WINDSOR HOSPITAL CORPORATION (d/b/a MT. ASCUTNEY HOSPITAL AND HEALTH CENTER) AND SUBSIDIARIES

Consolidated Financial Statements

As of and for the Years Ended
September 30, 2023 and 2022

Mt. Ascutney Hospital and Health Center

Dartmouth Health

WINDSOR HOSPITAL CORPORATION
(d/b/a MT. ASCUTNEY HOSPITAL AND HEALTH CENTER)
AND SUBSIDIARIES

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As of and for the Years Ended September 30, 2023 and 2022

TYLER, SIMMS & ST. SAUVEUR, CPAs, PLLC
Certified Public Accountants & Business Consultants

Independent Auditors' Report

To the Board of Trustees of
Windsor Hospital Corporation (d/b/a Mt. Ascutney Hospital and Health Center)
and Subsidiaries:

Opinion

We have audited the accompanying consolidated financial statements of Windsor Hospital Corporation (d/b/a Mt. Ascutney Hospital and Health Center) (a nonprofit health care entity) and Subsidiaries, which comprise the consolidated balance sheets as of September 30, 2023 and 2022, and the related statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Windsor Hospital Corporation (d/b/a Mt. Ascutney Hospital and Health Center) and Subsidiaries as of September 30, 2023 and 2022, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Windsor Hospital Corporation (d/b/a Mt. Ascutney Hospital and Health Center) and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Windsor Hospital Corporation (d/b/a Mt. Ascutney Hospital and Health Center) and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 Windsor Hospital Corporation (d/b/a Mt. Ascutney Hospital and Health Center) and Subsidiaries' 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 Windsor Hospital Corporation (d/b/a Mt. Ascutney Hospital and Health Center) and Subsidiaries' 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Tyler, Simms and St. Sauveur, CPAs, PLLC

Lebanon, New Hampshire
February 5, 2024

Registration No. 92-545

WINDSOR HOSPITAL CORPORATION
(d/b/a MT. ASCUTNEY HOSPITAL AND HEALTH CENTER)
AND SUBSIDIARIES
Consolidated Balance Sheets
As of September 30, 2023 and 2022

		2023		2022
Assets				
Current assets				
Cash and cash equivalents	$	8,409,860	$	5,009,318
Restricted cash		92,189		100,947
Short-term investments		6,082,366		5,838,799
Patient accounts receivable		6,204,613		5,140,186
Other receivables, net		894,196		800,540
Estimated receivables with third-party payors		459,445		48,713
Inventories		444,918		450,450
Prepaid expenses		553,643		633,346
Total current assets		23,141,230		18,022,299
Investments				
Assets whose use is limited		26,777,881		26,136,708
Other investments for restricted activities		6,827,609		6,231,386
Charitable remainder trust		234,945		204,157
Beneficial interest in perpetual trusts		1,620,682		1,532,170
Total investments		35,461,117		34,104,421
Property and equipment, net		19,342,404		18,175,955
Right of use assets, net		4,938,675		5,096,569
Other assets		556,753		489,653
Total assets	$	83,440,179	$	75,888,897
Liabilities				
Current liabilities				
Accounts payable and accrued expense	$	4,966,292	$	3,431,223
Accrued salaries and wages		3,443,970		3,389,774
Accrued earned time off		1,657,209		1,762,505
Other current liabilities		908,005		558,705
Estimated settlements with third-party payors		1,136,096		34,999
Refundable advance		2,969,334		4,239,658
Current portion of long-term debt		4,000		4,000
Current portion of right of use obligations		448,207		444,363
Total current liabilities		15,533,113		13,865,227
Long-term debt, less current portion shown above		17,824,155		17,703,447
Right of use obligations, less current portion shown above		4,680,658		4,783,418
Post-retirement benefit obligation		340,444		367,685
Other liabilities		206,330		282,553
Total liabilities		38,584,700		37,002,330
Commitments and contingencies (See Notes)		-		-
Net assets				
Without donor restrictions		36,693,917		31,181,984
With donor restrictions				
Time or purpose		2,322,484		1,954,017
Perpetual		5,839,078		5,750,566
Total with donor restrictions		8,161,562		7,704,583
Total net assets		44,855,479		38,886,567
Total liabilities and net assets	$	83,440,179	$	75,888,897

The accompanying notes to consolidated financial statements are an integral part of these statements.

WINDSOR HOSPITAL CORPORATION
(d/b/a MT. ASCUTNEY HOSPITAL AND HEALTH CENTER)
AND SUBSIDIARIES
Consolidated Statements of Operations
For the Years Ended September 30, 2023 and 2022

	2023	2022
Revenues, gains and other support without donor restrictions		
Net patient service revenue	$ 62,635,551	$ 59,833,576
Other operating revenue	6,109,060	4,914,858
Health care reform payments (OneCare Vermont)	2,717,271	2,748,809
Net assets released from restrictions used for operations	297,101	327,125
Total revenues, gains and other support without donor restrictions	71,758,983	67,824,368
Expenses		
Salaries	29,858,947	29,947,254
Employee benefits	8,377,290	7,921,986
Medical supplies and medications	5,593,545	5,137,304
Purchased services and other	21,396,543	18,416,717
Provider tax	2,254,706	2,393,940
Depreciation and amortization	2,432,255	2,435,669
Interest	483,916	489,217
Total expenses	70,397,202	66,742,087
Income from operations	1,361,781	1,082,281
Nonoperating revenues (expenses)		
Net investment income	1,708,772	1,515,918
Contributions	381,556	156,536
Gain (loss) on sale of property and equipment	20,876	(21,558)
Net assets released from restrictions used for operations	221,825	216,596
Total nonoperating revenues (expenses)	2,333,029	1,867,492
Excess of revenues, gains and other support without donor restrictions over expenses and nonoperating revenues (expenses)	$ 3,694,810	$ 2,949,773

The accompanying notes to consolidated financial statements are an integral part of these statements.

WINDSOR HOSPITAL CORPORATION
(d/b/a MT. ASCUTNEY HOSPITAL AND HEALTH CENTER)
AND SUBSIDIARIES
Consolidated Statements of Changes in Net Assets
For the Years Ended September 30, 2023 and 2022

	2023	2022
Net assets without donor restrictions		
Excess of revenues over expenses	$ 3,694,810	$ 2,949,773
Net assets released from restrictions for capital expenditures	17,596	16,286
Change in net assets to recognize funded status of retirement liabilities	27,241	131,497
Change in market valuation on investments	780,426	(4,574,186)
Transfer of net assets from Dartmouth Health	991,860	906,668
Change in net assets without donor restrictions	5,511,933	(569,962)
Net assets with donor restrictions		
Contributions	383,253	328,745
Unrealized appreciation (depreciation) in charitable remainder trusts	30,788	(73,819)
Net assets released from restrictions used for operations	(518,926)	(543,721)
Net assets released from restrictions used for capital expenditures	(17,596)	(16,286)
Endowment investment income	343,357	119,979
Endowment change in market valuation on investments	147,591	(1,005,970)
Unrealized appreciation (depreciation) in beneficial interest in perpetual trusts	88,512	(439,316)
Change in net assets with donor restrictions	456,979	(1,630,388)
Change in net assets	5,968,912	(2,200,350)
Net assets, beginning of year	38,886,567	41,086,917
Net assets, end of year	$ 44,855,479	$ 38,886,567

The accompanying notes to consolidated financial statements are an integral part of these statements.

WINDSOR HOSPITAL CORPORATION
(d/b/a MT. ASCUTNEY HOSPITAL AND HEALTH CENTER)
AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended September 30, 2023 and 2022

		2023		2022
Cash flows from operating activities				
Change in net assets	$	5,968,912	$	(2,200,350)
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation		2,220,470		2,133,218
Amortization on right of use assets		512,204		575,011
Amortization reflected as interest		4,584		4,584
Payments on right of use lease obligations - operating		(252,027)		(243,996)
Net change in unrealized (gain) loss on investments		(928,017)		5,580,156
Realized gain on investments, net		(1,548,881)		(1,365,778)
Gain (loss) on sale of property and equipment		(20,876)		21,558
Unrealized (appreciation) depreciation in charitable remainder trusts		(30,788)		73,819
Unrealized (appreciation) depreciation in beneficial interest in perpetual trusts		(88,512)		439,316
Contributions restricted for capital expenditures		(27,568)		(12,866)
Change in net assets to recognize funded status of retirement liabilities		(27,241)		(131,497)
(Increase) decrease in the following assets:				
Patient accounts receivable		(1,064,427)		784,430
Inventories, prepaid expenses and other assets		18,135		(31,054)
Other receivables		(93,656)		(44,510)
Estimated receivables with third-party payors		(410,732)		(48,713)
Increase (decrease) in the following liabilities:				
Accounts payable, accrued expenses and other liabilities		1,757,046		415,769
Estimated settlements with third-party payors		1,101,097		(4,972,827)
Refundable advance		(1,270,324)		1,516,801
Liability for pension benefits		-		17,867
Net cash provided by operating activities		5,819,399		2,510,938
Cash flows from investing activities				
Purchases of property and equipment		(3,261,115)		(3,431,545)
Proceeds from sale of property and equipment		21,319		10,000
Proceeds from sale of investments		1,500,000		3,240,000
Purchases of investments		(504,065)		(6,537,671)
Net cash used in investing activities		(2,243,861)		(6,719,216)

The accompanying notes to consolidated financial statements are an integral part of these statements.

WINDSOR HOSPITAL CORPORATION
(d/b/a MT. ASCUTNEY HOSPITAL AND HEALTH CENTER)
AND SUBSIDIARIES

Consolidated Statements of Cash Flows (continued)

For the Years Ended September 30, 2023 and 2022

	2023	2022
Cash flows from financing activities		
Contributions restricted for capital expenditures	27,568	12,866
Payments on long-term debt obligations	(10,123)	(25,600)
Payments on financing right of use obligations	(201,199)	(283,195)
Net cash used in financing activities	(183,754)	(295,929)
Net increase (decrease) in cash, cash equivalents and restricted cash	3,391,784	(4,504,207)
Cash, cash equivalents and restricted cash, beginning of year	5,110,265	9,614,472
Cash, cash equivalents and restricted cash, end of year	$ 8,502,049	$ 5,110,265
Reconciliation of cash:		
Cash and cash equivalents	$ 8,409,860	$ 5,009,318
Restricted cash	92,189	100,947
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 8,502,049	$ 5,110,265

Supplemental Disclosures of Cash Flow Information

	2023	2022
Interest paid	$ 385,220	$ 490,325

Supplemental Disclosures of Non-Cash Investing and Financing Activities

During 2023, the Organization obtained $354,310 of finance lease right of use assets in exchange for finance lease right of use obligations.

During 2023, the Organization obtained $126,247 of software in exchange for long-term debt.

The accompanying notes to consolidated financial statements are an integral part of these statements.

1. Organization and Community Benefit Commitments:

The Windsor Hospital Corporation (d/b/a Mt. Ascutney Hospital and Health Center) (Hospital) is a Vermont not-for-profit corporation which provides facilities for twenty-five (25) critical access hospital beds and ten (10) rehabilitation beds and also outpatient services including physician clinics in the Windsor, Vermont area.

Effective July 1, 2014, the Hospital became a subsidiary of Dartmouth-Hitchcock Health. In 2022, Dartmouth-Hitchcock Health changed its name to Dartmouth Health (DH). DH is also the parent company of Mary Hitchcock Memorial Hospital (MHMH) and the Dartmouth-Hitchcock Clinic and was formed as an integrated health system designed to efficiently coordinate resources, expand access to specialized services and research and enhance the value and quality of care in communities throughout Vermont and New Hampshire. In accordance with Accounting Standards Update No. 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions*, the assets and liabilities of the Hospital were accounted for at fair value as of the date of the acquisition at the subsidiary level.

The Hospital is the sole corporate member of Historic Homes of Runnemede, Inc. (Historic Homes), which is a not-for-profit Vermont corporation operating in Windsor, Vermont. Historic Homes' activities include recreational, educational, and residential care services for the aging. Additional programs such as transportation, nutrition, social services, and life enrichment are provided.

The Hospital is the sole corporate member of Mt. Ascutney Hospital Community Health Foundation, Inc. (Foundation), which is a not-for-profit Vermont corporation operating in Windsor, Vermont. The Foundation provides health education and health promotion programs and services aimed at improving the health status of the Windsor community. On April 4, 2016, the Board of Trustees approved the transfer of the Foundation's program services to the Hospital in order to utilize the Hospital as the primary driver of community health and placing the Foundation on hold until a time that its structure is needed. All assets and liabilities of the Foundation were transferred to the Hospital at this time. The Foundation has remained dormant since that transaction.

Community Benefits

The mission of the Hospital is to improve the lives of those we serve.

The Hospital actively supports community-based healthcare and promotes the provision and coordination of services among healthcare providers and social services organizations. In addition, the Hospital also seeks to work collaboratively with other area healthcare and human service providers to improve the health status of the region.

- Community Health Services include activities carried out to improve community health and could include community health education (such as classes, programs, support groups, health fairs and materials that promote wellness and prevent risk and illness), community-based clinical services (such as free clinics and health screenings), and healthcare support services (enrollment assistance in public programs, assistance in obtaining free or reduced costs medications, telephone information services, or transportation programs to enhance access to care, etc.).

- Subsidized Health Services are services provided by the Hospital, resulting in financial losses that meet the needs of the community and would not otherwise be available unless the responsibility was assumed by the government.

- Health Professions Education includes uncompensated costs of training medical students, residents, nurses, and other health care professionals.

1. Organization and Community Benefit Commitments (continued):

- Community Benefit Operations includes costs associated with staff dedicated to administering benefit programs, community health needs assessment costs and other costs associated with community benefit planning and implementation.

- Charity Care and Costs of Government Sponsored Health Care includes losses, at-cost, incurred by providing health care services to persons qualifying for hospital financial assistance programs, and uncompensated costs of providing health care services to patients who are Medicaid Beneficiaries.

- The Uncompensated Cost of Care for Medicaid patients reported in the unaudited IRS form 990, Schedule H for 2022 was approximately $8,150,000.

The following table summarizes the value of the net community benefit initiatives outlined in the Hospital's most recently filed unaudited IRS form 990 for the year ended September 30, 2022:

Government-sponsored healthcare services	$ 4,461,414
Community health improvement services	45,906
Charity care	217,971
Health professional education	417,804
Total net community benefit value	$ 5,143,095

2. Summary of Significant Accounting Policies:

Principles of Consolidation – The consolidated financial statements include the accounts of the Hospital and its subsidiaries (collectively, the Organization). All significant intercompany balances have been eliminated in consolidation.

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 and have been prepared consistent with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 954, *Healthcare Entities*, which addresses the accounting for healthcare entities. The net assets, revenue, expenses and gains and losses of healthcare entities are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets without donor restrictions are amounts not subject to donor-imposed stipulations and are available for operations. Net assets with donor restrictions are those whose use has been limited by donors to a specific time period or purpose, or whose use has been restricted by donors to be maintained in perpetuity.

2. Summary of Significant Accounting Policies (continued):

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

Cash and Cash Equivalents – Cash and cash equivalents include money market funds and highly liquid debt instruments with a maturity of less than one year when purchased. Cash and cash equivalents exclude assets whose use is limited by the Board of Trustees. The Organization maintains its cash in deposit accounts which, at times, may exceed federal depository insurance limits. Management believes credit risk related to these investments is minimal. The Organization has not experienced any losses in such accounts.

Restricted Cash – The Organization classifies cash held on behalf of Mt. Ascutney Hospital Auxiliary and residents of Historic Homes as restricted cash.

Patient Accounts Receivable – Patient accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to operations and a credit to a valuation allowance based on its assessment of individual accounts and historical adjustments. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the provision for doubtful accounts and a credit to accounts receivable.

In evaluating the collectability of accounts receivable, the Hospital analyzes past results and identifies trends for each major payor source of revenue for the purposes of estimating the appropriate amounts of the allowance for doubtful accounts and the provision for doubtful accounts. Data in each major payor source are regularly reviewed to evaluate the adequacy of the allowance for doubtful accounts. Specifically, for receivables relating to services provided to patients having third-party coverage, an allowance for doubtful accounts and a corresponding provision for doubtful accounts are established at varying levels based on the age of the receivables and payor source. For receivables relating to self-pay patients, a provision for doubtful accounts is made in the period services are rendered based on experience indicating the inability or unwillingness of patients to pay amounts for which they are financially responsible. Actual write-offs are charged against the provision for doubtful accounts.

Inventories – Inventories are stated at the lower of cost (determined by the first-in, first-out method) or net realizable value.

Investments – Assets whose use is limited and other investments for restricted activities include donor-restricted investments and designated assets set aside by the Board of Trustees for future capital improvements, over which the Board retains control and may, at its discretion, use for other purposes.

The Organization records its investment securities at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. Investment gains and income are reported as increases to net assets depending on the existence or absence of donor restrictions.

2. Summary of Significant Accounting Policies (continued):

Investment income without donor restrictions and gains and losses from all other investments are reported as nonoperating revenue. Unrealized gains and losses on investments are excluded from the excess of revenues, gains, and other support over expenses and nonoperating revenue, and reported as an increase in net assets, except that declines that are considered other than temporary are reported within excess of revenues and gains over expenses.

Employee Fringe Benefits – The Organization has an "earned time" plan to provide certain fringe benefits for its employees. Under this plan, each employee "earns" paid leave for each payroll period. Accumulated hours may be used for vacations, holidays, or illnesses. Hours earned, but not used, vest with the employees up to established limits. The Organization accrues the cost of these benefits as they are earned.

Property and Equipment – Property and equipment acquisitions are recorded at cost or, if contributed, at fair market value determined at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method.

Effective July 1, 2014, property and equipment was adjusted to fair value as described under Organization related to business combination transaction. Property and equipment acquisitions subsequent to this date are recorded at cost.

Gifts of long-lived assets such as land, buildings or equipment are reported as unrestricted support, and are excluded from the excess of revenues, gains, and other support over expenses and nonoperating revenue, 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.

The Organization reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. The factors considered by management in performing this assessment include current operating results, trends, and prospects, as well as the effects of obsolescence, demand, competition, and other economic factors.

Refundable Advance – Conditional contributions received by the Organization are recorded as a liability under "refundable advance" until the conditions have been substantially met or explicitly waived by the donor.

Bond Issuance Costs – The costs incurred to obtain financing for the Organization's construction programs are amortized over the repayment period of the bonds and are included in long-term debt, net of amortization on the balance sheets.

Nonoperating Revenue – Activities, other than in connection with providing health care services, are considered to be nonoperating. Nonoperating revenue consist primarily of income on invested funds, other than temporary declines on investments.

2. Summary of Significant Accounting Policies (continued):

Excess of Revenues, Gains and Other Support Over Expenses and Nonoperating Revenues (Expenses) – The statements of operations include excess of revenues, gains, and other support over expenses and nonoperating revenues (expenses). Changes in net assets without donor restrictions, which are excluded from this measure, consistent with industry practice, include unrealized gains (losses) on investments, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets) and changes in net assets to recognize funded status of the pension plan.

Net Patient Service Revenue – The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, discounted charges and per diem rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors, except for amounts received under the agreement with OneCare Vermont Accountable Care Organization, LLC. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Net Assets With Donor Restrictions

Time or Purpose – Those whose use by the Organization has been limited by donors to a specific time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with time or purpose donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of operations and changes in net assets as either net assets released from restrictions used for operations or net assets released from restrictions used for capital acquisition.

Perpetual – Restricted by donors to be maintained by the Hospital in perpetuity. Generally, income earned on net assets with perpetual donor restrictions, including net realized appreciation (depreciation) on investments, is included in net assets with a time or purpose donor restriction until appropriated by the Board. Appreciation (depreciation) on perpetual trusts is included within net assets with perpetual donor restrictions.

Other Operating Revenue – The Organization recognizes other revenue which is not related to patient medical care but is central to the day-to-day operations of the Organization. Other revenue primarily consists of grant revenue, which is recognized as revenue in the period in which the expenses are incurred. Grant revenues are recorded in accordance with the provisions of the applicable award amounts and are primarily considered to be exchange transactions. The Organization is subject to the regulations and reporting requirements of the applicable governmental and grantor agencies. Other revenue also includes the Department of Health and Human Services ("HHS") Coronavirus Aid, Relief, and Economic Securities Act ["CARES Act" Provider Relief Funds ("Provider Relief Funds")], operating agreements, cafeteria sales, 340B revenue, residential services, and other support service revenue, all primarily considered to be exchange transactions. Provider Relief Funds are a conditional contribution. The Organization has elected the "simultaneous release" accounting policy option, such that, conditional contributions received whose condition lapses simultaneously with the expiration of donor-imposed use restrictions are reported in net assets without donor restrictions.

Charity Care – The Organization provides care to patients who meet criteria under its charity care policy without charge, or at amounts less than its established rates. Because the Organization does not pursue collections of amounts determined to qualify as charity care, they are not reported as revenue.

2. Summary of Significant Accounting Policies (continued):

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

Income Taxes – The Organization's parent company and subsidiaries are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. However, the Organization is subject to federal income tax on any unrelated business taxable income.

ASC Subtopic 740-10, *Accounting for Uncertainty in Income Taxes*, addresses the accounting uncertainty of income taxes recognized in an enterprise's financial statements and prescribes a threshold of "more-likely-than-not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Subtopic 740-10 also provides guidance on measurement classification, interest and penalties and disclosure. The Organization has determined that the provisions of Subtopic 740-10 do not have a material effect on the Organization's financial statements. The Organization believes it is no longer subject to examinations for fiscal years prior to 2020.

Liquidity – Assets are presented in the accompanying consolidated balance sheets according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

3. Net Patient Service Revenue, Other Revenue and Patient Accounts Receivable:

The Organization reports net patient service revenue at amounts that reflect the consideration to which it expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payers (including managed care payers and government programs) and others; and they include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Organization bills patients and third-party payers several days after the services were performed or shortly after discharge. Revenue is recognized as performance obligations are satisfied under contracts by providing healthcare services to patients.

The Organization determines performance obligations based on the nature of the services provided. Revenues for performance obligations satisfied over time are recognized based on actual charges incurred in relation to total expected charges as this method provides a reasonable estimate of the transfer of services over the term of performance obligations based on inputs needed to satisfy the obligations. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services. For inpatient services, performance obligations are measured from admission to the point when there are no further services required for the patient, which is generally the time of discharge. For outpatient services and physician services, performance obligations are recognized at a point in time when the services are provided, and no further patient services are deemed necessary.

3. Net Patient Service Revenue, Other Revenue and Patient Accounts Receivable (continued):

Generally, the Organization's patient service performance obligations relate to contracts with a duration of less than one year. Therefore, the Organization has elected to apply the optional exemption provided in ASC 606-10-50-14a 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. This generally refers to inpatient 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.

Explicit Pricing Concessions

Established charges represent gross charges. They are not the same as actual pricing, and they generally do not reflect what a hospital is ultimately entitled to for services it provides. Therefore, they are not displayed in the Organization's consolidated statements of operations and changes in net assets.

A summary of the payment arrangements with major third-party payors follows:

Medicare – The Hospital is a Critical Access Hospital (CAH). As a CAH, the Hospital is reimbursed 101%, less 2% for sequestration, of reasonable allowable cost for its inpatient acute, swing bed and outpatient services, provided to Medicare patients. Sequestration was suspended beginning in March 2020 due to the COVID-19 pandemic (see also Note 23), through March 31, 2022. The Hospital is reimbursed at tentative rates for cost reimbursable items with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. Final settlements have been determined for all years through September 30, 2019. The years 2020 – 2022 were refiled and tentatively settled during 2023.

The Hospital's rehabilitation unit is licensed as a rehabilitation distinct part unit and is paid under the inpatient rehabilitation facility prospective payment system rather than under the CAH allowable cost program.

Medicaid – Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed at determined prospective rates. There is no retroactive settlement process for Medicaid.

Commercial – The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Health Care Reform Payments (OneCare Vermont) – OneCare is an accountable care organization (ACO) working with Medicare, Vermont Medicaid, Commercial and Self-Funded insurance programs. It is comprised of an extensive network of physicians, hospitals, and other providers. This payer ACO Model is a five-year agreement between the Centers for Medicare and Medicaid Services (CMS), the Green Mountain Care Board and the Secretary of the Agency of Human Services.

3. Net Patient Service Revenue, Other Revenue and Patient Accounts Receivable (continued):

The Hospital has entered into a Risk-Bearing Participant and Preferred Provider Agreement with OneCare Vermont where the participants agree to share in the financial outcomes from their joint efforts in population health management. This agreement was for the period October 1, 2018 to the earlier of when the provider is no longer participating in an ACO program or December 31, 2022. The Hospital has signed agreements to participate in Medicare and Medicaid for calendar years 2023 and 2024.

A component of this agreement provides for participation in the All-Inclusive Population-Based Payment (AIPBP) program. The payment methodology within the AIPBP provides for fixed prospective payments (FPP). OneCare Vermont calculates these payments considering the attributed lives, periodically adjusted for death, change of address, and change of provider as well as the Hospital service area and estimated total cost of care. During calendar year 2019, the Hospital participated in the Medicaid and Medicare AIPBP program and received FPP from both payers. In calendar year 2020, the Hospital withdrew from the Medicare AIPBP program and resumed receiving traditional fee-for-service payments from Medicare. The Hospital continued to receive FPP from Medicaid during calendar years 2020 through 2023.

Another component of the agreement relates to the maximum financial risk and how the related risk formula varies by payer. The calculation of the maximum risk is complex and performed by OneCare Vermont, using estimates obtained from payers in prior periods, along with state-wide healthcare trends and objectives. The hospitals participating in the program have limited knowledge of all of the components of the calculation. The maximum risk for each payer incorporates an agreed-upon percentage of estimated total cost for the attributed lives in the hospital service area. Related to the risk-sharing component of the agreement, the Hospital recorded an estimated receivable of $459,445 as of September 30, 2023 and reserved approximately $35,000 as of September 30, 2022, for Medicare and Medicaid risk, combined. The liability for risk was eliminated for calendar years 2020 through 2021, due to the National Health Emergency, caused by the pandemic. A participant in the program may not incur risk with favorable performance against the medical expense targets for a given contract year. In this case, the favorable performance (savings) would be shared between the payer, the ACO, and the Hospital. The change in prior year risk reserves increased health care reform payments reported on the statements of operations by $35,000 and $0 for the years ended September 30, 2023 and 2022, respectively.

Provider Tax and Disproportionate Share Hospital

During the years ended September 30, 2023 and 2022, the Hospital recognized Disproportionate Share Hospital (DSH) payments of approximately $424,000 and $1,265,000, respectively. DSH payments are subject to audit.

During the years ended September 30, 2023 and 2022, the Hospital recorded State of VT Provider taxes of $2,254,706 and $2,393,940, respectively. The taxes are calculated at 6% of certain patient service revenues. The Provider taxes are included in operating expenses in the consolidated statements of operations.

3. Net Patient Service Revenue, Other Revenue and Patient Accounts Receivable (continued):

Implicit Price Concessions

Generally, patients who are covered by third-party payer contracts are responsible for related co-pays, co-insurance, and deductibles, which vary depending on the contractual obligations of patients. The Organization also provides services to uninsured patients and offers those patients a discount from standard charges. The Organization estimates the transaction price for patients with co-pays, co-insurance, and deductibles and for those who are uninsured based on historical collection experience and current market conditions. The discount offered to uninsured patients reduces the transaction price at the time of billing. The uninsured and patient responsible accounts, net of discounts recorded, are further reduced through implicit price concessions based on historical collection trends for similar accounts and other known factors that impact the estimation process. Subsequent changes to the estimate of transaction price are generally recorded as adjustments to net patient service revenue in the period of change.

The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Organization expects to collect based on collection history with similar patients. Although outcomes vary, the Organization's policy is to attempt to collect amounts due from patients, including co-pays, co-insurance, and deductibles due from insurance at the time of service while complying with all federal and state statutes and regulations, including but not limited to, the Emergency Medical Treatment and Active Labor Act (EMTALA).

Revenue from the Medicare and Medicaid programs accounted for approximately 59% and 11%, respectively, of the Hospital's gross patient revenue for the year ended 2023, and 57% and 13%, respectively, of the Hospital's gross patient revenue for the year ended 2022. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Adjustments to net patient service revenue were made in order to recognize revised or new information obtained, subsequent to initial estimates. Those adjustments, related to settling prior year annual cost reports, increased net patient service revenue approximately $1,474,000 in 2023 and decreased it approximately $502,000 in 2022.

On March 1, 2013, certain provisions of the Federal Government's Budget Control Act of 2011 went into effect. Among these are mandatory payment reductions under the Medicare program known as sequestration. Under these provisions, Medicare reimbursement was reduced by two percent on all claims with dates-of-service or dates-of-discharge on or after April 1, 2013. The continuation of these payment cuts for an extended period of time will have an adverse effect on the operating results of the Hospital. Sequestration was suspended beginning in March 2020 due to the COVID-19 pandemic (see also Note 23), through March 31, 2022.

Net operating revenues for the Hospital's operations consist primarily of net patient service revenues, principally for patients covered by Medicare, Medicaid, managed care, and other health plans as well as patient payments from those covered under the Hospital's uninsured discount and charity care programs.

3. Net Patient Service Revenue, Other Revenue and Patient Accounts Receivable (continued):

According to ASC 606, the Organization must disclose sources of net operating revenues presented at the net transaction price for the years ended September 30:

	2023	2022
Hospital		
Medicare	$ 34,860,943	$ 31,288,292
Medicaid	537,039	2,752,292
Commercial	26,535,508	25,238,546
Self Pay	702,061	554,446
	62,635,551	59,833,576
Health care reform payments (OneCare Vermont)		
Medicare	159,715	125,834
Medicaid	2,530,096	2,535,286
Commercial	27,460	87,689
	2,717,271	2,748,809
Other operating revenue		
Hospital	4,218,293	3,297,242
Historic Homes	2,187,868	1,944,741
Total other	6,406,161	5,241,983
Total net operating revenues	$ 71,758,983	$ 67,824,368

4. Charity Care and Community Services:

Consistent with its tax-exempt status and community service responsibility, the Hospital provides services at no charge or at discounted rates to patients who are uninsured or underinsured that meet certain criteria. The criteria for charity care consider family income, net worth, and extent of financial obligations, including health care costs.

The net cost of charity care provided was $397,000 and $563,000 in 2023 and 2022, respectively, based on the overall ratio of cost to charges from the most recent Medicare cost report.

In 2023, the Hospital provided 251 patients charity care assistance. In 2022, 359 patients received charity care. The largest portion of services provided on a charity basis for 2023 and 2022 was for emergency department services.

The determination of eligibility for charity care is granted on a sliding fee basis. Effective January 1, 2023, patients with family income less than 250% of the Department of Health and Human Services Income Poverty Guidelines shall not be responsible for the balance of their account for services rendered at the Organization. Those with family income at least equal to 251% but not exceeding 275% of the guidelines, shall be responsible for 25% of the remaining balance of their accounts. Those with family income at least equal to 276%, but not exceeding 300% of the guidelines, will be responsible for 50% of the remaining balance of their accounts. Those with family income at least equal to 301%, but not exceeding 325% of the guidelines, will be responsible for 75% of the remaining balance of their accounts.

4. Charity Care and Community Services (continued):

Prior to January 1, 2023, patients with family income less than 225% of the Department of Health and Human Services Income Poverty Guidelines were not responsible for the balance of their account for services rendered at the Organization. Those with family income at least equal to 226% but not exceeding 250% of the guidelines, were responsible for 25% of the remaining balance of their accounts. Those with family income at least equal to 251%, but not exceeding 275% of the guidelines, were responsible for 50% of the remaining balance of their accounts. Those with family income at least equal to 276%, but not exceeding 300% of the guidelines, were responsible for 75% of the remaining balance of their accounts.

5. Other Operating Revenue:

Other operating revenue included the following for the years ended September 30:

	2023	2022
Grant revenue	$ 830,981	$ 925,717
340b revenue	360,470	666,640
Residential services	2,187,868	1,944,741
Provider Relief Funds	1,270,324	-
Program revenue, sale of services and other	1,459,417	1,377,760
Total other operating revenue	$ 6,109,060	$ 4,914,858

6. Inventories:

The major classes of inventories consisted of the following as of September 30:

	2023	2022
Pharmacy	$ 294,795	$ 305,671
Operating room	96,721	87,000
Other	53,402	57,779
	$ 444,918	$ 450,450

7. Donor Restricted Endowment Net Assets:

Net assets include numerous funds established for a variety of purposes including both donor restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

7. Donor Restricted Endowment Net Assets (continued):

The Board of Trustees has interpreted the Vermont Uniform Prudent Management of Institutional Funds Acts (UPMIFA or Act) for donor-restricted endowment funds as requiring the preservation of the original value of gifts, as of the gift date, to donor-restricted endowment funds, absent explicit donor stipulations to the contrary. The Organization's net assets with donor restrictions which are to be held in perpetuity consist of: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to be held in perpetuity, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, if any. Collectively these amounts are referred to as the historic dollar value of the fund.

Net assets without donor restrictions include funds designated by the Board of Trustees. Net assets with donor restrictions that are temporary in nature, either restricted by time or purpose, include funds appropriated for expenditure pursuant to endowment and investment spending policies, certain expendable endowment gifts from donors, and any retained income and appreciation on donor-restricted endowment funds, which are restricted by the donor to a specific purpose or by law. When the restrictions on these funds have been met, the funds are reclassified to net assets without donor restrictions.

The Organization's policy is to appropriate for distribution each year 4% of its donor restricted endowment net assets' rolling three-year average market value to the extent accumulated gains and income are available.

The Organization's investment assets are held at DH. DH targets a diversified asset allocation that places emphasis on investments in domestic and international equities, fixed income, private equity, and hedge fund strategies to achieve its long-term return objectives within prudent risk constraints. DH's Investment Committee reviews the policy portfolio asset allocations, exposures, and risk profile on an ongoing basis.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below their original contributed value. Such market losses were not material as of September 30, 2023 and 2022.

7. Donor Restricted Endowment Net Assets (continued):

Endowment Net Asset Composition by Type of Fund as of September 30, 2023

	Time or Purpose	Perpetual	Total
Donor-restricted endowment funds	$ 1,495,635	$ 4,218,396	$ 5,714,031
Total funds	$ 1,495,635	$ 4,218,396	$ 5,714,031
Endowment net assets, beginning of year	$ 1,226,513	$ 4,218,396	$ 5,444,909
Investment return:			
Investment gain	34,312	-	34,312
Net appreciation (realized and unrealized)	456,635	-	456,635
Total investment return	490,947	-	490,947
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(221,825)	-	(221,825)
Endowment net assets, end of year	1,495,635	4,218,396	$ 5,714,031
Donor contributions restricted for health care services	825,849		
Donor contributions restricted for employee appreciation	1,000		
Net assets with time or purpose donor restrictions	$ 2,322,484		
Beneficial interest in perpetual trusts		1,620,682	
Net assets with perpetual donor restrictions		$ 5,839,078	

7. Donor Restricted Endowment Net Assets (continued):

Endowment Net Asset Composition by Type of Fund as of September 30, 2022

	Time or Purpose	Perpetual	Total
Donor-restricted endowment funds	$ 1,226,513	$ 4,218,396	$ 5,444,909
Total funds	$ 1,226,513	$ 4,218,396	$ 5,444,909
Endowment net assets, beginning of year	$ 2,329,100	4,218,396	$ 6,547,496
Investment return:			
Investment gain	27,739	-	27,739
Net appreciation (realized and unrealized)	(913,730)	-	(913,730)
Total investment return	(885,991)	-	(885,991)
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(216,596)	-	(216,596)
Endowment net assets, end of year	1,226,513	4,218,396	$ 5,444,909
Donor contributions restricted for health care services	726,504		
Donor contributions restricted for employee appreciation	1,000		
Net assets with time or purpose donor restrictions	$ 1,954,017		
Beneficial interest in perpetual trusts		1,532,170	
Net assets with perpetual donor restrictions		$ 5,750,566	

8. Other Receivables:

Other receivables consisted of the following at September 30:

	2023	2022
Grants receivable	$ 297,193	$ 428,596
Resident receivable, net of allowance	221,092	108,871
Other	375,911	263,073
	$ 894,196	$ 800,540

9. Investments:

The Hospital owns approximately 2.1% of the Dartmouth-Hitchcock Master Investment Partnership as of September 30, 2023 and 2022. This is a pooled/commingled investment holdings partnership where shares or units are owned of pooled funds rather than the underlying securities in that fund. The Hospital has funds within the intermediate fund and the master investment program within the partnership. These pooled/commingled funds make underlying investments in securities from the asset classes listed below and totaled $32,335,327 and $31,187,755 as of September 30, 2023 and 2022, respectively. The Hospital also directly owns cash that is classified as short-term investments on the consolidated balance sheet of $6,082,366 and $5,838,799 as of September 30, 2023 and 2022, respectively.

Historic Homes directly owns the investments in securities from the asset classes listed below in the amount of $1,270,163 0and $1,180,339 as of September 30, 2023 and 2022, respectively.

Investments are accounted for using the fair value method of accounting and are reported at what the Organization believes to be the amount that the Organization would expect to receive if it liquidated its investments at the balance sheet date on a nondistressed basis.

The following tables summarize the investments by asset classes, as of September 30, 2023 and 2022. Accounting standards require disclosure of additional information for the securities accounted for using the fair value method, as shown in Note 20.

9. Investments (continued):

	2023		
	Hospital Fair Value	Historic Homes Fair Value	Total
Cash and cash equivalents	$ 7,050,856	$ 56,670	$ 7,107,526
Fixed income mutual funds	-	308,723	308,723
Exchange traded products			
Equities	-	266,769	266,769
Fixed income	-	305,216	305,216
Total exchange traded products	-	571,985	571,985
Equities			
Domestic	6,397,792	-	6,397,792
International	2,617,668	19,602	2,637,270
Global	2,716,306	-	2,716,306
Industrials	-	33,565	33,565
Consumer discretionary	-	16,831	16,831
Consumer staples	-	19,904	19,904
Emerging markets	1,279,692	-	1,279,692
Energy	-	30,997	30,997
Financials	-	62,162	62,162
Health care	-	53,112	53,112
Private	5,323,230	-	5,323,230
Real estate	-	11,396	11,396
Utilities	-	12,383	12,383
Telecommunication services	-	2,857	2,857
Material	-	13,555	13,555
Information technology	-	49,770	49,770
Total equities	18,334,688	326,134	18,660,822
Debt securities			
Domestic debt securities	8,878,804	-	8,878,804
Global debt securities	925,399	-	925,399
Total debt securities	9,804,203	-	9,804,203
Real assets	-	6,651	6,651
U.S. government securities	1,516,077	-	1,516,077
Hedge Funds	1,711,869	-	1,711,869
Total investments	$ 38,417,693	$ 1,270,163	$ 39,687,856

9. Investments (continued):

	2022		
	Hospital Fair Value	Historic Homes Fair Value	Total
Cash and cash equivalents	$ 7,402,041	$ 49,202	$ 7,451,243
Mutual funds			
Fixed income	-	262,122	262,122
Total mutual funds	-	262,122	262,122
Exchange traded products			
Equities	-	271,120	271,120
Fixed income	-	275,855	275,855
Total exchange traded products	-	546,975	546,975
Equities			
Domestic	6,872,481	-	6,872,481
International	865,369	11,871	877,240
Global	2,371,461	-	2,371,461
Industrials	-	39,055	39,055
Consumer discretionary	-	20,033	20,033
Consumer staples	-	21,949	21,949
Emerging markets	1,146,820	-	1,146,820
Energy	-	23,047	23,047
Financials	-	47,842	47,842
Health care	-	52,075	52,075
Private	6,245,001	-	6,245,001
Real estate	-	16,098	16,098
Utilities	-	22,263	22,263
Telecommunication services	-	12,537	12,537
Materials	-	10,912	10,912
Information technology	-	37,094	37,094
Total equities	17,501,132	314,776	17,815,908
Debt securities			
Domestic debt securities	6,047,798	-	6,047,798
Global debt securities	1,910,529	-	1,910,529
Total debt securities	7,958,327	-	7,958,327
Real assets	-	6,964	6,964
U.S. government securities	2,136,657	-	2,136,657
Hedge funds	2,028,397	-	2,028,397
Total investments	$ 37,026,554	$ 1,180,039	$ 38,206,593

10. Beneficial Interest in Trusts:

The Organization is the beneficiary of various trusts for which it is not the trustee, valued at $1,620,682 and $1,532,170 in irrevocable perpetual trusts and $234,945 and $204,157 in a charitable remainder trust at September 30, 2023 and 2022, respectively. The Organization has reflected as assets in the balance sheets the fair value of the underlying investments in the trusts. Adjustments to the irrevocable perpetual trusts to reflect changes in the fair value are reflected in the statement of changes in net assets as unrealized appreciation (depreciation) in beneficial interest in perpetual trusts as a change in net assets with donor restrictions. Adjustments to the charitable remainder trust to reflect changes in the fair value are reflected in the statement of changes in net assets as unrealized appreciation (depreciation) in charitable remainder trust as a change in net assets with donor restrictions.

11. Property and Equipment:

The major categories of property and equipment are as follows as of September 30:

	2023	2022
Buildings and improvements	$ 35,151,094	$ 32,744,457
Major moveable equipment	15,098,728	14,589,365
Land and land improvements	2,151,940	2,151,940
	52,401,762	49,485,762
Less accumulated depreciation	34,159,327	32,079,099
	18,242,435	17,406,663
Construction in progress	1,099,969	769,292
Total property and equipment	$ 19,342,404	$ 18,175,955

Construction in progress are as follows as of September 30, 2023:

	Total Costs to Date	Estimated Total Project Costs	Estimated Date of Completion
Air Handling	$ 108,417	$ 3,650,000	Sept 2024 - Sept 2026
Radiology Window	94,440	94,440	October 2023
Bulk 02 & Med Gas Cap Line 1500	264,531	275,000	December 2023
IT Infrastructure	523,633	571,500	Jan 2024 - May 2024
Carousel Phone System	24,087	24,087	October 2023
Storage Room - OR	36,995	36,995	October 2023
Decontamination Room Exhaust System	15,960	35,000	January 2024
Underground Power Project	31,906	36,907	November 2023
	$ 1,099,969		

12. Estimated Receivables and Settlements with Third-Party Payors:

Estimated receivables with third-party payors are as follows as of September 30:

	2023	2022
Estimated receivables - Medicare	$ -	$ 48,713
OneCare Vermont receivable	459,445	-
Total estimated receivables with third-party payors, net	$ 459,445	$ 48,713

Estimated settlements with third-party payors are as follows as of September 30:

	2023	2022
Estimated settlements and reserves - Medicare	$ 1,136,096	$ -
OneCare Vermont reserve	-	34,999
Total estimated settlements with third-party payors, net	$ 1,136,096	$ 34,999

13. Borrowings:

Line of Credit – The Organization entered into an agreement with Mary Hitchcock Memorial Hospital and Dartmouth-Hitchcock Health in the amount of $2,000,000. This line bears interest at current LIBOR plus 55 basis points. The Organization has an outstanding balance under the line of credit of $0 as of September 30, 2023 and 2022.

Long-Term Debt – Long-term debt consisted of the following at September 30:

	2023	2022
Note payable to Mary Hitchcock Memorial Hospital and Dartmouth-Hitchcock Health due in semiannual interest payments from July 2016 through February 2042, with an interest rate of 1.78%. Beginning in February 2042, semi-annual principal payments through February 2046 ranging from $2,085,000 to $2,305,000.	$ 10,970,000	$ 10,970,000
Note payable to Mary Hitchcock Memorial Hospital and Dartmouth-Hitchcock Health due in semiannual interest payments from July 2020 through January 2038, with an interest rate of 4.18%. In July 2038, $6,737,940 is due, including principal of $6,600,000 and interest at 4.18%.	6,600,000	6,600,000
Interest-free note payable to Vermont Housing and Conservation Board (VHCB), no monthly payments, entire principal due June 2029; collateralized by land and building.	206,350	206,350

13. Borrowings (continued):

	2023	2022
Note payable to Huntington Technology Finance, Inc., in monthly payments of $2,279, including interest at 3.48181%, due June 2028.	120,123	-
Interest-free note payable to VHCB, entire principal due June 2034; collateralized by land and buildings.	36,000	40,000
	17,932,473	17,816,350
Less current portion	4,000	4,000
Less unamortized bond closing costs	104,318	108,903
Long-term debt, net of current portion	$ 17,824,155	$ 17,703,447

Maturities on long-term debt for fiscal years subsequent to September 30, 2023 are as follows:

2024 (included in current liabilities)	$ 4,000
2025	51,921
2026	29,239
2027	30,132
2028	24,831
Thereafter	17,792,350
	$ 17,932,473

The Organization is a member of the Dartmouth-Hitchcock Obligated Group (DHOG). MHMH established the DHOG in 1993 for the original purpose of issuing bonds financed through New Hampshire Health and Education Facilities Authority (NHHEFA). Other members of DHOG include MHMH, Dartmouth-Hitchcock Clinic, Alice Peck Day Memorial Hospital and New London Hospital Association. Dartmouth-Hitchcock Health is designated as the obligated group agent.

Revenue bonds issued by members of the DHOG are administered through notes registered in the name of the Bond Trustee and in accordance with the terms of a Master Trust Indenture. The Master Trust Indenture contains provisions permitting the addition, withdrawal, or consolidation of members of the DHOG under certain conditions. The notes constitute a joint and several obligations of the members of the DHOG (and any future members of the DHOG) and are equally and ratably collateralized by a pledge of the members' gross receipts. The Organization's note payable to MHMH, and Dartmouth-Hitchcock Health was issued by NHHEFA through the DHOG. The Organization does not expect to pay any additional amounts on behalf of its co-obligors. The DHOG is also subject to certain annual covenants under the Master Trust Indenture, the more restrictive is the Annual Debt Service Coverage Ratio (1.10x).

14. Lease Commitments:

The Organization determines if an arrangement is or contains a lease at inception of the contract. Right-of-use assets represent the Organization's right to use the underlying assets for the lease term and the lease liabilities represent the Organization's obligation to make lease payments arising from the leases. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate noted within the contract. If not readily available, the Organization uses the estimated incremental borrowing rate, which is derived using a collateralized borrowing rate for the same currency and term as the associated lease. A right-of-use asset and lease liability is not recognized for leases with an initial term of 12 months or less and the Organization recognizes lease expense for these leases on a straight-line basis over the lease term within lease and rental expense.

The Organization's operating leases are for real estate and equipment. The Organization's real estate lease agreement had an initial term of 12 years and was modified to a new 15-year term, with two options to renew for 5 years each. The exercise of lease renewal options is at the Organization's sole discretion. When determining the lease term, the Organization included options to extend or terminate the lease when it is reasonably certain that it will exercise that option.

The components of lease expense are as follows for the years ended September 30:

	2023	2022
Operating lease cost	$ 415,331	$ 419,386
Variable and short term lease cost (a)	413,050	371,026
Total lease and rental expense	$ 828,381	$ 790,412
Finance lease cost:		
Amortization of property under finance lease	$ 205,473	$ 302,451
Interest on debt of property under finance lease	6,581	11,882
Total finance lease cost	$ 212,054	$ 314,333

(a) Includes equipment, month-to-month and leases with a maturity of less than 12 months.

Supplemental cash flow information related to leases for the years ended September 30, 2023 and 2022 are as follows:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 363,152	$ 358,421
Operating cash flows from finance leases	6,581	11,882
Financing cash flows from finance leases	203,985	308,613
	$ 573,718	$ 678,916

14. Lease Commitments (continued):

Supplemental balance sheet information related to leases as of September 30, 2023 and 2022 are as follows:

	2023	2022
Operating leases		
Right of use assets-operating leases	$ 5,168,952	$ 5,217,838
Accumulated amortization	(821,910)	(564,064)
Right of use assets-operating leases, net	$ 4,347,042	$ 4,653,774
Current portion of right of use obligations	$ 266,563	$ 254,554
Long-term right of use obligation, excluding current portion	4,271,885	4,542,504
Total operating lease liabilities	$ 4,538,448	$ 4,797,058
Finance leases		
Right of use assets-finance leases	$ 1,324,386	$ 970,076
Accumulated amortization	(732,753)	(527,281)
Right of use assets-finance leases, net	$ 591,633	$ 442,795
Current portion of right of use obligations	$ 181,644	$ 189,809
Long-term right of use obligation, excluding current portion	408,773	240,914
Total finance lease liabilities	$ 590,417	$ 430,723
Weighted average remaining lease term, years		
Operating leases	12.25	13.24
Finance leases	3.76	2.94
Weighted average discount rate		
Operating leases	2.34%	2.34%
Finance leases	3.14%	1.46%

During 2023, the Organization obtained $354,310 of finance lease right of use assets in exchange for finance lease right of use obligations.

14. Lease Commitments (continued):

Future maturities of lease liabilities as of September 30, 2023 are as follows:

	Operating Leases	Finance Leases
Year ending September 30:		
2024	$ 369,262	$ 198,250
2025	378,493	172,747
2026	387,956	134,157
2027	397,655	80,131
2028	407,596	66,844
Later years	3,275,079	-
Total lease payments	5,216,041	652,129
Less: imputed interest	677,593	61,712
Total lease payments	$ 4,538,448	$ 590,417

15. Net Assets With Donor Restrictions:

Net assets with a purpose or time restriction are available for the following purposes at September 30:

	2023	2022
Health care services	$ 825,849	$ 726,504
Endowment accumulated earnings	1,495,635	1,226,513
Employee appreciation	1,000	1,000
	$ 2,322,484	$ 1,954,017

Net assets to be held in perpetuity are available for the following purposes at September 30:

	2023	2022
Investments to be held in perpetuity, the income from which is expendable for		
Health care services	$ 4,130,714	$ 4,130,714
Health care services to the indigent	86,365	86,365
Alcohol/drug rehabilitation programs	1,317	1,317
Interest in perpetual trust, the income from which is expendable for		
Health care services	1,114,302	1,037,827
Purchases of medical equipment	506,380	494,343
	$ 5,839,078	$ 5,750,566
Total net assets with donor restrictions	$ 8,161,562	$ 7,704,583

16. Related Party Transactions:

Mt. Ascutney Professional Center Owners Association – The Mt Ascutney Professional Center Owners Association (Association) is a Vermont C corporation organization. The Hospital owns all units of the Professional Center Owners Association. The Organization is considering dissolution of the Association. The Organization pays all condo fees during the year. For the years ended September 30, 2023 and 2022, condo fees were approximately $104,000 and $101,000, respectively.

Dartmouth-Hitchcock Health Related Organizations – Effective July 1, 2014, DH became the sole corporate member of the Organization through an affiliation agreement. The affiliation is intended to strengthen the clinical services offered by the Organization, continue to improve population health in the region and reduce overall healthcare spending.

During the ordinary course of business, the Organization receives services from New England Alliance for Health (NEAH), an LLC owned and managed by MHMH, which totaled approximately $581,000 and $720,000 for the years ended September 30, 2023 and 2022, respectively. As of September 30, 2023 and 2022, there was no payable or receivable with NEAH.

Through NEAH, the Organization is provided professional and general liability insurance on a claims-made basis through Hamden Risk Retention Group, Inc. (HRRG), a Vermont captive insurance company. HRRG reinsures the majority of this risk to Hamden Assurance (HA), a captive insurance company domiciled in Bermuda and to a variety of commercial reinsurers. DH has ownership interests in both HRRG and HA.

The Organization contracts with Dartmouth-Hitchcock for clinical, and other services in the ordinary course of business, which totaled approximately $4,538,000 and $4,297,000 for the years ended September 30, 2023 and 2022, respectively. The Organization's current Chief Nursing Officer is employed by Dartmouth-Hitchcock Clinic and the Organization contracts for those services. As of September 30, 2023 and 2022, the amounts payable to Dartmouth-Hitchcock Clinic were approximately $984,000 and $660,000, respectively.

During the ordinary course of business, the Organization receives services from MHMH which totaled approximately $143,000 and $178,000 for the years ended September 30, 2023 and 2022, respectively. As of September 30, 2023 and 2022, the amount payables to MHMH was approximately $0 and $4,500, respectively.

The Organization pays interest to MHMH for the line of credit and notes payable, which totaled approximately $473,000 for the years ended September 30, 2023 and 2022. As of September 30, 2023 and 2022, the accrued interest due to MHMH was approximately $188,000 and $89,000, respectively.

During 2023 and 2022, DH transferred $991,860 and $906,668 of net assets without donor restrictions to the Organization in the form of specific services provided, respectively.

17. Commitments and Contingencies:

Litigation – The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Government activity is ongoing with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretations, as well as regulatory actions unknown or unasserted at this time. Management believes that the Hospital is in substantial compliance with current laws and regulations.

Investment Risk – The Organization invests in a combination of investment vehicles. Investments are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values of investments in the near term could materially affect the amounts reported in the statements of financial position.

Self-Insurance – During 2012, the Hospital established a self-insured health care plan for substantially all of its employees. The Hospital has obtained reinsurance coverage to limit the Hospital's exposure associated with the plan individually of $130,000 and the aggregate limit is determined by the greater of $2,600,000, or a multiplication of the enrollment and the single and family factors assigned to the aggregate stop loss. Additionally, Dartmouth Hitchcock covers costs at the individual level that are greater than $130,000, up to a maximum of $750,000. The accompanying financial statements include an accrual for management's estimate of claims incurred, but not reported, of approximately $395,000 and $337,000 as of September 30, 2023 and 2022, respectively. The total cost of the health insurance plan was approximately $4,705,000 and $4,549,000 for the years ended September 30, 2023 and 2022, respectively.

Professional Liability Insurance and Litigation – The Hospital carries malpractice insurance coverage under a claims-made policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured. The Hospital intends to renew its coverage on a claims-made basis and has no reason to believe that it may be prevented from renewing such coverage. The Hospital is subject to complaints, claims and litigation due to potential claims which arise in the normal course of business. U.S. generally accepted accounting principles requires the Hospital to accrue the ultimate cost of malpractice claims when the incident that gives rise to the claim occurs, without consideration of insurance recoveries. Expected recoveries are presented as a separate asset. The Hospital has evaluated its exposure to losses arising from potential claims and has accrued $206,330 and $282,553 for the years ended September 30, 2023 and 2022, respectively, which is included in other liabilities on the consolidated balance sheet.

The Organization is involved in litigation and investigations arising in the normal course of business. After consultation with legal counsel, management estimates that these investigations are within insurance coverage limits and those matters will be resolved without a material adverse effect on the Organization's future financial position or results from operations. Management has not recorded any liabilities related to these investigations.

18. Concentrations of Credit Risk:

The Organization grants credit without collateral to their patients, most of whom are local residents and are insured under third-party payor agreements. The mix of accounts receivable from patients and third-party payors, exclusive of estimated settlements, was as follows as of September 30:

	2023	2022
Medicare	53%	52%
Medicaid	6	10
Blue Cross	10	9
Other third-party payers	23	21
Patients	8	8
	100%	100%

The Organization maintains its cash in bank deposits which may at times exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant risk on cash and cash equivalents.

19. Benefit Plans:

403(b) Savings Plan – The Organization has a 403(b) savings plan under which eligible employees may contribute a percentage of their annual salaries to the savings plan. The Organization may make discretionary matching contributions as well as discretionary contributions. The Organization made a 3.5% contribution on salaries for the 2022 calendar plan year and had accrued $1,020,504 as of September 30, 2022 and has accrued for a 4% contribution on salaries for the 2023 calendar plan year in the amount of $1,151,991 as of September 30, 2023.

Defined Benefit Pension Plan and Retiree Medical Plan – The Board of Trustees voted to curtail benefits under the defined benefit plan, effective December 31, 2012. All benefits for active employees became fully vested at that time. The projected benefit obligation as of September 30, 2013 has been adjusted to reflect a curtailment gain of $1,785,782, which is primarily due to the elimination of deferred losses. On April 1, 2019, the Board of Trustees voted to terminate the defined benefit plan. On November 25, 2019, the IRS notified the Organization that their request for terminating the plan was approved. During 2020, the Organization borrowed $6,600,000 from DH in order to fund the purchase of annuities and lump sum payments for the impacted employees, officially terminating the defined benefit plan.

In addition to providing pension benefits, the Organization provides health care benefits for retired employees and their spouses. The Organization has not funded the health care plan other than to pay current benefits. Retirees are required to make partial contributions if they choose to participate and if they elect to have their dependents covered. The Organization's contributions made in 2023 and 2022 were $34,647 and $34,910, respectively.

19. Benefit Plans (continued):

The following tables set forth the funded status of the plans and the amounts recognized in the Organization's financial statements as of and for the years ended September 30:

	2023	2022
Change in benefit obligation		
Projected benefit obligation, beginning of year	$ 367,685	$ 481,315
Interest costs	21,372	14,844
Liability (gain) or loss	(13,966)	(93,564)
Settlements	-	-
Benefits paid	(34,647)	(34,910)
Projected benefit obligation at September 30	$ 340,444	$ 367,685
Accumulated benefit obligation	$ 340,444	$ 367,685
Funded status at September 30, accrued liability	$ (340,444)	$ (367,685)
Actuarial (gain) loss not yet reflected in net periodic benefit income and included in change in net assets	$ (68,463)	$ (56,412)

The prior service costs and net loss for the plans that are expected to be amortized from net assets without donor restrictions in net postretirement benefit cost over the next fiscal year are $0.

The weighted average assumptions used in the measurement of the Hospital's benefit obligation at September 30 are shown in the following table:

	2023	2022
Discount rate	6.60%	6.10%
Rate of compensation increase	-	-

The weighted average assumption used in the measurement of the Hospital's net periodic postretirement cost for the years ended September 30 are shown in the following table:

	2023	2022
Discount rate	6.10%	3.20%
Expected long-term return on plan assets	-	-
Rate of compensation increase	-	-

19. Benefit Plans (continued):

Cash Flows – The Organization funds the Plan annually by making a contribution of at least the minimum amount required by applicable regulations and as recommended by the Plan's actuary. However, the Organization may also fund the Plan in excess of the minimum required amount.

Projected benefit payments		
2024	$	35,217
2025		35,447
2026		35,425
2027		35,143
2028		34,599
2029-2033		157,045

20. Fair Value Measurements:

FASB ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

20. Fair Value Measurements (continued):

Assets and liabilities measured at fair value on a recurring basis are summarized below. Fair values were primarily determined using market and income approaches.

Fair Value Measurements at September 30, 2023

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Cash and cash equivalents	$ 6,138,840	$ -	$ -	$ 6,138,840
Mutual funds				
Fixed income	308,723	-	-	308,723
Total mutual funds	308,723	-	-	308,723
Exchange traded products				
Equities	266,769	-	-	266,769
Fixed income	305,216	-	-	305,216
Total exchange traded products	571,985	-	-	571,985
Equities				
International	19,602	-	-	19,602
Industrials	33,565	-	-	33,565
Consumer discretionary	16,831	-	-	16,831
Consumer staples	19,904	-	-	19,904
Energy	30,997	-	-	30,997
Financials	62,162	-	-	62,162
Health care	53,112	-	-	53,112
Real estate	11,396	-	-	11,396
Utilities	12,383	-	-	12,383
Telecommunication services	2,857	-	-	2,857
Materials	13,555	-	-	13,555
Information technology	49,770	-	-	49,770
Total equities	326,134	-	-	326,134
Real assets	6,651	-	-	6,651
Beneficial interest in perpetual trusts	-	-	1,620,682	1,620,682
Charitable remainder trust	-	-	234,945	234,945
	$ 7,352,333	$ -	$ 1,855,627	9,207,960
Investments measured at net asset value				32,335,523
Total assets				$ 41,543,483

20. Fair Value Measurements (continued):

Fair Value Measurements at September 30, 2022

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Cash and cash equivalents	$ 5,887,802	$ -	$ -	$ 5,887,802
Mutual funds				
Fixed income	262,122	-	-	262,122
Total mutual funds	262,122	-	-	262,122
Exchange traded products				
Equities	271,120	-	-	271,120
Fixed income	275,855	-	-	275,855
Total exchange traded products	546,975	-	-	546,975
Equities				
International	11,871			11,871
Industrials	39,055	-	-	39,055
Consumer discretionary	20,333	-	-	20,333
Consumer staples	21,949	-	-	21,949
Energy	23,047	-	-	23,047
Financials	47,842	-	-	47,842
Health care	52,076	-	-	52,076
Real estate	16,098	-	-	16,098
Utilities	22,263	-	-	22,263
Telecommunication services	12,537	-	-	12,537
Materials	10,912	-	-	10,912
Information technology	37,094	-	-	37,094
Total equities	315,077	-	-	315,077
Real assets	6,964	-	-	6,964
Beneficial interest in perpetual trusts	-	-	1,532,172	1,532,172
Charitable remainder trust	-	-	204,157	204,157
	$ 7,018,940	$ -	$ 1,736,329	8,755,269
Investments measured at net asset value				31,187,951
Total assets				$ 39,943,220

20. Fair Value Measurements (continued):

The Organization's other financial instruments consist of cash and cash equivalents, trade accounts receivable and payable, estimated third-party payor settlements and long-term debt. The carrying values of these financial instruments approximate their fair values.

The following table summarizes Level 3 instruments measured at fair value on a recurring basis as of September 30, 2023:

	Beneficial Interest in Perpetual Trusts	Charitable Remainder Trust
Balance at September 30, 2022	$ 1,532,170	$ 204,157
Unrealized depreciation	88,512	30,788
Balance at September 30, 2023	$ 1,620,682	$ 234,945

The following table summarizes Level 3 instruments measured at fair value on a recurring basis as of September 30, 2022:

	Beneficial Interest in Perpetual Trusts	Charitable Remainder Trust
Balance at September 30, 2021	$ 1,971,486	$ 277,976
Unrealized appreciation	(439,316)	(73,819)
Balance at September 30, 2022	$ 1,532,170	$ 204,157

The fair value of Level 3 investments are valued using discounted cash flow methodologies.

21. Functional Expenses:

Operating expenses are presented by functional classification in accordance with the overall service missions of the Organization. Each functional classification displays all expenses related to the underlying operations by natural classification. Salaries, employee benefits, medical supplies, and medications, and purchased services and other expenses are generally considered variable and are allocated to the mission that best aligns to the type of service provided. Interest expense is allocated based on usage of debt-financed space. Depreciation and amortization is allocated based on square footage and specific identification of equipment used by department.

21. Functional Expenses (continued):

Operating expenses of the Organization by functional and natural basis are as follows for the year ended September 30, 2023:

	Program	Management and General	Fundraising	Total
Operating expenses				
Salaries	$ 24,713,052	$ 5,107,486	$ 38,409	$ 29,858,947
Employee benefits	7,021,956	1,344,527	10,807	8,377,290
Medical supplies and medications	4,919,001	667,552	6,992	5,593,545
Purchased services and other	15,536,980	5,726,964	132,599	21,396,543
Provider tax	2,254,706	-	-	2,254,706
Depreciation and amortization	2,048,687	380,549	3,019	2,432,255
Interest	405,425	77,862	629	483,916
Total operating expenses	$ 56,899,807	$ 13,304,940	$ 192,455	$ 70,397,202

Operating expenses of the Organization by functional and natural basis are as follows for the year ended September 30, 2022:

	Program	Management and General	Fundraising	Total
Operating expenses				
Salaries	$ 24,826,548	$ 5,064,246	$ 56,460	$ 29,947,254
Employee benefits	6,586,277	1,318,191	17,518	7,921,986
Medical supplies and medications	4,549,210	581,665	6,429	5,137,304
Purchased services and other	12,522,490	5,867,928	26,299	18,416,717
Provider tax	2,393,940	-	-	2,393,940
Depreciation and amortization	2,023,912	407,364	4,393	2,435,669
Interest	407,371	80,916	930	489,217
Total operating expenses	$ 53,309,748	$ 13,320,310	$ 112,029	$ 66,742,087

22. Liquidity:

Operating liquidity comes from patient revenues, and contributions. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Hospital monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash.

Financial assets are considered unavailable when not convertible to cash within one year or are subject to donor-imposed use or time restrictions other than for general operations within one year. The Organization also has a $2,000,000 line of credit, which it could draw upon in the event of an anticipated liquidity need (see Note 13).

The following reflects the Organization's financial assets as of September 30, 2023 and 2022, reduced by amounts not available for general use:

	2023	2022
Cash and cash equivalents	$ 8,409,860	$ 5,009,318
Restricted cash	92,189	100,947
Short-term investments	6,082,366	5,838,799
Patient accounts receivable	6,204,613	5,140,186
Other receivables, net	894,196	800,540
Estimated receivables with third-party payors	459,445	48,713
Assets whose use is limited	26,777,881	26,136,708
Other investments for restricted activities	6,827,609	6,231,386
Charitable remainder trust	234,945	204,157
Beneficial interest in perpetual trusts	1,620,682	1,532,170
Total financial assets as of September 30	57,603,786	51,042,924
Less amounts not available to be used within one year, due to:		
Restricted cash	(92,189)	(100,947)
Net assets with donor restrictions	(8,161,562)	(7,704,583)
	(8,253,751)	(7,805,530)
Financial assets available to meet general expenditures within one year	$ 49,350,035	$ 43,237,394

23. COVID-19:

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic and the United States federal government declared COVID-19 a national emergency. The Organization quickly developed and implemented an emergency response to the situation to ensure the safety of its patients and staff. A key decision was made to postpone elective and non-urgent care in mid-March. Several factors drove that decision, including efforts to reduce the spread of COVID-19; conservation of personal protective equipment ("PPE"), which was in critically short supply worldwide; and at the urging of the CDC and U.S. Surgeon General who in March urged all hospitals to reduce the number of elective procedures and visits.

23. COVID–19 (continued):

On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") to provide economic assistance to a wide array of industries to ease the financial impact of COVID-19. As part of the CARES Act, the Centers for Medicare, and Medicaid Services ("CMS") expanded its Accelerated and Advance Payment Program which allows participants to receive expedited payments during periods of national emergencies.

During 2020, the Organization received approximately $5,256,000 from the Provider Relief Fund established by the CARES Act. The Organization recognized approximately $2,533,000 of it as revenue that same year, based on information contained in laws and regulations, as well as interpretations issued by the HHS, governing the funding that was publicly available subsequent to September 30, 2020. The Organization was required to report on the use of these Provider Relief Funds by November 30, 2021. In November 2021, the Organization received approximately $1,362,000 in American Rescue Plan (ARP) Rural payments through the Provider Relief Fund and in December 2021, another $155,000 in Provider Relief Funds. The Organization was required to report on the use of the funds by March 31, 2023 and therefore during 2023, the Organization recognized approximately $1,270,000 as other operating revenue on the consolidated statement of operations. The remaining approximately $2,970,000 and $4,240,000 was reported as a refundable advance in the consolidated balance sheet as of September 30, 2023 and 2022, respectively. Both sets of reporting subjects the funds to potential adjustment and certain amounts may need to be repaid to the government. It is unknown at the report date what impact this will have on Provider Relief Funds and revenue recognition. Amounts recognized as revenue in 2023 and previously are subject to change and those changes could be material.

During 2020, the Organization recorded approximately $5,736,000 attributable to the Medicare Accelerated and Advance Payment Program representing working capital financing to be repaid. Approximately $2,595,000 was repaid in 2021. The remaining approximately $3,141,000 was repaid during the year ended September 30, 2022.

24. Subsequent Events:

The Organization has reviewed events occurring after September 30, 2023 through February 5, 2024, the date the Board of Trustees accepted the final draft of the financial statements and made them available to be issued. The Organization does not believe that any events requiring recognition or disclosure have occurred between the period of September 30, 2023 and the report date, February 5, 2024. The Organization has not reviewed events occurring after the report date, February 5, 2024, for their potential impact on the information contained in these consolidated financial statements.

WINDSOR HOSPITAL CORPORATION
(d/b/a MT. ASCUTNEY HOSPITAL AND HEALTH CENTER) AND SUBSIDIARIES
Consolidating Balance Sheets – Assets
As of September 30, 2023

	Mt. Ascutney Hospital and Health Center	Historic Homes of Runnemede, Inc.	Eliminations	Consolidated
Assets				
Current assets				
Cash and cash equivalents	$ 8,175,752	$ 234,108	$ -	$ 8,409,860
Restricted cash	87,943	4,246	-	92,189
Short-term investments	6,082,366	-	-	6,082,366
Patient accounts receivable	6,204,613	-	-	6,204,613
Other receivables, net	686,025	221,092	(12,921)	894,196
Estimated receivables with third-party payors	459,445	-	-	459,445
Inventories	444,918	-	-	444,918
Prepaid expenses	518,433	35,210	-	553,643
Total current assets	22,659,495	494,656	(12,921)	23,141,230
Investments				
Assets whose use is limited	25,507,718	1,270,163	-	26,777,881
Other investments for restricted activities	6,827,609	-	-	6,827,609
Charitable remainder trust	234,945	-	-	234,945
Beneficial interest in perpetual trusts	1,620,682	-	-	1,620,682
Total investments	34,190,954	1,270,163	-	35,461,117
Property and equipment, net	17,977,481	1,364,923	-	19,342,404
Right of use assets, net	4,938,675	-	-	4,938,675
Other assets	3,230,809	-	(2,674,056)	556,753
Total assets	$ 82,997,414	$ 3,129,742	$ (2,686,977)	$ 83,440,179

WINDSOR HOSPITAL CORPORATION
(d/b/a MT. ASCUTNEY HOSPITAL AND HEALTH CENTER) AND SUBSIDIARIES
Consolidating Balance Sheets – Liabilities and Net Assets
As of September 30, 2023

	Mt. Ascutney Hospital and Health Center	Historic Homes of Runnemede, Inc.	Eliminations	Consolidated
Liabilities				
Current liabilities				
Accounts payable and accrued expense	$ 4,826,010	$ 153,203	$ (12,921)	$ 4,966,292
Accrued salaries and wages	3,383,837	60,133	-	3,443,970
Accrued earned time off	1,657,209	-	-	1,657,209
Other current liabilities	908,005	-	-	908,005
Estimated settlements with third-party payors	1,136,096	-	-	1,136,096
Refundable advance	2,969,334	-	-	2,969,334
Current portion of long-term debt	-	4,000	-	4,000
Current portion of right of use obligations	448,207	-	-	448,207
Total current liabilities	15,328,698	217,336	(12,921)	15,533,113
Long-term debt, less current portion shown above	17,585,805	238,350	-	17,824,155
Right of use obligations, less current portion shown above	4,680,658	-	-	4,680,658
Post-retirement benefit obligation	340,444	-	-	340,444
Other liabilities	206,330	-	-	206,330
Total liabilities	38,141,935	455,686	(12,921)	38,584,700
Net assets				
Without donor restrictions	36,693,917	2,673,056	(2,673,056)	36,693,917
With donor restrictions				
Time or purpose	2,322,484	1,000	(1,000)	2,322,484
Perpetual	5,839,078	-	-	5,839,078
Total with donor restrictions	8,161,562	1,000	(1,000)	8,161,562
Total net assets	44,855,479	2,674,056	(2,674,056)	44,855,479
Total liabilities and net assets	$ 82,997,414	$ 3,129,742	$ (2,686,977)	$ 83,440,179

WINDSOR HOSPITAL CORPORATION
(d/b/a MT. ASCUTNEY HOSPITAL AND HEALTH CENTER) AND SUBSIDIARIES
Consolidating Balance Sheets – Assets
As of September 30, 2022

	Mt. Ascutney Hospital and Health Center	Historic Homes of Runnemede, Inc.	Eliminations	Consolidated
Assets				
Current assets				
Cash and cash equivalents	$ 4,726,331	$ 282,987	$ -	$ 5,009,318
Restricted cash	96,701	4,246	-	100,947
Short-term investments	5,838,799	-	-	5,838,799
Patient accounts receivable	5,140,186	-	-	5,140,186
Other receivables, net	708,131	108,871	(16,462)	800,540
Estimated receivables with third-party payors	48,713	-	-	48,713
Inventories	450,450	-	-	450,450
Prepaid expenses	594,854	38,492	-	633,346
Total current assets	17,604,165	434,596	(16,462)	18,022,299
Investments				
Assets whose use is limited	24,956,369	1,180,339	-	26,136,708
Other investments for restricted activities	6,231,386	-	-	6,231,386
Charitable remainder trust	204,157	-	-	204,157
Beneficial interest in perpetual trusts	1,532,170	-	-	1,532,170
Total investments	32,924,082	1,180,339	-	34,104,421
Property and equipment, net	16,768,377	1,407,578	-	18,175,955
Right of use assets, net	5,096,569	-	-	5,096,569
Other assets	3,102,188	-	(2,612,535)	489,653
Total assets	$ 75,495,381	$ 3,022,513	$ (2,628,997)	$ 75,888,897

WINDSOR HOSPITAL CORPORATION
(d/b/a MT. ASCUTNEY HOSPITAL AND HEALTH CENTER) AND SUBSIDIARIES
Consolidating Balance Sheets – Liabilities and Net Assets
As of September 30, 2022

	Mt. Ascutney Hospital and Health Center	Historic Homes of Runnemede, Inc.	Eliminations	Consolidated
Liabilities				
Current liabilities				
Accounts payable and accrued expense	$ 3,329,362	$ 118,323	$ (16,462)	$ 3,431,223
Accrued salaries and wages	3,346,874	42,900	-	3,389,774
Accrued earned time off	1,762,505	-	-	1,762,505
Other current liabilities	556,300	2,405	-	558,705
Estimated settlements with third-party payors	34,999	-	-	34,999
Refundable advance	4,239,658	-	-	4,239,658
Current portion of long-term debt	-	4,000	-	4,000
Current portion of right of use obligations	444,363	-	-	444,363
Total current liabilities	13,714,061	167,628	(16,462)	13,865,227
Long-term debt, less current portion shown above	17,461,097	242,350	-	17,703,447
Right of use obligations, less current portion shown above	4,783,418	-	-	4,783,418
Post-retirement benefit obligation	367,685	-	-	367,685
Other liabilities	282,553	-	-	282,553
Total liabilities	36,608,814	409,978	(16,462)	37,002,330
Net assets				
Without donor restrictions	31,181,984	2,611,535	(2,611,535)	31,181,984
With donor restrictions				
Time or purpose	1,954,017	1,000	(1,000)	1,954,017
Perpetual	5,750,566	-	-	5,750,566
Total with donor restrictions	7,704,583	1,000	(1,000)	7,704,583
Total net assets	38,886,567	2,612,535	(2,612,535)	38,886,567
Total liabilities and net assets	$ 75,495,381	$ 3,022,513	$ (2,628,997)	$ 75,888,897

WINDSOR HOSPITAL CORPORATION
(d/b/a MT. ASCUTNEY HOSPITAL AND HEALTH CENTER) AND SUBSIDIARIES
Consolidating Statement of Operations
For the Year Ended September 30, 2023

	Mt. Ascutney Hospital and Health Center	Historic Homes of Runnemede, Inc.	Eliminations	Consolidated
Revenues, gains and other support without donor restrictions				
Net patient service revenue	$ 62,635,551	$ -	$ -	$ 62,635,551
Other operating revenue	4,194,138	2,187,868	(272,946)	6,109,060
Health care reform payments (OneCare Vermont)	2,717,271	-	-	2,717,271
Net assets released from restrictions used for operations	297,101	-	-	297,101
Total revenues, gains and other support without donor restrictions	69,844,061	2,187,868	(272,946)	71,758,983
Expenses				
Salaries	28,990,934	868,013	-	29,858,947
Employee benefits	8,208,073	214,035	(44,818)	8,377,290
Medical supplies and medications	5,382,503	215,745	(4,703)	5,593,545
Purchased services and other	20,799,424	820,544	(223,425)	21,396,543
Provider tax	2,254,706	-	-	2,254,706
Depreciation and amortization	2,322,266	109,989	-	2,432,255
Interest	483,916	-	-	483,916
Total expenses	68,441,822	2,228,326	(272,946)	70,397,202
Income from operations	1,402,239	(40,458)	-	1,361,781
Nonoperating revenues (expenses)				
Net investment income	1,680,707	28,065	-	1,708,772
Contributions	369,401	12,155		381,556
Loss on sale of property and equipment	20,876	-	-	20,876
Net assets released from restrictions used for operations	221,825	-	-	221,825
Total nonoperating revenues (expenses)	2,292,809	40,220	-	2,333,029
Excess of revenues, gains, and other support without donor restrictions over expenses and nonoperating revenues	$ 3,695,048	$ (238)	$ -	$ 3,694,810

WINDSOR HOSPITAL CORPORATION
(d/b/a MT. ASCUTNEY HOSPITAL AND HEALTH CENTER) AND SUBSIDIARIES
Consolidating Statement of Operations
For the Year Ended September 30, 2022

	Mt. Ascutney Hospital and Health Center	Historic Homes of Runnemede, Inc.	Eliminations	Consolidated
Revenues, gains and other support without donor restrictions				
Net patient service revenue	$ 59,833,576	$ -	$ -	$ 59,833,576
Health care reform payments (OneCare Vermont)	2,748,809	-	-	2,748,809
Other operating revenue	3,229,060	1,944,741	(258,943)	4,914,858
Net assets released from restrictions used for operations	327,125	-	-	327,125
Total revenues, gains and other support without donor restrictions	66,138,570	1,944,741	(258,943)	67,824,368
Expenses				
Salaries	29,157,275	789,979	-	29,947,254
Employee benefits	7,785,949	172,129	(36,092)	7,921,986
Medical supplies and medications	4,957,306	183,322	(3,324)	5,137,304
Purchased services and other	17,868,994	767,250	(219,527)	18,416,717
Provider tax	2,393,940	-	-	2,393,940
Depreciation and amortization	2,311,919	123,750	-	2,435,669
Interest	489,217	-	-	489,217
Total expenses	64,964,600	2,036,430	(258,943)	66,742,087
Income (loss) from operations	1,173,970	(91,689)	-	1,082,281
Nonoperating revenue (expense)				
Net investment income	1,472,366	43,552	-	1,515,918
Contributions	147,054	9,482	-	156,536
Loss on sale of property and equipment	(19,030)	(2,528)	-	(21,558)
Net assets released from restrictions used for operations	216,596	-	-	216,596
Total nonoperating revenue	1,816,986	50,506	-	1,867,492
Excess of revenues, gains, and other support without donor restrictions over expenses and nonoperating revenues	$ 2,990,956	$ (41,183)	$ -	$ 2,949,773