Southwestern Vermont Health Care Corporation

Independent Auditor’s Report and Consolidated Financial Statements

September 30, 2020 and 2019

Southwestern Vermont Health Care Corporation
September 30, 2020 and 2019

Contents

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Independent Auditor's Report

Board of Trustees
Southwestern Vermont Health Care Corporation
Bennington, Vermont

We have audited the accompanying consolidated financial statements of Southwestern Vermont Health Care Corporation (the "Corporation"), which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Southwestern Vermont Health Care Corporation as of September 30, 2020 and 2019, and the results of its operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information listed in the table of contents 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 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.

BKD, LLP

Springfield, Missouri
December 18, 2020

Southwestern Vermont Health Care Corporation
Consolidated Balance Sheets
September 30, 2020 and 2019

Assets

	2020	2019
Current Assets		
Cash and cash equivalents	$ 24,694,045	$ 11,314,225
Patient accounts receivable	14,068,917	16,121,651
Other receivables	2,190,249	1,578,902
Supplies	3,254,500	3,105,914
Prepaid expenses and other	1,864,802	2,130,834
Total current assets	46,072,513	34,251,526
Assets Limited As To Use		
Internally designated	86,767,585	72,379,309
Externally restricted	14,547,759	14,070,623
	101,315,344	86,449,932
Assets Held for Sale	4,420,730	-
Property and Equipment, At Cost	172,059,821	186,107,764
Less accumulated depreciation	129,574,166	132,609,526
	42,485,655	53,498,238
Other Assets		
Beneficial interest in perpetual trust	2,434,113	2,345,413
Deferred compensation plan assets	2,859,906	2,148,834
Other	2,860,729	858,007
	8,154,748	5,352,254
Total assets	$ 202,448,990	$ 179,551,950

See Notes to Consolidated Financial Statements

Liabilities and Net Assets

	2020	2019
Current Liabilities		
Current maturities of long-term debt	$ 440,624	$ 463,792
Accounts payable	7,713,936	8,132,649
Accrued expenses	12,386,381	14,801,939
Unearned revenue - provider relief funds	4,607,646	-
Contract liabilities - Medicare advances	3,517,000	-
Estimated amounts due to third-party payors	9,771,216	2,175,499
Estimated self-insurance costs	1,293,524	1,344,955
Other	86,427	76,258
Total current liabilities	39,816,754	26,995,092
Long-Term Debt	10,283,235	10,641,283
Contract Liabilities - Medicare Advances	7,242,000	-
Asset Retirement Obligations	1,217,212	1,201,688
Accrued Pension Liabilities	10,723,478	12,060,571
Deferred Compensation	2,853,162	2,142,906
Interest Rate Swap Agreements	1,783,740	1,461,326
Other Liabilities	2,261,648	1,814,921
Total liabilities	76,181,229	56,317,787
Net Assets		
Without donor restrictions	105,944,480	105,681,730
With donor restrictions	20,323,281	17,552,433
Total net assets	126,267,761	123,234,163
Total liabilities and net assets	$ 202,448,990	$ 179,551,950

Southwestern Vermont Health Care Corporation

Consolidated Statements of Changes in Net Assets

Years Ended September 30, 2020 and 2019

	2020	2019 (*Adjusted - Note 1 and Note 24*)
Revenues, Gains, and Other Support Without Donor Restrictions		
Patient service revenue	$ 129,305,673	$ 142,656,313
Other	14,151,901	7,732,314
Fixed prospective revenue	27,050,585	23,775,895
Provider relief funds	5,100,257	-
Net assets released from restrictions used for operations	853,408	769,711
Total revenues, gains, and other support without donor restrictions	176,461,824	174,934,233
Expenses and Losses		
Salaries and wages	54,560,485	52,350,819
Employee benefits	15,961,469	16,554,530
Purchased services	44,158,675	45,511,164
Supplies and other	51,272,529	50,628,199
Depreciation and amortization	6,815,309	6,884,285
Interest	760,677	659,996
Total expenses and losses	173,529,144	172,588,993
Operating Income	2,932,680	2,345,240
Other Income (Expense)		
Investment return, net	4,847,685	3,432,311
Change in fair value of interest rate swap agreements	(322,414)	(693,635)
Contributions and grant revenue	862,320	976,028
Net periodic benefit income	2,093,070	945,246
Other	(28,171)	(284,312)
Total other income (expense)	7,452,490	4,375,638
Excess of Revenues Over Expenses From Continuing Operations	10,385,170	6,720,878
Loss from Discontinued Operations of CLR and CNR	(5,033,366)	(1,873,592)
Excess of Revenues Over Expenses	5,351,804	4,847,286
Net assets released from restriction used for purchase of property and equipment	694,394	331,870
Grant received for acquisition of property and equipment	251,289	737,604
Defined benefit pension costs		
Net loss arising during the period	(7,587,687)	(11,150,375)
Amortization of net loss included in net periodic pension cost	1,552,950	1,182,635
Increase (Decrease) in Net Assets Without Donor Restrictions	$ 262,750	$ (4,050,980)

Southwestern Vermont Health Care Corporation
Consolidated Statements of Changes in Net Assets
Years Ended September 30, 2020 and 2019

	2020	2019
Net Assets Without Donor Restrictions		
Excess of revenues over expenses	$ 5,351,804	$ 4,847,286
Grant received for acquisition of property and equipment	251,289	737,604
Net assets released from restriction used for purchase of property and equipment	694,394	331,870
Defined benefit pension costs		
Net loss arising during the period	(7,587,687)	(11,150,375)
Amortization of net loss included in net periodic pension cost	1,552,950	1,182,635
Increase (decrease) in net assets without donor restrictions	262,750	(4,050,980)
Net Assets With Donor Restrictions		
Contributions received	4,186,524	2,364,068
Change in interest in net assets of Hoosick Falls Health Center Foundation	15,298	(57,610)
Investment return, net	28,128	76,524
Change in beneficial interest in trusts	88,700	64,817
Net assets released from restriction	(1,547,802)	(1,101,581)
Increase in net assets with donor restrictions	2,770,848	1,346,218
Change in Net Assets	3,033,598	(2,704,762)
Net Assets, Beginning of Year	123,234,163	125,938,925
Net Assets, End of Year	$ 126,267,761	$ 123,234,163

Southwestern Vermont Health Care Corporation
Consolidated Statements of Cash Flows
Years Ended September 30, 2020 and 2019

	2020	2019
Operating Activities		
Change in net assets	$ 3,033,598	$ (2,704,762)
Items not requiring (providing) operating cash flow		
Gain on sale of property and equipment	(3,960)	(21,807)
Depreciation and amortization	6,815,309	6,884,285
Net gain on investments	(1,865,755)	(2,582,651)
Change in fair value of interest rate swap agreement	322,414	692,480
Change in beneficial interest in perpetual trusts	(88,700)	(64,817)
Restricted contributions and investment income received	(4,229,950)	(3,489,982)
Grant received for acquisition of property and equipment	(251,289)	(737,604)
Defined benefit pension costs	(1,337,093)	4,496,347
Impairment on assets held for sale	3,869,531	-
Depreciation and amortization - discontinued operations	808,910	741,640
Changes in		
Patient accounts receivable	2,052,734	1,097,521
Estimated amounts due from and to third-party payors	7,595,717	686,331
Unearned revenue - provider relief funds	4,607,646	-
Contract liabilities - Medicare advance payments	10,759,000	-
Accounts payable and accrued expenses	(2,148,645)	407,615
Asset retirement obligations	15,524	11,450
Other assets and liabilities	147,763	622,683
Net cash provided by operating activities	30,102,754	6,038,729
Investing Activities		
Purchase of investments	(24,229,503)	(13,082,759)
Proceeds from sale of investments	16,263,388	10,538,301
Purchase of property and equipment	(5,620,492)	(5,852,909)
Net cash used in investing activities	(13,586,607)	(8,397,367)
Financing Activities		
Proceeds from restricted contributions and investment income	2,031,475	1,874,985
Proceeds from grant income	251,289	1,844,604
Principal payments on long-term debt	(3,440,513)	(1,196,387)
Proceeds from issuance of long-term debt	3,054,964	-
Net cash provided by financing activities	1,897,215	2,523,202
Increase in Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents	18,413,362	164,564
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, Beginning of Year	20,374,593	20,210,029
Cash, Cash Equivalents, Restricted Cash, and Restricted Cash Equivalents, End of Year	$ 38,787,955	$ 20,374,593

Southwestern Vermont Health Care Corporation
Consolidated Statements of Cash Flows
Years Ended September 30, 2020 and 2019

	2020	2019
Reconciliation of Cash and Cash Equivalents to the Consolidated Balance Sheets		
Cash and cash equivalents in current assets	$ 24,694,045	$ 11,314,225
Cash and cash equivalents in assets limited as to use	14,093,910	9,060,368
	$ 38,787,955	$ 20,374,593
Supplemental Cash Flows Information		
Interest paid	$ 768,234	$ 677,031
Property and equipment in accounts payable	$ 583,861	$ 1,310,749

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Southwestern Vermont Health Care Corporation (SVHC) is a not-for-profit corporation organized under the laws of the State of Vermont for the purpose of serving as a parent organization for wholly owned or controlled subsidiary corporations. Activities performed by SVHC include managing investments and operating and managing buildings and equipment owned and leased by subsidiaries and other related entities. SVHC and its subsidiaries are providers of health services with facilities in and around the Bennington, Vermont, area. The subsidiaries of the SVHC are:

Southwestern Vermont Medical Center, Inc. (SVMC) is a not-for-profit, acute care hospital which provides diagnostic and treatment services.

Mount Anthony Housing Corporation (MAHC) is doing business as Centers for Living and Rehabilitation (CLR) and is a not-for-profit corporation organized for the purpose of developing, managing, and operating nursing homes.

Southwestern Vermont Health Care Auxiliary, Inc. (SVHCA) is a not-for-profit corporation organized for the purpose of serving and assisting SVHC and its subsidiaries in promoting the health and welfare of the community in accordance with SVMC's objectives and to conduct various philanthropic activities for SVMC.

Southwestern Vermont Health Care Enterprises (SVHCE) is a for-profit corporation organized for the purpose of providing family practice and other specialty physician services.

Southwestern Vermont Health Care Foundation, Inc. (Foundation) is a not-for-profit corporation organized exclusively for charitable and educational purposes for SVHC, its successors, subsidiaries, and affiliates.

Southwestern Vermont Health Care New York, LLC (SVHCNY) is a not-for-profit professional employment corporation organized for staffing purposes in addition to owning and leasing property for Twin Rivers Medical, P.C. SVHCNY includes Hoosick Falls Health Center, Inc., d/b/a The Center for Nursing and Rehabilitation at Hoosick Falls (CNR). CNR is a not-for-profit organization organized for the purpose of developing, managing, and operating nursing homes.

Twin Rivers Medical, P.C. (Twin Rivers) is a New York not-for-profit corporation organized for the purpose of providing family practice and other specialty physician services. SVMC controls the operations of Twin Rivers.

Northern Berkshire Medical, P.C. (NBM) is a Massachusetts not-for-profit corporation organized for the purpose of providing orthopedic practice and other specialty physician services. SVMC controls the operations of NBM.

During 2020, the Corporation entered into agreements for the sale of certain CLR and CNR assets, which are presented as held for sale in the accompanying financial statements. CLR and CNR operations are presented as discontinued operations within the consolidated financial statements (*Note 24*).

Principles of Consolidation

The consolidated financial statements include the accounts of SVHC and its controlled entities, SVMC, MAHC, SVHCA, SVHCE, the Foundation, SVHCNY, Twin Rivers, NBM, and SVHCHF (collectively, the “Corporation”). All significant intercompany transactions and balances have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated 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

The Corporation considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2020 and 2019, cash equivalents consisted primarily of money market sweep accounts with banks, which are not FDIC insured, but may be covered by separate agreements with the financial institution. At September 30, 2020, the Corporation held approximately $24,403,000 in sweep products with one financial institution.

At September 30, 2020, the Corporation’s deposit accounts did not exceed federally insured limits.

Debt Investments

Debt securities held by the Corporation generally are classified and recorded in the consolidated financial statements as follows:

Classified as	Description	Recorded at
Trading	Securities that are bought and held principally for the purpose of selling in the near term and, therefore, held for only a short period of time	Fair value, with changes in fair value included in excess (deficiency) revenues over expenses

Purchase premiums and discounts are recognized in interest income using the interest method over the terms of the securities. Gain and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Equity Investments

The Corporation measures equity securities, other than investments that qualify for the equity method of accounting, at fair value with changes recognized in excess (deficiency) revenues over expenses. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

The Corporation measures equity securities and equity investments without a readily determinable fair value at cost, minus impairment, if any, plus or minus changes resulting from observable price changes for the identical or a similar investment.

For equity securities and equity investments measured under the practicability exception, the Corporation performs a qualitative assessment for equity investments without readily determinable fair values considering impairment indicators to evaluate whether an impairment exists. If an impairment exists, the Corporation will recognize a loss based on the difference between carrying value and fair value.

Investment Return

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

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

Assets Limited as to Use

Assets limited as to use include (1) assets set aside by the Board of Trustees for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes and (2) assets restricted by donors.

Patient Accounts Receivable

Patient accounts receivable reflects the outstanding amount of consideration to which the Corporation expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others. As a service to the patient, the Corporation bills third-party payors directly and bills the patient when the patient’s responsibility for copays, coinsurance, and deductibles is determined. Patient accounts receivable are due in full when billed.

Contract Assets and Liabilities

Amounts related to health care services provided to patients which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract assets consist primarily of health care services provided to patients who are still receiving inpatient care in the Corporation at the end of the year. Contract assets are included in patient accounts receivable on the consolidated balance sheets.

Amounts received related to health care services that have not yet been provided to patients are contract liabilities. Contract liabilities consist of Medicare advanced payments received under the provisions of the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act, see *Note 2*). Amounts received during 2020 were $10,759,000, and included in current and long-term contract liabilities at September 30, 2020. There were no contract liabilities at September 30, 2019.

Supplies

Supply inventories are stated at the lower of cost or net realizable value. Costs are determined using the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment acquisitions are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are charged to expense on the straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings and land improvements	20 – 50 years
Leasehold improvements	5 – 25 years
Equipment	1 – 20 years

Long-Lived Asset Impairment

The Corporation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

An asset impairment of $3,869,531 was recognized during the year ended September 30, 2020, based on estimated proceeds from the sale of CNR assets, which is included in discontinued operations in the accompanying financial statements.

No asset impairment was recognized during the year ended September 30, 2019.

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. The Corporation records these costs as direct deductions from the related debt. Such costs are being amortized over the term of the respective debt using the straight-line method.

Refund Liabilities

The consideration the Corporation has received from patients for which it does not expect to be entitled to is recorded as a refund liability.

Guarantee

The Corporation guarantees certain third-party debt of an unconsolidated affiliated organization. The guarantee term shall continue in effect until all guaranteed obligations are fully and finally paid, performed, and discharged, which is anticipated to be November 2020. Should the Corporation be obligated to perform under the guarantee agreement, the Corporation may seek reimbursement from each guarantor, a portion, of the debt of this unconsolidated affiliated organization of amounts expended under the guarantee.

At September 30, 2020 and 2019, the maximum guarantee on the outstanding loan was approximately $1,350,000 for each year. At September 30, 2020 and 2019, the Corporation's recorded liability under the guarantee agreement was $0.

Net Assets With Donor Restrictions

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are those whose use by the Corporation has been limited by donors to a specific time period or purpose or have been restricted by donors to be maintained by the Corporation in perpetuity.

Patient Service Revenue

Patient service revenue is recognized as the Corporation satisfies performance obligations under its contracts with patients. Patient service revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. The Corporation determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Corporations' policies, and implicit price concessions provided to uninsured patients.

The Corporation determines its estimates of explicit price concessions which represent adjustments and discounts based on contractual agreements, its discount policies, and historical experience by payor groups. The Corporation determines its estimate of implicit price concessions based on its historical collection experience by classes of patients. The estimated amounts also include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations by third-party payors.

Fixed Prospective Revenue

The Corporation receives monthly fixed prospective payments for services provided by the hospital (and hospital-owned practices) participating in the Vermont Medicaid Next Generation Accountable Care Organization (ACO) Pilot Program. As of January 1, 2019, the same entities entered into participation agreements with One Care Vermont for the Medicare Next Generation ACO, the Vermont Medicaid Next Generation ACO, and the Commercial Blue Cross Blue Shield of Vermont (BCBB) ACO programs; all three programs encompass services provided by hospitals (and hospital-owned practices) participating in the ACO arrangement. The Medicare and Medicaid programs provide for a monthly, per member payment received in advance of the services being performed and recognized as revenue in the month to which it relates. The BCBS program pays fee-for-service and provides for a reconciliation process at the end of the fiscal year. The revenues for the Medicare and Medicaid programs are recorded on the fixed prospective payment line on the statement of operations. Revenues recorded under these arrangements represent the fixed, agreed-upon amounts as a result of the Corporation's stand-ready performance obligation to provide health care services to qualified beneficiaries. Fee-for-service payments continue for all other nonhospital providers in the ACO, for all providers who are not a part of the ACO, and for all services that are not included in the fixed prospective payment. The ACO is responsible for both the cost and quality of care for each attributed member. This is true whether that person uses little or no care or whether they require services consistently throughout the year.

The Corporation recognizes its share of annual contract settlements as an increase or decrease to fixed prospective revenue. Medicaid, Medicare, and Blue Cross Blue Shield fee-for-service payments continue for all other nonhospital providers in the ACO, for all providers who are not part of the ACO, and for all services that are not in the fixed prospective payment. The ACO is responsible for both the cost and the quality of care for each attributed member, regardless of individual member's utilization. The Corporation is subject to an annual contracted maximum risk corridor. The maximum risk for calendar year 2020 and 2019 was a maximum potential gain or loss of $0 and $1,915,000, respectively. The calendar year 2020 loss of $0 is due to a waiver during the COVID-19 public health emergency. As of September 30, 2020 and 2019, the Corporation has recorded a liability of $3,009,000 and $1,405,000, respectively, which is recorded within estimated amounts due to third-party payors on the consolidated balance sheets.

The Corporation also receives periodic interim payments through the ACO programs. Advanced payments of approximately $4,634,000 and $519,000 were received as of September 30, 2020 and 2019, respectively, and are included in estimated amounts due to third-party payors.

Charity Care

The Corporation provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as patient service revenue.

The Corporation's direct and indirect costs for services furnished under its charity care policy aggregated approximately $1,103,000 and $851,000 in 2020 and 2019, respectively.

Contributions

Contributions are provided to the Corporation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts–with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Corporation overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.*, the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied when the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

Professional Liability Claims

The Corporation recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Professional liability claims are described more fully in *Note 9*.

Government Grants

Support funded by grants is recognized as the Corporation performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as the result of such audit, adjustments could be required.

Income Taxes

SVHC, SVMC, MAHC, SVHCA, the Foundation, SVHCNY, Twin Rivers, NBM, and CNR have been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, these entities are subject to federal income tax on any unrelated business taxable income.

SVHCE accounts for income taxes in accordance with income tax accounting guidance (ASC Topic 740, *Income Taxes*).

Self-Insurance

The Corporation records estimated liabilities for self-insurance costs for employee health insurance and workers' compensation insurance. These liabilities include an estimate of the ultimate costs for both reported claims and claims incurred but not reported. The Corporation has purchased insurance that limits its exposure for individual nondomestic health claims that exceed $250,000. The Corporation has also purchased insurance that limits the Corporation's exposure for aggregate nondomestic health claims up to an aggregate of $1,000,000, which is contingent upon individual health claims under $250,000 reaching 125 percent of annual projected claims. The Corporation has also purchased insurance for workers' compensation claims that exceed $200,000 up to an aggregate of $800,000, annually.

Excess of Revenues Over Expenses

The consolidated statements of operations include excess of revenues over expenses. Changes in net assets without donor restrictions which are excluded from excess of revenues over expenses, consistent with industry practice, include permanent transfers to and from affiliates for other than goods and services, 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 defined benefit pension plan changes.

Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs), and Level 3 (significant unobservable inputs) are recognized on the period ending date.

Changes in Accounting Principles

Financial Instruments

In 2020, the Corporation changed its accounting policy on financial assets and liabilities by adopting the provisions of ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. The new accounting guidance in ASU 2016-01 (1) requires companies to recognize changes in fair value of equity investments through net income, or (2) requires public business entities to use the exit price assumption when measuring fair value of financial instruments for disclosure purposes, or (3) requires entities to present separately in other comprehensive income the portion of the total change in fair value of a liability resulting from a change in the instrument-specific credit risk when an entity has elected to measure the liability at fair value, or (4) clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity's other deferred tax assets. This change was applied using the modified retrospective application.

Adoption of ASU 2016-01 had no impact on 2020 or the previously reported 2019 consolidated financial statements.

Improving the Presentation of Net Periodic Pension Cost

In 2020, the Corporation adopted ASU 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*. This ASU requires service cost relating to a pension plan to continue to be recognized in compensation costs, while all other items relating to net benefit cost are to be presented separately from service cost, and outside of income from operations as an "other income" line item. As previously reported amounts have also been adjusted for discontinued operations (*Note 24*). This change was applied retrospectively using the practical expedient for the presentation of other components of net periodic pension cost in the statement of operations.

	As Previously Reported	As Adjusted	Adoption Impact
Employee benefits	$ 15,609,284	$ 16,554,530	$ 945,246
Total expenses and losses	171,643,747	172,588,993	945,246
Operating income	3,290,486	2,345,240	(945,246)
Net periodic benefit income	-	945,246	945,246
Total other income (expense)	3,430,392	4,375,638	945,246

Note 2: COVID-19

During 2020, the COVID-19 pandemic caused significant business disruption to Corporation operations, including reduced patient revenue and increased expenses for preparation and adjustments to the Corporation. There is considerable uncertainty around the duration and magnitude of the impact of COVID-19. The matter has and will have a negative impact on the Corporation's financial condition and operating results. The magnitude of the financial impact cannot be reasonably estimated at this time.

CARES Act and Other Programs

On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was signed into law. The following summarizes significant CARES Act and other programs impacting the Corporation.

Provider Relief Funds

The Corporation received approximately $10,470,247 in grants from the CARES Act Provider Relief Fund distributions. The Corporation has elected to account for such payments as conditional contributions in accordance with ASC Topic 958-605 – *Revenue Recognition*. Payments are recognized as contribution revenue once the applicable terms and conditions required to retain the funds have been substantially met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the impact of the pandemic on the Corporation's revenues and expenses through September 30, 2020, the Corporation recognized revenue of $5,862,601 related to the distributions, with $5,100,257 included in operating revenues, and $762,344 included in discontinued operations (*Note 24*). The unrecognized amount of $4,607,646 from the Provider Relief Funds are recorded as unearned revenue in the accompanying consolidated balance sheets.

The Corporation will continue to monitor compliance with the terms and conditions of the Provider Relief Fund and the impact of the pandemic on the Corporation's revenues and expenses. The terms and conditions governing the Provider Relief Funds are complex and subject to interpretation and change. If the Corporation is unable to attest to or comply with current or future terms and conditions, the Corporation's ability to retain some or all of the distributions received may be impacted.

Vermont Grants

The Corporation received the following amounts through the state of Vermont:

1) Grant of $6,457,919 from the Health Care Provider Stabilization Grant Program
2) Grant of $706,051 from the Medicaid retainer funding program.
3) Grant of $728,400 from the Hazard Pay program

The above Vermont grants are included in other operating revenues in the accompanying consolidated financial statements.

Medicare Accelerated and Advanced Payment Program

During the year ended September 30, 2020, the Corporation requested accelerated Medicare payments as provided for in the CARES Act, which allows for eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. Accelerated payments received will be required to be repaid, based on current enacted legislation.

During the year ended September 30, 2020, the Corporation received $10,759,000 from accelerated Medicare payment requests, which are included in current and long-term contract liabilities – Medicare advances in the accompanying consolidated balance sheets.

Blue Cross Advance

The Corporation received an advance from Blue Cross of $1,900,000, which is included in amounts due to third-party payors in the accompanying consolidated financial statements.

Paycheck Protection Program

The Corporation obtained two Paycheck Protection Program (PPP) Loans during 2020. The first loan to MAHC in the amount of $1,866,712 was received on April 22, 2020, at a fixed rate of 1.00 percent, maturing April 22, 2022.

The second loan to CNR in the amount of $1,178,252 was received on April 23, 2020, at a fixed rate of 1.00 percent, maturing April 23, 2022.

The PPP loans were paid in full before September 30, 2020.

Economic Injury Disaster Loan (EIDL)

The Corporation received a $10,000 EIDL loan during 2020, see *Note 11*. The EIDL loan was paid in full in October 2020.

Note 3: Patient Service Revenue

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

Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the Corporation receiving inpatient acute care services or patients receiving services in its outpatient centers or in their homes (home care). The Corporation measures the performance obligation from inpatient admission, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to its patients and customers in a retail setting (for example, pharmaceuticals and medical equipment) and the Corporation does not believe it is required to provide additional goods related to the patient.

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

Transaction Price

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

Third-Party Payors

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

Medicare. Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic, and other factors. Certain services are paid based on cost-reimbursement methodologies subject to certain limits. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates. The Corporation is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Corporation and audits thereof by the Medicare administrative contractor. SVMC is designated as a Sole Community Hospital and a Rural Referral Center by CMS.

Medicaid. Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member. The Corporation is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Corporation and audits thereof by the Medicaid administrative contractor.

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

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

Settlements with third-party payors for retroactive adjustments due to cost report or other audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Corporation’s historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known based on newly available information or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant in 2020 and 2019.

Patient and Uninsured Payors

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. For the years ended September 30, 2020 and 2019, changes in its estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years were not significant. Subsequent changes that are determined to be the result of an adverse change in the patient’s ability to pay are recorded as bad debt expense.

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

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

Refund Liabilities

From time to time the Corporation will receive overpayments of patient balances from third-party payors or patients resulting in amounts owed back to either the patients or third-party payors. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of September 30, 2020 and 2019, the Corporation has a liability for refunds to third-party payors and patients recorded of approximately $301,000 and $131,000, respectively, and is included in accounts payable on the consolidated balance sheets.

Revenue Composition

The Corporation has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors and service line.

The composition of patient care service revenue by primary payor for the years ended September 30, 2020 and 2019, respectively, is as follows:

	2020	2019
Medicare	$ 40,072,471	$ 49,909,799
Medicaid	9,289,699	12,521,413
Blue Cross	40,853,152	42,564,605
Other third-party payors	38,706,528	37,500,608
Self-pay	383,823	159,888
	$ 129,305,673	$ 142,656,313

The composition of patient care service revenue based on lines of business for the years ended September 30, 2020 and 2019, respectively, are as follows:

	2020	2019
Hospital inpatient	$ 28,360,340	$ 30,383,818
Hospital outpatient	79,298,279	81,743,073
Physician services	21,647,054	30,529,422
	$ 129,305,673	$ 142,656,313

Financing Component

The Corporation has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a patient and the time the patient or a third-party payor pays for that service will be one year or less.

However, the Corporation does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Contract Balances

Contract assets consist primarily of health care services provided to patients who are still receiving inpatient care at the end of the year. Contract assets are transferred to receivables when the rights become unconditional. Contract liabilities represent the Hospital's obligation to provide services to patients when consideration has already been received from the patient or a third-party payor.

The following table provides information about the Corporation's patient accounts receivable and contract liabilities:

	2020	2019
Accounts receivable, beginning of period	$ 16,121,651	$ 17,219,172
Accounts receivable, end of period	14,068,917	16,121,651
Contract liabilities, beginning of period	$ -	$ -
Contract liabilities, end of period	10,759,000	-

Contract Costs

The Corporation has applied the practical expedient provided by FASB ASC 340-40-25-4 and incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the Corporation otherwise would have recognized is one year or less in duration.

Note 4: Concentration of Credit Risk

The Corporation grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements. The mix of net receivables from patients and third-party payors at September 30, 2020 and 2019, is:

	2020	2019
Medicare	30%	22%
Medicaid	16%	12%
Blue Cross	16%	16%
Other third-party payors	25%	27%
Self-pay	13%	23%
	100%	100%

Note 5: Investments and Investment Return

Assets Limited as to Use

Assets limited as to use include:

	2020	2019
Cash and short-term investments	$ 5,640,524	$ 953,478
Brokered certificate of deposit	-	374,290
Fixed income mutual funds	298,668	529,954
Investment fund - total return strategies	13,652,632	11,514,992
Investment fund - fixed income	16,894,897	10,271,999
Investment fund - equity	13,361,020	10,356,826
Investment fund - defensive equity	8,686,323	9,001,793
Limited partnership	4,105,562	6,085,773
Equity securities		
Materials	48,630	45,765
Industrials	124,618	119,888
Communication services	37,168	18,772
Consumer discretionary	234,188	184,388
Consumer staples	116,728	85,908
Energy	29,555	57,973
Financial institutions	180,701	166,521
Health care	294,877	214,971
Utilities	44,776	42,359
Real estate investment trusts	12,638	12,044
Information technology	503,439	351,861
Foreign equity mutual funds	16,160,998	13,775,398
Domestic equity mutual funds	12,613,860	11,464,927
Balanced mutual funds	100,601	93,866
Government agency securities	2,117,435	1,719,329
Corporate obligations	1,954,680	2,060,601
Investment fund - Treasury Inflation Protected Securities (TIPS)	4,100,826	6,946,256
	$101,315,344	$ 86,449,932

Deferred Compensation Plan Assets

	2020	2019
Cash and cash equivalents	$ 449,116	$ 25,348
Equity mutual funds	2,222,623	2,036,270
Fixed income mutual funds	188,167	87,216
	$ 2,859,906	$ 2,148,834

Investment Return

Total investment return is comprised of the following:

	2020	2019
Interest and dividend income	$ 3,010,058	$ 926,184
Net realized and unrealized gains on investments	458,067	(287,470)
Change in fair value of investments accounted for in accordance with Topic 825	1,407,688	2,870,121
	$ 4,875,813	$ 3,508,835

Total investment return is reflected in the consolidated statements of operations and changes in net assets as follows:

	2020	2019
Net assets without donor restrictions		
Other nonoperating income	$ 4,847,685	$ 3,432,311
Net assets with donor restrictions	28,128	76,524
	$ 4,875,813	$ 3,508,835

Alternative Investments

The fair value of alternative investments that have been estimated using the net asset value per share as a practical expedient consist of the following at September 30:

	2020 Fair Value	2019 Fair Value	Redemption Frequency	Redemption Notice Period
Investment fund (A)	$ 4,100,826	$ 6,946,256	Daily	2-day written notice
Investment fund (B)	13,652,632	11,514,992	Monthly	30-day written notice
Investment fund (C)	13,361,020	10,356,826	Daily	Daily
Investment fund (D)	8,686,323	9,001,793	Monthly	5-day written notice
Limited partnership (E)	4,105,562	6,085,773	Monthly	15-day written notice
Investment fund (F)	16,894,897	10,271,999	Daily	Daily

(A) This category includes investments in Treasury Inflation-Protected Securities (TIPS).

(B) This category includes investments managed on a total return basis, and is an unconstrained, nonbenchmark oriented investment fund. The funds' composite portfolio includes investments in fixed income corporate obligations, U.S. government and agency fixed income securities, and investments in other funds. The fund also invests in convertible preferred stock, warrants, future contracts, forward currency contracts, and other investment vehicles.

(C) This category includes investments in equity securities designed to track with the S&P 500 index.

(D) This category includes investments designed to provide a defensive equity exposure that is expected to provide favorable risk adjusted performance relative to the S&P 500 index over the long term, and is expected to produce the strongest relative performance when the S&P 500 index is experiencing negative returns.

(E) This category includes a hedge fund used by the Corporation to diversify risk.

(F) This category includes investments in other collective investment funds with the objective of approximating performance of the Bloomberg Barclays U.S. Government Bond Index on the long term.

There are no unfunded commitments on the above alternative investments at September 30, 2020.

Note 6: Property and Equipment

Property and equipment consists of the following at September 30, 2020 and 2019:

	2020	2019
Land and land improvements	$ 5,597,817	$ 5,547,603
Buildings and leasehold improvements	62,675,597	71,507,028
Equipment	102,683,033	107,201,417
Construction in progress	1,103,374	1,851,716
	172,059,821	186,107,764
Less accumulated depreciation	129,574,166	132,609,526
Property and equipment, net	$ 42,485,655	$ 53,498,238

Construction in progress at September 30, 2020, comprises various construction costs related to healthcare facilities modernization. The estimated remaining cost to complete these projects is $965,000, with anticipated completion dates ranging from fall 2020 to spring 2021.

Note 7: Conditional Contributions

The Corporation has received the following conditional promises to give and conditional grants at September 30, 2020 and 2019:

	2020	2019
Conditional contribution, not recognized as criteria for receiving the funds has not been met	$ 5,000,000	$ 5,000,000
Conditional grants, Provider Relief Funds (*Note 2*)	4,607,646	-
	$ 9,607,646	$ 5,000,000

Note 8: Beneficial Interest in Perpetual Trusts

The Corporation has been named as an irrevocable beneficiary of several perpetual trusts held and administered by independent trustees. Perpetual trusts provide for the distribution of the net income of the trusts to the Corporation; however, the Corporation will never receive the assets of the trusts.

At the date the Corporation receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the consolidated statements of changes in net assets. A beneficial interest in perpetual trust is recorded in the consolidated balance sheets at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the consolidated balance sheets, with trust distributions and changes in fair value recognized in the consolidated statements of operations and changes in net assets.

The estimated value of the expected future cash flows is $2,434,113 and $2,345,413, which represents the fair value of the trust assets at September 30, 2020 and 2019, respectively. The income from these trusts for 2020 and 2019 was approximately $125,000 and $107,000, respectively.

Note 9: Professional Liability

MAHC, SVMC, SVHCE, SVHC, Twin Rivers, NBM, and CNR purchase medical malpractice insurance under a claims-made policy on a fixed premium basis. Under such a policy, only claims made and reported to the insurer during the policy term, regardless of when the incidents giving rise to the claims occurred, are covered. The Corporation also purchases excess umbrella liability coverage, which provides additional coverage above the basic policy limits up to the amount specified in the umbrella policy.

Based upon the Corporation's claims experience, an accrual has been made for the Corporation's estimated medical malpractice costs, including costs associated with litigating or settling claims, under its malpractice insurance policy. It is reasonably possible that this estimate could change materially in the near term.

Note 10: Lines of Credit

During 2019, the Corporation obtained a revolving demand line of credit providing borrowings up to $5,000,000, due August 31, 2021. Payments of interest only are due monthly at a rate of the one-month LIBOR plus 1.5 percent. The minimum rate on the line of credit is 2.5 percent. The interest rate at September 30, 2020, was 2.5 percent. This line of credit is secured by substantially all of the Corporation's assets. At September 30, 2020 and 2019, the balance outstanding on the line of credit was $0.

During 2020, the Corporation obtained a revolving demand line of credit providing borrowings up to $15,000,000, due April 13, 2021. Payments of interest only are due monthly at a rate of the one-month LIBOR plus 1.75 percent. The minimum rate of the line of credit is 2.75 percent. The interest rate at September 30, 2020, was 2.75 percent. This line of credit is secured by substantially all of the Corporation's assets. At September 30, 2020, the balance outstanding on the line of credit was $0.

Note 11: Long-Term Debt

	2020	2019
Hospital revenue bonds (A)	$ 6,810,000	$ 7,050,000
Note payable (B)	10,000	-
Capital lease obligations (C)	925,887	952,448
Capital lease obligations (D)	1,693,860	1,773,710
Capital lease obligations (E)	1,362,101	1,411,239
	10,801,848	11,187,397
Less current maturities	440,624	463,792
Less unamortized debt issuance costs	77,989	82,322
	$ 10,283,235	$ 10,641,283

(A) In March 2008, SVMC entered into an agreement with the Vermont Educational and Health Building Financing Agency (VEHBFA) to issue $8,865,000 of Hospital Revenue Bonds (Southwestern Vermont Medical Center Project) Series 2008A. The bonds bear interest at variable rates based on the daily rate, 0.18 percent and 1.77 percent at September 30, 2020 and 2019, respectively, and mature in various amounts beginning October 1, 2010, through October 1, 2038. The bonds are secured by the gross revenues of SVMC and SVHC (the "Obligated Group"). Unamortized debt issuance costs were $77,989 and $82,322 at September 30, 2020 and 2019, respectively.

The indenture agreement requires the Obligated Group to comply with certain restrictive covenants including maintaining a historical debt-service coverage and days cash on hand requirement.

SVHC maintains a letter-of-credit facility that permits the trustee to draw an amount up to the principal amount outstanding should the bonds not be remarketed and become due. The letter of credit, which expires on March 31, 2022, can be used to pay principal and interest on the 2008 bonds. Amounts drawn under the letter of credit will bear an interest rate of prime plus 2 percent. Scheduled maturities do not change if the letter of credit is drawn upon. The letter of credit is renewable, subject to trustee approval, throughout the term of the Series 2008A Bonds.

(B) Due October 2020; payable $10,000 at the due date plus annual interest at 2.75 percent, the loan is an Economic Injury Disaster Loan (EIDL) received in conjunction with the COVID-19 pandemic and CARES Act programs (*Note 2*). The EIDL loan was paid in full in October 2020.

(C) During 2013, the Corporation sold a medical office building to a real estate management company and entered into a capital lease agreement for continued use of the property. This transaction is accounted for as a sale-leaseback arrangement. The lease term is through November 2032, and requires initial annual payments of $127,187, with an increase of 3.5 percent each year. The sale of the property resulted in a gain that is accounted for as deferred revenue to be amortized and recognized over the lease term. The balance of the deferred revenue recorded as other long-term liabilities at September 30, 2020 and 2019, was $482,424 and $521,918, respectively. Approximately $39,000 was recognized during 2020 and 2019.

(D) Various capital lease agreements, which require monthly payments at various interest rates. Agreements are due through 2040, secured by property and equipment.

(E) During 2018, the Corporation sold a medical office building to a real estate management company and entered into a capital lease agreement for continued use of the property. This transaction is accounted for as a sale-leaseback arrangement. The lease term is through September 2032, and requires initial annual payments of $200,655, with an increase of 2.75 percent each year. The sale of the property did not result in any gain or loss, therefore, there is no deferred or recognized revenue or expense recorded for the year ended September 30, 2020.

Property and equipment include the following property under capital leases:

	2020	2019
Property and equipment	$ 9,296,498	$ 9,212,293
Less accumulated depreciation	5,923,209	5,591,280
	$ 3,373,289	$ 3,621,013

Aggregate annual maturities and sinking fund requirements of long-term debt and payments on capital lease obligations at September 30, 2020, are:

	Long-Term Debt (Excluding Capital Lease Obligations)	Capital Lease Obligations
2021	$ 260,000	$ 635,452
2022	260,000	623,857
2023	270,000	625,062
2024	280,000	628,257
2025	290,000	606,301
Thereafter	5,460,000	6,616,623
	$ 6,820,000	9,735,552
Less amount representing interest		5,753,704
Present value of future minimum lease payments		3,981,848
Less current maturities		180,624
Noncurrent portion		$ 3,801,224

Note 12: Interest Rate Swap Agreements

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the Corporation entered into an interest rate swap agreement for a portion of its floating rate debt. The agreement provides for the Corporation to receive interest from the counterparty at 68 percent of LIBOR and to pay interest to the counterparty at a fixed rate of 3.167 percent on notional amounts of $6,810,000 and $7,050,000 at September 30, 2020 and 2019, respectively. Under the agreement, the Corporation pays or receives the net interest amount monthly, with the monthly settlements included in interest expense.

Management has not designated the interest rate swap agreement as a hedging instrument. As a result, the agreement is recorded at fair value with subsequent changes in fair value included in excess of revenues over expenses. The fair value of the swaps at September 30, 2020 and 2019, were $(1,783,740) and $(1,461,326), respectively, and is recorded in long-term liabilities. The change recognized as a component of excess of revenues over expenses at September 30, 2020 and 2019, was $(322,414) and $(692,480), respectively. Synthetic interest expense related to the swap recognized as a component of excess of revenues over expenses was $164,106 and $109,244 for the years ended September 30, 2020 and 2019, respectively.

Note 13: Net Assets With Donor Restrictions

Net assets with donor restrictions at September 30, 2020 and 2019, are restricted for the following purposes or periods:

	2020	2019
Subject to expenditure for specified purpose		
Health care services	$ 5,104,661	$ 4,586,502
Other	29,141	26,796
	5,133,802	4,613,298
Subject to the passage of time		
Promises to give restricted by donors and which are not available for expenditure until due	3,341,791	1,148,798
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Endowment requiring income to be added to the original gift if income is not spent within one year	80,016	77,106
Subject to spending policy or appropriation		
Investments to be held in perpetuity, the income is expendable for general purposes	6,727,913	6,727,913
Investments to be held in perpetuity, the income is restricted to be spent only for the donor's intended purpose of healthcare services and other	2,619,438	2,615,233
Not subject to spending policy or appropriation		
Beneficial interest in perpetual trust	2,337,662	2,287,426
Total endowments	11,765,029	11,707,678
Not subject to spending policy or appropriation		
Beneficial interest in assets held by others	82,659	82,659
	$ 20,323,281	$ 17,552,433

During 2020 and 2019, net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes in the amounts of $853,408 and $769,711, respectively. During 2020 and 2019, net assets of $694,394 and $331,870, respectively, were released to purchase equipment.

Note 14: Endowment

The Corporation's governing body is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA). As a result, the Corporation classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

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

1. Duration and preservation of the fund
2. Purposes of the Corporation and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Corporation
7. Investment policies of the Corporation

The Corporation's endowment consists of approximately 50 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in endowment net assets for the years ended September 30, 2020 and 2019, were:

	2020 With Donor Restrictions	2019 With Donor Restrictions
Endowment net assets, beginning of year	$ 11,707,678	$ 11,514,089
Investment return and net appreciation	112,349	99,582
Contributions and reclassifications	-	121,435
Appropriation of endowment assets for expenditure	(54,998)	(27,428)
Endowment net assets, end of year	$ 11,765,029	$ 11,707,678

The Corporation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under the Corporation's policies, the primary investment goal is growth in the endowment accounts. The Corporation expects its endowment funds to provide an average rate of return that exceeds benchmark returns indicated for various asset classes. Actual returns in any given year may vary.

To satisfy its long-term rate of return objectives, the Corporation relies on a strategy in which investment returns are achieved through both current yield and capital appreciation (both realized and unrealized). The Corporation invests in a variety of securities to achieve its long-term return objectives within prudent risk constraints.

Note 15: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of September 30, 2020 and 2019, comprise the following:

	2020	2019
Financial assets at year-end		
Cash and cash equivalents	$ 24,694,045	$ 11,314,225
Deferred compensation plan assets	2,859,906	2,148,834
Patient accounts receivable	14,068,917	16,121,651
Other receivables	2,190,249	1,578,902
Beneficial interest in perpetual trust	2,434,113	2,345,413
Assets limited as to use	101,315,344	86,449,932
Total financial assets	147,562,574	119,958,957
Less amounts not available to be used within one year		
Donor restricted	14,547,759	14,070,623
Deferred compensation plan assets	2,859,906	2,148,834
Beneficial interest in perpetual trust	2,434,113	2,345,413
Financial assets not available to be used within one year	19,841,778	18,564,870
Financial assets available to meet general expenditures within one year	$ 127,720,796	$ 101,394,087

The Corporation has certain Board-designated assets limited to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets to meet general expenditures within one year.

The Corporation has other assets limited to use for donor-restricted purposes. These assets limited to use are not available for general expenditure within the next year.

The Corporation's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of the Corporation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help management unanticipated liquidity needs, the Corporation has a committed line of credit described in *Note 10,* which it could draw upon.

Note 16: Functional Expenses

The Corporation provides health care services primarily to residents within its geographic area. Certain costs attributable to more than one function have been allocated among the health care services, general and administrative, and fundraising functional expense classifications based on the direct assignment, expenses, and other methods. The following schedules present the natural classification of expenses by function as follows:

2020

	Health Care Services	General and Administrative	Fundraising	Total
Expenses				
Salaries and wages	$ 53,308,626	$ 12,250,876	$ 578,605	$ 66,138,107
Employee benefits	15,218,444	3,369,401	238,661	18,826,506
Purchased services	44,587,792	807,373	319,942	45,715,107
Supplies and other	46,734,609	7,501,212	1,108,878	55,344,699
Depreciation	6,535,160	1,088,593	466	7,624,219
Interest	730,162	41,046	-	771,208
Total expenses	$ 167,114,793	$ 25,058,501	$ 2,246,552	$ 194,419,846

2019

	Health Care Services	General and Administrative	Fundraising	Total
Expenses				
Salaries and wages	$ 52,070,275	$ 11,071,473	$ 661,327	$ 63,803,075
Employee benefits	16,113,469	3,425,777	204,652	19,743,898
Purchased services	45,298,384	1,727,775	547,834	47,573,993
Supplies and other	47,040,002	6,282,836	1,146,952	54,469,790
Depreciation and amortization	6,534,125	1,091,334	466	7,625,925
Interest	651,556	25,186	-	676,742
Total expenses	$ 167,707,811	$ 23,624,381	$ 2,561,231	$ 193,893,423

Note 17: Pension Plans

Defined Benefit Pension Plan

The Corporation participates in a defined benefit pension plan covering all employees who meet the eligibility requirements. The Corporation's funding policy is to make the maximum annual contribution allowable by applicable regulations, plus such amounts as the Corporation may deem to be appropriate from time to time. The Corporation expects to contribute $6,000,000 to the plan in 2021. The plan was frozen effective September 30, 2009.

For the years ended September 30, 2020 and 2019, the Corporation adopted the mortality tables and mortality improvement projection scales that were released subsequent to year-end by the Society of Actuaries, which provide updated projections on the life expectancy of participants.

The Corporation uses a September 30 measurement date for the plan. Information about the plan's funded status follows:

	2020	2019
Change in benefit obligations		
Beginning of the year	$ 122,646,401	$ 106,400,414
Interest cost	3,688,492	4,359,032
Actuarial loss	8,795,359	16,503,255
Benefits paid	(5,138,676)	(4,616,300)
End of the year	129,991,576	122,646,401
Change in fair value of plan assets		
Beginning of the year	110,585,830	98,836,190
Actual return on plan assets	8,645,944	11,865,940
Employer contributions	5,175,000	4,500,000
Benefits paid	(5,138,676)	(4,616,300)
End of the year	119,268,098	110,585,830
Funded status at the end of the year (noncurrent liability)	$ (10,723,478)	$ (12,060,571)

The accumulated benefit obligation was $129,991,576 and $122,646,401 for 2020 and 2019, respectively.

Other significant balances and costs are:

	2020	2019
Employer contributions	$ 5,175,000	$ 4,500,000
Benefits paid	5,138,676	4,616,300
Benefit income recorded in excess of revenues over expenses	(2,201,815)	(971,034)

Amounts recognized in net assets without donor restrictions and not yet recognized as components of net periodic benefit cost consist of a net actuarial loss of $57,159,138 and $51,119,415 at September 30, 2020 and 2019, respectively.

Information for pension plans with an accumulated benefit obligation in excess of plan assets:

	2020	2019
Projected benefit obligation	$ 129,991,576	$ 122,646,401
Accumulated benefit obligation	129,991,576	122,646,401
Fair value of plan assets	119,268,098	110,585,830
Components of net periodic benefit cost		
Interest cost	$ 3,688,492	$ 4,359,032
Expected return on plan assets	(7,443,256)	(6,512,701)
Amortization of net loss	1,552,949	1,182,635
Net periodic benefit cost (income)	$ (2,201,815)	$ (971,034)

The portion of net periodic benefit income recognized as discontinued operations was $108,745 and $25,788 in 2020 and 2019, respectively.

The following amounts have been recognized in the consolidated statements of operations and changes in net assets for the years ended September 30, 2020 and 2019:

	2020	2019
Amounts arising during the period		
Net loss	$ (7,587,687)	$ (11,150,375)
Amounts reclassified as components of net periodic benefit cost of the period		
Net loss	1,552,950	1,182,635

The estimated net loss that will be amortized from net assets without donor restriction into net periodic benefit cost over the next fiscal year is $1,850,997.

Significant assumptions include:

	2020	2019
Weighted average assumptions used to determine benefit obligations		
Discount rate	2.50%	3.07%
Rate of compensation increase	-	-
Weighted average assumptions used to determine benefit costs		
Discount rate	3.07%	4.19%
Expected return on plan assets	6.75%	6.75%
Rate of compensation increase	-	-

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of September 30, 2020:

2021	$ 5,452,887
2022	5,643,749
2023	5,879,412
2024	6,053,898
2025	6,397,602
2026 – 2030	33,741,076

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

The primary objectives of the Corporation's investment policy are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plans' actuarial assumptions, achieve asset returns that are competitive with like institutions employing similar investment strategies, and meet expected future benefits. The investment policy is periodically reviewed by the Corporation and a third-party fiduciary. The target asset allocation percentages for 2020 and 2019 are as follows:

	2020	2019
Cash and cash equivalents	0.0%	0.0%
Equity mutual funds	15.0%	18.0%
Fixed income mutual funds	10.0%	12.5%
Other	75.0%	69.5%
	100%	100%

Defined Benefit Pension Plan Assets

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include commingled cash equivalents and mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3. The Level 3 securities include an investment fund. Significant inputs and valuation techniques used in measuring Level 3 fair values include inputs developed using estimates and assumptions which reflect market participants' perspective.

The fair values of the Corporation's pension plan assets at September 30, 2020 and 2019, by asset class are as follows:

		2020 Fair Value Measurements Using			
	Total	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Investments Measured at NAV [(A)]**
Cash equivalents	$ 1,538,454	$ 1,538,454	$ -	$ -	$ -
Investments					
Investment funds – equity	47,569,922	-	-	-	47,569,922
Equity mutual funds	3,843,604	3,843,604	-	-	-
Bond mutual funds	17,113,488	17,113,488	-	-	-
International equity mutual funds	15,143,339	15,143,339	-	-	-
Investment funds – fixed income	11,727,780	-	-	-	11,727,780
Investment fund – defensive equity	6,459,732	-	-	-	6,459,732
Limited partnership	7,196,753	-	-	-	7,196,753
Investment fund – total return strategies	8,675,026	-	-	-	8,675,026
Total	$ 119,268,098	$ 37,638,885	$ -	$ -	$ 81,629,213

		2019 Fair Value Measurements Using			
	Total	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Investments Measured at NAV (A)**
Cash equivalents	$ 814,050	$ 814,050	$ -	$ -	$ -
Investments					
Investment funds – equity	43,369,075	-	-	-	43,369,075
Equity mutual funds	4,121,397	4,121,397	-	-	-
Bond mutual funds	14,749,871	14,749,871	-	-	-
International equity mutual funds	14,241,109	14,241,109	-	-	-
Investment funds – fixed income	11,663,054	-	-	-	11,663,054
Investment fund – defensive equity	6,242,504	-	-	-	6,242,504
Limited partnership	8,680,030	-	-	-	8,680,030
Investment fund – total return strategies	6,704,740	-	-	-	6,704,740
Total	$ 110,585,830	$ 33,926,427	$ -	$ -	$ 76,659,403

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

Defined Contribution Pension Plan

The Corporation has a defined contribution 403(b) pension plan covering substantially all employees. The Corporation matches the first 3 percent of employee compensation plus 50 percent of employee contributions between 3 percent and 5 percent. The Corporation also provides a 2.5 percent salary contribution to a select group of employees within the Corporation. Defined contribution pension expense for 2020 and 2019 was approximately $2,028,000 and $2,020,000, respectively, for this plan.

Deferred Compensation Plans

SVHC funds a deferred compensation plan for the benefit of certain employees. Plan assets are classified as other assets and a corresponding deferred compensation liability is recorded in the amount of $1,407,157 and $1,155,364 at September 30, 2020 and 2019, respectively.

SVMC funds a deferred compensation plan for the benefit of certain employees. Plan assets are classified as other assets and a corresponding deferred compensation liability is recorded in the amount of $1,446,005 and $987,542 at September 30, 2020 and 2019, respectively.

Note 18: Asset Retirement Obligation

Accounting principles generally accepted in the United States of America require that an asset retirement obligation (ARO) associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable (as defined by the standard) even when the timing and/or method of settlement may be conditional on a future event. The Corporation's conditional asset retirement obligations primarily relate to asbestos contained in buildings that the Corporation owns. Environmental regulations exist that require the Corporation to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished. A liability of $1,217,212 and $1,201,688 has been recognized for all significant known areas containing an ARO at September 30, 2020 and 2019, respectively.

However, there remains a liability that has not been recognized in the accompanying consolidated financial statements because the range of time over which the Corporation may settle is unknown and cannot be reasonably determined. The Corporation will recognize a liability when sufficient information is available to reasonably estimate fair value.

Note 19: Related Parties and Significant Agreements

Dartmouth-Hitchcock Health

Effective July 1, 2012, the Corporation and Dartmouth-Hitchcock Health (DHH) entered into an Affiliation Agreement, and the first common project under this Agreement is the integration of the professional medical services of the Corporation and DHH. The Corporation reimburses DHH for certain professional medical services under a Professional Services Agreement. During 2020 and 2019, the Corporation recognized expense of approximately $31,507,000 and $30,701,000, respectively, to DHH for professional medical services. Under this arrangement, the Corporation continues to provide the physician clinic services as well as bill and collect for these services, and DHH is reimbursed for providing the professional medical staff in accordance with the terms of the Professional Services Agreement. The Corporation owed DHH approximately $2,656,000 and $7,673,000 at September 30, 2020 and 2019, respectively, recorded as accrued expenses on the consolidated balance sheets.

United Health Alliance

SVHC is a member of the United Health Alliance (UHA), a corporation organized for the purpose of providing for health care delivery under a managed care system in and around the Bennington, Vermont, area. SVMC leases space to UHA, provides payroll services and administers employee benefits for UHA. During 2020 and 2019, SVMC charged UHA approximately $1,333,000 and $1,228,000, respectively, for these services. SVMC has other receivables from UHA of approximately $111,000 and $102,000 at September 30, 2020 and 2019, respectively.

UHA charges SVMC for services provided under a hospital service agreement. The total amount charged for these services was approximately $10,000 and $0 for 2020 and 2019, respectively.

UHA charges Twin Rivers for services provided under a service agreement. The total amount charged for these services was approximately $44,000 for the years ended September 30, 2020 and 2019.

SVHC pays dues to UHA for continued participation in the managed care system. The total amount charged for these services was approximately $0 and $106,000 for 2020 and 2019, respectively.

Note 20: Disclosures About Fair Value of Assets and Liabilities

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 at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2020 and 2019:

		Fair Value Measurements Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV (A)
September 30, 2020					
Assets					
Investments					
Equities, equity mutual funds, and balanced funds	$ 30,502,777	$ 30,502,777	$ -	$ -	$ -
Fixed income securities and mutual funds	4,370,783	298,668	4,072,115	-	-
Alternative investments					
Investment fund – total return strategies	13,652,632	-	-	-	13,652,632
Investment fund – fixed income	16,894,897	-	-	-	16,894,897
Investment fund – equity	13,361,020	-	-	-	13,361,020
Investment fund – defensive equity	8,686,323	-	-	-	8,686,323
Limited partnership	4,105,562	-	-	-	4,105,562
Investment fund – Treasury Inflation Protected Securities (TIPS)	4,100,826	-	-	-	4,100,826
Deferred compensation plan assets (equity and fixed income mutual funds)	2,859,906	2,859,906	-	-	-
Total investments	98,534,726	33,661,351	4,072,115	-	60,801,260
Beneficial interest in perpetual trust	2,434,113	-	2,434,113	-	-
Cash equivalents	5,640,524	5,640,524	-	-	-
Total assets	$ 106,609,363	$ 39,301,875	$ 6,506,228	$ -	$ 60,801,260
Liabilities					
Interest rate swap agreement	$ (1,783,740)	$ -	$ (1,783,740)	$ -	$ -

	Total	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV (A)
September 30, 2019					
Assets					
Equities, equity mutual funds, and balanced funds	$ 26,634,641	$ 26,634,641	$ -	$ -	$ -
Fixed income securities and mutual funds	4,684,174	529,954	4,154,220	-	-
Alternative investments					
Investment fund – total return strategies	11,514,992	-	-	-	11,514,992
Investment fund – fixed income	10,271,999	-	-	-	10,271,999
Investment fund – equity	10,356,826	-	-	-	10,356,826
Investment fund – defensive equity	9,001,793	-	-	-	9,001,793
Limited partnership	6,085,773	-	-	-	6,085,773
Investment fund – Treasury Inflation Protected Securities (TIPS)	6,946,256	-	-	-	6,946,256
Deferred compensation plan assets (equity and fixed income mutual funds)	2,148,834	2,148,834	-	-	-
Total investments	87,645,288	29,313,429	4,154,220	-	54,177,639
Beneficial interest in perpetual trust	2,345,413	-	2,345,413	-	-
Cash equivalents	953,478	953,478	-	-	-
Total assets	$ 90,944,179	$ 30,266,907	$ 6,499,633	-	$ 54,177,639
Liabilities					
Interest rate swap agreements	$ (1,461,326)	$ -	$ (1,461,326)	$ -	$ -

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the consolidated balance sheets.

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended September 30, 2020.

Cash Equivalents, Investments, and Deferred Compensation Plan Assets

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Interest Rate Swap Agreement

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Beneficial Interest in Perpetual Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

Note 21: Fair Value Option

As permitted by Topic 825, the Corporation has elected to measure the investment funds and limited partnerships, included in assets limited as to use, at fair value. Management has elected the fair value option for these items because it more accurately reflects the portfolio returns and financial position of the Corporation. Total investment funds and limited partnerships at September 30, 2020 and 2019, are $48,828,222 and $54,177,639, respectively.

See *Note 20* for additional disclosures regarding fair value of the consolidated balance sheet line items listed in the preceding paragraph.

Note 22: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Variable Consideration

Estimates of variable consideration in determining the transaction price for patient service revenue are described in *Notes 1* and *3*.

Self-Insurance Costs

Estimates related to the accrual for self-insured liabilities are described in *Note 1*.

Medical Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in *Notes 1* and *9*.

Litigation

In the normal course of business, the Corporation is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Corporation's self-insurance program (discussed elsewhere in these notes) or by commercial insurance; for example, allegations regarding employment practices or performance of contracts.

The Corporation evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Asset Retirement Obligation

As discussed in *Note 18*, the Corporation has recorded a liability for its conditional asset retirement obligations related to asbestos abatement. It is reasonably possible that events could occur that would materially change this estimated liability.

Pension Benefit Obligations

The Corporation has a defined benefit pension plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

Investments

The Corporation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated balance sheets.

Admitting Physicians

The Corporation is served by a group of admitting physicians whose patients comprise the majority of the Corporation's patient service revenue.

Note 23: Future Change in Accounting Principles

Accounting for Leases

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the consolidated balance sheets as both a right-of-use asset and a liability. The standard has two types of leases for consolidated statements of operations recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The lease standard is effective for the Corporation beginning October 1, 2020.

Note 24: Discontinued Operations

During 2020, the Corporation entered into agreements for the sale of certain CLR and CNR assets and operations. An impairment loss of $3,869,531 was recognized in 2020 and is included in the 2020 loss from discontinued operations. Results from 2019 have been reclassified to include all revenues and expenses of CLR and CNR in discontinued operations.

Major classes of line items constituting loss of discontinued operations consisted of the following:

	2020	2019
Revenues, Gains, and Other Support Without Donor Restrictions		
Patient service revenue	$ 18,253,379	$ 18,006,185
Other	559,932	115,991
Provider relief funds	762,344	-
Total revenues, gains, and other support without donor restrictions	19,575,655	18,122,176
Expenses and Losses		
Salaries and wages	11,577,622	11,452,256
Employee benefits	2,865,037	3,163,580
Purchased services	1,556,432	2,062,829
Supplies and other	4,072,170	3,841,591
Depreciation and amortization	808,910	741,640
Interest	10,531	16,746
Impairment on assets held for sale	3,869,531	-
Total expenses and losses	24,760,233	21,278,642
Operating Loss	(5,184,578)	(3,156,466)
Other Income (Expense)		
Investment return, net	36,705	79,288
Change in fair value of interest rate swap agreements	-	1,155
Contributions and grant revenue	5,762	1,202,431
Net periodic benefit income	108,745	-
Total other income (expense)	151,212	1,282,874
Loss on discontinued operations	$ (5,033,366)	$ (1,873,592)

Assets included as held for sale consisted of CLR and CNR property and equipment.

The impact on operating cash flows was approximately $354,000 and $1,131,000 in 2020 and 2019, respectively.

Note 25: Subsequent Events

Property Purchases

Subsequent to September 30, 2020, the Corporation entered into agreements to purchase a nearby properties for $4,650,000. The Corporation intends to fund the purchase with existing cash on hand and operating cash flows.

Emergency Department Expansion

Subsequent to September 30, 2020, the Corporation received approval for an emergency department expansion project. Total project costs are approximately $25,800,000. The Corporation intends to fund the project through a combination of existing cash and investments on hand, cash flows from operations, contributions, and issuance of new debt.

CARES Act - Provider Relief Funds

In September and October 2020, additional guidance was released impacting Provider Relief Funds (*Note 2*). The new guidance is subject to additional changes, clarifications, and interpretations. Future operating results of the Corporation could impact revenue recognized. Material adjustments to revenue recognized including the $5,862,601 recognized before September 30, 2020, and repayment of Provider Relief Funds are possible after the date of the audit.

Subsequent events have been evaluated through December 18, 2020, which is the date the consolidated financials were issued.

Supplementary Information

Southwestern Vermont Health Care Corporation

Consolidating Schedule – Balance Sheet Information

September 30, 2020

Assets

	SVHC	SVMC	Foundation	NBM	Twin Rivers	Obligated Group Eliminations	Obligated Group Total	MAHC	SVHCA	SVHCE	SVHCNY	SVHC Hoosick Falls	Eliminations	Consolidated
Current Assets														
Cash and cash equivalents	$ 107,659	$ 22,852,711	$ 74,005	$ 35,176	$ 58,708	$ -	$ 23,128,259	$ 1,108,410	$ 111,301	$ -	$ 38,867	$ 307,208	$ -	$ 24,694,045
Patient accounts receivable	-	12,006,185	-	28,200	149,930	-	12,184,315	1,363,896	-	-	-	520,706	-	14,068,917
Other receivables	920	1,520,290	641,429	-	-	-	2,162,639	16,098	9,687	-	-	1,825		2,190,249
Supplies	-	3,216,326	-	-	-	-	3,216,326	19,194	-	-	-	18,980	-	3,254,500
Prepaid expenses and other	6,231	1,517,632	4,250	-	16,721	-	1,544,834	47,457	-	-	-	272,511	-	1,864,802
Total current assets	114,810	41,113,144	719,684	63,376	225,359	-	42,236,373	2,555,055	120,988	-	38,867	1,121,230	-	46,072,513
Assets Limited As To Use														
Internally designated	70,215,562	8,077,544	7,554,357	-	-		85,847,463	920,122	-	-	-	-		86,767,585
Externally restricted	-	99,465	14,448,294	-	-	-	14,547,759	-	-	-	-	-	-	14,547,759
	70,215,562	8,177,009	22,002,651	-	-	-	100,395,222	920,122	-	-	-	-	-	101,315,344
Assets Held for Sale	-	-	-	-	-	-	-	2,620,730	-	-	-	1,800,000	-	4,420,730
Property and Equipment, At Cost														
Land and land improvements	1,380,973	4,192,814	-	12,925	11,105	-	5,597,817	-	-	-	-	-	-	5,597,817
Buildings and leasehold improvements	12,388,710	48,412,047	-	373,740	-	-	61,174,497	-	-	1,100	1,500,000	-	-	62,675,597
Equipment	1,271,540	100,650,679	6,997	326,845	352,967	-	102,609,028	-	11,912	62,093	-	-	-	102,683,033
Construction in progress	-	1,103,374	-	-	-	-	1,103,374	-	-	-	-	-	-	1,103,374
	15,041,223	154,358,914	6,997	713,510	364,072	-	170,484,716	-	11,912	63,193	1,500,000	-	-	172,059,821
Less accumulated depreciation	10,558,545	118,132,868	2,099	302,357	154,029	-	129,149,898	-	11,912	62,356	350,000	-	-	129,574,166
	4,482,678	36,226,046	4,898	411,153	210,043	-	41,334,818	-	-	837	1,150,000	-	-	42,485,655
Due from Affiliates	1,077,067	9,976,557	-	-	17	(5,934,016)	5,119,625	30,975	68,027	-	328,735	-	(5,547,362)	-
Other Assets														
Beneficial interest in perpetual trust	-	-	2,367,442	-	-	-	2,367,442	-	-	-	-	66,671	-	2,434,113
Deferred compensation plan assets	1,413,901	1,446,005	-	-	-	-	2,859,906	-	-	-	-	-	-	2,859,906
Other	57,283	-	2,710,173	4,000	-	-	2,771,456	-	-	-	-	89,273	-	2,860,729
	1,471,184	1,446,005	5,077,615	4,000	-	-	7,998,804	-	-	-	-	155,944	-	8,154,748
Total assets	$ 77,361,301	$ 96,938,761	$ 27,804,848	$ 478,529	$ 435,419	$ (5,934,016)	$ 197,084,842	$ 6,126,882	$ 189,015	$ 837	$ 1,517,602	$ 3,077,174	$ (5,547,362)	$ 202,448,990

Southwestern Vermont Health Care Corporation

Consolidating Schedule – Balance Sheet Information

September 30, 2020

Liabilities and Net Assets

	SVHC	SVMC	Foundation	NBM	Twin Rivers	Obligated Group Eliminations	Obligated Group Total	MAHC	SVHCA	SVHCE	SVHCNY	SVHC Hoosick Falls	Eliminations	Consolidated
Current Liabilities														
Current maturities of long-term debt	$ -	$ 375,945	$ -	$ -	$ -	$ -	$ 375,945	$ -	$ -	$ -	$ 53,042	$ 11,637	$ -	$ 440,624
Accounts payable	84,141	7,152,849	2,221	3,818	9,372	-	7,252,401	268,910	370	-	-	192,255	-	7,713,936
Accrued expenses	48,215	9,469,789	89,870	37,179	10,000	-	9,655,053	1,648,389	178	-	135,574	947,187	-	12,386,381
Unearned revenue - provider relief funds	-	4,607,646	-	-	-	-	4,607,646	-	-	-	-	-	-	4,607,646
Contract liabilities - Medicare advances	-	2,915,000	-	28,000	34,000	-	2,977,000	465,000	-	-	-	75,000	-	3,517,000
Estimated amounts due to third-party payors	-	9,622,181	-	-	-	-	9,622,181	-	-	-	-	149,035	-	9,771,216
Estimated self-insurance costs	-	1,100,693	-	5,845	-	-	1,106,538	131,430	-	-	13,368	42,188	-	1,293,524
Other	-	8,430	-	-	-	-	8,430	77,743	-	254	-	-		86,427
Total current liabilities	132,356	35,252,533	92,091	74,842	53,372	-	35,605,194	2,591,472	548	254	201,984	1,417,302	-	39,816,754
Long-Term Debt	-	8,974,176	-	-	-	-	8,974,176	-	-	-	1,309,059	-	-	10,283,235
Contract Liabilities - Medicare Advances	-	6,555,000	-	7,000	20,000	-	6,582,000	535,000	-	-	-	125,000	-	7,242,000
Asset Retirement Obligations	-	1,217,212	-	-	-	-	1,217,212	-	-	-	-	-	-	1,217,212
Accrued Pension Liabilities	151,921	10,019,693	-	-	-	-	10,171,614	551,864	-	-	-	-	-	10,723,478
Deferred Compensation	1,407,157	1,446,005	-	-	-	-	2,853,162	-	-	-	-	-	-	2,853,162
Due To Affiliates	1,702,124	-	151,303	1,119,359	2,967,014	(5,934,016)	5,784	38,429	3,296	327,935	332,645	4,839,273	(5,547,362)	-
Interest Rate Swap Agreements	-	1,783,740	-	-	-	-	1,783,740	-	-	-	-	-	-	1,783,740
Other Liabilities	487,260	1,743,837	30,508	-	-	-	2,261,605	-	43	-	-	-	-	2,261,648
Total liabilities	3,880,818	66,992,196	273,902	1,201,201	3,040,386	(5,934,016)	69,454,487	3,716,765	3,887	328,189	1,843,688	6,381,575	(5,547,362)	76,181,229
Net Assets														
Without donor restrictions	73,480,483	29,946,565	7,363,609	(722,672)	(2,604,967)	-	107,463,018	2,410,117	185,128	(327,352)	(326,086)	(3,460,345)	-	105,944,480
With donor restrictions	-	-	20,167,337	-	-	-	20,167,337	-	-	-	-	155,944	-	20,323,281
Total net assets	73,480,483	29,946,565	27,530,946	(722,672)	(2,604,967)	-	127,630,355	2,410,117	185,128	(327,352)	(326,086)	(3,304,401)	-	126,267,761
Total liabilities and net assets	$ 77,361,301	$ 96,938,761	$ 27,804,848	$ 478,529	$ 435,419	$ (5,934,016)	$ 197,084,842	$ 6,126,882	$ 189,015	$ 837	$ 1,517,602	$ 3,077,174	$ (5,547,362)	$ 202,448,990

Southwestern Vermont Health Care Corporation

Consolidating Schedule – Statement of Operations Information

Year Ended September 30, 2020

	SVHC	SVMC	Foundation	NBM	Twin Rivers	Obligated Group Eliminations	Obligated Group Total	MAHC	SVHCA	SVHCE	SVHCNY	SVHC Hoosick Falls	Eliminations	Consolidated
Revenues, Gains, and Other Support Without Donor Restrictions														
Patient service revenue	$ -	$ 127,017,217	$ -	$ 497,893	$ 1,858,826	$ -	$ 129,373,936	$ -	$ -	$ -	$ -	$ -	$ (68,263)	$ 129,305,673
Other	2,140,414	13,850,570	80	27,914	25,591	(1,964,182)	14,080,387	-	207,918	-	1,408,881	-	(1,545,285)	14,151,901
Fixed prospective revenue	-	27,050,585	-	-	-	-	27,050,585	-	-	-	-	-	-	27,050,585
Provider relief funds	-	5,052,387	-	25,493	22,377	-	5,100,257	-	-	-	-	-	-	5,100,257
Net assets released from restrictions used for operations	-	-	853,408	-	-	-	853,408	-	-	-	-	-	-	853,408
Total revenues, gains, and other support without donor restriction	2,140,414	172,970,759	853,488	551,300	1,906,794	(1,964,182)	176,458,573	-	207,918	-	1,408,881	-	(1,613,548)	176,461,824
Expenses and Losses														
Salaries and wages	265,083	52,668,667	514,648	191,721	-	-	53,640,119	-	63,959	-	856,407	-	-	54,560,485
Employee benefits	29,593	15,394,056	210,749	78,521	-	-	15,712,919	-	26,095	-	222,455	-	-	15,961,469
Purchased services	4,923	42,241,367	178,864	410,148	2,510,286	-	45,345,588	-	93,152	-	25	-	(1,280,090)	44,158,675
Supplies and other	1,024,511	51,216,063	992,266	165,423	725,360	(2,740,767)	51,382,856	-	119,211	301	103,619	-	(333,458)	51,272,529
Depreciation and amortization	497,035	6,086,153	466	86,690	44,892	-	6,715,236	-	-	73	100,000	-	-	6,815,309
Interest	-	597,972	-	-	-	-	597,972	-	-	-	162,705	-	-	760,677
Total expenses and losses	1,821,145	168,204,278	1,896,993	932,503	3,280,538	(2,740,767)	173,394,690	-	302,417	374	1,445,211	-	(1,613,548)	173,529,144
Operating Income (Loss)	319,269	4,766,481	(1,043,505)	(381,203)	(1,373,744)	776,585	3,063,883	-	(94,499)	(374)	(36,330)	-	-	2,932,680
Other Income (Expense)														
Investment return	2,929,468	703,547	1,215,902	-	-	-	4,848,917	-	(1,232)	-	-	-	-	4,847,685
Change in fair value of interest rate swap agreements	-	(322,414)	-	-	-	-	(322,414)	-	-	-	-	-	-	(322,414)
Contributions and grant revenue	-	849,315	784,465	-	850	(776,585)	858,045	-	4,275	-	-	-	-	862,320
Net periodic benefit cost	24,501	2,068,569	-	-	-	-	2,093,070	-	-	-	-	-	-	2,093,070
Other	(50,000)	23,673	-	-	-	-	(26,327)	-	(1,844)	-	-	-	-	(28,171)
Total other income (expense)	2,903,969	3,322,690	2,000,367	-	850	(776,585)	7,451,291	-	1,199	-	-	-	-	7,452,490
Excess (Deficiency) of Revenues Over Expenses from Continuing Operations	3,223,238	8,089,171	956,862	(381,203)	(1,372,894)	-	10,515,174	-	(93,300)	(374)	(36,330)	-	-	10,385,170
Loss from Discontinued Operations of CLR and CNR							-	21,421				(5,054,787)	-	(5,033,366)
Excess of Revenues Over Expenses	3,223,238	8,089,171	956,862	(381,203)	(1,372,894)	-	10,515,174	21,421	(93,300)	(374)	(36,330)	(5,054,787)	-	5,351,804
Net assets released from restriction used for purchase of property and equipment	-	-	694,394	-	-	-	694,394	-	-	-	-	-	-	694,394
Grant received for acquisition of property and equipment	-	245,936	-	-	-	-	245,936	2,582	-	-	-	2,771	-	251,289
Defined benefit pension costs														
Net gain arising during the period	(107,510)	(7,089,706)	-	-	-	-	(7,197,216)	(390,471)	-	-	-	-	-	(7,587,687)
Amortization of net loss included in net periodic pension cost	22,001	1,451,029	-	-	-	-	1,473,030	79,920	-	-	-	-	-	1,552,950
Transfer (to) from affiliates, net	(8,606,083)	9,300,477	(694,394)	-	-	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Assets Without Donor Restrictions	$ (5,468,354)	$ 11,996,907	$ 956,862	$ (381,203)	$ (1,372,894)	$ -	$ 5,731,318	$ (286,548)	$ (93,300)	$ (374)	$ (36,330)	$ (5,052,016)	$ -	$ 262,750

Southwestern Vermont Health Care Corporation

Consolidating Schedule – Statement of Changes in Net Assets Information

Year Ended September 30, 2020

	SVHC	SVMC	Foundation	NBM	Twin Rivers	Obligated Group Eliminations	Obligated Group Total	MAHC	SVHCA	SVHCE	SVHCNY	SVHC Hoosick Falls	Eliminations	Consolidated
Net Assets Without Donor Restrictions														
Excess (deficiency) of revenues over expenses	$ 3,223,238	$ 8,089,171	$ 956,862	$ (381,203)	$ (1,372,894)	$ -	$ 10,515,174	$ 21,421	$ (93,300)	$ (374)	$ (36,330)	$ (5,054,787)	$ -	$ 5,351,804
Grant received for acquisition of property and equipment	-	245,936	-	-	-	-	245,936	2,582	-	-	-	2,771	-	251,289
Net assets released from restriction used for purchase of property and equipment	-	-	694,394	-	-	-	694,394	-	-	-	-	-	-	694,394
Defined benefit pension costs														
Net loss arising during the period	(107,510)	(7,089,706)	-	-	-	-	(7,197,216)	(390,471)	-	-	-	-	-	(7,587,687)
Amortization of net loss included in net periodic pension cost	22,001	1,451,029	-	-	-	-	1,473,030	79,920	-	-	-	-	-	1,552,950
Transfer (to) from affiliates, net	9,300,478	(8,606,084)	(694,394)	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in net assets without donor restrictions	12,438,207	(5,909,654)	956,862	(381,203)	(1,372,894)	-	5,731,318	(286,548)	(93,300)	(374)	(36,330)	(5,052,016)	-	262,750
Net Assets With Donor Restrictions														
Contributions received	-	-	4,186,524	-	-	-	4,186,524	-	-	-	-	-	-	4,186,524
Change in interest in net assets of Hoosick Falls Health Center Foundation	-	-	-	-	-	-	-	-	-	-	-	15,298	-	15,298
Investment return, net	-	-	28,128	-	-	-	28,128	-	-	-	-	-	-	28,128
Change in beneficial interest in trusts			88,700				88,700	-	-	-	-	-	-	88,700
Net assets released from restriction	-	-	(1,547,802)	-	-	-	(1,547,802)	-	-	-	-	-	-	(1,547,802)
Increase in net assets with donor restrictions	-	-	2,755,550	-	-	-	2,755,550	-	-	-	-	15,298	-	2,770,848
Change in Net Assets	12,438,207	(5,909,654)	3,712,412	(381,203)	(1,372,894)	-	8,486,868	(286,548)	(93,300)	(374)	(36,330)	(5,036,718)	-	3,033,598
Net Assets, Beginning of Year	61,042,276	35,856,219	23,818,534	(341,469)	(1,232,073)	-	119,143,487	2,696,665	278,428	(326,978)	(289,756)	1,732,317	-	123,234,163
Net Assets, End of Year	$ 73,480,483	$ 29,946,565	$ 27,530,946	$ (722,672)	$ (2,604,967)	$ -	$ 127,630,355	$ 2,410,117	$ 185,128	$ (327,352)	$ (326,086)	$ (3,304,401)	$ -	$ 126,267,761