KPMG

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidated Financial Statements and
Supplementary Financial Information

June 30, 2024 and 2023

(With Independent Auditors' Report Thereon)

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

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KPMG LLP
750 East Pratt Street, 18th Floor
Baltimore, MD 21202

Independent Auditors' Report

The Board of Directors
LifeBridge Health, Inc.:

Opinion

We have audited the consolidated financial statements of LifeBridge Health, Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, 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, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, 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 Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Baltimore, Maryland
October 16, 2024

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2024 and 2023

(Dollars in thousands)

Assets		2024	2023
Current assets:			
Cash and cash equivalents	$	283,279	180,388
Investments		346,336	338,535
Assets limited as to use, current portion		36,019	35,524
Patient service receivables		282,283	216,312
Other receivables		31,235	19,265
Inventory		37,928	41,430
Prepaid expenses		28,706	22,086
Pledges receivable, current portion		3,343	3,607
Total current assets		1,049,129	857,147
Board-designated investments		143,677	145,920
Long-term investments		537,491	499,143
Donor-restricted investments		80,932	86,999
Reinsurance recovery receivable		12,249	10,799
Assets limited as to use, net of current portion		111,594	98,629
Pledges receivable, net of current portion		6,998	6,734
Property and equipment, net		876,048	871,174
Prepaid pension asset		29,854	21,093
Beneficial interest in split-interest agreement		4,681	4,482
Investment in unconsolidated affiliates		24,803	26,971
Operating lease right-of-use assets, net		35,180	43,039
Other assets, net		298,934	264,913
Total assets	$	3,211,570	2,937,043

(Continued)

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2024 and 2023

(Dollars in thousands)

Liabilities and Net Assets		2024	2023
Current liabilities:			
Accounts payable and accrued liabilities	$	196,002	165,179
Accrued salaries, wages and benefits		102,274	102,366
Advances from third-party payors		155,815	44,599
Current portion of long-term debt and finance lease obligations, net		35,447	50,230
Current portion of operating lease liabilities		9,814	10,993
Other current liabilities		47,787	50,831
Total current liabilities		547,139	424,198
Other long-term liabilities		145,523	127,863
Operating lease liabilities		25,734	32,393
Long-term debt and finance lease obligations, net		623,062	651,945
Total liabilities		1,341,458	1,236,399
Net assets:			
Net assets without donor restrictions		1,696,047	1,593,281
Noncontrolling interest in consolidated subsidiaries		78,111	19,549
Total net assets without donor restrictions		1,774,158	1,612,830
Net assets with donor restrictions		95,954	87,814
Total net assets		1,870,112	1,700,644
Total liabilities and net assets	$	3,211,570	2,937,043

See accompanying notes to consolidated financial statements.

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended June 30, 2024 and 2023

(Dollars in thousands)

	2024	2023
Unrestricted revenues, gains and other support:		
Patient service revenue	$ 1,914,991	1,880,704
Premium revenue	46,844	—
Net assets released from restrictions used for operations	5,097	5,354
Other operating revenue	99,926	95,576
Total operating revenues	2,066,858	1,981,634
Expenses:		
Salaries and employee benefits	1,113,271	1,060,952
Supplies	330,555	331,292
Purchased services	407,161	451,981
Claim expenses	41,942	—
Depreciation and amortization	108,305	100,785
Repairs and maintenance	38,332	34,895
Interest	23,100	23,812
Total expenses	2,062,666	2,003,717
Operating income (loss)	4,192	(22,083)
Other income, net:		
Investment income	79,637	76,868
Other	4,469	1,474
Total other income, net	84,106	78,342
Excess of revenues over expenses	88,298	56,259
Net assets released from restrictions used for the purchases of property and equipment	7,510	5,360
Net change in value of beneficial interest in split-interest agreement	240	(622)
Proceeds from sale of equity subsidiary	48,000	—
Noncontrolling interest related to acquisition	17,640	—
Payment to noncontrolling interest holder for additional interests	(4,576)	—
Distributions to noncontrolling interest holders	(5,130)	—
Adjustment to pension liability	10,278	16,858
Other	(932)	3,121
Increase in unrestricted net assets	$ 161,328	80,976

See accompanying notes to consolidated financial statements.

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2024 and 2023

(Dollars in thousands)

		Without donor restrictions	With donor restrictions	Total net assets
Net assets at June 30, 2022	$	1,531,854	80,382	1,612,236
Excess of revenues over expenses		56,259	—	56,259
Unrealized gains on investments		—	1,082	1,082
Net assets released from restrictions used for the purchase of property and equipment		5,360	(5,360)	—
Restricted gifts and bequests		—	10,680	10,680
Net assets released from restrictions used for operations		—	(5,354)	(5,354)
Net change in value of beneficial interest in split-interest agreement		(622)	939	317
Adjustment to pension liability		16,858	—	16,858
Other		3,121	5,445	8,566
Change in net assets		80,976	7,432	88,408
Net assets at June 30, 2023		1,612,830	87,814	1,700,644
Excess of revenues over expenses		88,298	—	88,298
Unrealized gains on investments		—	2,970	2,970
Net assets released from restrictions used for the purchase of property and equipment		7,510	(7,510)	—
Restricted gifts and bequests		—	11,330	11,330
Net assets released from restrictions used for operations		—	(5,097)	(5,097)
Net change in value of beneficial interest in split-interest agreement		240	198	438
Proceeds from sale of equity of subsidiary		48,000	—	48,000
Noncontrolling interest related to acquisition		17,640	—	17,640
Payments to noncontrolling interest holders for additional interests		(4,576)	—	(4,576)
Distributions to noncontrolling interest holders		(5,130)	—	(5,130)
Adjustment to pension liability		10,278	—	10,278
Other		(932)	6,249	5,317
Change in net assets		161,328	8,140	169,468
Net assets at June 30, 2024	$	1,774,158	95,954	1,870,112

See accompanying notes to consolidated financial statements.

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended June 30, 2024 and 2023

(Dollars in thousands)

	2024	2023
Cash flows from operating activities:		
Change in net assets	$ 169,468	88,408
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	108,305	100,785
Adjustment to pension liability	(10,278)	(16,858)
Realized and unrealized gains on investments, net	(51,908)	(51,867)
Restricted gifts and bequests	(11,330)	(10,680)
Change in beneficial interest of split-interest agreement	(199)	(60)
Proceeds from sale of equity of subsidiary	(48,000)	—
Noncontrolling interest related to the acquisition	(17,640)	—
Earnings on investments in unconsolidated affiliates	(3,990)	(1,998)
Distributions from unconsolidated affiliates	4,227	2,706
Distributions to noncontrolling interest owners	5,130	1,257
Payments to noncontrolling interest owners for additional equity interest	4,576	—
Amortization of deferred financing costs and discounts	1,170	1,161
Change in operating assets and liabilities:		
Increase in patient service receivables, net	(65,971)	(7,098)
Increase in other receivables	(6,311)	(17,361)
Increase in pledges receivable	—	(1,536)
Decrease inventory	3,502	4,291
Increase in prepaid expenses	(6,283)	(1,593)
(Increase) decrease in reinsurance recovery receivable	(1,450)	579
Decrease in other assets	8,549	18,401
Increase (decrease) in accounts payable and accrued liabilities, and accrued salaries, wages, and benefits	8,330	(23,741)
Increase (decrease) in advances from third-party payors	4,890	(39,655)
Increase (decrease) in other current and long-term liabilities	8,295	(6,195)
Net cash provided by operating activities	103,082	38,946
Cash flows from investing activities:		
Purchases of (proceeds from) investments and assets limited as to use, net	(2,840)	15,538
Investment in unconsolidated affiliates	(2,030)	314
Purchases of property and equipment	(113,525)	(169,842)
Purchases of alternative investments	(7,389)	(6,340)
Proceeds from sales of alternative investments	12,016	7,220
Cash paid for acquisition, net of cash acquired	3,641	—
Net cash used in investing activities	(110,127)	(153,110)
Cash flows from financing activities:		
Payment on debt and finance lease obligations	(34,231)	(35,383)
Payment related to contingent consideration	(16,000)	(26,400)
Proceeds from issuance of debt	5,395	19,663
Proceeds from advances	106,326	—
Proceeds from sale of equity of subsidiary	48,000	—
Distributions to noncontrolling interest owners	(5,130)	(1,257)
Payments to noncontrolling interest owners for additional equity interests	(4,576)	—
Restricted gifts and bequests	11,330	10,680
Net cash provided by (used in) financing activities	111,114	(32,697)
Net increase (decrease) in cash and cash equivalents and restricted cash	104,069	(146,861)
Cash and cash equivalents and restricted cash:		
Beginning of year	211,696	358,557
End of year	$ 315,765	211,696

(Continued)

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended June 30, 2024 and 2023

(Dollars in thousands)

		2024	2023
Supplemental cash flow disclosures:			
Cash paid during the year for interest	$	23,691	27,224
Cash paid during the year for income taxes		6,833	3,941
Accounts payable related to purchase of property and equipment		3,975	5,405
ROU assets obtained in exchange for lease obligations:			
Operating leases	$	4,268	4,356
Reconciliation of ending cash and cash equivalents and restricted cash to consolidated balance sheets:			
Cash and cash equivalents	$	283,279	180,388
Investments		18,976	16,981
Long-term investments		13,510	14,327
Cash and cash equivalents and restricted cash	$	315,765	211,696

See accompanying notes to consolidated financial statements.

(1) Organization

On October 1, 1998, Sinai Health System, Inc. merged with Northwest Health System, Inc. to form LifeBridge Health, Inc. (LifeBridge). LifeBridge is a not-for-profit, nonstock Maryland corporation.

LifeBridge's direct and indirect wholly owned subsidiaries include, but are not limited to, Sinai Hospital of Baltimore, Inc. (Sinai); Northwest Hospital Center, Inc. (Northwest); Carroll Hospital Center, Inc. (Carroll); Levindale Hebrew Geriatric Center and Hospital, Inc. (Levindale); Grace Medical Center, Inc. (Grace); Center for Hope, Inc., formerly known as Baltimore Child Abuse Center, Inc. (CFH); The Family Tree, Inc. (TFT); Children's Hospital of Baltimore City, Inc.; The Baltimore Jewish Health Foundation, Inc. (BJHF); The Baltimore Jewish Eldercare Foundation, Inc. (BJEF); Children's Hospital at Sinai Foundation, Inc. (CHSF); LifeBridge Anesthesia Associates, LLC (LAA); LifeBridge Insurance Company, Ltd. (LifeBridge Insurance); Courtland Gardens Nursing and Rehabilitation Center, Inc. (Courtland); LifeBridge Investments, Inc. (Investments); LifeBridge Health ACO, LLC (LB ACO); LifeBridge Clinically Integrated Network, LLC (LBCIN); 8600 Liberty Road, LLC (8600 Liberty); and LifeBridge 23 Crossroads Drive Medical Office Building, LLC (23 Crossroads). Except for LifeBridge Insurance and Investments, all of the entities named above are not-for-profit and nonstock. Sinai and Levindale are also constituent agencies of THE ASSOCIATED: Jewish Community Federation of Baltimore, Inc. (AJCF), a not-for-profit, nonstock Maryland corporation.

Effective December 31, 2021, MNR Industries, LLC (MNR) became a wholly owned subsidiary of Investments. On November 1, 2023, Investments sold 40% of their ownership interest in MNR, but continues to control and consolidate MNR. The proceeds from the sale of $48,000 are included in non-controlling interests as of June 30, 2024. Investments will receive additional proceeds without losing any other equity interests in MNR if certain operating metrics are met in the future.

Investments is a for-profit corporation that holds, directly and indirectly, interests in a variety of for-profit businesses. Investments' wholly owned subsidiaries include:

- *Practice Dynamics, Inc.*
- *LifeBridge Health and Fitness, LLC*
- *MNR Industries, LLC*
- *National Respiratory Care, LLC*
- *Nation's Home Medical Equipment, LLC*
- *Nation's Infusion at Home, LLC*
- *Sinai Eldersburg Real Estate, LLC*
- *General Surgery Specialists, LLC*
- *LifeBridge Community Physicians, Inc. (Community Physicians)*
- *LifeBridge Investments Properties, LLC*
- *Alterwood Holdings, LLC*

Investments also holds interests in numerous other health-related businesses.

Community Physicians is a for-profit corporation that provides physician and related services through numerous subsidiaries.

Carroll is a not-for-profit, nonstock Maryland corporation. The accompanying consolidated financial statements include the accounts of Carroll and its wholly or partially owned subsidiaries.

Wholly owned subsidiaries of Carroll include Carroll Hospital Center Foundation, Inc. (Carroll Foundation); BridgingLife, Inc, formerly known as Carroll Hospice, Inc. (CH); Carroll Regional Cancer Center Physicians, LLC (CRCCP); and Carroll Hospital Center MOB Investment, LLC. Carroll also holds interests in other health-related companies.

Carroll County Med-Services, Inc. (CCMS) is a wholly owned, for-profit subsidiary of Carroll County Health Services (CCHS) that is involved in real estate holdings, physician services, and other activities and also maintains ownership interests in various joint ventures. Wholly owned subsidiaries of CCMS include: Carroll Health Group, LLC; Carroll PHO, LLC; and Carroll ACO, LLC.

(2) Significant Accounting Policies

(a) Basis of Presentation

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. All controlled and direct member entities are consolidated. The accompanying consolidated financial statements include the accounts of LifeBridge Health, Inc. and subsidiaries (the Corporation). All entities where the Corporation exercises significant influence, but does not have control, are accounted for under the equity method. All other unconsolidated entities are accounted for under the cost method. All significant intercompany accounts and transactions have been eliminated.

(b) Cash and Cash Equivalents

Cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less at the date of purchase.

(c) Assets Limited as to Use

Assets limited as to use primarily consists of assets held by trustees under bond indenture agreements, a self-insured workers' compensation reserve fund, and designated 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. A portion of the designated assets set aside by the Board of Directors is contractually designated.

(d) Inventory

Inventories, which consist primarily of medical supplies and pharmaceuticals, are stated at the lower of cost (using the moving average cost method of valuation) or market.

(e) Investments, Long-Term Investments and Donor-Restricted Investments

The Corporation's investment portfolio is considered a trading portfolio and is classified as current or noncurrent assets based on management's intention as to use. All debt and equity securities are reported in the consolidated balance sheets at fair value, principally based on quoted market prices. Cash equivalents, as defined above, included within investments and assets limited as to use are treated as investments.

The Corporation has investments in alternative investments, primarily funds of hedge funds, totaling $241,550 and $234,390 at June 30, 2024 and 2023, respectively. These funds utilize various types of debt and equity securities and derivative instruments in their investment strategies. Also included in alternative investments are BJEF's and BJHF's funds that are invested on their behalf by the Associated Jewish Charities (AJC), an affiliate of AJCF. Alternative investments are recorded under the equity method, which is based on the net asset value (NAV) of the shares in each investment company or partnership.

Investments in unconsolidated affiliates are accounted for under the equity method of accounting as appropriate and are included in other assets or investment in unconsolidated affiliates, respectively, in the consolidated balance sheets. Also, certain equity investments that do not have a readily determinable fair value are accounted for using the cost of such investments less any impairment changes. The Corporation's equity income or loss is recognized in other operating revenue within the excess of revenue over expenses in the accompanying consolidated statements of operations.

Investments also include assets restricted by donor and assets designated by the Board of Directors for future capital improvements and other purposes over which it retains control and may, at its discretion, use for other purposes. Purchases and sales of securities are recorded on a trade-date basis.

Investment income (interest and dividends) including realized gains and losses on investment sales is reported as other income (loss), net within the excess of revenues over expenses in the accompanying consolidated statements of operations and changes in net assets unless the income or loss is restricted by the donor or law. Investment income on funds held in trust for self-insurance purposes is included in other operating revenue. Investment income and net gains (losses) that are restricted by the donor are recorded as a component of changes in net assets with donor restrictions, in accordance with donor-imposed restrictions. Realized gains and losses are determined based on the specific security's original purchase price. Unrealized gains and losses are included in other income, net within the excess of revenues over expenses.

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date
- Level 2 Inputs – Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability
- Level 3 Inputs – Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The hierarchy requires the use of observable market data when available. Assets and liabilities are classified in their entirety based on the lowest-level input that is significant to the fair value measurements.

(f) Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter of the period of the lease term or the estimated useful life of the equipment. Maintenance and repair costs are expensed as incurred. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

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

(g) Impairment of Long-Lived Assets

Management regularly evaluates whether events or changes in circumstances have occurred that could indicate impairment in the value of long-lived assets. In accordance with the provisions of ASC Topic 360, *Property, Plant, and Equipment*, if there is an indication that the carrying value of an asset is not recoverable, the Corporation estimates the projected undiscounted cash flows, excluding interest and taxes, of the related individual entities to determine if an impairment loss should be recognized. The amount of impairment loss is determined by comparing the historical carrying value of the asset to its estimated fair value. Estimated fair value is determined through an evaluation of recent and projected financial performance of facilities using standard industry valuation techniques.

In addition to consideration of impairment upon the events or changes in circumstances described above, management regularly evaluates the remaining lives of its long-lived assets. If estimates are changed, the carrying value of affected assets is allocated over the remaining lives. In estimating the future cash flows for determining whether an asset is impaired and if expected future cash flows used in measuring assets are impaired, the Corporation groups its assets at the lowest level for which there are identifiable cash flows independent of other groups of assets. The Corporation did not record a loss on impairment during the year ended June 30, 2024 or 2023.

(h) Goodwill and Other Assets, Net

Other assets consist primarily of goodwill and other intangibles related to practice acquisitions, notes receivable, and the cash surrender value of split-dollar life insurance.

Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired in a business combination. ASC Topic 350, *Intangibles – Goodwill and Other*, requires that tangible and indefinite-lived assets as well as goodwill must be analyzed in order to determine whether their value has been impaired.

Goodwill is assessed annually for impairment at the reporting unit. As of June 30, 2024 and 2023, the Corporation had one reporting unit, which included all subsidiaries. The Corporation first assesses qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment tests as described in ASC Topic 350. The more-likely than-not threshold is defined as having a likelihood of more than 50%. The Corporation determined that it was not more likely than not that the fair value of its reporting unit was less than its carrying amount. Accordingly, the Corporation concluded that goodwill was not impaired as of June 30, 2024 and 2023 without having to perform the two-step impairment test.

(i) Beneficial Interest in Split Interest Agreement

CHSF holds a 25% interest in a trust, of which management has estimated the present value of the future income stream. CHSF will receive 25% of the net annual income until August 2024, when the trust will terminate. 25% of the principal will be distributed to CHSF around November 2024 for approximately $4.6 million. Management has reported the beneficial interest at fair value based on the fair value of the underlying trust investments.

(j) Advances from Third-Party Payors

Advances from third-party payors are comprised of advance funding from CareFirst BlueCross BlueShield, Medicaid, Aetna, United/MAMSI, and other insurance providers. In February 2024, one of our vendors, Change Healthcare, was the victim of a cybersecurity event. Change Healthcare is a vendor that the Corporation uses to assist with its billing processes. Upon learning of the cybersecurity event with Change Healthcare, the Corporation discontinued its digital communications and connections with Change Healthcare, which resulted in a decline in the Corporation's ability to send the billing information to the Corporation's patients and related third-party payors. As a result, the Corporation experienced an increase in accounts receivables and a decline in cash flows. The Corporation worked with its third-party payors and was able to receive approximately $106 million of advances from such entities that provided additional cash flows for the Corporation during 2024. In April 2024, Change Healthcare was able to restore its systems and the Corporation was able to increase its ability to send the billing information to its patients and related third-party payors, which has resulted in an increase in the Corporation's cash flows and has reduced the accounts receivable balances from the peak balances in March 2024. Thus, as of October 16, 2024, the Corporation has repaid $83 million of the advances received in the spring of 2024. The Corporation believes that adequate provision has been made in the consolidated financial statements for the matters discussed above, and that the ultimate resolution will not have a material effect on the consolidated financial statements.

(k) Self-Insurance Programs

The Corporation maintains self-insurance programs for professional and general liability, workers' compensation, and employee health benefits. The provision for estimated self-insurance program claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The estimates are based on historical trends, claims asserted, and reported incidents.

(l) Other Long-Term Liabilities

Other long-term liabilities consist of self-insurance liabilities, pension plan liabilities, asset retirement obligations, and deferred compensation plan liabilities. See note 18.

(m) Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date those promises become unconditional. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions.

(n) Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of externally imposed stipulations. Accordingly, net assets of the Corporation and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to externally imposed stipulations

Net assets with donor restrictions – Net assets subject to externally imposed stipulations that may or will be met either by actions of the Corporation and/or the passage of time or may be maintained by the Corporation in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by externally imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless use of the related asset is limited by externally imposed restrictions or law. Expirations of temporary restrictions of net assets (i.e., the externally stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets if used to acquire capital assets; otherwise, they are recorded as unrestricted operating revenues.

(o) Net Patient Service Revenues

Net patient service revenue for acute care facility-based services, as defined by Maryland's system of rate regulation, at Sinai, Northwest, Carroll, Grace, and the chronic hospital component of Levindale is recorded at rates established by the State of Maryland Health Services Cost Review Commission (HSCRC) and, accordingly, reflects consideration expected to be received from patients based on rates in effect during the period in which the services are rendered over time and the Corporation's performance obligations are met. Generally, performance obligations satisfied over time relate to patients receiving acute care services. The Corporation measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. These services are considered to be a single performance obligation. Revenue for performance obligations satisfied at a point in time is recognized when services are provided and the Corporation does not believe it is required to provide additional services to the patient.

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 Financial Accounting Standards Board 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 is utilizing the portfolio approach practical expedient in ASC 606, *Revenue from Contracts with Customers*, for contracts related to net patient service revenues. The Corporation accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. The portfolios consist of major payor classes for inpatient revenues and outpatient revenues. Based on historical collection trends and other analyses, the Corporation has concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract-by-contract basis.

On January 29, 2014, the Corporation and the HSCRC agreed to implement the Global Budget Revenue (GBR) methodology for Sinai, Northwest, Carroll, Grace, and Levindale. The agreement, updated annually, was in place during the years ended June 30, 2024 and 2023 and will renew for a one-year period unless it is canceled by the HSCRC or by the applicable hospital. The GBR model is a revenue constraint and quality improvement system designed by the HSCRC to provide hospitals with strong financial incentives to manage their resources efficiently and effectively in order to slow the rate of increase in healthcare costs and improve healthcare delivery processes and outcomes. The GBR model is consistent with the hospitals' mission to provide the highest value of care possible to its patients and the communities served.

The GBR agreement establishes a prospective, fixed revenue base (the GBR cap) for each fiscal year. This agreement includes both inpatient and outpatient regulated services. Under GBR, the Corporation's revenues for all HSCRC-regulated services is predetermined for the upcoming year, regardless of changes in volume (subject to certain limits), service mix intensity, or mix of inpatient or outpatient services that occurs during the year. The GBR agreement allows the Corporation to adjust unit rates, within certain limits, to achieve the overall revenue base for the Corporation at year-end. Any overcharge or undercharge versus the GBR cap, within established constraint parameters, is prospectively added to the subsequent year's GBR cap. The GBR is adjusted for changes in market share, with the market-shift adjustments made semi-annually, on January 1 and July 1. The GBR cap is adjusted annually for inflation and changes in payor mix and uncompensated care, as well as changes in population and aging within the Corporation's service area. A hospital's GBR cap may also be adjusted based on the hospital's performance on various quality and utilization metrics established by the HSCRC.

Contractual adjustments, which represent the difference between amounts billed as patient service revenue and amounts paid by third-party payors, are accrued in the period in which the related performance obligations are met. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as revenue.

Implicit price concessions represent differences between amounts billed and the estimated consideration the Corporation expects to receive from patients, which are determined based on historical collection experience, current market factors, and other factors. Generally, patients who are covered by third-party payors are responsible for patient responsibility balances, including deductibles and coinsurance, which vary in amount. The Corporation estimates the transaction price for patients with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any explicit price concessions, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenues in the period of the change. Adjustments arising from a change in the transaction price were not significant in 2024 or 2023.

Effective October 1, 2019, Medicare reimburses Northwest and Levindale for skilled nursing services under the Medicare Patient-Driven Payment Model (PDPM). Under PDPM, therapy minutes are removed as the basis for payment in favor of resident classifications and anticipated resource needs during the course of a patient's stay. PDPM assigns every resident a case-mix classification that drives the daily reimbursement rate for that individual. The Northwest skilled nursing facility was closed in 2023.

Medicaid reimburses Levindale for long-term care services based on Levindale's actual costs. However, beginning in January 2015, the cost data from the 2012 cost reports was used to set Resource Utilization Group (similar to Medicare) rates, which are adjusted for changes in case mix. The case mix from two quarters prior is used to adjust the rates on a quarterly basis.

All other patient service revenue is recorded at the estimated net realizable amounts from patients, third-party payors, and others for services rendered.

(p) Other Operating Revenues

Other operating revenues includes income of LifeBridge Health and Fitness LLC, revenue from other support services, and revenue generated from investments in joint ventures that offer healthcare services or services that support or complement the delivery of care. In the year ended June 30, 2024, the Corporation did not receive or recognize any COVID Relief funds. As of June 30, 2023, the Corporation received approximately $1.4 million and recognized approximately $3 million in Federal COVID relief funds in other operating revenues. The Corporation also received and recognized approximately $6.3 million in State COVID relief funds in other operating revenues in 2023.

(q) Grants

Federal grants are accounted for either as an exchange transaction or as a contribution based on terms and conditions of the grant. If the grant is accounted for as an exchange transaction, revenue is recognized as other operating revenue when earned. If the grant is accounted for as a contribution, the revenues are recognized as either other operating revenue or restricted contributions depending on the restrictions within the grant.

(r) Charity Care and Bad Debt

Sinai, Northwest, Carroll, Grace, and Levindale provide care to patients who meet certain criteria under their charity care policies without charge or at amounts less than their established rates. Because the facilities do not pursue the collection of amounts determined to qualify as charity care, those amounts are not reported as revenue. The amount of charity care provided during the years ended June 30, 2024 and 2023, based on patient charges forgone, was $27,900 and $29,400, respectively. The total direct and indirect costs to provide the care amounted to approximately $23,000 and $23,500 for the years ended June 30, 2024 and 2023, respectively.

All patient accounts are handled consistently and appropriately to maximize cash flow and to identify bad debt accounts timely. Active accounts are considered bad debt accounts when they met specific collection activity guidelines and/or are reviewed by the appropriate management and deemed to be uncollectible. Every effort is made to identify and pursue all account balance liquidation options, including, but not limited to, third-party payor reimbursement, patient payment arrangements, Medicaid eligibility, and financial assistance. Third-party receivable management agencies provide extended business office services and insurance outsource services to ensure maximum effort is taken to recover insurance and self-pay dollars before transfer to bad debt. Contractual arrangements with third-party collection agencies were used to assist in the recovery of bad debt after all internal collection efforts have been exhausted. In so doing, the collection agencies must operate consistently with the goal of maximum bad debt recovery and strict adherence with Fair Debt Collections Practices Act (FDCPA) rules and regulations while maintaining positive patient relations.

(s) Income Taxes

LifeBridge and its not-for-profit subsidiaries have been recognized by the Internal Revenue Service as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code.

LifeBridge's incorporated for-profit subsidiaries account for income taxes in accordance with FASB ASC Topic 740, *Income Taxes*. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. Any changes to the valuation allowance on the deferred tax asset are reflected in the year of the change. The Corporation accounts for uncertain tax positions in accordance with ASC Topic 740.

(t) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(u) Excess (Deficit) of Revenues over Expenses

The accompanying consolidated statements of operations include a performance indicator, excess (deficit) of revenue over expenses. Changes in unrestricted net assets that are excluded from excess (deficit) of revenues over expenses, consistent with industry practice, include changes in the funded status of defined-benefit pension plans, permanent transfers of assets to and from affiliates for other than goods and services, capital contributions and distributions and contributions received for additions of long-lived assets.

(v) Employee Pension Plan

Pension benefits are administered by the Corporation. The Corporation accounts for its defined-benefit pension plans within the framework of ASC Topic 958, *Not-for-Profit Entities, Section 715, Compensation-Retirement Benefits* (Topic 958, Section 715), which requires the recognition of the overfunded or underfunded status of a defined-benefit pension plan as an asset or liability. The plans are subject to annual actuarial evaluations, which involve various assumptions creating changes in elements of expense and liability measurement. Key assumptions include the discount rate, the expected rate of return on plan assets, retirement, mortality, and turnover. The Corporation evaluates these assumptions annually and modifies them as appropriate.

Additionally, ASC Topic 958, Section 715 requires the measurement date for plan assets and liabilities to coincide with the employer's year-end and requires the disclosure in the notes to the consolidated financial statements of additional information about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation. The Corporation reports the service cost component of pension cost in salaries and employee benefit expense and the other components of net benefit cost in other income, net.

(w) Management's Assessment and Plans

The Corporation adopted Accounting Standards Update (ASU) No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, (ASU 2014-15), which requires management to evaluate an entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or available to be issued, when applicable). Management determined that there were no conditions or events that raise substantial doubt about the Corporation's ability to continue as a going concern, and the Corporation will continue to meet its obligations through October 16, 2025.

(x) New Accounting Pronouncements

From time to time, new accounting guidance is issued by the FASB or other standard-setting bodies that is adopted by the Corporation as of the effective date or, in some cases where early adoption is permitted, in advance of the effective date. The Corporation has assessed the recently issued guidance that is not yet effective and, unless otherwise indicated above, believes the new guidance will not have a material impact on its consolidated financial position, results of operations, or cash flows.

(3) Acquisitions

Investments became the majority member of Alterwood Holdings, LLC (Alterwood) on February 29, 2024. Beginning on that date, the financial position, and results of operations of Alterwood were consolidated into the Corporation. As part of the transaction, Investments invested $14,400 for the additional interest in Alterwood, which was retained by Alterwood, to increase its capital surplus as required by the State of Maryland. The acquisition was accounted for under the guidance of ASC Topic 805, *Business Combinations*. The Corporation held equity interests in Alterwood that was previously accounted for under the equity method of accounting. As a result of the acquisition, the Corporation recorded an adjustment of the previously held investment that resulted in a gain of $2,360, which is included within operating income during the year ended June 30, 2024 in the accompanying consolidated statement of operations. The impact of this acquisition is reflected in the tables below.

(Dollars in thousands)

The following table summarizes the estimated fair value of assets acquired and liabilities during fiscal year 2024:

Assets:		
Current assets	$	24,037
Property and equipment		1,084
Other long-term assets (primarily goodwill)		34,711
Total assets		59,832
Liabilities:		
Current liabilities		23,832
Long-term liabilities		—
Total liabilities		23,832
Total net assets	$	36,000
Non-controlling interests	$	17,640
Consideration		18,360
Total	$	36,000

Total consideration:		
Fair value of equity method investments removed	$	3,960
Cash paid		14,400
Total consideration	$	18,360

The following table summarizes the Corporation's pro forma consolidated operating results as if the acquisition date occurred on July 1, 2022:

		2024	**2023**
Operating revenues	$	2,138,913	2,076,572
Operating expenses		2,147,072	2,109,271
Net operating loss		(8,159)	(32,699)
Nonoperating income		84,084	78,342
Excess of revenues over expenses	$	75,925	45,643

(Dollars in thousands)

		2024	2023
Changes in net assets:			
Net assets without donor restrictions	$	148,955	70,360
Net assets with donor restrictions		8,140	7,432
Total changes in net assets	$	157,095	77,792

(4) Investments

Investments, which consist of assets limited as to use, board-designated investments, donor-restricted investments, and long-term investments in the accompanying consolidated balance sheets, are stated at fair value or under the equity method, as appropriate, as of June 30, 2024 and 2023 and consist of the following:

		2024	2023
Assets limited as to use:			
Self-insurance fund:			
Cash and cash equivalents	$	6,945	—
Mutual funds		80,807	68,429
Equity securities		30,787	26,099
Alternative investments		—	4,101
Self-insurance fund		118,539	98,629
Debt service fund:			
Cash and cash equivalents		13,886	14,189
		13,886	14,189
Construction funds:			
Cash and cash equivalents		15,188	21,335
		15,188	21,335
Total assets limited as to use		147,613	134,153
Less current portion		(36,019)	(35,524)
Assets limited as to use, net of current portion	$	111,594	98,629
Beneficial interest in split-interest agreement	$	4,681	4,482

(Dollars in thousands)

There are other investments restricted by donors other than pledges receivable and beneficial interest that are included in long-term investments as of June 30, 2024 and 2023. As of June 30, 2024 and 2023 current, long-term, donor-restricted, and board-designated investments are as follows:

		2024	2023
Current, long-term, donor-restricted, and board-designated investments:			
Cash and cash equivalents	$	34,344	36,982
Mutual funds		281,000	296,366
Equity securities		182,800	185,908
Government securities		110,625	68,010
Fixed-income securities		258,117	253,042
Alternative investments		241,550	230,289
Current, long-term, donor-restricted, and board-designated investments		1,108,436	1,070,597
Less current portion		(346,336)	(338,535)
Long-term, donor-restricted, and board-designated investments	$	762,100	732,062

Investment income and gains and losses on long-term investments, board-designated investments, donor-restricted investments, and assets limited as to use comprise the following for the years ended June 30, 2024 and 2023:

		2024	2023
Investment income:			
Interest income and dividends	$	30,699	26,083
Unrealized gains on trading securities		29,944	37,241
Realized gains on sale of securities		18,994	13,544
Investment income		79,637	76,868
Other changes in net assets:			
Changes in unrealized gains on net assets with donor restrictions		2,970	1,082
Total investment return	$	82,607	77,950

(Continued)

(5) Liquidity and Availability

Financial assets available for general expenditure within one year of June 30, 2024 and 2023 include the following (in thousands):

	2024	2023
Cash and cash equivalents	$ 283,279	180,388
Short-term investments	346,336	338,535
Patient receivables	282,283	216,312
Other receivables	31,235	19,265
Pledges receivables, current	3,343	3,607
Long-term investments (excluding alternatives investments)	295,941	268,854
	$ 1,242,417	1,026,961

The Corporation has certain board-designated assets whose use is limited, which are available for general expenditures within one year in the normal course of operations, pending board approval. These board-designated assets were $143,677 and $145,920 as of June 30, 2024 and 2023, respectively, and are not included in the table above.

The Corporation has assets limited to use held by trustees, set aside for the Corporation's captive insurance subsidiary, and held for donor-restricted purposes. These investments are not reflected in the amounts above.

The Corporation invests in alternative investments to increase the investment portfolio's diversification. The asset allocation of the portfolio is broadly diversified across global equity and global fixed-income asset classes and alternative investment strategies and is designed to maximize the probability of achieving the Corporation's long-term investment objectives at an appropriate level of risk while maintaining a level of liquidity to meet the needs of ongoing portfolio management. The nature of alternative investments generally restricts the liquidity and availability of these investments to be available for the general expenditures of the Corporation within one year of the consolidated balance sheet. As such, these investments have been excluded from the amounts above.

As part of the Corporation's liquidity management plan, cash in excess of daily requirements for general expenditures is invested in long-term investments. The Corporation's long-term investment portfolio contains money market funds and other liquid investments that can be drawn upon, if necessary, to meet the liquidity needs of the Corporation.

The Corporation maintains a $5,000 revolving credit facility as discussed in note 11. As of June 30, 2024 and 2023, $5,000 was available under the credit facility.

(6) Pledges Receivable

Contributions and pledges to raise funds are recorded as temporarily restricted net assets until the donor-intended purpose is met and the cash is collected. Future pledges are discounted at the Treasury bill rate to reflect the time value of money, and an allowance for potentially uncollectible pledges has been established.

(Dollars in thousands)

Sinai, Northwest, Carroll, and Levindale have recorded total pledges as of June 30, 2024 and 2023 as follows:

		2024	2023
Gross pledges receivable	$	13,930	14,293
Less:			
Discount for time value of money		(1,536)	(1,862)
Allowance for uncollectible accounts		(2,053)	(2,090)
	$	10,341	10,341

The pledges are due as follows:

Less than one year	$	3,343
One to five years		8,681
Five years and thereafter		1,906
	$	13,930

(7) Property and Equipment

As described in note 15, Sinai and Levindale leases from an affiliate of AJCF all land, land improvements, buildings, and fixed equipment located at those entities' primary locations; LifeBridge entities own the movable equipment. Property and equipment are classified as follows at June 30:

	Estimated useful life		2024	2023
Land		$	34,135	32,165
Land improvements	8–20 years		43,938	76,363
Building and improvements	10–40 years		1,336,719	1,244,068
Fixed equipment	8–20 years		138,220	127,381
Movable equipment	3–15 years		778,473	741,729
			2,331,485	2,221,706

(Dollars in thousands)

	Estimated useful life		2024	2023
Less accumulated depreciation		$	(1,525,849)	(1,425,571)
			805,636	796,135
Construction in progress			70,412	75,039
Property and equipment, net		$	876,048	871,174

Depreciation and amortization expense were $108,305 and $100,785 for the years ended June 30, 2024 and 2023, respectively. Of these amounts, depreciation expense was $103,017 and $95,705 for the years ended June 30, 2024 and 2023, respectively.

(8) Investments in Joint Ventures

The Corporation has equity investments that are accounted for under either the equity or cost less impairments if the entity does not have a readily determinable fair value as appropriate, consisted of the following at June 30, 2024 and 2023:

		2024			2023		
Joint venture	Business purpose	Percentage ownership		Balance	Percentage ownership		Balance
Baltimore County Radiology, LLC	Outpatient Radiology	25 %	$	7,374	25 %	$	7,168
Mt. Airy Med-Services, LLC	Real Estate	50		2,570	50		3,137
Future Care Old Court, LLC	Nursing Home	40		3,040	40		2,961
Lochearn Nursing Home, LLC	Nursing Home	10		2,000	10		2,000
Mt. Airy Plaza, LLC	Real Estate	50		2	50		2
LifeBridge Sports Medicine & Rehabilitation, LLC	Physical Therapy	50		1,791	50		2,048
Other Joint Ventures	Miscellaneous	5–50		8,026	5–50		9,655
Total			$	24,803		$	26,971

For these investments, the Corporation recorded equity in earnings of joint ventures and partnerships. For those joint ventures and partnerships accounted for using the cost method, the Corporation recorded dividend income. Such amounts are included in other operating revenue in the consolidated statements of operations and was approximately $4,000 and $2,000 during the years ended June 30, 2024 and 2023, respectively. In fiscal year 2024, the Corporation acquired an additional 40% interest in Alterwood. Accordingly, the Corporation consolidated the operations of Alterwood since the acquisition date. See note 3 for further details.

(Dollars in thousands)

(9) Other Assets

As of June 30, other assets comprise the following balances:

	2024	2023
Goodwill	$ 243,987	209,357
Investment in premier	23,082	23,232
Notes receivable	12,738	12,999
Other intangible assets	6,817	7,488
Deferred compensation assets	8,909	8,817
Other	3,401	3,020
Other assets	$ 298,934	264,913

(10) Long-Term Debt and Capital Lease Obligations

As of June 30, long-term debt and capital lease obligations consist of the following:

	2024	2023
Maryland Health and Higher Educational Facilities Authority (MHHEFA):		
Revenue Bonds Series 2015	$ 92,014	$ 94,925
Revenue Bonds Series 2016	116,060	117,540
Revenue Bonds Series 2017	100,675	102,940
Revenue Bonds Series 2021A	41,816	42,311
Revenue Bonds Series 2021B	23,273	23,557
Springwell Senior Living Issue Series 2019	—	33,339
LifeBridge Investments Issue Series 2022	75,000	75,000
Other debt:		
M&T Bank taxable loan	6,139	11,618
Bank of America note payable	21,428	28,571
BB&T promissory note	44,318	47,014
TD Bank loan	33,828	—
Truist term loan	18,625	19,663
Finance leases	42,077	44,449
Other	27,585	44,414
	642,838	685,341

(Dollars in thousands)

		2024	2023
Less current portion	$	(35,447)	(50,230)
Plus unamortized premium		18,290	19,703
Less deferred financing costs		(2,619)	(2,869)
	$	623,062	651,945

A single obligated group (the Obligated Group), consisting of LifeBridge, Sinai, Northwest, Grace, Levindale, BJHF, CHSF, CCHS, Carroll, CCMS and CH, has been formed with respect to certain bonds issued by the Maryland Health and Higher Educational Facilities Authority (MHHEFA) and certain other obligations. Members of the Obligated Group are jointly and severally liable for all of the outstanding bonds issued by MHHEFA on behalf of LifeBridge and CCHS and their respective affiliates, together with other obligations issued on parity with such bonds.

On July 30, 2015, MHHEFA issued $159,685 in bonds (Series 2015 Bonds) on behalf of LifeBridge. The proceeds of the Series 2015 Bonds have been and will be used to finance and refinance the cost of construction, renovation, and equipping of certain additional facilities for the Obligated Group, to refund prior years' bonds of debt obligations. $33,130 of the bonds are serial bonds with maturity dates ranging from 2019 through 2030 and interest rates ranging from 2.0% to 5.0%. $14,260, $26,325, $35,970, and $50,000 of the bonds are term bonds that are due in 2035, 2040, 2047, and 2047, respectively, with interest rates of 4.0%, 5.0%, 4.1%, and 5.0%, respectively.

On October 25, 2016, MHHEFA issued $120,695 in bonds (Series 2016 Bonds) on behalf of LifeBridge Health. The proceeds of the Series 2016 Bonds were used to refinance prior bonds. $40,465 of the bonds are serial bonds with maturity dates ranging from 2017 through 2036 and interest rates ranging from 2% to 5%. $40,640 of the bonds are term bonds that are due in 2041 with an interest rate of 4%. The remaining $39,590 of the bonds are term bonds that are due in 2047 with an interest rate of 5%.

On October 31, 2017, MHHEFA issued $118,120 in bonds (Series 2017 Bonds) on behalf of LifeBridge Health. The proceeds of the Series 2017 Bonds have been used to refund prior bonds. $82,700 of the bonds are serial bonds with maturity dates ranging from 2019 through 2037 and interest rates ranging from 3% to 5%. $24,220 of the bonds are term bonds that are due in 2042 with an interest rate of 4%. The remaining $11,200 of the bonds are term bonds that are due in 2044 with an interest rate of 5%.

On July 1, 2019, the Maryland Health and Higher Educational Facilities Authority issued $35,639 in bonds (Springwell Senior Living Issue Series 2019) on behalf of Springwell. The proceeds of the Series 2019 Bonds have been and will be used to finance and refinance the cost of construction renovation and equipping of certain facilities of Springwell and to refinance certain other outstanding indebtedness. All obligations related to this bond issuance are guaranteed by LifeBridge Health, Inc. Portions are payable on July 1 of each year starting 2025 through 2034. The bonds bear interest at a rate of 2.72% for the initial term rate period ending June 30, 2024.

On June 20, 2024, the Springwell Senior Living Issue Series 2019 was refinanced with a $33,400 term note with TD Bank. All obligations related to the note are guaranteed by LifeBridge Health, Inc. Principal is due monthly beginning July 1, 2026 with a final maturity of June 1, 2034. The note bears interest at a fixed rate of 4.98%, however this is subject to change based on the S&P and Moody's ratings of the Obligated Group.

On July 25, 2021, the Corporation issued a $43,352 (series 2021A Bonds) and $24,128 (series 2021B Bonds) taxable fixed rate notes and were purchased by TD Bank. The proceeds of the Series 2021A and Series 2021B Bonds have been used to refund a portion of the 2015 bonds. $43,352 of the bonds have a maturity date of 2040 and an interest rate of 1.75%. $24,128 of the bonds have a maturity date of 2040 and an interest rate of 1.75%. Both Series 2021 Bonds are expected to be refunded by tax-exempt MHHEFA Revenue Bonds in a cashless exchange on or before July 1, 2025.

On March 1, 2022, MHHEFA issued $75,000 in bonds on behalf of Investments (Series 2022 Bonds). The proceeds of the Series 2022 Bonds have been used to finance the acquisition of sixty percent of MNR Industries, LLC and refinance certain other outstanding indebtedness. Portions are payable on July 1 and January 1 of each year starting 2027 through 2032. The bonds bear interest at a fixed interest rate of 3.34%.

The Series 2012A, 2015, 2016, 2017, 2021A, 2021B and 2022 Bonds are governed by a Master Loan Agreement. Under the Master Loan Agreement, MHHEFA maintains a security interest in the revenues of the obligors. In addition, the Master Loan Agreement requires Obligated Group members to adhere to limitations on mergers, disposition of assets, and additional indebtedness and certain financial covenants. The financial covenants include a rate covenant, which requires the Obligated Group to achieve a debt service coverage ratio of 1.10; a liquidity covenant, which requires the Obligated Group to maintain 45 days cash on hand; and a debt-to-capitalization covenant, which requires the Obligated Group to maintain a debt-to-capitalization ratio of not more than 65%, all measured as of June 30 in each fiscal year.

On June 26, 2015, LifeBridge entered into a $50,000 direct bank placement with M&T Bank (2015 M&T Bank Taxable Loan). The interest rates range from 1.57% to 3.28%, with maturity dates ranging from July 1, 2016 to July 1, 2025. The 2015 M&T Loan is secured on parity with the bonds.

On April 1, 2020, Bank of America issued a $50,000 note payable on behalf of Grace. The proceeds of the note payable have been used to finance the cost of demolition, construction, and renovation at Grace Medical Center, Sinai Hospital, and Northwest Hospital. The note payable has a maturity date of April 1, 2027 with an interest rate of 1.9%. On July 1, 2021, the note payable was converted to a tax-exempt bond with MHHEFA.

On March 5, 2020, BB&T issued a $48,350 promissory note on behalf of Carroll. The proceeds of the promissory note have been used to refinance the 2012A bonds discussed above. The promissory note will have an interest rate of 2.32% per year until it becomes a revenue bond issued by Maryland Health and Higher Educational Facilities, in which the rate will be 1.83% per year. The bond can be issued by MHHEFA upon request beginning July 1, 2022. The promissory note has a maturity date of July 2037.

In November 2019, the Corporation entered into an agreement with Bon Secours Baltimore Health Corporation (BSB) to acquire Grace Medical Center, an acute care hospital. Upon acquisition, the Corporation would pay $25,000 payable over six years to an exempt affiliated foundation established by

(Continued)

(Dollars in thousands)

BSB that would fund future community services in West Baltimore. The note payable matures on October 2025.

In December 2020, the Corporation entered into an agreement with Harbor Community Fund XXIII, LLC to borrow two loans for $7,236 and $2,564 for a total of $9,800. The loans will have an interest rate of 1.62% and a maturity date of December 2054 and was used for the construction of the new Center For Hope building. The loan is secured by priority interest in the disbursement account and the property.

On January 1, 2022, in conjunction with the purchase of MNR Industries, LLC (MNR), Investments entered into a $27,590 subordinated seller adjusted note. Principal payments may be adjusted based on the financial performance of MNR. The note bears interest at 0.44% and is guaranteed by LifeBridge. The final principal payment was made in February of 2024.

On August 3, 2022, Truist Bank issued a $20,500 term note on behalf of LifeBridge Investments Properties, LLC. The proceeds of the term note have been used to finance the purchase of real estate, the majority of which is leased to MNR. The term note bears interest at 4.08% and has a maturity date of August 3, 2037. The term note is guaranteed by a security in the revenues of the Obligated Group.

The total future principal payments on long-term debt payments are as follows:

Years ending June 30:		
2025	$	35,447
2026		33,108
2027		26,894
2028		23,336
2029		21,690
Thereafter		502,363
	$	642,838

(11) Lines of Credit

Sinai maintains a $5,000 line of credit with M&T Bank. As of June 30, 2024, and 2023, there were no balances outstanding on this line of credit. On April 17, 2024, LifeBridge opened a $50,000 line of credit with Truist Bank. As of June 30, 2024, there were no balances outstanding on this line of credit.

(Dollars in thousands)

(12) Net Assets

Net assets without and with donor restrictions are available for the following purposes at June 30:

		2024	2023
Without donor restrictions:			
Designated by the board	$	143,677	145,920
Undesignated		1,630,481	1,466,910
With donor restrictions:			
Perpetual in nature		26,978	24,597
Purpose restricted – capital		36,402	30,816
Purpose restricted – operations		13,292	15,067
Time restricted		19,282	17,334
Net assets	$	1,870,112	1,700,644

The net assets without donor restrictions that is designated by the Board of Directors represent funds that are to be used to pay for future capital expenditures at Carroll.

(13) Employee Benefit Plans

(a) LifeBridge Health Pension Plans (Sinai and Levindale)

The Corporation sponsors two noncontributory defined-benefit pension plans (the Sinai/Levindale Plans) covering full-time, nonunion and union employees of Sinai and Levindale. Annual contributions to the Sinai/Levindale Plans are made at a level equal to or greater than the funding requirement as determined by the Sinai/Levindale Plans' consulting actuary. Contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

(Dollars in thousands)

The following table sets forth the Sinai/Levindale Plans' funded status and amounts recognized in the accompanying consolidated financial statements as of June 30, 2024 and 2023:

		2024	2023
Measurement date		June 30, 2024	June 30, 2023
Change in projected benefit obligation:			
Benefit obligation at beginning of year	$	247,618	243,950
Service cost		7,399	7,719
Interest cost		12,337	11,371
Actuarial gain (loss)		38	(4,210)
Benefits paid		(9,826)	(10,496)
Expenses paid from assets		(853)	(716)
Benefit obligation at end of year		256,713	247,618
Change in plan assets:			
Fair value of plan assets at beginning of year		243,640	234,511
Actual return on plan assets		18,373	20,341
Benefits paid		(9,826)	(10,496)
Expenses paid from assets		(853)	(716)
Fair value of plan assets at end of year		251,334	243,640
Funded status	$	(5,379)	(3,978)

Amounts recognized in the consolidated financial statements consist of the following at June 30:

		2024	2023
Amounts recognized in the consolidated balance sheets:			
Other long-term liabilities	$	5,379	3,978
Amounts recognized in net assets without donor restrictions:			
Net actuarial loss	$	18,358	21,623

The Corporation has estimated $0 for its defined-benefit contributions to the Sinai/Levindale Plans for the fiscal year ended June 30, 2024. The accumulated benefit obligation for the Sinai/Levindale Plans is $237,918 and $230,222 at June 30, 2024 and 2023, respectively.

(Continued)

(Dollars in thousands)

Net periodic pension expense for the years ended June 30, 2024 and 2023 was as follows:

	2024	2023
Pension expense:		
Service cost	$ 7,399	7,719
Interest cost	12,337	11,371
Expected return on plan assets	(15,385)	(14,868)
Amortization of net loss	314	1,039
Net periodic pension expense	$ 4,665	5,261

The Corporation recorded $7,399 and $7,719 of the net periodic benefit cost in salary and employee benefit expense during the years ended June 30, 2024 and 2023, respectively, and recorded $(2,734) and ($2,458) in other income, net during the years ended June 30, 2024 and 2023, respectively.

Actuarial assumptions used were as follows:

	2024	2023
Assumptions used to determine annual pension expense:		
Discount rate	5.32 %	4.95 %
Expected return on plan assets	6.75	6.75
Rate of compensation increase	2.50	2.50
Assumptions used to determine end-of-year liabilities:		
Discount rate	5.65 %	5.32 %
Expected return on plan assets	6.75	6.75
Rate of compensation increase	2.50	2.50
Plan asset allocation:		
Asset category:		
Fixed-income/debt securities	29.66 %	23.99 %
Equity securities/mutual funds	42.64	50.09
Alternative investments	27.70	25.92
Total	100.00 %	100.00 %

(Dollars in thousands)

In selecting the expected long-term rate of return on plan assets, Sinai and Levindale considered the average rate of earnings on the funds invested or to be invested to provide for the benefits of these plans. This included considering the Sinai/Levindale Plans' asset allocation and the expected returns likely to be earned over the life of the plans. Target asset allocation is as follows:

	Target
Target allocation on assets:	
Equity securities/mutual funds	52 %
Alternative investments	23
Fixed-income/debt securities	25

Following are the benefit payments expected to be disbursed from plan assets:

Years ending June 30:		
2025	$	35,659
2026		22,274
2027		21,353
2028		21,557
2029		21,061
2030–2034		100,071

The fair values of assets of the Sinai/Levindale Plans held by PNC Institutional Investments by level at June 30, 2024 were as follows:

		Pension benefits – Plan assets			
		Level 1	Level 2	NAV	Total
Assets:					
Cash and cash equivalents	$	6,862	—	—	6,862
Mutual funds and equity securities		110,851	—	—	110,851
Fixed-income mutual funds		57,652	—	—	57,652
Fixed-income securities		—	6,864	—	6,864
Governement securities		—	9,154	—	9,154
Alternative investments		—	—	59,951	59,951
Total assets	$	175,365	16,018	59,951	251,334

(Dollars in thousands)

The fair values of assets of the Sinai/Levindale Plans held by PNC Institutional Investments by level at June 30, 2023 were as follows:

	Pension benefits – Plan assets			
	Level 1	**Level 2**	**NAV**	**Total**
Assets:				
Cash and cash equivalents	$ 7,256	—	—	7,256
Mutual funds and equity securities	123,539	—	—	123,539
Fixed-income mutual funds	57,805	—	—	57,805
Alternative investments	—	—	55,040	55,040
Total assets	$ 188,600	—	55,040	243,640

For the year ended June 30, 2024 or 2023, there were no significant transfers into or out of Levels 1, 2, or 3. Changes to the fair values based on the NAV are summarized as follows:

	Total
Balance as of June 30, 2023	$ 55,040
Additions:	
Contributions/purchases	1,538
Disbursements:	
Withdrawals/sales	(1,589)
Net change in value	4,962
Balance as of June 30, 2024	$ 59,951

The following table summarizes redemption terms for the hedge fund-of-funds vehicles held as of June 30, 2024:

	Fund 1	**Fund 2**	**Fund 3**	**Fund 4**	**Fund 5**
Redemption timing:					
Redemption frequency	Quarterly	Annually	Quarterly	Quarterly	Quarterly
Required notice	48 Days	90 Days	30 Days	60 Days	65 Days
Audit reserve:					
Percentage held back for audit reserve	— %	5 %	— %	5 %	10 %

(Dollars in thousands)

The Corporation's investment policies are established by LifeBridge Investment Committee, which comprises members of the Board of Directors, other community leaders, and management. Among its responsibilities, the Investment Committee is charged with establishing and reviewing asset allocation strategies, monitoring investment manager performance, and making decisions to retain and terminate investment managers. Assets of each of the Corporation's pension plans are managed in a similar fashion, as the Corporation's investments and assets whose use is limited, by the same group of investment managers. The Corporation has incorporated an Investment Policy Statement (IPS) into the investment program. The IPS, which has been formally adopted by the Corporation's Board of Directors, contains numerous standards designed to ensure adequate diversification by asset class and geography. The IPS also limits all investments by manager and position size and limits fixed-income position size based on credit ratings, which serves to further mitigate the risks associated with the investment program. As of June 30, 2024 and 2023, management believes that all investments were being managed in a manner consistent with the IPS.

Sinai and Levindale expect to contribute $0 to the Sinai/Levindale Plan during the year ending June 30, 2025.

(b) Carroll Plan

CCHS sponsors a defined-benefit cash balance plan (the Carroll Plan) covering employees of Carroll, CCMS, and Carroll Foundation. CCHS's funding policy is to make contributions to the Carroll Plan based on actuarially determined amounts necessary to provide assets sufficient to meet benefits to be paid to plan participants and to meet the minimum funding requirements of the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code, plus such amounts as CCHS may determine to be appropriate from time to time. Under the cash balance plan structure, the benefits under the Carroll Plan are determined based on employee tenure rather than age. CCHS elected to freeze benefit accruals and participation in the Carroll Plan on December 31, 2006.

The information below describes certain actions of CCHS for the years ended June 30, 2024 and 2023.

The following table sets forth the changes in the projected benefit obligation, the changes in the Carroll Plan's assets, the Carroll Plan's funded status, the amounts recognized in the consolidated financial statements, and the Carroll Plan's net periodic pension cost as of June 30, 2024 and 2023:

		2024	2023
Measurement date		June 30, 2024	June 30, 2023
Change in projected benefit obligation:			
Projected benefit obligation at beginning of year	$	62,869	65,810
Interest cost		3,443	3,566
Actuarial loss/(gain)		(1,482)	(2,843)
Expenses paid		(596)	(193)
Benefits paid		(4,672)	(3,471)
Plan amendments		(838)	—
Benefit obligation at end of year		58,724	62,869

(Dollars in thousands)

		2024	2023
Measurement date		June 30, 2024	June 30, 2023
Change in plan assets:			
Fair value of plan assets at beginning of year	$	83,962	80,648
Actual return on plan assets		9,884	6,978
Employer contribution		—	—
Expenses paid		(596)	(193)
Benefits paid		(4,672)	(3,471)
Fair value of plan assets at end of year		88,578	83,962
Funded status	$	29,854	21,093

The accumulated benefit obligation for the Carroll Plan was $58,724 and $62,869 at June 30, 2024 and 2023, respectively. The pension asset of $29,854 and $21,093 as of June 30, 2024 and 2023, respectively, are included in the prepaid pension asset in the consolidated balance sheets.

Net periodic pension expense for the years ended June 30, 2024 and 2023 was as follows:

		2024	2023
Pension expense:			
Components of net periodic pension expense:			
Interest cost	$	3,443	3,566
Expected return on plan assets		(5,538)	(5,319)
Amortization of actuarial costs		352	1,317
Net periodic pension expense	$	(1,743)	(436)

The Corporation recorded $(1,743) and $(436) of the net periodic pension expense in other income, net during the years ended June 30, 2024 and 2023, respectively.

Assumptions to determine the benefit obligation as of June 30, 2024 and 2023 were as follows:

	2024	2023
Discount rate	5.65 %	5.32 %

(Dollars in thousands)

Assumptions used in the determination of net periodic pension expense for the years ended June 30, 2024 and 2023 were as follows:

	2024	2023
Discount rate	5.32 %	4.95 %
Expected long-term rate of return on plan assets	6.75	6.75

Deferred pension costs, which have not yet been recognized in periodic pension expense but are accrued in net assets without donor restrictions, are $3,529 and $10,547 at June 30, 2024 and 2023, respectively. Deferred pension costs represent unrecognized actuarial losses or unexpected changes in the projected benefit obligation and plan assets over time primarily due to changes in assumed discount rates and investment experience.

In selecting the expected long-term rate of return on plan assets, CCHS considered the average rate of earnings on the funds invested or to be invested to provide for the benefits of these plans. This included considering the CCHS Plans' asset allocation and the expected returns likely to be earned over the life of the plans. Target asset allocation is as follows:

	Target
Target allocation on assets:	
Equity securities/mutual funds	44 %
Alternative investments	25
Fixed-income/debt securities	31

Pension plan assets are invested in accordance with the CCHS's investment policy in an attempt to maximize return with reasonable and prudent levels of risk. This structure includes various assets classes, investment management styles, asset allocation, and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total investment return over the long term. CCHS periodically reviews performance to test progress toward attainment of longer-term targets, to compare results with appropriate indices and peer groups, and to assess overall investment risk levels.

(Continued)

(Dollars in thousands)

The following table presents the Carroll Plan’s assets measured at fair value at June 30, 2024:

	Pension benefits – Plan assets			
	Level 1	Level 2	NAV	Total
Assets:				
Cash and cash equivalents	$ 1,656	—	—	1,656
Mutual funds/equities	39,337	—	—	39,337
Fixed-income mutual funds	21,021	—	—	21,021
Fixed-income securities	—	2,564	—	2,564
Government securities	—	3,430	—	3,430
Alternative investments	—	—	20,570	20,570
Total assets	$ 62,014	5,994	20,570	88,578

The following table presents the Carroll Plan’s assets measured at fair value at June 30, 2023:

	Pension benefits – Plan assets			
	Level 1	Level 2	NAV	Total
Assets:				
Cash and cash equivalents	$ 1,540	—	—	1,540
Mutual funds/equities	47,185	—	—	47,185
Fixed-income mutual funds	20,005	—	—	20,005
Alternative investments	—	—	15,232	15,232
Total assets	$ 68,730	—	15,232	83,962

For the year ended June 30, 2024 or 2023, there were no significant transfers into or out of Levels 1, 2, or 3. Changes to the fair values based on the NAV are summarized as follows:

	Total
Balance as of June 30, 2023	$ 15,232
Additions:	
Contributions/purchases	265
Disbursements:	
Withdrawals/sales	—
Net change in value	5,073
Balance as of June 30, 2024	$ 20,570

The Carroll Plan invests in alternative investments that are primarily hedge fund of funds.

(Dollars in thousands)

The following table summarizes redemption terms for the hedge fund-of-funds vehicles held as of June 30, 2024:

	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5
Redemption timing:					
Redemption frequency	Quarterly	Annually	Quarterly	Quarterly	Quarterly
Required notice	48 Days	90 Days	30 Days	60 Days	65 Days
Audit reserve:					
Percentage held back for audit reserve	— %	5 %	— %	5 %	10 %

CCHS expects to contribute $0 to the Carroll Plan during the year ending June 30, 2025.

The following benefit payments, which reflect future services, as appropriate, are expected to be paid from the Carroll Plan's assets during the years ending June 30 of the indicated year:

Years ending June 30:	
2025	$ 8,037
2026	6,782
2027	6,381
2028	5,889
2029	5,305
2030–2034	21,562

(c) *Contributory Plans*

Northwest has a qualified noncontributory defined-contribution pension plan (the NW Plan) covering substantially all employees who work at least 1,000 hours per year, who have completed 2 years of continuous service as of the beginning of the plan year, and who have attained the age of 21 as of the beginning of the plan year. Participants in the NW Plan are 100% vested. Northwest makes annual contributions to the NW Plan equivalent to 1.5% of the participants' salaries for employees who have been in the NW Plan from 1 to 5 years, 4.0% for those in the plan from 6 to 19 years, and 6.5% thereafter. It is Northwest's policy to fund plan costs as they accrue. Plan expense was approximately $2,480 and $2,770 for the years ended June 30, 2024 and 2023, respectively, and is included in salaries and employee benefits in the accompanying consolidated statements of operations.

Certain LifeBridge entities have supplemental 403(b) retirement plans for eligible employees. The entities may elect to match varying percentages of an employee's contribution up to a certain percentage of the employee's annual salary. The associated expense was approximately $7,800 and $7,600 for the years ended June 30, 2024 and 2023, respectively, and is included in salaries and employee benefits in the accompanying consolidated statements of operations.

(Continued)

Certain companies under Community Physicians and Investments maintain a defined-contribution plan for employees meeting certain eligibility requirements. Eligible employees can also make contributions. Under the plan, the employer may elect to match a percentage of eligible employees' contributions each year. The related expense was approximately $2,700 and $2,500 for the years ended June 30, 2024 and 2023, respectively, and is included in salaries and employee benefits in the accompanying consolidated statements of operations.

Certain LifeBridge entities maintain a nonqualified deferred compensation plan for key employees and physicians. The Corporation establishes a separate deferral account on its books for each participant for each plan year. In general, participants are entitled to receive the deferred funds upon their death, attainment of the specified vesting date, or involuntary termination of their employment without cause, whichever occurs first. The related expense was approximately $6,300 and $5,800 for the years ended June 30, 2024 and 2023, respectively, and is included in salaries and employee benefits in the accompanying consolidated statements of operations.

(d) Postretirement Plan Other than Pension

Carroll sponsors a postretirement plan other than pension for employees. Carroll employees retired from active employment at 65 years of age or older or at 55 years of age after earning at least 10 years of vesting service are eligible for health and prescription drug benefits under Carroll's self-insured health plan. This plan has been closed but not frozen since January 1, 2007. Effective January 1, 2009, individuals are no longer permitted to participate in this Plan once they are Medicare eligible. Plan participants contribute premiums to the Plan in amounts determined by Carroll for pre-Medicare and post-Medicare age retirees. At June 30, 2024 and 2023, Carroll has accrued a liability of $847 and $1,146 related to this plan, respectively.

(14) Regulation, Risks, and Uncertainty

The Corporation and other healthcare providers in Maryland are subject to certain inherent risks, including the following:

- Dependence on revenues derived from reimbursement by the federal Medicare and state Medicaid programs;
- Regulation of hospital rates by the State of Maryland Health Services Cost Review Commission (HSCRC);
- Government regulation, government budgetary constraints, and proposed legislative and regulatory changes;
- Lawsuits alleging malpractice and related claims; and
- Cybersecurity risks.

Such inherent risks require the use of certain management estimates in the preparation of the Corporation's consolidated financial statements, and it is reasonably possible that a change in such estimates may occur.

The Medicare and Medicaid programs represent a substantial portion of the Corporation's revenues, and the Corporation's operations are subject to a variety of other federal, state, and local regulatory requirements. Failure to maintain required regulatory approvals and licenses and/or changes in such regulatory requirements could have a significant adverse effect on the Corporation. Changes in federal and state reimbursement funding mechanisms and related government budgetary constraints could have a significant adverse effect on the Corporation.

The current rate of reimbursement for hospital services to patients under the Medicare and Medicaid programs is based on an agreement between the Centers for Medicaid and Medicare Services (CMS) and the State of Maryland. This agreement is based upon a waiver from Medicare prospective payment system reimbursement principles granted to the State of Maryland by CMS.

In January 2019, Maryland entered a newly negotiated phase of the waiver agreement with CMS. This subsequent phase is designed to last for 10 years, with two distinct 5 year periods, the first 5 year period ended December 31, 2023. While elements of the initial agreement pertaining to limits on hospital per capita growth and growth of total-cost-of-care per Medicare beneficiary of Maryland compared to the nation remain unchanged, the new agreement expands the scope of the waiver to focus more on a patient's total-cost-of-care. Maryland's Waiver demonstration has since been extended through the end-of-2026, requiring Maryland hospitals to generate total cost-of-care savings of $408,000 per year by the end of the agreement. In addition, Maryland will continue to maintain patient quality methodologies focused on readmissions, hospital acquired conditions, and potentially avoidable utilization, but will also adopt statewide measures related to national measures such as falls prevention and opioid overdoses.

The Corporation recognizes the increasing importance of cybersecurity in today's digital landscape. As a result, the Corporation has implemented various measures to mitigate the risk of cyber threats and protect our systems and data as well as monitor the risks that our vendors have. However, we understand that no system is completely immune to cyberattacks, and there is a possibility that an unauthorized access, data breach, or other cybersecurity incident may occur at either one of our systems or at one of vendors' systems. In the event of a significant cyber incident, there could be a significant impact to the Corporation's future operating results, financial condition, or liquidity. However, to mitigate the potential impact to the Corporation if such an event were to occur, the Corporation maintains cyber insurance coverage. While we believe our cybersecurity measures and our vendors' measures are robust, there can be no assurance that they will prevent all cyber threats or that there will not be a cyber incident in the future that may have a significant adverse effect on our financial condition, liquidity, or results of operations.

(15) Related-Party Transactions

Land Leases

Sinai and Levindale are constituent agencies of AJCF, a charitable corporation.

The legal title to substantially all land, land improvements, buildings, and fixed equipment included in Sinai's and Levindale's property and equipment is held by an affiliate of AJCF. Sinai and Levindale have entered into leases with the AJCF affiliate with respect to these assets. The leases allow Sinai and Levindale to conduct their business on the property as currently conducted. Rent under each lease is one dollar per year. The leases may not be terminated before December 31, 2050.

Other

In addition to its arrangement with AJCF, Sinai receives services from certain other constituent agencies of AJCF.

(16) Income Taxes

At June 30, 2024, Investments has approximately $65,483 in net operating loss carryforwards for federal income tax purposes. The net operating loss carryforwards for tax purposes are available to reduce future taxable income and expire in varying periods beginning in 2024 through 2039.

The net operating loss carryforwards created a federal net deferred tax asset of approximately $13,752 and $11,029 as of June 30, 2024 and 2023, respectively, and a state deferred tax asset of approximately $7,799 and $6,729 as of June 30, 2024 and 2023, respectively. Management has determined that it is more likely than not that Investments will not be able to utilize the deferred tax assets; therefore, a full valuation allowance was recorded against the net deferred assets as of June 30, 2024 and 2023.

At June 30, 2024, Carroll has approximately $130,185 in net operating loss carryforwards for federal income tax purposes. The net operating loss carryforwards for tax purposes are available to reduce future taxable income and for net operating losses generated as of June 30, 2018, will expire in varying periods through 2038. For the net operating losses generated for the fiscal year June 30, 2019 and forward, the loss can be carryforward indefinitely.

The net operating loss carryforwards created a federal net deferred tax asset of approximately $27,338 and $26,181 as of June 30, 2024 and 2023, respectively, and a state deferred tax asset of approximately $8,380 and $8,034 as of June 30, 2024 and 2023, respectively. Management has determined that it is more likely than not that Carroll will not be able to utilize the deferred tax assets; therefore, a full valuation allowance was recorded against the net deferred assets as of June 30, 2024 and 2023.

The extent to which these net operating loss carryforwards can be used to offset taxable income may be limited, depending on the extent of ownership changes as defined by Section 382 and the separate-return-limitation-year (SRLY) of the Internal Revenue Code.

The Tax Cuts and Jobs Act (“The Act”) was signed into law on December 22, 2017. The Act significantly revises the U.S. corporate income tax by, among other things, lowering the statutory corporate tax rate from 35% to 21% and eliminating certain deductions. The Act also enhanced and extended through 2026 the option to claim accelerated depreciation deductions on qualified property.

The Act repeals the corporate Alternative Minimum Tax (“AMT”) regime for tax years beginning after December 31, 2017. For tax years beginning in 2018, 2019, and 2020, the AMT credit carryforward can be utilized to offset regular tax with any remaining AMT carryforwards eligible for a refund of 50%. Any remaining AMT credit carryforwards became fully refundable beginning in the 2024 tax year.

On March 27, 2020, the United states enacted The Coronavirus Aid, Relief and Economic Security (CARES) Act which includes several significant business tax provisions that, among other things, would eliminate the taxable income limit for certain net operating losses (NOL) and allow businesses the option to carry back NOLs arising in 2018, 2019, and 2020 to the five prior tax years; accelerate refunds of previously generated corporate Alternative Minimum Tax (AMT) credits; generally loosen the business interest limitation under section 163(j) from 30 percent to 50 percent for years 2019 and 2020; and fix the “retail glitch” for qualified improvement property in the 2017 tax code overhaul known informally as the Tax Cuts and Jobs Act (TCJA, P.L. 115-97).

(Dollars in thousands)

The provision for income taxes varies from the amount computed by applying the statutory federal income tax rate to income before income taxes primarily due to the impact of non-deductible expenses and changes in valuation allowance.

(17) Other Long-Term Liabilities

Other long-term liabilities at June 30, 2024 and 2023 are as follows:

		2024	2023
Professional/general liability (note 18(a))	$	123,496	101,816
Pension liability		6,226	4,842
Asset retirement obligation		3,260	3,260
Deferred compensation		10,539	9,045
Other		2,002	8,900
	$	145,523	127,863

At June 30, 2024 and 2023, there was $33,603 and $33,392 included in other current liabilities related to professional liability claims, respectively.

(18) Self-Insurance Programs

(a) Professional/General Liability

The Corporation is self-insured, through LifeBridge Insurance, for most professional and general liability claims arising out of the operations of LifeBridge and its subsidiaries. Estimated liabilities have been recorded for both reported and incurred but not reported claims. See note 17.

LifeBridge Insurance purchases reinsurance coverage from other highly rated insurance carriers to cover their liabilities in excess of various retentions. The amounts that LifeBridge subsidiaries must transfer to LifeBridge Insurance to fund professional and general liability claims are actuarially determined and are sufficient to cover expected liabilities. Management’s estimate of the liability for professional and general liability claims, including incurred but not reported claims, is principally based on actuarial estimates performed by an independent third-party actuary. Professional liability coverage for certain employed physicians is provided by commercial insurance carriers. The receivable for the expected reinsurance receivable is recorded on the consolidated balance sheets. Amounts in excess of the self-insured limits are insured by highly rated commercial insurance companies.

(Dollars in thousands)

(b) Workers' Compensation

Sinai, Northwest, Levindale, Grace Medical Center, LAA, LifeBridge Health and Fitness, LLC, Practice Dynamics, Inc., CFH, Atlee Hill and CCMS and its subsidiaries are insured for workers' compensation liability through a combination of self-insurance and excess insurance policies. Losses for asserted and unasserted claims are accrued based on estimates derived from past experiences, as well as other considerations including the nature of each claim or incident, relevant trend factors, and estimates of incurred but not reported amounts.

LifeBridge has accrued a liability for known and incurred but not reported claims of $7,828 and $7,522 at June 30, 2024 and 2023, respectively. These amounts are included in accounts payable and accrued liabilities in the accompanying consolidated balance sheets. Management believes these accruals are adequate to provide for all workers' compensation claims that have been incurred through June 30, 2024.

All other entities have occurrence-based commercial insurance coverage. There are no material insurance recoveries related to workers' compensation claims under those policies as of June 30, 2024 or 2023.

LifeBridge maintains stop-loss policies on workers' compensation claims. The Corporation is insured for individual claims exceeding $450.

(c) Health Insurance

LifeBridge is self-insured for employee health claims. LifeBridge has accrued a liability of $4,664 and $5,917 at June 30, 2024 and 2023, for known claims and incurred but not reported claims. These amounts are included in accounts payable and accrued liabilities in the accompanying consolidated balance sheets.

(19) Net Patient Service Revenue and Patient Receivables

The Corporation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at June 30, 2024 and 2023 is as follows:

	2024	2023
Medicare	32 %	29 %
Medicaid	12	15
BlueCross	9	7
Commercial and other	39	41
Self-pay	8	8
	100 %	100 %

(Dollars in thousands)

The mix of net patient service revenue for the Corporation for the years ended June 30, 2024 and 2023 is as follows:

	2024	2023
Medicare	42 %	42 %
Medicaid	6	6
BlueCross	12	12
Commercial and other	38	38
Self-pay	2	2
	100 %	100 %

(20) Commitments and Contingencies

(a) Litigation

The Corporation is subject to numerous laws and regulations of federal, state, and local governments. The Corporation's compliance with these laws and regulations can be subject to periodic governmental review and interpretation, which can result in regulatory action unknown or unasserted at this time.

Management is aware of certain asserted and unasserted legal claims and regulatory matters arising in the ordinary course of business. After consultation with legal counsel, it is management's opinion that the ultimate resolution of these claims will not have a material adverse effect on the Corporation's financial position.

(b) Letters of Credit

M&T Bank has established a standby letter of credit of $2,807 to serve as collateral as required by the Maryland Office of Unemployment Insurance. M&T Bank has established a standby letter of credit for Levindale of $387 as required by the State of Maryland Department of Labor, Licensing, and Regulation. M&T Bank has established a standby letter of credit for LifeBridge Health & Fitness of $200 as required by the State of Maryland Office of the Attorney General. M&T has established standby letters of credit of $94, $76, and $42 to serve as collateral as required by Baltimore County for the completion of certain construction work at Northwest. M&T Bank has established a surety bond of $1,986 for LifeBridge Health as required by the Centers for Medicare and Medicaid Services (CMS). M&T Bank has established a surety bond of $45 for Sinai as required by Baltimore City for Sanitary Sewer.

(c) Lease Commitments

The Corporation has operating and financing leases for real estate, personal property and equipment. The Corporation determines if an arrangement is a lease at the inception of a contract. Leases with an initial term of twelve months or less are not recorded on the consolidated balance sheets.

The Corporation has lease agreements which require payments for lease and non-lease components and has elected to account for these as a single lease component. For leases that commenced before the effective date of ASU 2016-02, the Corporation elected the permitted practical expedients to not reassess the following: (i) whether any expired or existing contracts contain leases; (ii) the lease classification for any expired or existing leases; and (iii) initial direct costs for any existing leases.

(Dollars in thousands)

Right-of-use assets represent the Corporation’s right to use an underlying asset during the lease term, and lease liabilities represent the Corporation’s obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the commencement date, based on the net present value of fixed lease payments over the lease term. The Corporation’s lease term includes options to extend or terminate the lease when it is reasonably certain that the options will be exercised. As most of the Corporation’s operating leases do not provide an implicit rate, the Corporation uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The Corporation considers recent debt issuances, as well as publicly available data for instruments with similar characteristics when calculating its incremental borrowing rates. Variable lease costs consistent primarily of common area maintenance and are not significant to total lease expense.

Operating and finance right-of-use assets and liabilities were as follows:

	Balance sheet classification	2024	2023
Assets:			
Operating leases	Operating lease right-of-use assets, net	$ 35,180	43,039
Finance leases	Property and equipment, net	37,985	41,107
Total lease assets		$ 73,165	84,146
Liabilities:			
Current:			
Operating leases	Current portion of operating lease liabilities	$ 9,814	10,993
Finance leases	Current portion of long-term debt and finance lease obligations	4,638	4,495
Noncurrent:			
Operating leases	Operating lease liabilities	25,734	32,393
Finance leases	Long-term debt and finance lease obligations net of current portion	37,439	39,954
		$ 77,625	87,835

(Dollars in thousands)

	Balance sheet classification	2024	2023
Weighted average remaining term – operating leases		4 years	5 years
Remaining term – finance lease		8 years	9 years
Weighted average discount rate – operating leases		4.32 %	4.29 %
Weighted average discount rate – finance leases		3.60	3.55

The following table presents certain information related to lease expenses for finance and operating leases. All expenses related to operating leases and short term and variable lease expense are included in other operating expenses:

	2024	2023
Finance lease expense:		
Amortization of lease assets	$ 5,126	5,126
Interest on lease liability	1,557	1,643
Operating leases	12,307	14,354
Short term and variable lease expenses	21,470	19,179
Total expenses	$ 40,460	40,302

Rent expense for operating and short term leases for the years ended June 30, 2024 and 2023 were $33,777 and $33,533, respectively, of which $21,470 and $19,179 were related to short term leases.

The following table presents supplemental cash flow information for the years ending June 30, 2024 and 2023:

	2024	2023
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows for operating leases	$ 12,346	14,918
Operating cash flows for finance lease	1,557	1,643
Financing cash flows for finance lease	5,978	5,855

(Dollars in thousands)

The following table reconciles the undiscounted cash flows to the finance lease liabilities and operating lease liabilities recorded on the balance sheet at June 30, 2024:

		Operating leases	Finance lease
2025	$	10,798	6,053
2026		9,319	6,153
2027		7,562	6,279
2028		4,304	6,413
2029		3,116	6,561
Thereafter		5,026	17,247
Total minimum lease payments		40,125	48,706
Less amount of lease payments representing interest		(4,577)	(6,629)
Present value of future minimum lease payments		35,548	42,077
Less current obligations under leases		(9,814)	(4,638)
Long-term lease obligations	$	25,734	37,439

(21) Noncontrolling Interest

The reconciliation of a noncontrolling interest reported in unrestricted net assets is as follows:

		LifeBridge Health, Inc.	Noncontrolling interest	Unrestricted net assets
Balance at June 30, 2022	$	1,511,745	20,109	1,531,854
Operating income (loss)		(22,321)	238	(22,083)
Nonoperating income		78,330	12	78,342
Excess of revenues over expenses		56,009	250	56,259
Change in funded status of pension plan		16,858	—	16,858
Net assets released for purchase of property and equipment		5,360	—	5,360
Other		3,309	(810)	2,499
Change in net assets		81,536	(560)	80,976
Balance at June 30, 2023		1,593,281	19,549	1,612,830

(Dollars in thousands)

		LifeBridge Health, Inc.	Noncontrolling interest	Unrestricted net assets
Operating income	$	4,192	—	4,192
Nonoperating income		80,581	3,525	84,106
Excess of revenues over expenses		84,773	3,525	88,298
Change in funded status of pension plan		10,278	—	10,278
Net assets released for purchase of property and equipment		7,510	—	7,510
Proceeds from sale of equity of subsidiary		—	48,000	48,000
Noncontrolling interest related to acquisition		—	17,640	17,640
Payments to noncontrolling interest holders for additional interests		—	(4,576)	(4,576)
Distributions to noncontrolling interest holders		—	(5,130)	(5,130)
Other		205	(897)	(692)
Change in net assets		102,766	58,562	161,328
Balance at June 30, 2024	$	1,696,047	78,111	1,774,158

(22) Functional Expenses

The Corporation provides general healthcare services to patients. Expenses for the years ended June 30, 2024 and 2023 related to providing these services are as follows:

		2024			
		Healthcare services	Other services	General and administrative	Total
Salaries and benefits	$	783,031	1,302	328,938	1,113,271
Supplies		232,727	159	97,669	330,555
Purchased services		285,408	1,449	120,304	407,161
Claim expenses		41,942	—	—	41,942
Depreciation, amortization, and gain/loss on sale of assets		73,849	2,455	32,001	108,305
Repairs and maintenance		26,712	294	11,326	38,332
Interest		15,715	560	6,825	23,100
	$	1,459,384	6,219	597,063	2,062,666

(Dollars in thousands)

		2023			
		Healthcare services	**Other services**	**General and administrative**	**Total**
Salaries and benefits	$	749,836	1,229	309,887	1,060,952
Supplies		234,365	162	96,765	331,292
Purchased services		318,596	1,368	132,017	451,981
Depreciation, amortization, and gain/loss on sale of assets		69,434	1,913	29,438	100,785
Repairs and maintenance		24,330	373	10,192	34,895
Interest		16,318	539	6,955	23,812
	$	1,412,879	5,584	585,254	2,003,717

The consolidated financial statements report certain categories of expenses that are attributable to more than one function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, wages, and benefits, which include allocations on the basis of estimates of time and effort.

(23) Fair Value of Financial Instruments

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

(a) Assets and Liabilities

Cash and cash equivalents, patient service receivables, other receivables, inventory, prepaid expenses, pledges receivable, accounts payable and accrued liabilities, advances to third-party payors, and other current liabilities – The carrying amounts reported in the consolidated balance sheet approximate the related fair values.

Investments (donor-restricted, assets limited as to use, and long-term), and beneficial interest in split-interest agreements – Fair values are based on quoted market prices of individual securities or investments if available, or are estimated using quoted market prices for similar securities or investment managers' best estimate of underlying fair value.

Investment in unconsolidated affiliates – Investments in unconsolidated affiliates are not readily marketable. Therefore, it is not practicable to estimate their fair value, and such investments are recorded in accordance with the equity method or at cost.

(Dollars in thousands)

(b) Fair Value Hierarchy

The following table presents assets that are measured at fair value on a recurring basis as of June 30, 2024:

	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 70,363	—	—	70,363
Equity securities and mutual funds	575,394	—	—	575,394
Government securities	—	110,625	—	110,625
Fixed-income securities	—	258,117	—	258,117
Beneficial interest in split-interest agreement	—	4,681	—	4,681
Total assets	$ 645,757	373,423	—	1,019,180

The following table presents assets that are measured at fair value on a recurring basis as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 72,506	—	—	72,506
Equity securities and mutual funds	576,802	—	—	576,802
Government securities	—	68,010	—	68,010
Fixed-income securities	—	253,042	—	253,042
Beneficial interest in split-interest agreement	—	4,482	—	4,482
Total assets	$ 649,308	325,534	—	974,842

See note 2(e) for information on the Corporation's alternative investments that are recorded under the equity method and are not reported above.

For the years ended June 30, 2024 or 2023, there were no significant transfers into or out of Levels 1, 2, or 3.

(24) Subsequent Events

Management evaluated all events and transactions that occurred after June 30, 2024 and through October 16, 2024, the date the consolidated financial statements were issued.

The Corporation expects that on or about November 11, 2024, MHHEFA will issue tax-exempt bonds in a principal amount of approximately $117 million (Series 2024 Bonds) on behalf of LifeBridge. The proceeds of the Series 2024 Bond issuance will be loaned to LifeBridge and will be used to (i) finance and refinance (a) the construction of an outpatient cancer center on the Sinai campus; (b) the renovation and expansion of the Sinai emergency department, including the construction of a new rapid offload area for ambulances; (c) the renovation and expansion of the Northwest emergency department; (d) the renovation and expansion of the Carroll emergency department; and (e) other capital expenditures, land or interests in land, buildings, structures, machinery, equipment, furnishings or other real or personal property located on the Sinai, Northwest, or Carroll campuses and (ii) the payment of certain costs of issuance of the Series 2024 Bonds.

Schedule 1

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidating Balance Sheet Information

June 30, 2024

(Dollars in thousands)

Assets	Sinai Hospital Consolidated	Northwest Hospital	Carroll Hospital	Levindale Hebrew Geriatric Ctr & Hospital	Grace Medical Center	West Baltimore Renaissance Foundation	LB Center For Hope	Other LifeBridge Entities	Eliminations	LifeBridge Health Consolidated
Current assets:										
Cash and cash equivalents	$ 38,036	40,603	73,479	16,173	8,540	241	10,602	95,605	—	283,279
Investments	22,842	6,218	—	275	—	—	—	317,001	—	346,336
Assets limited as to use, current portion	4,068	1,337	1,382	124	15,187	—	—	13,921	—	36,019
Patient service receivables	147,104	42,670	37,064	16,555	6,776	—	—	32,114	—	282,283
Other receivables	160,735	25,272	38,454	1,708	(40)	33,645	1,129	100,412	(330,080)	31,235
Inventory	25,707	4,673	5,043	364	344	—	—	1,797	—	37,928
Prepaid expenses	6,955	1,990	734	73	104	—	—	18,850	—	28,706
Pledges receivable, current portion	2,169	25	1,149	—	—	—	—	—	—	3,343
Total current assets	407,616	122,788	157,305	35,272	30,911	33,886	11,731	579,700	(330,080)	1,049,129
Board-designated investments	—	—	—	—	—	—	—	143,677	—	143,677
Long-term investments	63,398	523	98,400	—	—	—	—	375,170	—	537,491
Donor-restricted investments	22,842	—	6,940	—	163	—	—	50,987	—	80,932
Reinsurance recovery receivable	—	—	—	—	—	—	—	12,249	—	12,249
Assets limited as to use, net of current portion	—	—	—	—	—	—	—	111,594	—	111,594
Pledges receivable, net of current portion	3,783	89	3,133	—	—	—	—	(7)	—	6,998
Property and equipment, net	280,666	95,691	143,032	35,942	54,613	11,614	9,721	244,769	—	876,048
Prepaid pension asset	—	—	29,854	—	—	—	—	—	—	29,854
Beneficial interest in split-interest agreement	4,681	—	—	—	—	—	—	—	—	4,681
Investment in unconsolidated affiliates	—	—	1,157	—	—	—	—	179,649	(156,003)	24,803
Operating lease right-of-use assets	2,761	11	4,150	—	412	—	—	27,846	—	35,180
Other assets, net of accumulated amortization	25,862	3,862	13,699	—	—	—	—	255,511	—	298,934
Total assets	$ 811,609	222,964	457,670	71,214	86,099	45,500	21,452	1,981,145	(486,083)	3,211,570

(Continued)

Schedule 1

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidating Balance Sheet Information

June 30, 2024

(Dollars in thousands)

Liabilities and Net Assets	Sinai Hospital Consolidated	Northwest Hospital	Carroll Hospital	Levindale Hebrew Geriatric Ctr & Hospital	Grace Medical Center	West Baltimore Renaissance Foundation	LB Center For Hope	Other LifeBridge Entities	Eliminations	LifeBridge Health Consolidated
Current liabilities:										
Accounts payable and accrued liabilities	$ 78,835	22,155	18,470	7,613	29,655	29,105	11,025	327,321	(328,177)	196,002
Accrued salaries, wages, and benefits	23,175	11,683	8,681	1,724	1,117	—	—	55,894	—	102,274
Advances from third-party payors	107,836	24,249	20,638	1,902	937	—	—	253	—	155,815
Current portion of long-term debt and finance lease obligations, net	5,427	2,677	4,914	124	12,143	—	—	10,162	—	35,447
Current portion of operating lease liabilities	1,190	11	508	—	339	—	—	7,766	—	9,814
Other current liabilities	9,471	411	7	54	131	—	1,000	36,713	—	47,787
Total current liabilities	225,934	61,186	53,218	11,417	44,322	29,105	12,025	438,109	(328,177)	547,139
Other long-term liabilities	12,506	1,453	3,047	2,432	—	—	—	126,085	—	145,523
Operating lease liabilities	1,576	—	4,017	—	74	—	—	20,067	—	25,734
Long-term debt and finance lease obligations, net	239,202	82,357	116,001	8,767	18,728	—	9,800	148,207	—	623,062
Total liabilities	479,218	144,996	176,283	22,616	63,124	29,105	21,825	732,468	(328,177)	1,341,458
Net assets:										
Net assets without donor restrictions	274,691	63,573	213,912	48,117	22,656	16,193	(373)	1,161,997	(104,719)	1,696,047
Noncontrolling interest in consolidated subsidiaries	—	—	5,547	—	—	—	—	75,751	(3,187)	78,111
Total net assets without donor restrictions	274,691	63,573	219,459	48,117	22,656	16,193	(373)	1,237,748	(107,906)	1,774,158
Net assets with donor restrictions	57,700	14,395	61,928	481	319	202	—	10,929	(50,000)	95,954
Total net assets	332,391	77,968	281,387	48,598	22,975	16,395	(373)	1,248,677	(157,906)	1,870,112
Total liabilities and net assets	$ 811,609	222,964	457,670	71,214	86,099	45,500	21,452	1,981,145	(486,083)	3,211,570

See accompanying independent auditors' report.

Schedule 2

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidating Statement of Operations Information

Year ended June 30, 2024

(Dollars in thousands)

	Sinai Hospital Consolidated	Northwest Hospital	Carroll Hospital	Levindale Hebrew Geriatric Ctr & Hospital	Grace Medical Center	West Baltimore Renaissance Foundation	LB Center For Hope	Other LifeBridge Entities	Eliminations	LifeBridge Health Consolidated
Unrestricted revenues, gains, and other support:										
Patient service revenue	$ 940,725	284,951	302,814	82,357	8,390	—	—	295,754	—	1,914,991
Premium revenue	—	—	—	—	—	—	—	46,844	—	46,844
Net assets released from restrictions used for operations	4,179	—	166	6	—	—	—	746	—	5,097
Other operating revenue	32,293	3,143	12,662	1,640	1,904	8,857	—	72,584	(33,157)	99,926
Total operating revenues	977,197	288,094	315,642	84,003	10,294	8,857	—	415,928	(33,157)	2,066,858
Expenses:										
Salaries and employee benefits	487,003	153,187	159,649	45,013	13,985	—	—	254,013	421	1,113,271
Supplies	197,146	52,288	28,227	5,384	2,218	14	—	45,458	(180)	330,555
Purchased services	211,657	70,739	76,374	21,322	6,858	6,596	(211)	47,224	(33,398)	407,161
Claim expense	—	—	—	—	—	—	—	41,942	—	41,942
Depreciation and amortization	38,247	14,401	14,702	3,188	548	—	372	36,847	—	108,305
Repairs and maintenance	21,020	6,404	5,500	1,440	1,071	—	4	2,893	—	38,332
Interest	420	247	3,224	—	410	—	158	18,641	—	23,100
Total expenses	955,493	297,266	287,676	76,347	25,090	6,610	323	447,018	(33,157)	2,062,666
Operating income (loss)	21,704	(9,172)	27,966	7,656	(14,796)	2,247	(323)	(31,090)	—	4,192
Other income (loss), net:										
Investment income (loss)	36,405	8,635	20,597	2,496	(9)	—	—	11,513	—	79,637
Other	2,195	(40)	2,224	(113)	—	—	493	(290)	—	4,469
Total other income (loss), net	38,600	8,595	22,821	2,383	(9)	—	493	11,223	—	84,106
Excess (deficit) of revenues over expenses	$ 60,304	(577)	50,787	10,039	(14,805)	2,247	170	(19,867)	—	88,298

See accompanying independent auditors’ report.