidated Statement of Cash Flows

Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
(Decrease) increase in net assets	\$ (10,690,005)	\$ 13,149,459
Adjustments to reconcile (decrease) increase in net assets to net cash and cash equivalents and restricted cash and cash equivalents from operating activities:		
Gain on sale of property and equipment	(256,453)	(908,865)
Depreciation and amortization	21,940,134	25,203,451
Amortization of debt issuance costs and bond premiums	(665,315)	(746,827)
Undistributed gain on equity investees	(5,109,011)	(1,861,484)
Unrealized and realized losses (gains) on investments	15,408,914	(20,953,479)
Restricted contributions and grants	(2,312,021)	(595,649)
Accrued self-insurance costs	(3,982,970)	(3,638,997)
Change in defined benefit pension plan gains and losses	(7,576,052)	(5,878,887)
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:		
Patient accounts receivable	10,537,891	(12,241,221)
Estimated amounts due from and to third-party payors	4,766,275	1,323,630
Accounts payable and accrued expenses	(14,486,114)	(5,634,279)
Contract liabilities	(24,929,343)	(3,564,301)
Other assets and liabilities	(12,891,198)	(936,368)
Net lease assets and liabilities	(1,915,267)	(1,408,201)
Net cash and cash equivalents and restricted cash and cash equivalents used in operating activities	(32,160,535)	(18,692,018)
Cash Flows from Investing Activities		
Purchase of investments	(32,418,549)	(109,421,423)
Sales of investments	39,993,982	116,746,569
Purchases of property and equipment	(9,244,307)	(8,225,609)
Proceeds from sale of property and equipment	321,560	4,024,090
Net distributions and contributions with equity investees	832,893	2,424,168
Net cash and cash equivalents and restricted cash and cash equivalents (used in) provided by investing activities	(514,421)	5,547,795
Cash Flows from Financing Activities		
Restricted contributions and grants	2,312,021	595,649
Proceeds from issuance of long-term debt	111,352	-
Principal payments on long-term debt	(5,673,128)	(5,118,884)
Net cash and cash equivalents and restricted cash and cash equivalents used in financing activities	(3,249,755)	(4,523,235)
Decrease in Net Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	(35,924,711)	(17,667,458)
Net Cash and Cash Equivalents and Restricted Cash and Cash Equivalents - Beginning of year	97,277,623	114,945,081
Net Cash and Cash Equivalents and Restricted Cash and Cash Equivalents - End of year	\$ 61,352,912	\$ 97,277,623

Central Maine Healthcare Corporation and Subsidiaries

Consolidated Statement of Cash Flows (Continued)

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Consolidated Balance Sheet Classification of Net Cash and Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents in current assets	\$ 21,612,841	\$ 27,933,956
Net cash and cash equivalents and restricted cash and cash equivalents in assets limited as to use	<u>39,740,071</u>	<u>69,343,667</u>
Net cash and cash equivalents and restricted cash and cash equivalents	<u>\$ 61,352,912</u>	<u>\$ 97,277,623</u>
Supplemental Cash Flow Information		
Interest paid	\$ 6,463,338	\$ 4,186,513
Property and equipment in accounts payable	779,728	794,894
Significant Noncash Transactions		
Right-of-use asset and operating lease impact for adoption of ASC 842 on July 1, 2020	\$ -	\$ 7,269,599
Impact of operating right-of-use asset and liability entered into during the year	10,231,154	9,960,104
Impact of financing right-of-use asset and liability entered into during the year	26,935,625	-

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 1 - Nature of Business

Central Maine Healthcare Corporation and Subsidiaries (CMHC), a not-for-profit entity, coordinates, plans, and provides a broad range of integrated health care services to meet the health care needs of the people of the central and western Maine regions, including inpatient, outpatient, and emergency care services.

CMHC is the parent company of Central Maine Medical Center (CMMC or the "Medical Center"); Central Maine Health Ventures, Inc. (CMHV); Central Maine Community Health Corporation; Central Maine Real Estate Management Corporation; CWM Insurance Ltd. (CWM); Rumford Hospital, Rumford Community Home Corporation, and Rumford Community Family Health Center, Inc., collectively known as Rumford; and Bridgton Hospital (Bridgton). Additionally, CMMC is the parent company of Maine College of Health Professions (the "College").

CMMC, Rumford Hospital, and Bridgton primarily earn revenue by providing inpatient, outpatient, and emergency care services to patients in the central and western Maine regions.

CMHV; Rumford Community Home Corporation; Rumford Community Family Health Center, Inc.; and Central Maine Community Health Corporation provide a variety of services, including long-term care, imaging, and other clinical services to patients in the central and western Maine regions.

Central Maine Real Estate Management Corporation manages rental property for physicians in the central and western Maine regions.

CWM is a captive insurance company, incorporated in the Cayman Islands, that provides professional and general liability for CMHC and its subsidiaries.

Note 2 - Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of CMHC, its wholly owned subsidiaries, and controlled affiliates (collectively, the "Corporation"). All material intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although actual results could differ from those estimates, management believes estimated amounts recorded are reasonable and appropriate.

Cash and Cash Equivalents

Cash and cash equivalents include cash and investments in highly liquid investments with an original maturity of three months or less when purchased, excluding those amounts included in assets limited as to use. At June 30, 2022 and 2021, cash equivalents consisted primarily of money market accounts and short-term government obligations.

Cash balances held in the bank exceed the federal depository insurance limit. The Corporation's cash is only insured up to the federal depository insurance limit.

Investments

The Corporation measures equity securities, other than investments that qualify for the equity method of accounting at fair value with changes recognized in excess of revenue over (under) expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

June 30, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

Debt securities purchased and held principally for the purpose of selling them in the near term are classified as trading securities. Trading securities are reported at fair value with unrealized gains and losses included in earnings.

Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Net Investment Return

Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the consolidated statements of operations and changes in net assets as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Assets Limited as to Use

Assets limited as to use include assets held by trustees under bond indenture agreements and for self-insurance, assets restricted by donors, and assets set aside by the board of directors for future capital improvements over which the board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the Corporation have been reclassified in the consolidated balance sheet.

Patient Accounts Receivable

Accounts receivable for patients, insurance companies, and governmental agencies are based on gross charges, reduced by explicit price concessions provided to third-party payors, discounts provided to qualifying individuals as part of the Corporation's financial assistance policy, and implicit price concessions provided primarily to self-pay patients. Estimates for explicit price concessions are based on provider contracts, payment terms for relevant prospective payment systems, and historical experience adjusted for economic conditions and other trends affecting the Corporation's ability to collect outstanding amounts.

For receivables associated with self-pay patients, which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Corporation records significant implicit price concessions in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible.

Contract Assets and Liabilities

Amounts related to health care services provided to patients that have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract assets consist primarily of health care services provided to patients who are still receiving inpatient care in the Corporation at the end of the year. Contract liabilities are related to accelerated Medicare payments (see Note 3 for further details).

Supplies

Inventories, which consist of medical and office supplies and pharmaceutical products, are stated at the lower of cost or net realizable value on a first-in, first-out basis.

Note 2 - Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment acquisitions over \$2,000 are recorded at cost, less accumulated depreciation and amortization. The straight-line method is used for computing depreciation and amortization. Assets are depreciated over their estimated useful lives. The cost of capital lease obligations and leasehold improvements are amortized over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

Long-lived Asset Impairment

The Corporation reviews the recoverability of long-lived assets, including buildings, equipment, internal-use software, and other intangible assets, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future pretax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations.

No asset impairment was recognized during the years ended June 30, 2022 and 2021.

Debt Issuance Costs

Debt issuance costs were incurred by the Corporation in connection with the issuance of long-term debt. These costs are recorded as a reduction in the recorded balance of the outstanding debt. The costs are amortized over the term of the related debt and reported as a component of interest expense.

Net Assets

Net assets of the Corporation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Corporation.

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

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Patient Service Revenue

Patient service revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills the patients and third-party payors several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

June 30, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the Corporation's hospital receiving inpatient acute-care services or patients receiving services in our outpatient centers or other clinical settings. The Corporation measures the performance obligation from admission into the hospital, or the commencement of an outpatient services or other visit, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services or other visit. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the Corporation's patients and customers in a retail setting, which for the Corporation is primarily related to pharmaceutical sales, and the Corporation does not believe it is required to provide additional goods or services related to that sale. The Corporation has \$47,937,564 and \$34,055,454 of point-in-time revenue related to pharmaceutical sales included within its other operating revenue for its fiscal years ended December 31, 2022 and 2021, respectively.

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

The Corporation determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Corporation's policy, and implicit price concessions provided to uninsured patients. The Corporation determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Corporation determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. For the years ended June 30, 2022 and 2021, changes in its estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years were not significant. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Consistent with the Corporation's mission, care is provided to patients regardless of their ability to pay. Therefore, the Corporation has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Corporation expects to collect based on its collection history with those patients.

June 30, 2022 and 2021

Note 2 - Significant Accounting Policies (Continued)

Patients who meet the Corporation's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

The Corporation has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Corporation does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Charity Care

The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charity care is determined based on established policies, using patient income and assets to determine payment ability. The amount reflects the cost of free or discounted health services, net of contributions and other revenue received, as direct assistance for the provision of charity care. The estimated cost of providing charity services is based on a calculation that applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the cost of gross charges compared to the gross uncompensated charges. The Corporation estimates that it incurred cost of approximately \$785,000 and \$1,800,000 related to services to indigent patients during 2022 and 2021, respectively.

Contributions and Grant Revenue

Conditional promises to give are not recognized as revenue until barriers prescribed by the grant agreements/pledge agreements are overcome. The Corporation records cash received in advance of meeting conditions as a refundable advance on the consolidated balance sheet. Donor-restricted contributions or grants whose restrictions are met in the year in which the contributions or grants are recognized are reported as contributions without donor restrictions in the accompanying financial statements.

Estimated Malpractice Costs

An annual estimated provision is accrued for the medical malpractice claims and expenses and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported.

Income Taxes

CMHC; CMMC; Central Maine Community Health Corporation; Central Maine Real Estate Management Corporation; Rumford Hospital; Rumford Community Home Corporation; Rumford Community Family Health Center, Inc.; and Bridgton Hospital are classified as tax-exempt organizations as described in Section 501 of the Internal Revenue Code and a similar provision of state law. However, these entities are subject to federal income tax on any unrelated business taxable income.

CMHV and its subsidiaries are subject to federal and state income taxes. CMHV accounts for income taxes in accordance with income tax accounting guidance (ASC 740, *Income Taxes*). CMHV has accumulated net operating loss carryforwards that are available to offset future taxable income during the carryforward period. No income tax benefit has been recognized for the net operating loss carryforwards or other potential deferred tax assets in the consolidated financial statements because CMHV believes realization of these benefits is unlikely.

CMHC and its consolidated entities file tax returns in the U.S. federal jurisdiction.

Note 2 - Significant Accounting Policies (Continued)

Excess of Revenue (Under) Over Expenses

The consolidated statement of operations includes excess of revenue (under) over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenue (under) over expenses, consistent with industry practice, include grant funds used for acquisition of property and equipment, change in defined pension plan gains and losses, net assets released from restrictions used for purchase of property and equipment, and permanent transfers to and from affiliates for other goods and services.

Estimated Self-insurance Costs

The Corporation accrues estimated liabilities for self-insurance losses associated with workers' compensation and employee health insurance claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported.

Other Operating Revenue

Other operating revenue is used to account for any other operating revenue that does not qualify as patient service revenue. The significant components included in other operating revenue include revenue from the CARES Act (see Note 3) and pharmacy sales.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including November 16, 2022, which is the date the financial statements were available to be issued.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in Note 15. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses are allocated on the basis of time and effort. Expenses deemed to be indirect to employee work, such as professional services, depreciation, insurance, and supplies, are considered to be management and general expenses. Other expenses utilized by all employees, such as occupancy, utilities, and training, are also allocated on the basis of time and effort. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Upcoming Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, to simplify the accounting for changes in the reference rate if certain criteria are met. The ASU applies to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. The optional expedients included in this ASU allow for qualifying contract modifications to be considered a continuation of the existing contract rather than requiring application of modification accounting. While the ASU provides an option to not apply modification accounting for contracts meeting certain criteria, this option is only available for a limited time. The ASU is effective for all entities as of March 12, 2020 through December 31, 2022.

Note 3 - COVID-19 Pandemic and CARES Act

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals in the United States and worldwide. In response, the United States federal government and individual state and local governments have implemented measures to combat the outbreak that have impacted health care business operations. During 2022 and 2021, the Corporation's operations were significantly impacted. The Corporation reduced and consolidated services to mitigate workforce shortages and had to rely heavily on purchased labor to meet the health care needs of its patients.

Provider Relief Fund

Enacted on March 27, 2020 by the federal government, the CARES Act was established, which authorizes \$100 billion to be administered through grants and other mechanisms to hospitals, public entities, not-for-profit entities, and Medicare- and Medicaid-enrolled suppliers and institutional providers. The purpose of these funds is to reimburse providers for lost revenue attributable to the coronavirus pandemic, such as forgone revenue from canceled procedures, and to provide support for related health care expenses, such as constructing temporary structures or emergency operation centers; retrofitting facilities; purchasing medical supplies and equipment, including personal protective equipment and testing supplies; and increasing workforce. Further, these relief funds ensure uninsured patients are receiving testing and treatment for COVID-19. There was also an additional \$8.5 billion of funds appropriated under American Rescue Plan (ARP) Act of 2021.

On April 10, 2020, the U.S. Department of Health and Human Services (HHS) began making payments to health care providers from the \$100 billion appropriation. These are payments to health care providers that will not need to be repaid as long as the recipient complies with certain terms and conditions outlined by HHS. During the years ended June 30, 2022 and 2021, the Corporation received payments of \$15,862,849 and \$5,322,784, respectively, as part of general and targeted distributions of the CARES Act Provider Relief Fund and ARP Rural Payments under the American Rescue Plan Act of 2021. The Corporation has also received additional funding from other governmental sources for use in response to the COVID-19 pandemic.

During the year ended June 30, 2022, the Corporation recognized \$19,137,717 of Provider Relief Funds and ARP funds. For the year ended June 30, 2021, the Corporation recognized \$9,954,746 of Provider Relief Funds. For these years, the Corporation has determined it has met the conditions and restrictions as contribution revenue for COVID-19 in the accompanying consolidated statement of operations in other revenue. The Corporation has no remaining liability related to Provider Relief Funds on the consolidated balance sheet for funding for which the conditions and restrictions have not been met as of both June 30, 2022 and 2021.

HHS' requirements for the uses of the CARES Act funds are subject to change and are open to interpretation and clarification; therefore, there may be changes in the amounts recognized as contribution revenue for COVID-19 during the years ended June 30, 2022 and 2021. Any changes in amounts recognized as a result of new guidance, interpretation, or clarification will be recognized in the period in which the change occurred.

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 3 - COVID-19 Pandemic and CARES Act (Continued)

Medicare Accelerated Payments

The Corporation requested accelerated Medicare payments, as provided for in the CARES Act, which allows for eligible health care facilities to request up to 6 months of advance Medicare payments for acute-care hospitals. Effective October 1, 2020, the repayment term of the accelerated payments began one year after the first payment was issued, and the payments were initially recouped at 25 percent of the Medicare payments to the Corporation for 11 months. After 11 months, the recovery increased to 50 percent of the Medicare payments to the Corporation for 6 additional months (or until all amounts are repaid). Any unapplied accelerated payment amounts that are unpaid after this 17-month period are due to CMS, plus interest at a rate of 4 percent on the outstanding balance. The Corporation originally received \$44,882,319 of accelerated payments. As of June 30, 2022, \$16,388,675 remained as current liabilities on the consolidated balance sheet within contract liabilities. As of June 30, 2021, \$41,318,018 remained as current and long-term liabilities on the consolidated balance sheet within contract liabilities.

Note 4 - Patient Accounts Receivable

The Corporation grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. Patient accounts receivable were \$52,550,167, \$63,088,058, and \$50,846,837 as of June 30, 2022; June 30, 2021; and July 1, 2020, respectively. The composition of net receivables from patients and third-party payors was as follows:

	2022	2021
Medicare	37 %	32 %
Medicaid	7	8
Anthem	4	4
Other third-party payors	30	35
Patients	22	21
Total	100 %	100 %

Note 5 - Patient Service Revenue

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare

CMMC - Certain inpatient acute-care services are paid at prospectively determined rates per discharge based on clinical, diagnostic, and other factors. Certain physician services are paid based on cost-reimbursement methodologies subject to certain limits. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates. Rumford and Bridgton - inpatient acute-care and swing-bed skilled nursing services and substantially all outpatient services rendered to the Medicare program beneficiaries are paid based on cost reimbursed formulas as a critical access hospital.

Rumford and Bridgton are designated as critical access hospitals and are paid based on cost-reimbursement methodologies subject to certain limits.

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 5 - Patient Service Revenue (Continued)

Medicaid

Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member. CMMC, Rumford, and Bridgton are reimbursed for cost-reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by the retrospective hospital and audits thereof by the Medicaid administrative contractor. For acute-care services and outpatient services, CMMC is paid at prospectively determined rates, and the physician clinics are reimbursed under a cost-reimbursed methodology. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors.

Other

Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

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

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Corporation's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available) or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant for the years ended June 30, 2022 and 2021. The Corporation estimates the amounts due to/from third party payors by payor and by period due within or outside one year and records the associated assets and liabilities within the estimated amounts due to/from third-party payors on the consolidated balance sheet.

The composition of patient service revenue by payor for the years ended June 30 is as follows:

	<u>2022</u>	<u>2021</u>
Payor:		
Medicare	\$ 208,437,047	\$ 200,987,338
Medicaid	63,436,746	66,703,927
Anthem	93,531,395	80,306,691
Other third-party payors	127,929,467	124,343,261
Patients	1,829,577	2,634,772
	<u>\$ 495,164,232</u>	<u>\$ 474,975,989</u>

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 5 - Patient Service Revenue (Continued)

The composition of patient service revenue by service line for the years ended June 30 is as follows:

	2022	2021
Service lines:		
Hospital - Inpatient	\$ 162,090,174	\$ 163,246,018
Hospital - Outpatient	176,376,335	163,015,114
Physician services	147,906,497	140,070,785
Skilled nursing services	5,036,002	4,986,016
Other	3,755,224	3,658,056
	<u>495,164,232</u>	<u>474,975,989</u>
Total	<u>\$ 495,164,232</u>	<u>\$ 474,975,989</u>

All performance obligations within patient service revenue for fiscal years ended December 31, 2022 and 2021 have been assessed as being earned over time.

Note 6 - Investments and Assets Limited as to Use

The details of the Corporation's investments in trading securities at June 30 are as follows:

	2022	2021
Trading Securities		
Cash and cash equivalents	\$ 39,457,741	\$ 68,960,720
Mutual funds - Equities	54,008,562	74,260,227
Mutual funds - Fixed income	24,115,116	19,065,137
Corporate bonds	8,926,120	12,653,714
U.S. Treasury and agency securities	19,069,194	25,064,414
Fixed-income mortgage backed	201,178	252,735
Equity securities:		
Consumer discretionary	682,213	1,171,931
Consumer staples	64,896	-
Energy	1,844,406	1,581,158
Health care	1,655,481	1,629,243
Industrials	1,350	1,266
Telecommunication services	555,526	660,501
Real estate	5,554,399	3,188,238
Charitable remainder trusts	1,518,212	1,753,053
	<u>157,654,394</u>	<u>210,242,337</u>
Total	157,654,394	210,242,337
Less internally designated	(41,675,300)	(47,562,133)
Less externally restricted by donors	(26,629,464)	(33,403,324)
Less held by trustee for bond indenture agreements	(15,276,042)	(15,391,731)
Less held by trustee for self-insurance trust	(6,289,113)	(12,120,731)
	<u>67,784,475</u>	<u>101,764,418</u>
Total	<u>\$ 67,784,475</u>	<u>\$ 101,764,418</u>

Total investment return comprises the following:

	2022	2021
Interest and dividend income	\$ 2,990,831	\$ 3,027,771
Unrealized (loses) gains	(21,943,113)	8,606,316
Realized gains	6,534,199	12,347,163
	<u>(12,418,083)</u>	<u>23,981,250</u>
Total	<u>\$ (12,418,083)</u>	<u>\$ 23,981,250</u>

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 6 - Investments and Assets Limited as to Use (Continued)

Deferred Compensation Plan Assets	2022	2021
Cash and cash equivalents	\$ 282,330	\$ 382,947
Mutual funds - Equities	16,425,814	19,012,787
Mutual funds - Fixed income	841,251	1,545,572
Life insurance contracts	22,581,739	22,209,130
Total	<u>\$ 40,131,134</u>	<u>\$ 43,150,436</u>

Note 7 - Investments Using the Equity Method

The Corporation has the following investments that are accounted for using the equity method of accounting in the accompanying consolidated financial statements. The Corporation records its share of income and losses to the extent of its investment and advances made to the respective entity.

United Ambulance Service (UAS) - CMMC has a 50 percent investment in UAS. At June 30, 2022 and 2021, CMMC's investment in this entity was \$2,490,828 and \$2,685,664, respectively.

Lifeflight of Maine (LOM) - CMHC has a 50 percent ownership of Lifeflight of Maine. At June 30, 2022 and 2021, CMHC's investment in this entity was \$12,427,809 and \$7,558,398, respectively.

Advanced Collection Services (ACS) - Effective April 1, 2013, ACS was formed to provide collections services primarily to the central and eastern Maine areas. CMHV has a 50 percent interest in ACS. Subsequent to June 30, 2021, the entity was liquidated. At June 30, 2022 and 2021, CMHC's investment in this entity was \$0 and \$505,398, respectively.

Shields Imaging with Central Maine Health, LLC (SI) - CMHV has a 70 percent ownership of SI. At June 30, 2022 and 2021, CMHC's investment in this entity was \$369,706 and \$482,297, respectively.

Maine Imaging Services, LLC (MIS) - CMHV has a 33 percent ownership of MIS. At June 30, 2022 and 2021, CMHC's investment in this entity was \$1,101,110 and \$1,466,749, respectively.

Shields PET-CT at CMMC, LLC (PET) - CMHV has a 50 percent ownership of PET. At June 30, 2022 and 2021, CMHC's investment in this entity was \$187,765 and \$171,426, respectively.

Central Maine Orthopedics Ambulatory Surgery Center, LLC (OAS) - CMHC has a 50 percent ownership of OAS. At June 30, 2022 and 2021, CMHV's investment in this entity was \$4,944,218 and \$4,821,795 respectively.

New England Life Care (NELC) - CMMC has a 6.3 percent ownership of NELC. At June 30, 2022 and 2021, CMHC's investment in this entity was \$2,692,782 and \$2,246,373 respectively.

The financial position at June 30, 2022 and the results of operations for the year then ended are summarized below:

	UAS	LOM	ACS	SI	MIS	PET	OAS	NELC
Current assets	\$ 2,711,577	\$ 6,475,211	\$ -	\$ 2,045,000	\$ 835,000	\$ 592,000	\$ 1,547,408	\$ 45,754,979
Long-term assets	3,045,784	29,895,376	-	296,000	312,000	-	241,608	10,119,826
Total	<u>5,757,361</u>	<u>36,370,587</u>	<u>-</u>	<u>2,341,000</u>	<u>1,147,000</u>	<u>592,000</u>	<u>1,789,016</u>	<u>55,874,805</u>
Current liabilities	775,705	2,646,589	-	769,000	38,000	216,000	378,581	11,831,117
Long-term liabilities	-	8,901,205	-	-	-	-	-	2,016,241
Total	<u>775,705</u>	<u>11,547,794</u>	<u>-</u>	<u>769,000</u>	<u>38,000</u>	<u>216,000</u>	<u>378,581</u>	<u>13,847,358</u>
Net assets	4,981,656	24,822,793	-	1,572,000	1,109,000	376,000	1,410,435	42,027,447
Revenue	9,643,017	22,168,819	-	4,295,014	1,261,753	2,064,257	3,578,194	123,885,359
Net (loss) income	(392,010)	9,806,382	-	(122,341)	121,512	357,677	(285,452)	7,856,791

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 7 - Investments Using the Equity Method (Continued)

The financial position at June 30, 2021 and the results of operations for the year then ended are summarized below:

	UAS	LOM	ACS	SI	MIS	PET	OAS	NELC
Current assets	\$ 2,501,525	\$ 6,529,010	\$ 1,176,634	\$ 2,032,000	\$ 882,000	\$ 499,000	\$ 2,254,356	\$ 46,072,572
Long-term assets	3,177,517	24,503,091	-	721,000	624,000	-	65,678	7,930,185
Total	<u>5,679,042</u>	<u>31,032,101</u>	<u>1,176,634</u>	<u>2,753,000</u>	<u>1,506,000</u>	<u>499,000</u>	<u>2,320,034</u>	<u>54,002,757</u>
Current liabilities	737,458	7,663,705	196,023	658,000	59,000	156,000	547,676	17,033,218
Long-term liabilities	-	8,284,418	-	-	-	-	-	2,552,865
Total	<u>737,458</u>	<u>15,948,123</u>	<u>196,023</u>	<u>658,000</u>	<u>59,000</u>	<u>156,000</u>	<u>547,676</u>	<u>19,586,083</u>
Net assets	4,941,584	15,083,978	980,611	2,095,000	1,447,000	343,000	1,772,358	34,416,674
Revenue	705,023	17,392,216	1,373,959	2,074,000	738,000	1,046,000	2,382,505	61,268,401
Net income (loss)	80,502	1,986,197	66,007	(181,000)	145,000	302,000	511,273	3,848,616

Note 8 - Property and Equipment

Property and equipment are summarized as follows:

	2022	2021	Depreciable Life - Years
Land	\$ 6,355,224	\$ 6,556,459	-
Land improvements	10,619,291	10,564,284	15-20
Buildings	197,791,820	198,191,820	10-40
Building improvements	49,141,540	48,536,864	10-40
Equipment	328,125,001	320,158,733	3-20
Construction in progress	3,314,497	3,527,634	-
Total cost	<u>595,347,373</u>	<u>587,535,794</u>	
Accumulated depreciation	<u>461,209,818</u>	<u>442,517,492</u>	
Net property and equipment	<u>\$ 134,137,555</u>	<u>\$ 145,018,302</u>	

Depreciation and amortization expense for 2022 and 2021 was \$21,940,134 and \$25,203,451, respectively.

Note 9 - Self-insurance

Professional Liability Claims

CMHC and its subsidiaries obtain professional and management liability insurance coverages on a claims-made basis and general liability coverage on an occurrence basis from CWM, CMHC's wholly owned subsidiary. The medical professional liability insurance coverage limits are \$5,000,000 per claim and \$18,000,000 in the aggregate, with coverage beginning on January 1, 1979.

Management liability insurance coverage limits are \$1,000,000 per claim with additional excess coverage of \$3,000,000. General liability coverage limits are \$5,000,000 per loss and \$18,000,000 in the aggregate. Additionally, CWM also provides an excess policy where coverage is limited to \$40,000,000 per claim and in the aggregate. Beginning on July 1, 2007, CWM obtained reinsurance for 100 percent of the excess coverage, and, prior to July 1, 2007, CWM reinsured 100 percent of the excess coverage.

Losses from asserted and unasserted claims identified under CWM's incident reporting system are accrued based on estimates that incorporate CWM's past experience and other considerations, including the nature of each claim or incident and relevant trend factors.

Note 9 - Self-insurance (Continued)

It is reasonably possible that CWM's estimate of losses will change by a material amount in the near term.

Effective July 1, 2012, CWM's medical professional liability policy was endorsed to include Directors and Officers and Employments Practices liability policy deductible buyback coverage. CWM's liability is limited to \$150,000 in excess of CMHC's first dollar retention of \$50,000 each on all losses. Beginning on July 1, 2015, CWM's per occurrence limit increased to \$150,000 for both Directors and Officers and Employments Practices liability and the per occurrence deductible was eliminated for CMHC.

Effective July 1, 2015, CWM's medical professional liability policy was endorsed to include Healthcare Organization Billings Errors and Omissions and Regulatory Liability policy (Regulatory) and Cyber Security and Breach policy (Cyber). CWM's per occurrence limit is \$250,000 and \$50,000, respectively, on a claims-made basis.

Effective January 1, 2017, CWM added a new line of coverage in the form of Medical Benefits Stop Loss. CWM's liability is in excess of CMHC's first dollar retention of \$250,000. Amounts incurred in excess of \$750,000 are 100 percent reinsured by an unrelated reinsure.

Effective July 1, 2018, CWM added a new line of coverage in the form of Employed Medical Provider Board of Licensure in Medical Proceeding Coverage, with defense costs limits per medical provider of \$25,000 each claim and \$100,000 in the aggregate and legal consultation costs limits per medical provider of \$2,000 per claim and \$10,000 in the aggregate.

Health Insurance

The Corporation is self-insured for employee health coverage and has accrued an estimate of the ultimate costs for both reported claims and claims incurred but not reported. The accrual is based on the consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors and is included in current accrued expenses on the consolidated balance sheet. It is reasonably possible that the Corporation's estimate will change by a material amount in the near term. Commercial stop-loss insurance coverage is purchased through CWM for claims in excess of the aggregate annual amount.

Workers' Compensation

The Corporation has a self-insurance program to provide for workers' compensation coverage and has accrued an estimate of the ultimate costs for both claims reported and claims incurred but not reported. A trust fund has been established for this purpose and is included in assets limited as to use. The accrual is based on the consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors and is included in current accrued expenses and estimated self-insurance costs on the consolidated balance sheet. It is reasonably possible that the Corporation's estimate will change by a material amount in the near term.

Liabilities for self-insurance costs for malpractice, health, and workers' compensation are classified as current or long term in the accompanying consolidated financial statements based on past experience and other considerations, including the nature of each claim or incident and relevant trend factors.

Note 10 - Line of Credit

The Corporation entered into a revolving demand line of credit with JPMorgan Chase Bank, N.A. dated December 23, 2019, which was subsequently amended and restated as of April 27, 2022, that provides borrowings up to \$20,000,000 through April 27, 2022 and \$10,000,000 thereafter. After April 27, 2022, CMH also has the option to increase the borrowings by up to \$10,000,000, dependent on the acceptance of the bank.

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 10 - Line of Credit (Continued)

The line of credit has an amended termination date of April 26, 2023. Payments are based on an adjusted one-month term secured overnight financing rate (SOFR) plus an assigned credit spread at the time of the borrowing. This line of credit is secured by substantially all of the Corporation's unrestricted revenue. As of June 30, 2022 and 2021, the balance outstanding on the line of credit was \$0.

Under the line of credit agreement with the bank, the Corporation is subject to various financial covenants, which include days cash on hand and debt service ratios.

Note 11 - Long-term Debt

Long-term debt at June 30 is as follows:

	2022	2021
Revenue bonds (A)	\$ 25,095,000	\$ 26,830,000
Revenue bonds (B)	6,290,000	6,860,000
Revenue bonds (C)	1,350,000	1,455,000
Revenue bonds (D)	4,185,000	4,515,000
Revenue bonds (E)	42,870,000	44,340,000
Mortgage notes payable (F)	-	514,021
Mortgage note payable (G)	468,196	494,542
Note payable (H)	-	3,305
Note payable (I)	6,824,261	7,359,081
Note payable (J)	3,089,190	3,488,222
Loan payable (K)	111,352	-
Total	90,282,999	95,859,171
Plus net premium on bonds	9,350,554	10,056,552
Less unamortized debt issuance costs	(602,342)	(657,421)
Less current maturities	(5,424,668)	(5,324,848)
Long-term debt	<u>\$ 93,606,543</u>	<u>\$ 99,933,454</u>

(A) Maine Health and Higher Educational Facilities Authority Fixed Rate Revenue Bonds, Central Maine Medical Center Issue, Series 2013A, interest rates ranging from 2.25 to 5.00 percent. The bonds are collateralized by CMHC's and CMMC's pledge of gross revenue and property. The bonds are payable in annual installments through July 1, 2032. The proceeds from this bond issuance were used to advance refund the Maine Health and Higher Educational Facilities Authority Fixed Rate Revenue Bonds, Central Maine Medical Center Issue, Series 2003A. Unamortized debt issuance costs were \$176,045 and \$192,049 at June 30, 2022 and 2021, respectively.

(B) Maine Health and Higher Educational Facilities Authority Fixed Rate Revenue Bonds, Central Maine Medical Center Issue, Series 2017A, dated June 27, 2017, in the original amount of \$10,890,000, with interest rates ranging from 2.00 to 5.00 percent. The bonds are collateralized by CMHC's and CMMC's pledge of gross revenue and property. The bonds are payable in annual installments through July 1, 2030. The proceeds from this bond issuance were used to advance refund the Maine Health and Higher Educational Facilities Authority Fixed Rate Revenue Bonds, Central Maine Medical Center Issue, Series 2005B. Unamortized debt issuance costs were \$113,761 and \$78,758 at June 30, 2022 and 2021, respectively.

(C) Maine Health and Higher Educational Facilities Authority Fixed Rate Revenue Bonds, Rumford Community Home Issue, Series 2017A, dated June 27, 2017, in the original amount of \$1,750,000, with interest rates ranging from 2.00 to 5.00 percent. The bonds are collateralized by Rumford's pledge of gross revenue and property. The bonds are payable in annual installments through July 1, 2031. The proceeds from this bond issuance were used to advance refund the Maine Health and Higher Educational Facilities Authority Fixed Rate Revenue Bonds, Rumford Community Home Issue, Series 2001A. Unamortized debt issuance costs were \$27,731 and \$12,493 at June 30, 2022 and 2021, respectively.

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 11 - Long-term Debt (Continued)

(D) Maine Health and Higher Educational Facilities Authority Fixed Rate Revenue Bonds, Bridgton Hospital Issue, Series 2017A, dated June 27, 2017, in the original amount of \$5,420,000, with interest rates ranging from 2.00 to 5.00 percent. The bonds are collateralized by Bridgton's pledge of gross revenue and property. The bonds are payable in annual installments through July 1, 2031. The proceeds from this bond issuance were used to advance refund the Maine Health and Higher Educational Facilities Authority Fixed Rate Revenue Bonds, Bridgton Hospital Issue, Series 2001A. Unamortized debt issuance costs were \$59,183 and \$40,973 at June 30, 2022 and 2021, respectively.

(E) Maine Health and Higher Educational Facilities Authority Fixed Rate Revenue Bonds, Central Maine Medical Center Issue, Series 2019A, dated July 1, 2019, in the original amount of \$45,970,000, with interest rates ranging from 3.00 to 5.00 percent. The bonds are collateralized by CMMC's pledge of gross revenue and property. The bonds are payable in annual installments through July 1, 2039. The proceeds from this bond issuance were used to advance refund the Maine Health and Higher Educational Facilities Authority Fixed Rate Revenue Bonds, Central Maine Medical Center Issue, Series 2009A. Unamortized debt issuance costs were \$225,622 and \$333,148 at June 30, 2022 and 2021, respectively.

(F) U.S. Department of Agriculture, Rural Development mortgage notes payable was fully paid off during fiscal year end 2022. This mortgage had interest rates from 4.88 percent and 5.00 percent and was secured by Bridgton's assets and a pledge of future gross revenue.

(G) U.S. Department of Agriculture, Rural Development mortgage note payable due in monthly installments of principal and interest through May 2036, with interest rate of 4.50 percent. This mortgage note payable is secured by Rumford's assets and a pledge of future gross revenue.

(H) Note payable to Skowhegan Savings Bank, with monthly principal and interest payments for 60 months. The interest rate is fixed at 5.00 percent and was fully paid off on October 26, 2021. This note payable was secured by Rumford's assets.

(I) Note payable to Mechanics Savings Bank, with interest payments at the 30-day LIBOR plus 3.00 percent, due on January 18, 2033, secured by real estate. The interest rate at June 30, 2022 and 2021 was 4.52 and 3.08 percent, respectively.

(J) Note payable to Mechanics Savings Bank, with monthly principal and interest payments at the 30-day LIBOR plus 3.00 percent, due on April 30, 2029, secured by real estate. The interest rate at June 30, 2022 and 2021 was 4.65 percent and 3.08 percent, respectively.

(K) Loan payable to Johnson & Johnson Finance Corporation, with biannual payments of \$15,178 for principal and interest. The interest rate at June 30, 2022 was 3.5 percent.

Subsequent to June 30, 2022, CMMC entered into a hospital system loan fund program with the Finance Authority of Maine for \$12,000,000. The Corporation utilized the funds from the borrowing to pay off the outstanding balance related to the Medicare accelerated payments.

The bonds and notes payable contain various financial ratios and covenants with which the Corporation is required to comply. These financial ratios include minimum debt service coverage ratios, minimum days cash on hand, and debt capitalization requirements.

The balance of the above debt matures as follows:

<u>Years Ending</u>	<u>Amount</u>
2023	\$ 5,424,668
2024	5,623,241
2025	5,888,391
2026	6,169,036
2027	6,415,081
Thereafter	60,762,582
Net premium and unamortized debt issue costs	8,748,212
Total	<u>\$ 99,031,211</u>

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 11 - Long-term Debt (Continued)

Interest expense related to the bonds and notes payable for 2022 and 2021 was \$3,561,674 and \$3,771,724, respectively.

Note 12 - Net Assets

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	2022	2021
Subject to expenditure for specified purposes:		
Cardiac care	\$ 600	\$ 100
Health care services	1,427,761	503,921
Purchase of capital	827,388	190,827
Charity care	388,267	514,625
Health education	137,783	130,280
Total subject to expenditure for specified purposes	2,781,799	1,339,753
Endowments - Subject to spending policy and appropriation - Investments to be held in perpetuity, income expendable for various capital, nursing scholarships, health education, and indigent care	20,984,847	23,538,004
Not subject to appropriation or expenditure:		
Investments to be held in perpetuity, income expendable for various health care expenses	951,579	1,097,505
Investments to be held in perpetuity, income required to be added to the original gift	1,256,771	1,457,754
Total not subject to appropriation or expenditure	2,208,350	2,555,259
Total net assets with donor restrictions	<u>\$ 25,974,996</u>	<u>\$ 27,433,016</u>

Net assets without donor restrictions consist of the following as of June 30:

	2022	2021
Designated by board for:		
Capital reserve	\$ 35,145,035	\$ 39,775,822
Maine College of Health Professions	6,530,265	7,786,311
Undesignated net assets	138,245,524	141,590,676
Total net assets without donor restrictions	<u>\$ 179,920,824</u>	<u>\$ 189,152,809</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. During 2022 and 2021, net assets were released from donor restrictions by incurring expenses, satisfying the restricted operating purposes in the amounts of \$573,531 and \$2,110,213, respectively. During 2022 and 2021, net assets of \$463,214 and \$0, respectively, were released to purchase property and equipment.

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 13 - Endowment

Interpretation of Relevant Law

The Corporation is subject to the State of Maine Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Corporation had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Corporation 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 Corporation has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with SPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Corporation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Corporation
- The investment policies of the Corporation

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2022	
	Without Donor Restrictions	With Donor Restrictions
Endowment net assets - Beginning of year	\$ -	\$ 23,538,004
Investment loss	-	(2,451,190)
Contributions	-	2,481
Appropriation of endowment assets for expenditure	-	(104,448)
Endowment net assets - End of year	\$ -	\$ 20,984,847

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021	
	Without Donor Restrictions	With Donor Restrictions
Endowment net assets - Beginning of year	\$ -	\$ 19,413,693
Investment return	-	4,051,661
Contributions	-	274,436
Appropriation of endowment assets for expenditure	-	(201,786)
Endowment net assets - End of year	\$ -	\$ 23,538,004

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 13 - Endowment (Continued)

Investment and Spending Policies

The Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Corporation must hold in perpetuity or for donor-specified periods. Under the Corporation's policies and risk parameters, endowment assets are invested in a manner that is intended to produce results that are at least equal to the performance of the custom balanced index and rank in the top 33 percent of a nationally recognized evaluation service's universe for the comparable funds over a rolling five-year time period. The Corporation's custom index is composed of the Standard & Poor's 500 Index, Russell 2000 Index, MSCI EAFE International Index, and Salomon Brothers' 90-day Treasury bill index and/or other appropriate indices. The Corporation expects its endowment funds to provide an average rate of return of approximately 8.00 percent annually over time. Actual returns in any given year may vary from this amount.

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

The Corporation has a policy (the spending policy) of appropriating for expenditure each year 3.00 percent of its endowment fund's average fair value as measured on July 1 of the new fiscal year. In establishing this policy, the Corporation considered the long-term expected return on its endowment. Accordingly, over the long term, the Corporation expects the current spending policy to allow its endowment to grow at an average of 8.00 percent annually. This is consistent with the Corporation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 14 - Liquidity and Availability of Resources

The following reflects the Corporation's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated balance sheet date:

	2022	2021
Cash and cash equivalents	\$ 21,612,841	\$ 27,933,956
Short-term investments	67,784,475	101,764,418
Patient accounts receivable	52,550,167	63,088,058
Deferred compensation	40,131,134	43,150,436
Estimated third-party payor settlements	14,929,476	17,870,499
Other accounts receivable	7,004,641	8,592,559
Assets limited as to use	89,869,919	108,477,919
Financial assets - At year end	293,882,653	370,877,845
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restrictions	26,629,464	41,189,635
Restricted by trustees	21,565,155	27,512,462
Estimated amounts due from third-party payors	6,615,039	12,003,637
Board designated for capital improvements and College	41,675,300	47,562,133
Deferred compensation plan assets	40,131,134	43,150,436
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 157,566,561</u>	<u>\$ 199,459,542</u>

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 14 - Liquidity and Availability of Resources (Continued)

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Corporation invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Corporation has a committed line of credit described in Note 11, which it could draw upon.

The board designated for capital improvements and the College could be redesignated by the board if the need arose and, thus, have been included with the financial assets available to meet cash needs for general expenditures within one year.

The Corporation also realizes there could be unanticipated liquidity needs.

Note 15 - Functional Expenses

The Corporation provides health care services primarily to residents within its geographic area. Costs have been allocated among the health care services and general and administrative functional expense classifications based on direct assignment of departmental functions.

The Corporation provides various services to its members. Expenses related to providing these services are as follows for the years ended June 30:

	2022	2021
Health care services:		
Salaries, wages, and employee benefits	\$ 276,715,815	\$ 249,154,831
Supplies and other	195,561,845	166,058,705
Depreciation and amortization	19,223,766	23,156,894
Interest	643,895	356,696
Total health care services	492,145,321	438,727,126
General and administrative:		
Salaries, wages, and employee benefits	46,734,636	46,195,706
Supplies and other	64,453,159	71,611,522
Depreciation and amortization	2,716,368	2,046,557
Interest	3,271,588	3,563,084
Total general and administrative	117,175,751	123,416,869
Total	\$ 609,321,072	\$ 562,143,995

Note 16 - Pension

CMHC and certain affiliates have a noncontributory defined benefit pension plan covering all employees who meet the eligibility requirements. Effective December 31, 2001, Rumford merged into the CMHC plan. The funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as CMHC may determine to be appropriate from time to time.

No employee hired after December 31, 2009 is eligible to participate in the defined benefit pension plan. Effective March 31, 2011, pension benefits for all employees in the defined benefit pension plan have been frozen. Effective July 1, 2011, all employees previously covered under the defined benefit plan can elect to participate in the Corporation's defined contribution plan.

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 16 - Pension (Continued)

CMHC uses a June 30 measurement date for the plans. Information about the plan's funded status and pension cost is as follows:

	Pension Benefits	
	2022	2021
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 153,717,153	\$ 155,275,092
Interest cost	3,504,576	3,459,229
Actuarial (gain) loss	(28,313,877)	1,177,163
Benefits paid	(6,516,663)	(6,194,331)
Benefit obligation at end of year	122,391,189	153,717,153
Change in plan assets:		
Fair value of plan assets at beginning of year	122,263,961	108,877,219
Actual return on plan assets	(15,704,738)	11,654,941
Employer contributions	200,000	7,926,132
Benefits paid	(6,516,663)	(6,194,331)
Fair value of plan assets at end of year	100,242,560	122,263,961
Funded status at end of year	\$ (22,148,629)	\$ (31,453,192)

Amounts recognized in net assets without donor restrictions not yet recognized as components of net periodic benefit cost consist of the following:

	2022	2021
AOCI at prior fiscal year end	\$ 42,422,587	\$ 48,301,474
Amortized net loss	(1,104,504)	(1,309,987)
Net loss occurred during the year	(6,471,548)	(4,568,900)
Net gain	\$ 34,846,535	\$ 42,422,587

The pension plans had an accumulated benefit obligation in excess of plan assets of \$122,391,189 and \$153,717,153 as of June 30, 2022 and 2021, respectively.

Components of net periodic benefit cost and other amounts recognized in other comprehensive income are as follows:

	2022	2021
Net Periodic Benefit Cost		
Interest cost	\$ 3,504,576	\$ 3,459,229
Expected return on plan assets	(6,137,591)	(5,908,877)
Amortization of net loss	1,104,504	1,309,987
Net periodic benefit gain	(1,528,511)	(1,139,661)
Pension Related Changes Other Than Net Periodic Benefit Cost		
Amortization of net loss	(1,104,504)	(1,309,987)
Net gain occurred during the year	(6,471,548)	(4,568,900)
Total pension changes other than net periodic benefit cost	(7,576,052)	(5,878,887)
Total gain recognized	\$ (9,104,563)	\$ (7,018,548)

There is no estimated net loss for the defined benefit pension plan that will be amortized into net periodic benefit cost over the next fiscal year.

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 16 - Pension (Continued)

Weighted-average assumptions used to determine benefit obligations at June 30 are as follows:

	2022	2021
Discount rate	4.93%	2.95%

Weighted-average assumptions used to determine net periodic benefit cost for the years ended June 30 are as follows:

	2022	2021
Discount rate	2.95%	2.93%
Expected long-term return on plan assets	6.25%	6.50%

CMHC has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations, and recent changes in long-term interest rates based on publicly available information.

Pension Plan Assets

CMHC's overall investment strategy is to diversify investments among asset classes and management strategies in an attempt to minimize volatility while ensuring that a sufficient pool of assets is maintained at all times to meet the plan's current and future benefit obligations. The target asset allocation percentages for the years ended June 30 are as follows:

	2022	2021
Fixed-income securities	15.00 %	15.00 %
Equity securities	60.00	60.00
Market neutral fund of funds	10.00	10.00
Alternative investments	15.00	15.00
Total	<u>100.00 %</u>	<u>100.00 %</u>

The fair values of the Corporation's pension plan assets at June 30, 2022 by major asset classes are as follows:

Asset Classes	Fair Value Measurements at June 30, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 810,563	\$ -	\$ -	\$ 810,563
Collective trust - Equity securities	-	99,431,997	-	99,431,997
Total	<u>\$ 810,563</u>	<u>\$ 99,431,997</u>	<u>\$ -</u>	<u>\$ 100,242,560</u>

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 16 - Pension (Continued)

Asset Classes	Fair Value Measurements at June 30, 2021			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 1,820,678	\$ -	\$ -	\$ 1,820,678
Collective trust - Equity securities	-	120,443,283	-	120,443,283
Total	\$ 1,820,678	\$ 120,443,283	\$ -	\$ 122,263,961

Plan assets are held by a bank-administered trust fund, which invests the plan assets in accordance with the provisions of the plan agreement. The plan agreement permits investment in common stocks, corporate bonds, debentures, U.S. government securities, certain insurance contracts, real estate, and other specified investments and derivatives based on certain target allocation percentages.

The tables above present information about the pension plan assets measured at fair value at June 30, 2022 and 2021 and the valuation techniques used by the Corporation to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Plan has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Corporation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each plan asset.

Cash Flow

Contributions

The Corporation expects to contribute \$483,000 to its pension plan in 2023.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years Ending	Pension Benefits
2023	\$ 7,136,814
2024	7,613,207
2025	7,852,490
2026	8,074,921
2027	8,246,914
2028-2032	42,489,473

Note 16 - Pension (Continued)

Defined Contribution Plan

Effective July 1, 2012, all employees previously covered under the defined benefit pension plan are now eligible to start accruing benefits under the 403(b) defined contribution plan. Prior to July 1, 2012, only Bridgton employees were participants in the defined contribution plan. This plan covers substantially all employees, and the Corporation matches employee contributions into the plan up to 2.50 percent of an employee's annual salary. Effective March 29, 2020, the employer match was suspended. On January 1, 2022, the employer match was reinstated. Amounts contributed by the Corporation vest at 20 percent for each year of service until 100 percent vested after five years of service. Pension expense for this plan was \$1,491,955 and \$0 for 2022 and 2021, respectively.

Deferred Compensation Plan

The Corporation funds deferred compensation plans under IRS Sections 457(f) and 457(b) for the benefit of certain senior executives. The trust account assets are classified as other assets and a corresponding deferred compensation obligation has been recorded by the Corporation in the amounts of \$17,549,395 and \$20,941,305 at June 30, 2022 and 2021, respectively, and are classified as other long-term liabilities.

The Corporation also funds a secured executive benefit plan for certain employees. Under this plan, the Corporation purchases a life insurance policy for key members of management. Upon termination of the plan, the Corporation will receive the premium payments plus interest, paid by the Corporation over the life of the policy, and the employees will receive the amounts in excess of the premium payments to the Corporation. At June 30, 2022 and 2021, the Corporation had recorded receivables of \$22,581,739 and \$22,209,131, respectively, included in deferred compensation assets.

Note 17 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Corporation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Corporation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 17 - Fair Value Measurements (Continued)

The following tables present information about the Corporation's financial instruments at June 30, 2022 and 2021 and the valuation techniques used by the Corporation to determine those fair values:

	2022			Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash equivalents	\$ 29,760,882	\$ -	\$ -	\$ 29,760,882
Mutual funds - Equities	70,434,376	-	-	70,434,376
Mutual funds - Fixed income	24,956,367	-	-	24,956,367
Corporate bonds	-	8,926,120	-	8,926,120
U.S. Treasury and agency securities	-	19,069,194	-	19,069,194
Fixed-income mortgage backed	-	201,178	-	201,178
Equity securities	4,803,872	-	-	4,803,872
Real estate fund	-	5,554,399	-	5,554,399
Charitable remainder trusts	-	1,518,212	-	1,518,212
Total assets	\$ 129,955,497	\$ 35,269,103	\$ -	\$ 165,224,600

	2021			Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash equivalents	\$ 53,802,394	\$ -	\$ -	\$ 53,802,394
Mutual funds - Equities	93,273,014	-	-	93,273,014
Mutual funds - Fixed income	20,610,709	-	-	20,610,709
Corporate bonds	-	12,653,714	-	12,653,714
U.S. Treasury and agency securities	-	25,064,414	-	25,064,414
Fixed-income mortgage backed	-	252,735	-	252,735
Equity securities	5,044,099	-	-	5,044,099
Real estate fund	-	3,188,238	-	3,188,238
Charitable remainder trusts	-	1,753,053	-	1,753,053
Total assets	\$ 172,730,216	\$ 42,912,154	\$ -	\$ 215,642,370

As of June 30, 2022 and 2021, the Corporation had \$9,979,189 and \$15,541,273, respectively, of cash included in trading securities that were not measured at fair value.

Note 18 - Asset Retirement Obligations

Accounting principles generally accepted in the United States of America require that an asset retirement obligation (ARO) associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable (as defined by the standard) even when the timing and/or method of settlement may be conditional on a future event. The Corporation's conditional asset retirement obligations relate to environmental hazards contained in buildings that the Corporation owns. Environmental regulations exist that require the Corporation to handle and dispose of environmental hazards in a special manner if a building undergoes major renovations or is demolished.

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 18 - Asset Retirement Obligations (Continued)

A summary of changes in asset retirement obligations for the years ended June 30, 2022 and 2021 is included in the table below:

	2022	2021
Balance - Beginning of year	\$ 3,945,284	\$ 3,720,922
Accretion expense	335,224	316,249
Abatement	(50,099)	(91,887)
Balance - End of year	<u>\$ 4,230,409</u>	<u>\$ 3,945,284</u>

Note 19 - Commitment

The Corporation has entered into an agreement with a national revenue cycle software company to provide software support and other services for the Corporation through 2026. The future amounts to be paid are as follows:

Years Ending	Future Payments
2023	\$ 5,321,000
2024	5,128,748
2025	5,062,868
2026	4,866,879
2027	4,425,684
Thereafter	<u>11,064,210</u>
Total	<u>\$ 35,869,389</u>

Note 20 - Leases

The Corporation is obligated under operating leases primarily for equipment and buildings, expiring at various dates through 2038. The right-of-use asset and related lease liability have been calculated using discount rates ranging from 2.94 to 3.55 percent. The weighted-average remaining life of operating leases was 10.22 years and 10.83 years as of June 30, 2022 and 2021, respectively. The weighted-average discount rate of operating leases was 3.40 percent and 3.19 percent as of June 30, 2022 and 2021, respectively. The leases require the Corporation to pay taxes, insurance, utilities, and maintenance costs.

The Corporation leases buildings and equipment under long-term lease arrangements that are classified as finance leases. Under the terms of the lease agreements, payments ranging from \$1,000 to \$155,276 are due monthly through 2042. The right-of-use asset and related lease liability have been calculated using discount rates ranging from 2.90 to 6.08 percent. The weighted-average remaining life of finance leases was 14.72 years and 8.66 years as of June 30, 2022 and 2021, respectively. The weighted-average discount rate of finance leases was 4.36 percent and 3.17 percent as of June 30, 2022 and 2021, respectively.

The Corporation has made a policy election not to separate lease and nonlease components for operating and finance leases. Therefore, the full amount of the lease payment is included in the recorded right-of-use asset and lease liability for leases expiring through 2039.

Central Maine Healthcare Corporation and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 20 - Leases (Continued)

Expenses recognized under these leases for the years ended June 30, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Finance lease cost:		
Amortization of right-of-use assets	\$ 1,610,230	\$ 1,005,860
Interest on lease liabilities	683,605	474,893
Operating lease cost	<u>2,259,594</u>	<u>914,966</u>
Total lease cost	<u>\$ 4,553,429</u>	<u>\$ 2,395,719</u>

Future minimum rent on noncancelable leases as of June 30, 2022 for each of the next five years and in the aggregate is as follows:

Years Ending June 30	Operating Leases	Finance Leases	Total Payments
2023	\$ 2,997,368	\$ 4,839,836	\$ 7,837,204
2024	2,394,516	4,848,863	7,243,379
2025	1,983,627	4,644,176	6,627,803
2026	1,786,708	4,110,054	5,896,762
2027	1,708,894	3,182,896	4,891,790
Thereafter	<u>10,285,411</u>	<u>34,584,417</u>	<u>44,869,828</u>
Total	21,156,524	56,210,242	77,366,766
Less amount representing interest	<u>3,463,041</u>	<u>16,352,574</u>	<u>19,815,615</u>
Present value of net minimum lease payments	17,693,483	39,857,668	57,551,151
Less current obligations	<u>2,399,640</u>	<u>3,157,825</u>	<u>5,557,465</u>
Long-term obligations under capital leases	<u>\$ 15,293,843</u>	<u>\$ 36,699,843</u>	<u>\$ 51,993,686</u>

Additional Information

Central Maine Healthcare Corporation and Subsidiaries

Consolidating Balance Sheet

June 30, 2022

	Central Main Healthcare Corporation (Parent)	Central Maine Medical Center	Central Maine Health Ventures, Inc.	CWM Insurance Ltd.	Other Central Maine Affiliates	Rumford Hospital	Bridgton Hospital	Rumford Community Home Corporation	Eliminating Entries	Total
Assets										
Current Assets										
Cash and cash equivalents	\$ 14,809,858	\$ 1,135,362	\$ (154,681)	\$ 4,188,250	\$ 412,430	\$ 24,603	\$ 22,114	\$ 1,174,905	\$ -	\$ 21,612,841
Short-term investments	28,735,416	2,925,474	-	36,123,585	-	-	-	-	-	67,784,475
Patient accounts receivable	-	39,623,596	1,265,884	-	-	5,249,446	5,666,000	745,241	-	52,550,167
Supplies	-	9,541,688	21,611	-	-	691,980	634,328	10,361	-	10,899,968
Notes and advances from affiliates	-	1,656,018	4,510	-	-	-	-	-	(1,660,528)	-
Estimated third-party payor settlements	-	7,963,181	-	-	-	206,978	144,278	-	-	8,314,437
Assets limited as to use	-	5,619,028	-	-	-	-	432,066	139,744	-	6,190,838
Prepaid expenses and other	1,731,969	12,090,241	719,284	8,394,349	223,606	372,261	263,606	144,208	(2,630,468)	21,309,056
Total current assets	45,277,243	80,554,588	1,856,608	48,706,184	636,036	6,545,268	7,162,392	2,214,459	(4,290,996)	188,661,782
Assets Limited as to Use										
Held by trustee under bond indenture agreements	-	13,916,641	-	-	-	80,772	965,247	313,382	-	15,276,042
Internally designated	29,977,496	-	-	-	3,385	3,687,077	6,853,412	1,153,930	-	41,675,300
Externally restricted by donors	16,043,264	5,841,050	-	-	1,015	789,024	3,946,908	8,203	-	26,629,464
Held by trustee for self-insurance trust	2,150,919	4,138,194	-	-	-	-	-	-	-	6,289,113
Less amount required to meet current obligations	-	(5,619,028)	-	-	-	-	(432,066)	(139,744)	-	(6,190,838)
Property and Equipment - Net	13,067,466	96,886,886	2,411,040	-	1,564,650	8,448,393	11,099,569	659,551	-	134,137,555
Right-of-use Operating Lease Assets	4,826,096	12,117,016	519,082	-	-	-	31,067	-	-	17,493,261
Finance Lease Assets	5,909,360	27,175,537	2,580,574	-	-	-	49,113	-	-	35,714,584
Other Assets										
Estimated amounts due from third-party payors	-	6,104,914	-	-	-	-	510,125	-	-	6,615,039
Deferred compensation plan assets	35,157,902	3,352,139	1,621,093	-	-	-	-	-	-	40,131,134
Investment in equity investees	12,421,398	21,457,486	6,602,799	-	-	-	-	-	(16,267,465)	24,214,218
Other	15,067,711	2,070,787	5,465,624	-	-	105,286	129,639	-	(19,842,364)	2,996,683
Total other assets	62,647,011	32,985,326	13,689,516	-	-	105,286	639,764	-	(36,109,829)	73,957,074
Total assets	\$ 179,898,855	\$ 267,996,210	\$ 21,056,820	\$ 48,706,184	\$ 2,205,086	\$ 19,655,820	\$ 30,315,406	\$ 4,209,781	\$ (40,400,825)	\$ 533,643,337

Central Maine Healthcare Corporation and Subsidiaries

Consolidating Balance Sheet (Continued)

June 30, 2022

	Central Main Healthcare Corporation (Parent)	Central Maine Medical Center	Central Maine Health Ventures, Inc.	CWM Insurance Ltd.	Other Central Maine Affiliates	Rumford Hospital	Bridgton Hospital	Rumford Community Home Corporation	Eliminating Entries	Total
Liabilities and Net Assets										
Current Liabilities										
Accounts payable	\$ 6,075,401	\$ 26,004,159	\$ 647,901	\$ 1,229,505	\$ 148,356	\$ 3,043,842	\$ 1,902,409	\$ 224,184	\$ (2,630,469)	\$ 36,645,288
Contract liabilities	-	13,723,075	847	-	-	1,227,835	1,436,918	-	-	16,388,675
Current portion of long-term debt	-	4,947,113	-	-	-	27,555	340,000	110,000	-	5,424,668
Current portion of lease liabilities - Operating	259,876	1,939,363	169,333	-	-	-	31,068	-	-	2,399,640
Current portion of lease liabilities - Finance	255,785	2,797,780	-	-	-	-	104,260	-	-	3,157,825
Notes and advances to affiliates	1,660,528	-	-	-	-	-	-	-	(1,660,528)	-
Estimated amounts due to third- party payors	-	5,956,553	56,262	-	-	2,812,299	2,660,762	73,763	-	11,559,639
Deferred grant revenue	-	-	-	-	-	258,376	258,376	19,140	-	535,892
Accrued liabilities and other	5,428,276	11,714,622	1,235,091	-	276,433	1,147,547	2,314,273	401,716	-	22,517,958
Total current liabilities	13,679,866	67,082,665	2,109,434	1,229,505	424,789	8,517,454	9,048,066	828,803	(4,290,997)	98,629,585
Long-term Debt - Net of current portion	8,259	87,525,426	-	-	-	440,725	4,257,984	1,374,149	-	93,606,543
Lease Liabilities - Operating	4,617,108	10,323,486	353,249	-	-	-	-	-	-	15,293,843
Lease Liabilities - Finance	5,953,714	27,204,887	3,070,819	-	-	212,362	258,061	-	-	36,699,843
Pension Liabilities	41,247,835	(18,316,598)	-	-	-	(782,608)	-	-	-	22,148,629
Estimated Self-insurance Costs	-	-	-	32,588,578	-	-	-	-	-	32,588,578
Other Liabilities										
Estimated amounts due to third- party payors	-	391,915	-	-	-	300,203	364,000	-	-	1,056,118
Asset retirement obligations	-	2,881,948	-	-	-	543,156	805,305	-	-	4,230,409
Other long-term liabilities	18,649,457	3,422,937	101,222	1,268,680	-	25,188	26,485	-	-	23,493,969
Total liabilities	84,156,239	180,516,666	5,634,724	35,086,763	424,789	9,256,480	14,759,901	2,202,952	(4,290,997)	327,747,517
Net Assets										
Without donor restrictions	78,913,999	66,035,035	15,421,191	13,619,421	1,772,758	10,096,760	12,402,892	2,007,082	(20,348,314)	179,920,824
With donor restrictions	16,828,617	21,444,509	905	-	7,539	302,580	3,152,613	(253)	(15,761,514)	25,974,996
Total net assets	95,742,616	87,479,544	15,422,096	13,619,421	1,780,297	10,399,340	15,555,505	2,006,829	(36,109,828)	205,895,820
Total liabilities and net assets	<u>\$ 179,898,855</u>	<u>\$ 267,996,210</u>	<u>\$ 21,056,820</u>	<u>\$ 48,706,184</u>	<u>\$ 2,205,086</u>	<u>\$ 19,655,820</u>	<u>\$ 30,315,406</u>	<u>\$ 4,209,781</u>	<u>\$ (40,400,825)</u>	<u>\$ 533,643,337</u>

Central Maine Healthcare Corporation and Subsidiaries

Consolidating Statement of Operations

Year Ended June 30, 2022

	Central Main Healthcare Corporation (Parent)	Central Maine Medical Center	Central Maine Health Ventures, Inc.	CWM Insurance Ltd.	Other Central Maine Affiliates	Rumford Hospital	Bridgton Hospital	Rumford Community Home Corporation	Eliminating Entries	Total
Unrestricted Revenue, Gains, and Other Support										
Patient service revenue	\$ -	\$ 370,470,723	\$ 14,653,652	\$ -	\$ -	\$ 48,394,682	\$ 56,609,173	\$ 5,036,002	\$ -	\$ 495,164,232
Other	1,428	84,464,099	868,709	13,085,480	6,382,712	4,436,055	3,626,507	714,927	(13,085,480)	100,494,437
Net assets released from restrictions used for operations	3,565	100,625	-	-	527	-	5,600	-	-	110,317
Total unrestricted revenue, gains, and other support	4,993	455,035,447	15,522,361	13,085,480	6,383,239	52,830,737	60,241,280	5,750,929	(13,085,480)	595,768,986
Operating Expenses										
Salaries, wages, and employee benefits	56,735	252,843,211	11,010,445	-	2,800,397	26,929,923	27,620,354	4,820,748	(2,631,362)	323,450,451
Supplies and other	485,632	206,340,425	9,865,181	10,212,402	2,239,300	19,113,807	20,972,662	1,239,713	(10,454,118)	260,015,004
Depreciation and amortization	192,704	17,608,663	602,825	-	33,626	1,524,528	1,897,612	80,176	-	21,940,134
Interest	-	3,566,264	106,045	-	2,723	34,173	165,085	41,193	-	3,915,483
Total operating expenses	735,071	480,358,563	21,584,496	10,212,402	5,076,046	47,602,431	50,655,713	6,181,830	(13,085,480)	609,321,072
Operating (Loss) Income	(730,078)	(25,323,116)	(6,062,135)	2,873,078	1,307,193	5,228,306	9,585,567	(430,901)	-	(13,552,086)
Other Income (Loss)										
Investment return - Net	1,730,830	177,569	49,478	377,911	61	101,827	195,686	(40,025)	-	2,593,337
Realized (losses) gains on sale of investments	(532,021)	155,995	-	7,215,729	-	(49,757)	(93,723)	-	-	6,696,223
Change in unrealized investment (loss) gain	(6,769,086)	(658,907)	-	(9,894,176)	-	(627,668)	(1,183,769)	(3)	-	(19,133,609)
Gain (loss) on investment in equity investees	4,869,408	251,576	(11,973)	-	-	-	-	-	-	5,109,011
Other	853,523	(62,699)	(8)	-	(5,045)	15,316	31,406	(204,256)	-	628,237
Total nonoperating income (loss)	152,654	(136,466)	37,497	(2,300,536)	(4,984)	(560,282)	(1,050,400)	(244,284)	-	(4,106,801)
Excess of Revenue (Under) Over Expenses	(577,424)	(25,459,582)	(6,024,638)	572,542	1,302,209	4,668,024	8,535,167	(675,185)	-	(17,658,887)
Transfer from (to) Affiliate	36,229,129	21,355,919	(3,012,692)	(18,644,568)	(10,985,393)	(8,558,518)	(16,551,083)	90,638	76,568	-
Net Assets Released for Acquisition of Property and Equipment	463,214	-	-	-	-	-	-	-	-	463,214
Grant Funds Used for Acquisition of Property and Equipment	-	387,636	-	-	-	-	-	-	-	387,636
Change in Defined Benefit Pension Plan Gains and Losses	956,855	5,561,580	-	-	-	1,057,617	-	-	-	7,576,052
Increase (Decrease) in Net Assets without Donor Restrictions	<u>\$ 37,071,774</u>	<u>\$ 1,845,553</u>	<u>\$ (9,037,330)</u>	<u>\$ (18,072,026)</u>	<u>\$ (9,683,184)</u>	<u>\$ (2,832,877)</u>	<u>\$ (8,015,916)</u>	<u>\$ (584,547)</u>	<u>\$ 76,568</u>	<u>\$ (9,231,985)</u>

Central Maine Healthcare Corporation and Subsidiaries

Consolidating Statement of Changes in Net Assets

Year Ended June 30, 2022

	Central Main Healthcare Corporation (Parent)	Central Maine Medical Center	Central Maine Health Ventures, Inc.	CWM Insurance Ltd.	Other Central Maine Affiliates	Rumford Hospital	Bridgton Hospital	Rumford Community Home Corporation	Eliminating Entries	Total
Net Assets without Donor Restrictions										
Excess of revenue (under) over expenses	\$ (577,424)	\$ (25,459,582)	\$ (6,024,638)	\$ 572,542	\$ 1,302,209	\$ 4,668,024	\$ 8,535,167	\$ (675,185)	\$ -	\$ (17,658,887)
Net assets released for acquisition of property and equipment	463,214	-	-	-	-	-	-	-	-	463,214
Grant funds used for acquisition of property and equipment	-	387,636	-	-	-	-	-	-	-	387,636
Transfer from (to) affiliate	36,229,129	21,355,919	(3,012,692)	(18,644,568)	(10,985,393)	(8,558,518)	(16,551,083)	90,638	76,568	-
Change in defined benefit pension plan gains and losses	956,855	5,561,580	-	-	-	1,057,617	-	-	-	7,576,052
Increase (decrease) in net assets without donor restrictions	37,071,774	1,845,553	(9,037,330)	(18,072,026)	(9,683,184)	(2,832,877)	(8,015,916)	(584,547)	76,568	(9,231,985)
Net Assets with Donor Restrictions										
Contributions received	1,511,901	235,875	905	-	3,932	6,637	395,678	2,046	(232,589)	1,924,385
Investment return - Net	232,431	124,335	-	-	-	-	40,728	-	-	397,494
Change in unrealized losses on investments	(1,665,890)	(1,804,059)	-	-	-	-	(266,033)	-	926,478	(2,809,504)
Realized losses on investments	(81,482)	(59,365)	-	-	-	-	(21,177)	-	-	(162,024)
Other	(131,025)	-	-	-	-	(14,900)	(88,915)	-	-	(234,840)
Net assets released from restrictions	(705,644)	(94,349)	-	-	(527)	-	(5,600)	-	232,589	(573,531)
(Decrease) increase in net assets with donor restrictions	(839,709)	(1,597,563)	905	-	3,405	(8,263)	54,681	2,046	926,478	(1,458,020)
Increase (Decrease) in Net Assets	36,232,065	247,990	(9,036,425)	(18,072,026)	(9,679,779)	(2,841,140)	(7,961,235)	(582,501)	1,003,046	(10,690,005)
Net Assets - Beginning of year	59,510,551	87,231,554	24,458,521	31,691,447	11,460,076	13,240,480	23,516,740	2,589,330	(37,112,874)	216,585,825
Net Assets - End of year	\$ 95,742,616	\$ 87,479,544	\$ 15,422,096	\$ 13,619,421	\$ 1,780,297	\$ 10,399,340	\$ 15,555,505	\$ 2,006,829	\$ (36,109,828)	\$ 205,895,820