LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidated Financial Statements and
Supplementary Financial Information

June 30, 2022 and 2021

(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, 2022 and 2021, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with 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.

KPMG LLP

Baltimore, Maryland
October 27, 2022

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2022 and 2021

(Dollars in thousands)

Assets	2022	2021
Current assets:		
Cash and cash equivalents	$ 338,584	310,153
Investments	323,312	436,122
Assets limited as to use, current portion	46,028	59,894
Patient service receivables	209,214	170,800
Other receivables	1,904	4,707
Inventory	45,721	49,268
Prepaid expenses	20,493	21,210
Pledges receivable, current portion	4,881	3,895
Total current assets	990,137	1,056,049
Board-designated investments	153,306	169,680
Long-term investments	476,387	583,950
Donor-restricted investments	78,948	70,320
Reinsurance recovery receivable	11,378	16,980
Assets limited as to use, net of current portion	79,985	94,976
Pledges receivable, net of current portion	3,924	5,882
Property and equipment, net	800,459	764,121
Prepaid pension asset	14,838	16,898
Beneficial interest in split-interest agreement	4,422	5,294
Investment in unconsolidated affiliates	27,993	47,293
Operating lease right-of-use assets, net	66,771	39,520
Other assets, net	259,582	96,243
Total assets	$ 2,968,130	2,967,206

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LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2022 and 2021

(Dollars in thousands)

Liabilities and Net Assets		2022	2021
Current liabilities:			
Accounts payable and accrued liabilities	$	170,631	152,067
Accrued salaries, wages and benefits		118,997	124,972
Advances from third-party payors		84,254	217,528
Current portion of long-term debt and finance lease obligations, net		60,048	28,009
Current portion of operating lease liabilities		13,304	10,266
Other current liabilities		51,320	39,545
Total current liabilities		498,554	572,387
Other long-term liabilities		120,444	126,291
Operating lease liabilities		53,810	29,507
Long-term debt and finance lease obligations, net		683,086	619,481
Total liabilities		1,355,894	1,347,666
Net assets:			
Net assets without donor restrictions		1,511,745	1,514,159
Noncontrolling interest in consolidated subsidiaries		20,109	19,990
Total net assets without donor restrictions		1,531,854	1,534,149
Net assets with donor restrictions		80,382	85,391
Total net assets		1,612,236	1,619,540
Total liabilities and net assets	$	2,968,130	2,967,206

See accompanying notes to consolidated financial statements.

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

Years ended June 30, 2022 and 2021

(Dollars in thousands)

		2022	2021
Unrestricted revenues, gains and other support:			
Patient service revenue	$	1,815,586	1,651,021
Net assets released from restrictions used for operations		5,340	3,989
Other operating revenue		132,515	144,150
Total operating revenues		1,953,441	1,799,160
Expenses:			
Salaries and employee benefits		1,003,842	980,002
Supplies		308,301	300,543
Purchased services		405,871	316,487
Depreciation and amortization		94,548	98,115
Repairs and maintenance		33,924	34,605
Interest		21,742	23,092
Total expenses		1,868,228	1,752,844
Operating income		85,213	46,316
Other income (loss), net:			
Investment income (loss)		(107,707)	185,606
Other		10,908	39
Loss on refinancing of debt		(7,708)	(1,289)
Total other income (loss), net		(104,507)	184,356
Excess (deficit) of revenues over expenses		(19,294)	230,672
Net assets released from restrictions used for the purchases of property and equipment		1,764	3,051
Net change in value of beneficial interest in split-interest agreement		747	51
Adjustment to pension liability		12,277	58,753
Change in accounting principle		—	1,449
Other		2,211	(2,824)
Increase (decrease) in unrestricted net assets	$	(2,295)	291,152

See accompanying notes to consolidated financial statements.

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2022 and 2021

(Dollars in thousands)

		Without donor restrictions	With donor restrictions	Total net assets
Net assets at June 30, 2020	$	1,242,997	74,033	1,317,030
Excess of revenues over expenses		230,672	—	230,672
Unrealized gains on investments		—	9,247	9,247
Net assets released from restrictions used for the purchase of property and equipment		3,051	(3,051)	—
Restricted gifts and bequests		—	7,536	7,536
Net assets released from restrictions used for operations		—	(3,989)	(3,989)
Net change in value of beneficial interest in split-interest agreement		51	688	739
Adjustment to pension liability		58,753	—	58,753
Change in accounting principle		1,449	—	1,449
Other		(2,824)	927	(1,897)
Change in net assets		291,152	11,358	302,510
Net assets at June 30, 2021		1,534,149	85,391	1,619,540
Deficit of revenues over expenses		(19,294)	—	(19,294)
Unrealized losses on investments		—	(5,570)	(5,570)
Net assets released from restrictions used for the purchase of property and equipment		1,764	(1,764)	—
Restricted gifts and bequests		—	8,368	8,368
Net assets released from restrictions used for operations		—	(5,340)	(5,340)
Net change in value of beneficial interest in split-interest agreement		747	(1,374)	(627)
Adjustment to pension liability		12,277	—	12,277
Other		2,211	671	2,882
Change in net assets		(2,295)	(5,009)	(7,304)
Net assets at June 30, 2022	$	1,531,854	80,382	1,612,236

See accompanying notes to consolidated financial statements.

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended June 30, 2022 and 2021

(Dollars in thousands)

		2022	2021
Cash flows from operating activities:			
Change in net assets	$	(7,304)	302,510
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		94,548	98,115
Adjustment to pension liability		(12,277)	(58,753)
Realized and unrealized losses (gains) on investments, net		142,965	(168,936)
Restricted gifts and bequests		(8,368)	(7,536)
Change in beneficial interest of split-interest agreement		872	(502)
Earnings on investments in unconsolidated affiliates		(8,639)	(27,316)
Distributions from unconsolidated affiliates		4,968	21,685
Distributions to noncontrolling interest owners		1,195	2,355
Amortization of deferred financing costs and discounts		951	1,443
Impact of change in accounting principle		—	(1,449)
Loss on refinancing of debt		7,708	1,289
Gain on remeasurement of previously held equity interests		(42,723)	—
Change in operating assets and liabilities:			
Increase in patient service receivables, net		(19,684)	(19,093)
Decrease in other receivables		4,443	5,546
(Increase) decrease in pledges receivable		(972)	1,290
Decrease (increase) in inventory		1,600	(5,248)
Decrease in prepaid expenses		5,283	1,473
Decrease (increase) in reinsurance recovery receivable		5,602	(5,842)
Decrease (increase) in other assets		13,909	(7,193)
Increase in accounts payable and accrued liabilities, and accrued salaries, wages, and benefits		11,522	53,367
Decrease in advances from third-party payors		(133,274)	(18,060)
Increase in other current and long-term liabilities		2,788	10,637
Net cash provided by operating activities		65,113	179,782
Cash flows from investing activities:			
Change in investments and assets limited as to use		110,644	23,845
Investment in unconsolidated affiliates		(1,029)	(212)
Purchases of property and equipment		(117,121)	(119,118)
Purchases of alternative investments		(2,411)	(2,424)
Proceeds from sales of alternative investments		9,074	2,462
Cash paid for acquisition, net of cash acquired		(67,646)	—
Net cash used in investing activities		(68,489)	(95,447)
Cash flows from financing activities:			
Payment on debt and finance lease obligations		(113,722)	(43,884)
Proceeds from issuance of debt		141,652	13,845
Distributions to noncontrolling interest owners		(1,195)	(2,355)
Restricted gifts and bequests		8,368	7,536
Net cash provided by (used in) financing activities		35,103	(24,858)
Net increase in cash and cash equivalents and restricted cash		31,727	59,477
Cash and cash equivalents and restricted cash:			
Beginning of year		326,830	267,353
End of year	$	358,557	326,830

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LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended June 30, 2022 and 2021

(Dollars in thousands)

		2022	2021
Supplemental cash flow disclosures:			
Cash paid during the year for interest	$	24,408	24,704
Cash paid during the year for income taxes		890	628
Accounts payable related to purchase of property and equipment		7,064	8,130
ROU assets obtained in exchange for lease obligations:			
Operating leases	$	32,400	39,520
Finance leases		—	52,409
Reconciliation of ending cash and cash equivalents and restricted cash to consolidated balance sheets:			
Cash and cash equivalents	$	338,584	310,153
Investments		12,196	8,138
Long-term investments		7,777	8,539
Cash and cash equivalents and restricted cash	$	358,557	326,830

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 subsidiaries include Sinai Hospital of Baltimore, Inc. (Sinai); Northwest Hospital Center, Inc. (Northwest); Carroll Hospital Center (Carroll); Levindale Hebrew Geriatric Center and Hospital, Inc. (Levindale); Grace Medical Center (Grace); Baltimore Child Abuse Center (BCAC); 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; LifeBridge Physician Network, LLC; 8600 Liberty Road, LLC; and LifeBridge 23 Crossroads Drive Medical Office Building, LLC. Except for LifeBridge Insurance and Investments, all of the entities named above are not-for-profit and tax-exempt. Sinai and Levindale are constituent agencies of THE ASSOCIATED: Jewish Community Federation of Baltimore, Inc. (AJCF), a charitable corporation.

Effective December 31, 2021, MNR Industries, LLC (MNR) became a subsidiary of LifeBridge. The acquisition of MNR by LifeBridge is further discussed in note 3.

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*
- *BW Primary Care, LLC*
- *The Center for Urologic Specialties, LLC*
- *LifeBridge Community Physicians, Inc. (Community Physicians)*

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); Carroll Hospice, Inc. (CH); Carroll Regional Cancer Center Physicians, LLC (CRCCP); and Carroll Hospital Center MOB Investment, LLC. Carroll also holds interests in various health-related companies.

Carroll County Med-Services, Inc. (CCMS) is a wholly owned, for-profit subsidiary of 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. CCMS also holds interests in various health-related companies.

(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 \$221,168 and \$224,023 at June 30, 2022 and 2021, 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 cost or equity method of accounting as appropriate and are included in other assets or investment in unconsolidated affiliates, respectively, in the consolidated balance sheets. 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 revenue 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, 2022 or 2021.

(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, 2022 and 2021, 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, 2022 and 2021 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 2024, when the trust will terminate, and 25% of the principal will be distributed to CHSF. 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. The Corporation also received advance funding through the Cares Act and Medicare Accelerated and Advance Payment Program in response to the COVID-19 pandemic. See note 4 for further information.

(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 17.

(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 revenue.

(o) Net Patient Service Revenue

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 revenue. 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 revenue and outpatient revenue. 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 is updated annually, was in place during the years ended June 30, 2022 and 2021 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 includes both inpatient and outpatient regulated services. Under GBR, the Corporation's revenue 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, although market-shift adjustments specific to calendar year 2020 were suspended due to impact of the COVID-19 pandemic. 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 revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant in 2022 or 2021.

Prior to October 1, 2019, Medicare reimbursed Northwest and Levindale for skilled nursing services under the Medicare skilled nursing Prospective Payment System (PPS) with payments being based on patient resource utilization as calculated by a patient classification system known as Resource Utilization Groups (RUG's).

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.

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 Revenue

Other operating revenue 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, 2022, the Corporation recorded a $42,068 gain on the remeasurement of its previously held equity interests in of MNR Industries, LLC and $12,907 in FEMA reimbursement.

(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. During the years ended June 30, 2022 and 2021, the Corporation received grants from the programs under the CARES Act.

(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, 2022 and 2021, based on patient charges forgone, was $21,800 and $7,800, respectively. The total direct and indirect costs to provide the care amounted to approximately $17,300 and $6,483 for the years ended June 30, 2022 and 2021, 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 of revenues over expenses, consistent with industry practice, include changes in the funded status of

(Continued)

defined-benefit pension plans, permanent transfers of assets to and from affiliates for other than goods and services, 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 27, 2023.

(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 sole member of MNR Industries, LLC (MNR) on December 31, 2021 and other acquired entities during the year ended June 30, 2022. Beginning on the dates of the acquisitions, the financial position, and results of operations of MNR and other acquired entities were consolidated into the Corporation. As part of the transactions, Investments paid approximately $73,000 and expects to pay an additional approximate $44,000 related to seller notes and contingent consideration. As of June 30, 2022, the Corporation included approximately $28,000 in current portion of debt and approximately $16,000 in long-term debt. The acquisitions were accounted for under the guidance of ASC Topic 805, *Business Combinations*. For certain acquired entities, the Corporation held equity interests in the acquired entities that were accounted for under the equity method of accounting. As a result of the acquisitions, the Corporation recorded adjustments of the previously held equity method investments that resulted in gains of approximately $43,000, which is included within operating income during the year ended June 30, 2022 in the accompanying consolidated statement of operations. The impact of these acquisitions 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 2022:

Assets:		
Current assets	$	28,413
Property and equipment		12,698
Other long-term assets (primarily goodwill)		204,499
Total assets		245,610
Liabilities:		
Current liabilities		10,479
Long-term liabilities		95,339
Total liabilities		105,818
Net assets acquired	$	139,792
Total consideration:		
Fair value of equity method investments removed	$	66,723
Cash paid		73,069
Total consideration	$	139,792

(Dollars in thousands)

The following table summarizes the Corporation's pro forma consolidated results as though the acquisition dates occurred at July 1, 2020:

		2022	2021
Operating revenues	$	1,964,997	1,908,841
Operating expenses		1,912,279	1,831,930
Net operating income		52,718	76,911
Nonoperating income		(103,027)	190,726
Excess of revenues over expenses	$	(50,309)	267,637
Changes in net assets:			
Net assets without donor restrictions	$	(41,974)	328,117
Net assets with donor restrictions		(5,009)	11,358
Total changes in net assets	$	(46,983)	339,475

(4) COVID-19

The CARES Act, which was enacted on March 27, 2020, authorizes $100 billion in funding to hospitals and other healthcare providers to be distributed through the Public Health and Social Services Emergency Fund (the PHSSEF), which was subsequently increased to $175 billion. Payments from the PHSSEF are intended to compensate healthcare providers for lost revenues and incremental expenses incurred in response to the COVID-19 pandemic and are not required to be repaid provided the recipients attest to and comply with certain terms and conditions, including limitations on balance billing and not using PHSSEF funds to reimburse expenses or losses that other sources are obligated to reimburse. The U.S. Department of Health and Human Services (the HHS) initially distributed $30 billion of this funding based on each provider's share of total Medicare fee-for-service reimbursement in 2019, but announced that $50 billion in CARES Act funding (including the $30 billion already distributed) will be allocated proportional to providers' share of 2018 net patient revenue. HHS indicated that distributions of the remaining $50 billion were targeted primarily to hospitals in COVID-19 high-impact areas, to rural providers, and to reimburse providers for COVID-19-related treatment of uninsured patients. The Corporation received approximately $40,300 in payments from the additional PHSSEF payments of which $47,770 were recognized as revenue and included within other operating revenue for the year ended June 30, 2021 in the accompanying consolidated statement of operations. As of June 30, 2022 the Corporation received additional PHSSEF payments of approximately $7,370 of which $480 was recognized as revenue and included in the accompanying consolidated statement of operations.

As a way to increase cash flow to Medicare providers impacted by the COVID-19 pandemic, the CARES Act expanded the Medicare Accelerated and Advance Payment Program. Inpatient acute care hospitals may request accelerated payments of up to 100% of the Medicare payment amount for a six-month period (not including Medicare Advantage payments). CMS based payment amounts for inpatient acute care hospitals on the provider's Medicare fee-for-service reimbursements in the last six months of 2019. Such accelerated payments are interest-free for inpatient acute care hospitals for 12 months, and the program initially required CMS to recoup the payments beginning 120 days after receipt by the provider, by withholding future Medicare fee-for-service payments for claims until the full accelerated payment has been recouped. On October 1, 2020, new legislation was signed that delayed the timing of the recoupments of these advances by CMS, which began in April 2021. The payments are made for services a healthcare entity has provided or will provide to its Medicare patients who are the healthcare entity's customers. Therefore, they are accounted for under ASC Topic 606 as revenue. In April 2020, the Corporation received approximately $196,100 of accelerated payments, which have been accrued on the consolidated balance sheet as of June 30, 2020 as a contract liability, in accordance with ASC Topic 606 and are included within advances from third-party payors on the accompanying consolidated balance sheets. Beginning in April 2021, Medicare began to retract money from normal payments to reduce this contract liability. As of June 30, 2022 and 2021 a total of $118,933 and $25,917, respectively, was recouped by Medicare related to the accelerated payments received. The Corporation will be expected to pay any outstanding accelerated payments back to Medicare in FY2023.

(Dollars in thousands)

Lastly, the CARES Act provides for deferred payment of the employer portion of social security taxes between March 27, 2020 and December 31, 2020, with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022. The Corporation began deferring the employer portion of social security taxes in mid-April 2020. As of June 30, 2022 and 2021, the Corporation accrued approximately $12,000 and $25,000, respectively, in social security taxes.

The Corporation continues to assess the potential impact of the CARES Act and the PPPHCE Act, the potential impact of future stimulus measures, if any, and the impact of other laws, regulations, and guidance related to COVID-19 on its business, results of operations, financial condition, and cash flows.

(5) 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, 2022 and 2021 and consist of the following:

		2022	2021
Assets limited as to use:			
Self-insurance fund:			
Mutual funds	$	51,904	59,871
Equity securities		24,143	31,454
Alternative investments		3,939	3,651
Self-insurance fund		79,986	94,976

(Dollars in thousands)

		2022	2021
Debt service fund:			
Cash and cash equivalents	$	15,943	16,149
Government securities		—	908
Debt service fund		15,943	17,057
Construction funds:			
Cash and cash equivalents		30,084	42,837
		30,084	42,837
Total assets limited as to use		126,013	154,870
Less current portion		(46,028)	(59,894)
Assets limited as to use, net of current portion	$	79,985	94,976
Beneficial interest in split-interest agreement	$	4,422	5,294

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, 2022 and 2021. As of June 30, 2022 and 2021 current, long-term, donor-restricted, and board-designated investments are as follows:

		2022	2021
Current, long-term, donor-restricted, and board-designated investments:			
Cash and cash equivalents	$	32,774	27,350
Mutual funds		281,340	322,843
Equity securities		190,251	264,003
Government securities		17,046	132,160
Fixed-income securities		293,313	293,344
Alternative investments		217,229	220,372
Current, long-term, donor-restricted, and board-designated investments		1,031,953	1,260,072
Less current portion		(323,312)	(436,122)
Long-term, donor-restricted, and board-designated investments	$	708,641	823,950

(Continued)

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, 2022 and 2021:

		2022	2021
Investment income:			
Interest income and dividends	$	29,688	25,917
Unrealized (losses) gains on trading securities		(166,827)	127,763
Realized gains on sale of securities		29,432	31,926
Investment income (loss)		(107,707)	185,606
Other changes in net assets:			
Changes in unrealized gains (losses) on net assets with donor restrictions		(5,570)	9,247
Total investment return	$	(113,277)	194,853

(6) Liquidity and Availability

Financial assets available for general expenditure within one year of June 30, 2022 and 2021 include the following (in thousands):

		2022	2021
Cash and cash equivalents	$	338,584	310,153
Short-term investments		323,312	436,122
Patient receivables		209,214	170,800
Other receivables		1,904	4,707
Pledges receivables, current		4,881	3,895
Long-term investments (excluding alternatives investments)		259,158	363,578
	$	1,137,053	1,289,255

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 $153,306 and $169,680 as of June 30, 2022 and 2021, 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.

(Dollars in thousands)

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 12. As of June 30, 2022 and 2021, $5,000 was available under the credit facility.

(7) 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.

Sinai, Northwest, Carroll, and Levindale have recorded total pledges as of June 30, 2022 and 2021 as follows:

		2022	2021
Gross pledges receivable	$	12,100	11,879
Less:			
Discount for time value of money		(1,300)	(548)
Allowance for uncollectible accounts		(1,995)	(1,554)
	$	8,805	9,777

The pledges are due as follows:

Less than one year	$	6,577
One to five years		5,523
Five years and thereafter		—
	$	12,100

(Dollars in thousands)

(8) Property and Equipment

As described in note 16, 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	2022	2021
Land		$ 23,736	23,736
Land improvements	8–20 years	42,107	39,395
Building and improvements	10–40 years	1,180,270	1,107,232
Fixed equipment	8–20 years	116,272	113,889
Movable equipment	3–15 years	699,779	664,123
		2,062,164	1,948,375
Less accumulated depreciation		(1,333,794)	(1,258,033)
		728,370	690,342
Construction in progress		72,089	73,779
Property and equipment, net		$ 800,459	764,121

Depreciation and amortization were $94,548 and $98,115 for the years ended June 30, 2022 and 2021, respectively. Of this, depreciation expense was $89,732 and $88,906 for the years ended June 30, 2022 and 2021, respectively.

(9) Investments in Joint Ventures

Investments in joint ventures and partnerships, accounted for under either the equity or cost method as appropriate, consist of the following at June 30, 2022 and 2021:

		2022		2021	
Joint venture	Business purpose	Percentage ownership	Balance	Percentage ownership	Balance
MNR Industries, LLC	Urgent Care Centers	100 %	$ —	40 %	$ 23,835
Baltimore County Radiology, LLC	Outpatient Radiology	25	7,330	25	7,481
Mt. Airy Med-Services, LLC	Real Estate	50	3,460	50	3,618
Future Care Old Court, LLC	Nursing Home	40	3,065	40	3,073
Lochearn Nursing Home, LLC	Nursing Home	10	2,000	10	2,000
Mt. Airy Plaza, LLC	Real Estate	50	2	50	52
LifeBridge Sports Medicine & Rehabilitation, LLC	Physical Therapy	50	1,889	50	2,294
Other Joint Ventures	Miscellaneous	5–50	10,247	5–50	4,940
Total			$ 27,993		$ 47,293

(Dollars in thousands)

For those joint ventures and partnerships accounted for using the equity method, 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 $8,600 and $27,300 during the years ended June 30, 2022 and 2021, respectively. In fiscal year 2022, the Corporation acquired the remaining 60% interest in MNR Industries, LLC. Accordingly, the Corporation consolidated the operations of MNR Industries, LLC since the acquisition date. See note 3 for further details.

(10) Other Assets

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

		2022	2021
Goodwill	$	209,637	38,061
Investment in Premier		23,433	23,394
Notes receivable		7,745	13,188
Other intangible assets		8,158	8,831
Deferred compensation assets		7,826	10,172
Other		2,783	2,597
Other assets	$	259,582	96,243

(11) Long-Term Debt and Capital Lease Obligations

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

		2022	2021
Maryland Health and Higher Educational Facilities Authority (MHHEFA):			
Revenue Bonds Series 2011	$	—	1,100
Revenue Bonds Series 2012A		1,885	3,695
Revenue Bonds Series 2015		97,645	157,250
Revenue Bonds Series 2016		118,780	119,128
Revenue Bonds Series 2017		105,100	107,890
Revenue Bonds Series 2021A		42,820	—
Revenue Bonds Series 2021B		23,832	—
Springwell Senior Living Issue Series 2019		33,339	33,692
LifeBridge Investments Issue Series 2022		75,000	—

(Dollars in thousands)

		2022	2021
Other debt:			
M&T Bank taxable loan	$	16,936	22,091
Bank of America note payable		35,714	42,857
BB&T promissory note		48,347	48,350
Finance leases		48,580	53,593
Other		77,177	36,464
		725,155	626,110
Less current portion		(60,048)	(28,009)
Plus unamortized premium		21,111	24,890
Less deferred financing costs		(3,132)	(3,510)
Long-term debt, net	$	683,086	619,481

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.

In March 2011, MHHEFA loaned $50,695 from the proceeds of bonds (Series 2011 Bonds) to LifeBridge and certain of its subsidiaries. Portions of the Series 2011 Bonds are payable on July 1 of each year through 2041. The Series 2011 Bonds bear interest at a weighted fixed rate of 5.99%. Approximately $46,040 of the Series 2011 Bonds were repaid as part of the Series 2016 Bond offering, which is further discussed below.

In May 2012, MHHEFA loaned $59,780 from the proceeds of bonds (Series 2012A Bonds) to CCHS and certain of its subsidiaries (the Series 2012 Bonds). The Series 2012 Bonds were issued in three series: $26,995 of serial bonds maturing in 2013 through 2027 with interest rates ranging from 2% to 5%, $7,505 of term bonds maturing in 2030 with an interest rate of 4%, and $25,280 of term bonds maturing in 2037 (Series 2012A Bonds) with an interest rate of 5%. Approximately $48,775 of the Series 2012A Bonds were repaid in 2020.

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 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 2.715% for the initial term rate period ending June 30, 2024. Following the initial term rate period, the bonds will enter the flexible mode rate period and will bear interest at different flexible rates.

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 prior 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 3.336%.

The Series 2011, 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 revenue 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.

(Dollars in thousands)

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 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 will be 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 $26,590 subordinated seller adjusted note. Principal payments are due in February of 2023 and 2024. Principal payments may be adjusted based on the financial performance of MNR. The maximum amount due under the note is $42,590. The note bears interest at 0.44% and is guaranteed by LifeBridge.

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

Years ending June 30:		
2023	$	60,048
2024		48,937
2025		33,925
2026		31,852
2027		28,128
Thereafter		522,265
	$	725,155

(12) M&T Bank Line of Credit

Sinai maintains a $5,000 line of credit with M&T Bank. As of June 30,2022, and 2021, there were no balances outstanding on this line of credit.

(Dollars in thousands)

(13) Net Assets

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

		2022	2021
Without donor restrictions:			
Designated by the board	$	153,306	169,680
Undesignated		1,378,548	1,364,469
With donor restrictions:			
Perpetual in nature		23,401	20,719
Purpose restricted – capital		27,177	27,590
Purpose restricted – operations		16,689	18,854
Time restricted		13,115	18,228
Net assets	$	1,612,236	1,619,540

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.

(14) 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.

The following table sets forth the Sinai/Levindale Plans' funded status and amounts recognized in the accompanying consolidated financial statements as of June 30, 2022 and 2021:

		2022	2021
Measurement date		June 30, 2022	June 30, 2021
Change in projected benefit obligation:			
Benefit obligation at beginning of year	$	302,355	282,073
Service cost		10,710	10,638
Interest cost		9,086	8,415
Actuarial loss		(65,289)	13,533
Benefits paid		(12,108)	(11,332)
Expenses paid from assets		(804)	(972)
Benefit obligation at end of year		243,950	302,355

(Dollars in thousands)

		2022	2021
Change in plan assets:			
Fair value of plan assets at beginning of year	$	279,534	220,425
Actual return on plan assets		(32,111)	60,312
Company contributions		—	11,101
Benefits paid		(12,108)	(11,332)
Expenses paid from assets		(804)	(972)
Fair value of plan assets at end of year		234,511	279,534
Funded status	$	(9,439)	(22,821)

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

		2022	2021
Amounts recognized in the consolidated balance sheets:			
Other long-term liabilities	$	9,439	22,821
Amounts recognized in net assets without donor restrictions:			
Net actuarial loss	$	32,345	49,940

The Corporation has estimated $0 for its defined-benefit contributions to the Sinai/Levindale Plans for the fiscal year ended June 30, 2022. The accumulated benefit obligation for the Sinai/Levindale Plans is $224,749 and $267,221 at June 30, 2022 and 2021, respectively.

Net periodic pension expense for the years ended June 30, 2022 and 2021 was as follows:

		2022	2021
Pension expense:			
Service cost	$	10,710	10,638
Interest cost		9,086	8,415
Expected return on plan assets		(18,308)	(15,128)
Amortization of net loss		2,725	7,280
Net periodic pension expense	$	4,213	11,205

The Corporation recorded $10,710 and $10,638 of the net periodic benefit cost in salary and employee benefit expense during the years ended June 30, 2022 and 2021, respectively, and recorded $6,497 and ($567) in other income (expense), net during the years ended June 30, 2022 and 2021, respectively.

(Continued)

(Dollars in thousands)

Actuarial assumptions used were as follows:

	2022	2021
Assumptions used to determine annual pension expense:		
Discount rate	3.09 %	3.06 %
Expected return on plan assets	6.75	7.00
Rate of compensation increase	2.50	2.50
Assumptions used to determine end-of-year liabilities:		
Discount rate	4.95 %	3.09 %
Expected return on plan assets	6.75	7.00
Rate of compensation increase	2.50	2.50
Plan asset allocation:		
Asset category:		
Fixed-income/debt securities	25.00 %	24.00 %
Equity securities/mutual funds	48.40	54.00
Alternative investments	26.60	22.00
Total	100.00 %	100.00 %

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	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:		
2023	$	28,482
2024		18,834
2025		18,223
2026		18,143
2027		18,048
2028–2032		89,103

(Dollars in thousands)

The fair values of assets of the Sinai/Levindale Plans held by PNC Institutional Investments by level at June 30, 2022 were as follows:

	Pension benefits – Plan assets			
	Level 1	**Level 2**	**NAV**	**Total**
Assets:				
Cash and cash equivalents	$ 7,855	—	—	7,855
Mutual funds and equity securities	115,717	—	—	115,717
Fixed-income mutual funds	57,271	—	—	57,271
Alternative investments	—	—	53,668	53,668
Total assets	$ 180,843	—	53,668	234,511

The fair values of assets of the Sinai/Levindale Plans held by PNC Institutional Investments by level at June 30, 2021 were as follows:

	Pension benefits – Plan assets			
	Level 1	**Level 2**	**NAV**	**Total**
Assets:				
Cash and cash equivalents	$ 7,016	—	—	7,016
Mutual funds and equity securities	155,572	—	—	155,572
Fixed-income mutual funds	66,183	—	—	66,183
Alternative investments	—	—	50,763	50,763
Total assets	$ 228,771	—	50,763	279,534

For the year ended June 30, 2022 or 2021, 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, 2021	$ 50,763
Additions:	
Contributions/purchases	2,354
Disbursements:	
Withdrawals/sales	(2,036)
Net change in value	2,587
Balance as of June 30, 2022	$ 53,668

(Continued)

(Dollars in thousands)

The following table summarizes redemption terms for the hedge fund-of-funds vehicles held as of June 30, 2022:

	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 %

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, 2022 and 2021, 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, 2023.

(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, 2022 and 2021.

(Dollars in thousands)

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, 2022 and 2021:

		2022	2021
Measurement date		June 30, 2022	June 30, 2021
Change in projected benefit obligation:			
Projected benefit obligation at beginning of year	$	79,651	78,779
Interest cost		2,747	2,559
Actuarial loss/(gain)		(12,879)	1,768
Expenses paid		(392)	(260)
Benefits paid		(3,317)	(3,195)
Benefit obligation at end of year		65,810	79,651
Change in plan assets:			
Fair value of plan assets at beginning of year		96,549	75,501
Actual return on plan assets		(12,192)	24,143
Employer contribution		—	360
Expenses paid		(392)	(260)
Benefits paid		(3,317)	(3,195)
Fair value of plan assets at end of year		80,648	96,549
Funded status	$	14,838	16,898

The accumulated benefit obligation for the Carroll Plan was $65,810 and $79,651 at June 30, 2022 and 2021, respectively. The pension asset of $14,838 and $16,898 as of June 30, 2022 and 2021, respectively, are included in the prepaid pension asset in the consolidated balance sheets.

Net periodic pension expense for the years ended June 30, 2022 and 2021 was as follows:

		2022	2021
Pension expense:			
Components of net periodic pension expense			
Interest cost		2,747	2,559
Expected return on plan assets		(6,398)	(5,186)
Amortization of actuarial costs		187	2,883
Net periodic pension expense	$	(3,464)	256

(Dollars in thousands)

The Corporation recorded ($3,464) and $256 of the net periodic pension expense in other income, net during the years ended June 30, 2022 and 2021, respectively.

Assumptions to determine the benefit obligation as of June 30, 2022 and 2021 were as follows:

	2022	2021
Discount rate	4.95 %	3.09 %

Assumptions used in the determination of net periodic pension expense for the years ended June 30, 2022 and 2021 were as follows:

	2022	2021
Discount rate	3.09 %	3.06 %
Expected long-term rate of return on plan assets	6.75	7.00

Deferred pension costs, which have not yet been recognized in periodic pension expense but are accrued in net assets without donor restrictions, are $16,365 and $10,841 at June 30, 2022 and 2021, 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.

CCHS's weighted average asset allocations for the plan assets for the years ended June 30, 2022 and 2021 were as follows:

	2022	2021
Cash and cash equivalents	2.0 %	2.0 %
Fixed-income/debt securities	24.0	23.0
Mutual funds and equity securities	55.0	61.0
Alternative investments	19.0	14.0
	100.0 %	100.0 %

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.

(Dollars in thousands)

The following table presents the Carroll Plan's assets measured at fair value at June 30, 2022:

	Pension benefits – Plan assets			
	Level 1	**Level 2**	**NAV**	**Total**
Assets:				
Cash and cash equivalents	$ 1,869	—	—	1,869
Mutual funds/equities	44,331	—	—	44,331
Fixed-income mutual funds	19,407	—	—	19,407
Alternative investments	—	—	15,041	15,041
Total assets	$ 65,607	—	15,041	80,648

The following table presents the Carroll Plan's assets measured at fair value at June 30, 2021:

	Pension benefits – Plan assets			
	Level 1	**Level 2**	**NAV**	**Total**
Assets:				
Cash and cash equivalents	$ 1,848	—	—	1,848
Mutual funds/equities	58,683	—	—	58,683
Fixed-income mutual funds	22,518	—	—	22,518
Alternative investments	—	—	13,500	13,500
Total assets	$ 83,049	—	13,500	96,549

For the year ended June 30, 2022 or 2021, 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, 2021	$ 13,500
Additions:	
Contributions/purchases	3,588
Disbursements:	
Withdrawals/sales	(75)
Net change in value	(1,972)
Balance as of June 30, 2022	$ 15,041

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, 2022:

	Fund 1	Fund 2	Fund 3	Fund 4	Fund 5
Redemption timing:					
Redemption frequency	Monthly	Annually	Quarterly	Quarterly	Monthly
Required notice	30 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, 2023.

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:		
2023	$	3,783
2024		4,051
2025		4,271
2026		4,465
2027		4,619
2028–2032		23,913

(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 $2,560 and $2,760 for the years ended June 30, 2022 and 2021, 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 $7,900 and $7,500 for the years ended June 30, 2022 and 2021, 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 $2,000 and $2,200 for the years ended June 30, 2022 and 2021, 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 $5,000 and $4,500 for the years ended June 30, 2022 and 2021, 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. 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, 2022 and 2021, Carroll has accrued a liability of $1,129 and $1,269 related to this plan, respectively.

(15) Regulation and Reimbursement

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; and
- Lawsuits alleging malpractice and related claims.

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 ending 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.

(16) 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.

(17) Income Taxes

At June 30, 2022, Investments has approximately $35,624 in net operating loss carryforwards for 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 2021 through 2038.

The net operating loss carryforwards created a federal net deferred tax asset of approximately $7,481 and $11,637 as of June 30, 2022 and 2021, respectively, and a state deferred tax asset of approximately $5,651 and $5,056 as of June 30, 2022 and 2021, 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, 2022 and 2021.

At June 30, 2022, Carroll has approximately $119,000 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 $25,080 and $23,556 as of June 30, 2022 and 2021, respectively, and a state deferred tax asset of approximately $7,810 and $7,320 as of June 30, 2022 and 2021, 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, 2022 and 2021.

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 2022 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).

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.

(Dollars in thousands)

(18) Other Long-Term Liabilities

Other long-term liabilities at June 30, 2022 and 2021 are as follows:

		2022	2021
Professional/general liability (note 19(a))	$	92,758	86,807
Pension liability		10,568	24,090
Asset retirement obligation		3,260	3,260
Deferred compensation		7,849	10,129
Other		6,009	2,005
	$	120,444	126,291

At June 30, 2022 and 2021, there was $31,314 and $31,046 included in other current liabilities related to professional liability claims, respectively.

(19) 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 18.

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.

(b) Workers’ Compensation

Sinai, Northwest, Levindale, Grace Medical Center, LAA, 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 $7,343 and $7,176 at June 30, 2022 and 2021, 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, 2022.

(Dollars in thousands)

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, 2022 or 2021.

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 $5,885 and $5,656 at June 30, 2022 and 2021, 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.

(20) 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, 2022 and 2021 is as follows:

	2022	2021
Medicare	27 %	24 %
Medicaid	11	17
BlueCross	8	8
Commercial and other	43	39
Self-pay	11	12
	100 %	100 %

The mix of net patient service revenue for the Corporation for the years ended June 30, 2022 and 2021 is as follows:

	2022	2021
Medicare	42 %	43 %
Medicaid	6	8
BlueCross	12	12
Commercial and other	38	35
Self-pay	2	2
	100 %	100 %

(Continued)

(21) 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 an open letter of credit for Sinai of $211 (which has not been drawn upon) to guarantee Sinai's obligation for liabilities assumed as a member of a risk retention group during the period 1988 to 1994. Additionally, M&T Bank has established a standby letter of credit of $2,711 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 $441 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.

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

(Continued)

(Dollars in thousands)

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		2022	2021
Assets:				
Operating leases	Operating lease right-of-use assets, net	$	66,771	39,520
Finance leases	Property and equipment, net		46,189	52,409
Total lease assets		$	112,960	91,929
Liabilities:				
Current:				
Operating leases	Current portion of operating lease liabilities	$	13,304	10,266
Finance leases	Current portion of long-term debt and finance lease obligations		4,169	4,019
Noncurrent:				
Operating leases	Operating lease liabilities		53,810	29,507
Finance leases	Long-term debt and finance lease obligations net of current portion		44,411	49,574
		$	115,694	93,366
Weighted average remaining term – operating leases			7 years	5 years
Remaining term – finance lease			10 years	11 years
Weighted average discount rate – operating leases			3.93 %	4.67 %
Weighted average discount rate – finance leases			3.57 %	3.49 %

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:

		2022	2021
Finance lease expense:			
Amortization of lease assets	$	5,197	5,306
Interest on lease liability		1,810	1,710
Operating leases		14,271	13,602
Short term and variable lease expenses		16,373	16,903
Total expenses	$	37,651	37,521

(Continued)

(Dollars in thousands)

Rent expense for operating and short term leases for the years ended June 30, 2022 and 2021 were $30,644 and $30,505, respectively, of which $16,373 and $16,903 were related to short term leases.

The following table presents supplemental cash flow information for the year ending June 30, 2022:

Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows for operating leases	$	14,244
Operating cash flows for finance lease		1,996
Financing cash flows for finance lease		5,764

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, 2022:

		Operating leases	Finance lease
2023	$	15,718	5,811
2024		13,139	5,939
2025		10,951	6,053
2026		9,241	6,154
2027		7,465	6,279
Thereafter		21,649	27,439
Total minimum lease payments		78,163	57,675
Less amount of lease payments representing interest		(11,049)	(9,095)
Present value of future minimum lease payments		67,114	48,580
Less current obligations under leases		(13,304)	(4,169)
Long-term lease obligations	$	53,810	44,411

(Dollars in thousands)

(22) 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, 2020	$	1,222,796	20,201	1,242,997
Operating income		44,450	1,866	46,316
Nonoperating income		184,317	39	184,356
Excess of revenues over expenses		228,767	1,905	230,672
Change in funded status of pension plan		58,753	—	58,753
Net assets released for purchase of property and equipment		3,051	—	3,051
Other		792	(2,116)	(1,324)
Change in net assets		291,363	(211)	291,152
Balance at June 30, 2021		1,514,159	19,990	1,534,149
Operating income		85,190	23	85,213
Nonoperating income (loss)		(104,540)	33	(104,507)
Excess (deficit) of revenues over expenses		(19,350)	56	(19,294)
Change in funded status of pension plan		12,277	—	12,277
Net assets released for purchase of property and equipment		1,764	—	1,764
Other		2,895	63	2,958
Change in net assets		(2,414)	119	(2,295)
Balance at June 30, 2022	$	1,511,745	20,109	1,531,854

(Dollars in thousands)

(23) Functional Expenses

The Corporation provides general healthcare services to patients. Expenses for the years ended June 30, 2022 and 2021 related to providing these services are as follows:

		2022			
		Healthcare services	**Other services**	**General and administrative**	**Total**
Salaries and benefits	$	712,911	1,140	289,791	1,003,842
Supplies		219,108	192	89,001	308,301
Purchased services		287,490	1,213	117,168	405,871
Depreciation, amortization, and gain/loss on sale of assets		65,852	1,402	27,294	94,548
Repairs and maintenance		23,769	362	9,793	33,924
Interest		15,465	—	6,277	21,742
	$	1,324,595	4,309	539,324	1,868,228

		2021			
		Healthcare services	**Other services**	**General and administrative**	**Total**
Salaries and benefits	$	694,807	1,099	284,096	980,002
Supplies		213,264	154	87,125	300,543
Purchased services		223,728	1,012	91,747	316,487
Depreciation, amortization, and gain/loss on sale of assets		68,335	1,337	28,443	98,115
Repairs and maintenance		24,250	323	10,032	34,605
Interest		16,398	—	6,694	23,092
	$	1,240,782	3,925	508,137	1,752,844

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.

(Dollars in thousands)

(24) 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.

(b) Fair Value Hierarchy

The following table presents assets that are measured at fair value on a recurring basis as of June 30, 2022:

		Level 1	Level 2	Level 3	Total
Assets:					
Cash and cash equivalents	$	78,802	—	—	78,802
Equity securities and mutual funds		547,636	—	—	547,636
Government securities		—	17,046	—	17,046
Fixed-income securities		—	293,313	—	293,313
Beneficial interest in split-interest agreement		—	4,422	—	4,422
Total assets	$	626,438	314,781	—	941,219

(Dollars in thousands)

The following table presents assets that are measured at fair value on a recurring basis as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 86,336	—	—	86,336
Equity securities and mutual funds	678,170	—	—	678,170
Government securities	—	133,068	—	133,068
Fixed-income securities	—	293,344	—	293,344
Beneficial interest in split-interest agreement	—	5,294	—	5,294
Total assets	$ 764,506	431,706	—	1,196,212

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, 2022 or 2021, there were no significant transfers into or out of Levels 1, 2, or 3.

(25) Subsequent Events

Management evaluated all events and transactions that occurred after June 30, 2022 and through October 27, 2022, the date the consolidated financial statements were issued. In August and September of 2022, the Corporation acquired real estate, the majority of which is leased to MNR, paying $42,000 at closing.

Schedule 1

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidating Balance Sheet Information

June 30, 2022

(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	$ 50,595	47,553	63,151	25,550	12,844	—	10,198	128,693	—	338,584
Investments	17,757	3,385	—	275	67	—	—	301,828	—	323,312
Assets limited as to use, current portion	3,702	1,216	3,184	113	30,084	—	—	7,729	—	46,028
Patient service receivables	110,565	34,973	24,523	11,253	4,079	—	—	23,821	—	209,214
Other receivables	97,211	22,712	51,638	3,746	492	16,060	1,129	34,911	(225,995)	1,904
Inventory	30,892	5,576	5,411	344	372	—	—	3,126	—	45,721
Prepaid expenses	4,876	1,139	841	158	67	—	—	13,412	—	20,493
Pledges receivable, current portion	2,979	210	1,531	31	—	—	—	130	—	4,881
Total current assets	318,577	116,764	150,279	41,470	48,005	16,060	11,327	513,650	(225,995)	990,137
Board-designated investments	—	—	—	—	—	—	—	153,306	—	153,306
Long-term investments	65,080	519	88,819	—	—	—	—	321,969	—	476,387
Donor-restricted investments	17,757	—	7,880	—	—	—	—	53,311	—	78,948
Reinsurance recovery receivable	—	—	—	—	—	—	—	11,378	—	11,378
Assets limited as to use, net of current portion	—	—	—	—	—	—	—	79,985	—	79,985
Pledges receivable, net of current portion	1,744	116	2,063	—	—	—	—	1	—	3,924
Property and equipment, net	231,849	99,899	140,940	36,920	55,176	—	9,089	226,586	—	800,459
Prepaid pension asset	—	—	14,838	—	—	—	—	—	—	14,838
Beneficial interest in split-interest agreement	4,422	—	—	—	—	—	—	—	—	4,422
Investment in unconsolidated affiliates	—	—	5,636	—	—	—	—	176,033	(153,676)	27,993
Operating lease right-of-use assets	4,287	137	5,042	18	1,043	—	—	56,244	—	66,771
Other assets, net of accumulated amortization	27,000	3,856	10,418	67	1	—	—	218,240	—	259,582
Total assets	$ 670,716	221,291	425,915	78,475	104,225	16,060	20,416	1,810,703	(379,671)	2,968,130

(Continued)

Schedule 1

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidating Balance Sheet Information

June 30, 2022

(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	$ 86,750	39,834	22,264	9,941	47,491	7,522	10,218	172,606	(225,995)	170,631
Accrued salaries, wages, and benefits	43,837	6,899	13,415	2,695	1,540	—	—	50,611	—	118,997
Advances from third-party payors	33,133	18,877	15,322	8,310	7,485	—	—	1,127	—	84,254
Current portion of long-term debt and finance lease obligations, net	1,629	2,423	5,196	114	12,143	—	—	38,543	—	60,048
Current portion of operating lease liabilities	4,683	59	411	7	318	—	—	7,826	—	13,304
Other current liabilities	9,987	1,811	998	343	166	—	750	37,265	—	51,320
Total current liabilities	180,019	69,903	57,606	21,410	69,143	7,522	10,968	307,978	(225,995)	498,554
Other long-term liabilities	16,347	1,416	3,127	2,729	—	—	—	96,825	—	120,444
Operating lease liabilities	2,664	78	4,929	11	726	—	—	45,402	—	53,810
Long-term debt and finance lease obligations, net	251,242	88,167	125,727	9,081	42,939	—	9,800	156,130	—	683,086
Total liabilities	450,272	159,564	191,389	33,231	112,808	7,522	20,768	606,335	(225,995)	1,355,894
Net assets:										
Net assets without donor restrictions	169,753	53,158	168,388	44,493	(9,011)	8,538	(352)	1,185,840	(109,062)	1,511,745
Noncontrolling interest in consolidated subsidiaries	—	—	5,210	—	—	—	—	9,513	5,386	20,109
Total net assets without donor restrictions	169,753	53,158	173,598	44,493	(9,011)	8,538	(352)	1,195,353	(103,676)	1,531,854
Net assets with donor restrictions	50,691	8,569	60,928	751	428	—	—	9,015	(50,000)	80,382
Total net assets	220,444	61,727	234,526	45,244	(8,583)	8,538	(352)	1,204,368	(153,676)	1,612,236
Total liabilities and net assets	$ 670,716	221,291	425,915	78,475	104,225	16,060	20,416	1,810,703	(379,671)	2,968,130

See accompanying independent auditors’ report.

Schedule 2

LIFEBRIDGE HEALTH, INC. AND SUBSIDIARIES

Consolidating Statement of Operations Information

Year ended June 30, 2022

(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	$ 918,573	290,171	267,733	90,255	26,637	—	—	222,217	—	1,815,586
Net assets released from restrictions used for operations	4,475	—	46	18	—	—	—	801	—	5,340
Other operating revenue	42,178	3,642	10,726	1,275	1,495	8,794	—	106,056	(41,651)	132,515
Total operating revenues	965,226	293,813	278,505	91,548	28,132	8,794	—	329,074	(41,651)	1,953,441
Expenses:										
Salaries and employee benefits	466,103	140,064	145,354	53,302	22,975	—	—	175,611	433	1,003,842
Supplies	184,315	56,667	27,514	6,977	3,925	1	3	29,079	(180)	308,301
Purchased services	208,477	84,721	72,556	19,329	10,281	4,908	22	47,481	(41,904)	405,871
Depreciation and amortization	31,839	13,447	13,917	3,319	4,330	—	163	27,533	—	94,548
Repairs and maintenance	18,790	5,381	5,017	1,348	760	—	5	2,623	—	33,924
Interest	367	303	3,609	—	632	—	155	16,676	—	21,742
Total expenses	909,891	300,583	267,967	84,275	42,903	4,909	348	299,003	(41,651)	1,868,228
Operating income (loss)	55,335	(6,770)	10,538	7,273	(14,771)	3,885	(348)	30,071	—	85,213
Other income (loss), net:										
Investment loss	(48,847)	(11,361)	(25,699)	(2,880)	(76)	—	—	(18,844)	—	(107,707)
Other	6,236	(21)	844	176	—	—	—	3,673	—	10,908
Loss on refinancing of debt	(3,196)	(996)	(3,506)	(10)	—	—	—	—	—	(7,708)
Total other income, net	(45,807)	(12,378)	(28,361)	(2,714)	(76)	—	—	(15,171)	—	(104,507)
Excess (deficit) of revenues over expenses	$ 9,528	(19,148)	(17,823)	4,559	(14,847)	3,885	(348)	14,900	—	(19,294)

See accompanying independent auditors' report.