Vandalia Health, Inc. and Subsidiaries

Consolidated Financial Statements and Supplementary Consolidating Schedules as of and for the Year Ended December 31, 2023, and Independent Auditor's Report

VANDALIA HEALTH, INC. AND SUBSIDIARIES

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Vandalia Health, Inc.:

Opinion

We have audited the consolidated financial statements of Vandalia Health, Inc. and subsidiaries (the "System"), which comprise the consolidated balance sheet as of December 31, 2023, and the related consolidated statement of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the System as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Consolidating Schedules

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary consolidating schedules on pages 53–62 are presented for the purpose of additional analysis of the financial statements rather than to present the financial position and results of operations, of the individual companies, and are not a required part of the financial statements. These schedules are the responsibility of the System's management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such schedules have been subjected to the auditing procedures applied in our audits of the financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, such schedules are fairly stated, in all material respects, in relation to the financial statements as a whole.

Deloitte & Touche LLP

April 26, 2024

VANDALIA HEALTH, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2023
(In thousands)

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 66,150
Short-term investments	175,424
Current portion of assets limited as to use	29,103
Patient receivables	465,429
Other receivables	39,077
Estimated amounts due from third-party payors	68,505
Inventories	42,166
Prepaid expenses and other	37,596
Total current assets	923,450
ASSETS LIMITED AS TO USE	636,155
PROPERTY, EQUIPMENT, AND INFORMATION SYSTEMS—Net	832,729
RIGHT OF USE ASSETS—Operating leases	55,406
OTHER ASSETS:	
Goodwill	115,963
Other	43,256
Total other assets	159,219
TOTAL	$ 2,606,959

(Continued)

VANDALIA HEALTH, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2023
(In thousands)

LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	$ 190,205
Current portion of self-insurance reserves	9,782
Derivative obligations	14,968
Accrued payroll and payroll-related expenses	100,477
Estimated amounts due to third-party payors	19,288
Operating lease liabilities	8,920
Current maturities of long-term debt and finance lease obligations	23,183
Total current liabilities	366,823
LONG-TERM LIABILITIES:	
Long-term debt and finance lease obligations—less current maturities	957,087
Long-term operating lease liabilities	33,530
Retirement obligations	14,728
Self-insurance reserves—less current portion	29,851
Other	39,776
Total long-term liabilities	1,074,972
Total liabilities	1,441,795
NET ASSETS:	
Without donor restrictions	1,049,754
Noncontrolling interest in joint ventures	46,444
Without donor restrictions—total	1,096,198
With donor restrictions	68,966
Total net assets	1,165,164
TOTAL	$ 2,606,959

See notes to consolidated financial statements. (Concluded)

VANDALIA HEALTH, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In thousands)

UNRESTRICTED REVENUE AND OTHER SUPPORT:	
Net patient service revenue	$ 2,133,597
Other revenue	148,141
Investment income—net	81,822
Net assets released from restrictions	10,439
Total unrestricted revenue and other support	2,373,999
EXPENSES:	
Salaries and wages	867,696
Employee benefits	221,318
Professional compensation and fees	133,786
Supplies and other	892,441
Depreciation and amortization	71,947
Medicaid provider tax	60,981
Interest and debt expense	32,640
Loss on debt extinguishment	1,384
Change in fair value of derivatives	4,315
Total expenses	2,286,508
INCOME FROM OPERATIONS	87,491
NET ADJUSTMENT TO INHERENT CONTRIBUTION FROM MEMBER SUBSTITUTION	(10,626)
EXCESS OF REVENUE OVER EXPENSES—Controlling and noncontrolling interest	76,865
EXCESS OF REVENUE OVER EXPENSES—Noncontrolling interest	(676)
EXCESS OF REVENUE OVER EXPENSES—Net of noncontrolling interest	$ 76,189

See notes to consolidated financial statements.

VANDALIA HEALTH, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In thousands)

NET ASSETS WITHOUT DONOR RESTRICTIONS:	
Excess of revenue over expenses—controlling and noncontrolling interest	$ 76,865
Change in retirement obligations actuarial loss and prior service cost	800
Contributions for capital expenditures	8,537
Equity transactions with noncontrolling interest	(308)
Net assets released from restrictions for capital expenditures	1,604
Contribution from noncontrolling interest	23,268
Increase in net assets without donor restrictions	110,766
NET ASSETS WITH DONOR RESTRICTIONS:	
Contributions	9,691
Investment income—net	4,396
Net assets released from restrictions for capital expenditures	(1,604)
Net assets released from restrictions for programs	(10,439)
Other	1,685
Increase in net assets with donor restrictions	3,729
INCREASE IN NET ASSETS	114,495
NET ASSETS—Beginning of year	1,050,669
NET ASSETS—End of year	$ 1,165,164

See notes to consolidated financial statements.

VANDALIA HEALTH, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In thousands)

OPERATING ACTIVITIES:	
Increase in net assets	$ 89,812
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Change in fair value of derivatives	4,315
Loss on debt extinguishment	1,384
Gain on disposal of fixed assets	(52)
Change in retirement obligations actuarial loss and prior service cost	(800)
Depreciation and amortization	71,947
Realized and unrealized gain on investments	(61,660)
Net restricted contributions and investment income	(14,087)
Inherent contribution from member substitution—net assets without donor restrictions	10,626
Equity transactions with noncontrolling interest	308
Changes in assets and liabilities:	
Patient receivables	(141,523)
Other receivables	(5,630)
Short-term investments	34,715
Inventories, prepaid expenses, and other	(18,097)
Estimated amounts due to third-party payors	(22,458)
Accounts payable and accrued expenses	55,344
Accrued payroll and payroll-related expenses	12,071
Medicare accelerated payments liability	(3,776)
Other liabilities	36,679
Net cash provided by operating activities	49,118
INVESTING ACTIVITIES:	
Capital expenditures	(193,895)
Proceeds from debt obligation	(114,565)
Investing for acquisitions, net of cash	(148,909)
Cash acquired from member substitution	3,949
Purchases of limited as to use investments	(126,803)
Proceeds from sales of limited as to use investments	234,321
Net cash used in investing activities	(345,902)
FINANCING ACTIVITIES:	
Principal payments on debt obligations and finance lease obligations	(212,455)
Proceeds from debt issuance	523,520
Debt issuance costs	(2,304)
Repayments under lines of credit	(6,350)
Borrowings under lines of credit	6,350
Equity transactions with noncontrolling interest	(308)
Net restricted contributions and investment income	14,087
Net cash provided by financing activities	322,540
NET INCREASE IN CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS	25,756
CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS—Beginning of year	40,860
CASH, CASH EQUIVALENTS, RESTRICTED CASH, AND RESTRICTED CASH EQUIVALENTS—End of year	$ 66,616
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during the year for interest	$ 31,450
Finance lease additions	$ 5,790
Capital expenditures remaining in accounts payable at year-end	$ 3,158

See notes to consolidated financial statements.

VANDALIA HEALTH, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023
(In thousands)

1. ORGANIZATION

Vandalia Health, Inc. (the "Parent"), formerly CAMC Health System, Inc., is a West Virginia nonprofit corporation that the Internal Revenue Service (IRS) has determined is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"). As the parent holding company, the Parent provides general guidance and strategic direction and is the sole corporate member for the following subsidiaries (collectively, the "System" or "we" or "our"):

CAMC Health Network, LLC (the "Health Network") d/b/a Vandalia Health Network—The Health Network is a sole member LLC, with Vandalia Health, Inc. as its sole member. It is a disregarded entity for federal income tax purposes and takes on the tax characteristics of its sole member, which is a Section 501(c)(3) organization.

Vandalia Provider and Hospital Organization, LLC (VPHO) formerly West Virginia Provider and Hospital Organization, LLC—VPHO is a sole member LLC, with Vandalia Health, Inc. as its sole member. It is a disregarded entity for federal income tax purposes and takes on the tax characteristics of its sole member, which is a Section 501(c)(3) organization.

Charleston Area Medical Center, Inc. (CAMC)—A West Virginia nonprofit corporation that owns and operates the General, Memorial, and Women and Children's Hospitals, located in Kanawha County, West Virginia, and Teays Valley Hospital ("CAMC Teays") located in Putnam County, West Virginia. CAMC consolidates and has 100% ownership of Vandalia Insurance Company, which is a captive insurance company that provides hospital excess liability coverages. CAMC is a member in two medical office building limited liability companies, each organized as limited liability corporations. CAMC owns a 90.54% interest in the General Division Medical Office Building LLC at December 31, 2023. The Women and Children's Medical Office Building LLC was dissolved on December 31, 2023, and therefore CAMC now owns a 100%. As of October 1, 2023, CAMC owns a 69.49% interest in Charleston Surgical Hospital, which is a surgery center located in Charleston, West Virginia. The residual interest is reflected as noncontrolling interest in the consolidated financial statements. CAMC is the sole corporate member of the following four entities.

CAMC Foundation, Inc. (the "Foundation")—A West Virginia nonprofit corporation established for the purpose of raising funds for CAMC.

CAMC Health Education and Research Institute, Inc. (the "Institute") d/b/a CAMC Institute for Academic Medicine—A West Virginia nonprofit corporation established for the purpose of managing, promoting, and conducting medical education and research programs.

CAMC Greenbrier Valley Medical Center, Inc. (the "CAMC GVMC")—On September 14, 2022, the CAMC GVMC was formed to purchase Greenbrier Valley Medical Center on January 1, 2023. This is a not-for-profit organization located in Ronceverte, West Virginia, to provide acute medical services and expanded outpatient services to the citizens of Greenbrier County and surrounding communities.

CAMC Plateau Medical Center, Inc. (the "*CAMC PMC*")—On December 22, 2022, the CAMC PMC was formed to purchase Plateau Medical Center on April 1, 2023. This is a not-for-profit organization located in Oak Hill, West Virginia, to provide acute medical services and expanded outpatient services to the citizens of Fayette County and surrounding communities.

Monongalia Health System, Inc. (MHS)—In September 2022, the System entered into a member substitution agreement to become the sole member of MHS and subsidiaries, a West Virginia nonprofit corporation incorporated for the purpose of providing management, planning, development, coordination, and other activities related to the promotion of health care within MHS' service area. MHS sponsors and controls four hospitals and other health-related corporations (collectively, Monongalia Health System) serving areas primarily in Monongalia and surrounding counties. MHS also manages rental properties acquired for possible future expansion of health care services within the area.

Monongalia County General Hospital Company (MGH)—A not-for-profit corporation that operates an acute care hospital facility in Morgantown, West Virginia.

Mon Elder Services, Inc. (MES) d/b/a The Village at Heritage Point—A not-for-profit corporation established to develop, own, and operate a continuing care retirement village in the Morgantown, West Virginia, area consisting of 90 independent living apartments, 40 assisted living units, and common support areas on approximately 11 acres.

Preston Memorial Hospital Corporation (PMH)—A not-for-profit critical access hospital providing acute, medical, surgical, rehabilitative, and outpatient services. PMH is in Kingwood, Preston County, West Virginia. PMH is the parent organization of Preston Memorial Medical Group, Inc. and Preston Memorial Foundation, Inc., which are all consolidated and presented as an affiliate under MHS in these consolidated financial statements.

Stonewall Jackson Memorial Hospital Company (SJMH)—A not-for-profit organization located in Weston, West Virginia, which provides acute medical services and outpatient services to citizens of Weston and surrounding communities.

Mon Health Marion Neighborhood Hospital (MHMH)—A not-for-profit corporation that operates an acute care hospital facility in Whitehall, West Virginia.

Foundation of Monongalia General Hospital, Inc.—A not-for-profit corporation which was created to provide grants and contributions for new services and capital expenditures to the Monongalia Health System.

Mon Health Care, Inc. (MHC)—A for-profit taxable entity, provides home respiratory care and has a retail operation of durable medical equipment. MHC owns 50% of Fairmont Home Medical Equipment and Supply Company (FHE). MHS owns all the capital stock of MHC.

Davis Health System, Inc. (DHS)—On December 1, 2023, MHS entered into a member substitution agreement to become the sole member of DHS and subsidiaries, a nonstock, nonprofit corporation organized and existing under the laws of the State of West Virginia. DHS is the parent organization of other health care organizations or companies through membership status, board appointment, or stock ownership. A brief description of the activities of each entity follows:

Davis Medical Center—A not-for-profit corporation that provides acute inpatient, outpatient, and emergency services to residents of Elkins, West Virginia, and surrounding communities.

Broaddus Hospital Association, Inc.—A not-for-profit critical access hospital corporation that provides acute medical, outpatient, and long-term care services to the residents of Philippi, West Virginia, and the surrounding area.

Webster Memorial Hospital, Inc.—A not-for-profit critical access hospital corporation that provides residents of Webster county and surrounding counties acute short-term care.

Health Facilities, Inc.(HFI)—A for-profit corporation that operates a retail pharmacy and home health agency. Health Facilities, Inc. is wholly-owned by Davis Medical Center.

Central WV Medcorp, Inc (CMC).—A not-for-profit corporation that provides physician medical services to the residents of Elkins, West Virginia, and surrounding areas.

Xercor Re SPC, Ltd.—Segregated Portfolio No. 2 Davis—A captive insurance entity domiciled in the Cayman Islands that was formed in December 2021 via the novation of a previous captive insurance entity, which has underwritten a claims-made insurance policy to cover reported medical malpractice claims of Davis Health System, Inc., subsidiaries, and affiliates.

Davis Health System Foundation, Inc.—A not-for-profit corporation that promotes the maintenance, development, and improvement of Davis Health System, Inc. and its affiliated and subsidiary entities that qualify as exempt organizations.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation—The accompanying consolidated financial statements include the accounts of the Parent and its subsidiaries. All significant intercompany transactions and balances have been eliminated on consolidation.

Investments in companies in which the System owns 20% to 50% of the voting interest and has the ability to exercise significant influence over operating and financial policies of the investee are accounted for using the equity method of accounting. As a result, the System's share of the earnings or losses of such equity affiliates is included in investment income—net in the accompanying consolidated statement of operations and the System's share of these companies' shareholders' equity is included in assets limited as to use in the accompanying consolidated balance sheet. The investment balances and equity earnings were not material as of and for the year ended December 31, 2023.

During the year ended December 31, 2023, Federal Emergency Management Agency awarded $1,954 to the System as reimbursement for expenses incurred to provide emergency protective measures to stop the spread of COVID-19. This is recorded as net assets released from restrictions in the consolidated statement of operations and net assets released from restrictions for programs in the consolidated statement of changes in net assets.

Commencing in April 2020, the System requested accelerated Medicare payments from Centers for Medicare & Medicaid Services (CMS) as provided for in the CARES Act. The Medicare accelerated payment program allows 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. These advance payments are recorded as Medicare accelerated payments liability in the consolidated balance sheets. Original terms and conditions of the program indicated that after 120 days past receipt of the advance payments, claims for services provided to Medicare beneficiaries would be applied against these cash advances, and any unapplied cash advance payment amounts must be paid in full within 12 months from receipt of the advance payments. In October 2020, the terms of the program were changed and currently claims for services will be applied against the cash advances after one year from receipt of the funds and any unapplied cash advance payment amounts must be paid in full within 29 months from receipt. Recoupment amounts estimated to be repaid within one year are classified in current liabilities, with the remainder classified in long-term liabilities in the consolidated balance sheet. During the year ended December 31, 2023, $3,766 was recouped by CMS for MHS.

Cash and Cash Equivalents and Short-Term Investments—Cash and cash equivalents represent cash and temporary investments with original maturities of three months or less. Cash and cash equivalents exclude cash maintained in board-designated, restricted, self-insurance, and trustee-held funds. Short-term investments represent investments that management has identified as available to meet current operating needs. Short-term investments are stated at fair value.

The Parent and its subsidiaries maintain certain cash balances with banks that exceed the amounts insured by the Federal Deposit Insurance Corporation. The System has not experienced losses related to such balances. Management believes the System is not exposed to any significant credit risk related to its cash and cash equivalents.

The following provides a reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents and their classifications reported within the consolidated balance sheet that sum to the total of the same amounts shown in the consolidated statement of cash flows:

Cash and cash equivalents	$ 66,150
Assets limited as to use	466
Total cash, cash equivalents, restricted cash, and restricted cash equivalents	$ 66,616

Net Patient Service Revenue—Net patient service revenue is derived primarily from patients who reside in West Virginia and surrounding states, principally covered by Medicare, Medicaid, managed care, and other health plans, as well as uninsured patients and other uninsured discount and charity programs. The System reports net patient service revenue at the amounts that reflect the consideration to which we expect to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including managed care payors and government programs) and others, and they include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, we bill our patients and third-party payors several days after the services are performed or shortly after discharge. Revenue is recognized as performance obligations are satisfied by transferring our services to our customers.

We determine performance obligations based on the nature of the services we provide. We recognize revenue for performance obligations satisfied over time based on actual charges incurred in relation to total expected charges. We believe that this method provides a faithful depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations. Generally, performance obligations satisfied over time relate to patients in our hospitals receiving inpatient acute care services. We measure performance obligations from admission to the point where there are no further services required for the patient, which is generally the time of discharge. We recognize revenue for performance obligations satisfied at a point in time, which generally relate to patients receiving outpatient services, when (1) services are provided and (2) we do not believe the patient requires additional services.

Because our patient service performance obligations relate to contracts with a duration of less than one year, we have elected to apply the optional practical expedient method, and, therefore, we are 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.

Gross patient service revenue is recognized based on the System's standard billing rates. Gross patient service billings are reduced to "net patient service revenue" through (1) a provision for contractual adjustments for patients who have third-party coverage with contracted rates less than standard billed charges for the services rendered, including federal and state indemnity and managed care programs and commercial insurance; and (2) a provision for patients who meet the charity care criteria and are provided services at amounts less than the established rates. We determine our estimates of contractual adjustments and discounts based on contractual agreements, our discount policies, and historical experience. We determine our estimate of implicit price concessions based on our historical collection experience with these classes of patients using a portfolio approach as a practical expedient method to account for patient contracts as collective groups rather than individually. The consolidated financial statements effects of using this practical expedient method are not materially different from an individual contract approach.

The System has agreements with third-party payors that provide for payments at amounts that differ from its established rates. A summary of the payment arrangements with major third-party payors is as follows:

Medicare—Payment for inpatient acute care services rendered to Medicare program beneficiaries and associated medical education, disproportionate share hospital (DSH), and capital cost reimbursement are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services are reimbursed at prospectively determined rates per visit based primarily on an ambulatory payment classification. Some inpatient nonacute services, certain outpatient services, and a percentage of bad debt costs related to Medicare beneficiaries are substantially paid based on a cost reimbursement methodology. Other amounts related to interns and residents and DSH are paid based on formulas as defined in the Medicare regulations. The System is paid for cost reimbursable items, interns, and residents and DSH at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. Classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Medicare program.

The Medicare cost reports for CAMC have been audited by the Medicare fiscal intermediary through December 31, 2013. The Medicare cost reports for MHS and MGH have been audited by the Medicare fiscal intermediary through December 31, 2020. The Medicare cost reports for PMH and SJMH have been audited by the Medicare fiscal intermediary through December 31, 2019.

Medicaid—Payments for inpatient services rendered to Medicaid program beneficiaries are primarily reimbursed on a prospective payment system per discharge. Outpatient services rendered to Medicaid program beneficiaries are reimbursed primarily at prospectively determined rates per visit based on a fee schedule with no retrospective adjustment.

PMH and CAMC PMC are designated as a critical access hospital under the Medicare and Medicaid programs. Accordingly, PMH and CAMC PMC receives payments on a reasonable and allowable cost basis for inpatient and most outpatient services provided to eligible Medicare and Medicaid patients.

Public Employees' Insurance Agency (PEIA)—Inpatient services rendered to PEIA subscribers are reimbursed on a prospective payment system. Outpatient services rendered to PEIA subscribers are reimbursed based on a fee schedule with no retroactive adjustment.

Other—The System has also entered into payment agreements with certain commercial insurance carriers, preferred provider organizations (PPOs), and health maintenance organizations (HMOs). Payment under the commercial, PPOs, and HMOs arrangements are primarily based on a percentage of charges.

Medicaid-Directed Payment Program (DPP)-Expanded Medicaid Population—The Patient Protection and Affordable Care Act allowed states to expand eligibility for Medicaid medical benefits effective January 1, 2014. West Virginia expanded Medicaid eligibility effective January 1, 2014, in a Medicaid fee-for-service environment through August 31, 2015. Effective September 1, 2015, beneficiaries of the expanded Medicaid population were transitioned to Medicaid managed care. These beneficiaries of the expanded population can be eligible for supplemental DPP reimbursement. West Virginia began working with CMS to secure supplemental DPP reimbursement effective January 1, 2014.

The System recognized as a component of net patient service revenue for the year ended December 31, 2023, $73,499 related to the DPP.

Medicaid-Enhanced Payment Programs (EPPs)—Under the West Virginia Medicaid-EPPs, the methodology utilized in determining payments is based on the West Virginia State Plans approved on May 15, 2006. The methodology utilizes the following four payment groups: Urban, rural, tertiary safety net, and rural safety net, and the amounts are currently assigned and approved by CMS. The System recognized as a component of net patient service revenue for the year ended December 31, 2023, $13,639 related to the EPPs.

Medicaid-Physician Payment Improvement Program (PPIP)—West Virginia implemented a DPP that supports qualifying physicians employed by eligible acute care hospitals with additional access fee dollars to aid Medicaid Managed Care beneficiaries in access and utilization. CAMC is an eligible acute care hospital and is entitled to collect and utilize the receipts from the PPIP for the services rendered by its employed qualifying physicians. The System recognized as a component of net patient service revenue for the year ended December 31, 2023, $10,607 related to the PPIP. Commencing in 2021, quarterly payments are made based on Medicaid Managed Care beneficiary utilization of the services provided by qualified physicians employed by CAMC. During 2019, WV Legislative Session, Senate Bill 546 was passed which permits a 0.13% tax on certain eligible acute care hospitals to fund the PPIP. The tax was effective and first imposed on July 1, 2020, against net patient service revenue and is recorded as a component of Medicaid provider tax.

Allowance for Contractual Adjustments—Payments received under the reimbursement arrangements with Medicare and Medicaid are subject to retroactive audit and adjustment. Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care using the most likely outcome method. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and our historical settlement activity, including an assessment to determine that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available) or as years are settled or are no longer subject to such audits, reviews, and investigations. Settlement of prior-year cost reports and revisions to other prior-year settlement estimates increased net patient service revenue by $75 during the year ended December 31, 2023.

Laws and regulations governing these programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimated settlements will change by a material amount in the near term. Management believes that adequate provisions have been made for reasonable adjustments that may result from such final settlements. Management believes it is in substantial compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Generally, patients who are covered by third-party payors are responsible for related co-payments, coinsurance, and deductibles, which vary in amount. We also provide services to uninsured patients and offer uninsured patients a discount from standard charges. We estimate the transaction price for patients with co-payments, coinsurance, and deductibles and for those who are uninsured based on historical collection experience and current market conditions. Under our charity care program, the discount offered to certain uninsured patients is recognized as a charity allowance, which reduces net patient service revenue at the time the self-pay accounts are recorded. The uninsured patient accounts, net of contractual allowances recorded, are further reduced to their net realizable value at the time they are recorded through implicit price concessions based on historical collection trends for self-pay accounts. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to net patient service revenue in the period of the change.

Patient Receivables—When we have an unconditional right to payment, subject only to the passage of time, the right is treated as a receivable. Patient receivables, including billed accounts and unbilled accounts for which we have the unconditional right to payment, and estimated amounts due from third-party payors for retroactive adjustments, are receivables if our right to consideration is unconditional and only the passage of time is required before payment of that consideration is due. The estimated uncollectible amounts are generally considered implicit price concessions that are a direct reduction to patient accounts receivable. For changes in credit issues not assessed at the date of service, the System will prospectively recognize those amounts in net patient service revenue in the consolidated statement of operations. The provision for doubtful accounts was immaterial as of December 31, 2023.

Contract Assets—Amounts related to services provided to patients for which we have not billed and that do not meet the conditions of unconditional right to payment at the end of the reporting period are contract assets. Our contract assets consist primarily of services that we have provided to patients who are still receiving inpatient care in our facilities at the end of the reporting period. Contract assets are included in prepaid expenses and other in the accompanying consolidated balance sheet.

Inventories—Inventories represent supplies that are valued at average cost.

Employer-Provided Health Care—The System provides group health and medical benefits to its employees through self-insurance. The System recognizes net patient service revenue for the estimated value of the services provided to its own employees and an equal employee benefit expense recorded within employee benefits in the consolidated statement of operations. The estimated net patient service revenue and corresponding employee benefit expense for such services was $97,731 for the year ended December 31, 2023.

Assets Limited as to Use and Investments—Assets limited as to use primarily include assets held by trustees under indenture and other agreements, designated assets set aside by the board of trustees, self-insurance funds, and donor-restricted assets. Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk and market uncertainty associated with certain investment securities, it is at least reasonably possible that changes in values in the near term could materially affect the amounts reported in the accompanying consolidated financial statements.

Investments in equity securities with readily determinable fair values and all investments in fixed-income securities are measured at fair value and are classified as trading securities. Investment income or loss (including realized gains and losses, interest, dividends, and unrealized gains and losses) is included in unrestricted investment income or loss, unless the income or loss is restricted by donor or law.

The System invests in alternative investments that primarily represent ownership in limited partnerships that invest in hedge funds, real asset funds, and private equity/venture capital funds. In order to liquidate such investments, management is required to provide notice ranging from 45 to 90 days to withdraw from the partnerships and in certain cases may only withdraw from the partnership quarterly or annually. There are no unfunded commitments. Substantially, all the System's alternative investments are redeemable at net asset value (NAV) per ownership unit or its equivalent. Fair value for qualifying alternative investments is determined under the NAV practical expedient and is based on the NAV per ownership unit, as published and determined by the fund manager at least quarterly using the estimated fair value of the underlying investments.

The System's alternative investments are accounted for utilizing the measurement alternative or NAV. Alternative investments consist of the following at December 31, 2023:

	Recorded Value	Fair Value
Included within assets limited as to use	$ 45,701	$ 48,241

The System's investment policy establishes reasonable expectations, objectives, and guidelines; sets forth an investment structure detailing permitted asset classes and expected allocation among asset classes; encourages effective communication; and creates a framework for a well-diversified asset mix, which can be expected to generate acceptable long-term returns at a level of risk suitable to the investment committee. The System's investments are pooled to obtain maximum use of funds and higher interest rates. Investment income from this pool is allocated to net assets without donor restrictions and net assets with donor restrictions based on the percentage of total investments.

Derivatives—CAMC and MHS have entered into interest rate swap agreements in connection with their debt management programs. CAMC and MHS record the derivative instruments as either assets or liabilities in the accompanying consolidated balance sheet at fair value. None of the current derivatives are designated as an accounting hedge and the asset or liability is presented as current as CAMC and MHS has the right to settle the agreements prior to expiration and periodically evaluates the interest rate environment to determine if the agreements are consistent with its debt management program.

Property, Equipment, and Information Systems—Amounts capitalized as part of property, equipment, and information systems, including additions and improvements to existing facilities, are recorded at acquisition cost, excluding amounts acquired as part of acquisitions or member substitution which are recorded at fair value as of the transaction date. Property, equipment, and information systems consisted of the following:

Land	$ 82,177
Buildings and improvements	886,696
Equipment and information systems	597,778
Construction in progress	15,687
Total property, equipment, and information systems	1,582,338
Less accumulated depreciation and amortization	(749,609)
Property, equipment, and information systems—net	$ 832,729

Finance lease right-of-use (ROU) assets included in equipment and information systems within property, equipment, and information systems in the accompanying consolidated balance sheet are $40,503, net of $14,997 of accumulated amortization, as of December 31, 2023.

Depreciation, including amortization of ROU assets recorded under finance leases, is recorded using the straight-line method over the shorter of the lease term, if applicable, and estimated useful lives of the aggregate building components and improvements (generally 10 to 45 years), and equipment (generally 3 to 15 years). Upon retirement or disposal, the asset and accumulated depreciation accounts are adjusted, and any gain or loss is recorded in the consolidated statement of operations. Maintenance costs and repairs are expensed as incurred. Depreciation and amortization expense was $71,947 for the year ended December 31, 2023.

Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The impairment test consists of comparison of the undiscounted cash flows of the long-lived asset with its carrying amount. If such undiscounted cash flows are less than the carrying amount, the fair value of the long-lived asset is determined and the carrying value is adjusted through an impairment charge to such fair value. Any write-downs due to impairment are charged to operations at the time impairment is identified.

Goodwill—Goodwill is not amortized but is tested at the reporting unit level for impairment at least annually as of December 31, and more often if factors or indicators become apparent that would require an impairment test. The System evaluated goodwill for impairment during the year ended December 31, 2023, and concluded that no impairment to goodwill was necessary as the fair value of each reporting unit was in excess of its respective carrying value.

Other Assets—Other assets include ownership interests in joint ventures and intangible assets. Intangible assets are reviewed for impairment if events or changes in circumstances indicate that the asset might be impaired.

Deferred Financing Costs—Costs related to long-term debt, presented within the consolidated balance sheet as a direct reduction to the related debt liability, are being amortized over the life of the respective obligation. The carrying value of deferred financing costs was $5,720 as of December 31, 2023.

Net Assets Without Donor Restrictions—Net assets without donor restrictions represent net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the System. These net assets may be used at the discretion of the System's management and the board of directors (the "Board"). Quasi endowments are primarily for buildings and equipment ($159,599 as of December 31, 2023), scholarships and education ($45,155 as of December 31, 2023), patient-related programs ($7,555 as of December 31, 2023), and various other health care-related programs ($1,671 as of December 31, 2023).

Net assets without donor restrictions as of December 31, 2023, are as follows:

Undesignated	$ 882,218
Quasi endowment	213,980
Total	$ 1,096,198

Net Assets with Donor Restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the System or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions can primarily be used by specified purpose, e.g., attendance at a qualified school for scholarships. Funds of a perpetual duration are $32,753 for 2023.

Net assets with donor restrictions as of December 31, 2023, are restricted to the following:

Patient-related projects	$ 21,347
Scholarships and education	26,120
Various other health care-related activities	21,499
Total	$ 68,966

Contributions—Contributions are recognized at fair value in the period cash, or an unconditional promise, is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. Gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the contributed assets. When a donor restriction expires, net assets with donor restrictions are released to net assets without donor restrictions and reported in the consolidated statement of operations.

Donor-restricted contributions whose restrictions are met within the same year as received are reported as net assets released from restrictions in the accompanying consolidated financial statements.

Prospective resident and security deposits—MES collects 10% of the expected entrance fees from prospective residents once an independent living unit is identified for occupancy. These initial deposits are refundable to the prospective residents until their time of occupancy, less an administrative fee, which may be waived subject to provisions in the residency agreement. The remaining 90% of the expected entrance fees is collected at the residents' point of occupancy. MES may also collect deposits from prospective residents, designated as waiting list fees, which place those prospective residents at a priority level. These deposits are applied toward the prospective residents' final payment or remaining 90% of the refundable deposit. Finally, MES collects a security deposit on each of its assisted living units.

The residents of MES' independent living units are entitled to choose either a 90%, 85%, 60%, 60% modified, or 20% refund of their entrance deposit fees depending upon the option they choose at move-in or transfer. Refunds are subject to a new resident paying the entrance deposit fees and other provisions as provided in the residency agreement. MES amortizes to revenue the nonrefundable entrance deposit fees received over the estimated remaining life expectancy of the resident and records the advance refundable fees as a liability. Refundable entrance deposit fees received from residents of MES are recorded as liabilities and are contingently refunded to the resident upon termination of the agreement and MES' ability to reoccupy the respective unit. These amounts are included in other long-term liabilities in the consolidated financial statements. Nonrefundable community fees are recognized as income once the resident vacates the apartment.

Obligation to provide future services—MES annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance deposit fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to results of operations. MES has determined that no accrual is required as of December 31, 2023, as management has the ability to charge additional fees, if necessary, to meet such obligations.

Self-Insurance Programs—The System has self-insurance programs for professional malpractice, general liability, unemployment compensation, disability, and employee health insurance, although we maintain a stop-loss coverage with third-party insurers to limit the System's liability exposure. The estimated self-insurance obligations include a provision for incurred but not reported claims.

Excess of Revenue Over Expenses—The consolidated statements of operations include excess of revenue over expenses. Changes in net assets without donor restrictions which are excluded from excess of revenue over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions, which by donor restriction were to be used for the purposes of acquiring such assets), equity transactions with noncontrolling interest, and change in retirement obligations actuarial loss and prior service cost.

Income Taxes—The IRS has determined that the System entities are exempt from income taxes under Section 501(c)(3) of the Code and applicable state statutes, except for MHC, FHE, CMC, and HFI, which are corporations subject to income tax. The System does not have any material uncertain tax positions as of December 31, 2023. Tax returns for the year ended June 30, 2019, are open for the MHS entities and tax returns for the year ended December 31, 2020, are open for CAMC entities.

Use of Estimates—The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the System to make assumptions, estimates, and judgments that affect the amounts reported in the consolidated financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. The more significant judgments and estimates include the following: recognition of net patient service revenue, which includes contractual allowances; provisions for doubtful accounts, implicit price concessions and charity care; recorded values of investments; and reserves for losses and expenses related to health care professional and general liability. Management relies on historical experience and other assumptions believed to be reasonable in making its judgments and estimates. Actual results could differ materially from those estimates and are recorded in the period in which they are determined.

Newly Adopted Accounting Pronouncements—The following new accounting standards have been adopted by the System during the year ended December 31, 2023:

In October 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2021-08, *Business Combinations (Topic 805)—Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. The amendments in this ASU require acquiring entities to apply Accounting Standards Codification 606 to recognize and measure contract assets acquired and contract liabilities assumed in a business combination. The amendments will be effective for the System beginning January 1, 2023. The amendments in this ASU should be applied prospectively to business combinations occurring on or after the effective date of the amendments. The System adopted this guidance as of January 1, 2023, and the adoption did not have a material impact on the financial position or results of operations.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This guidance introduces a new model for recognizing credit losses on financial instruments based on an estimate of current expected credit losses. Financial instruments impacted include accounts receivable, trade receivables, other financial assets measured at amortized cost, and other off-balance-sheet credit exposures. The System adopted this guidance as of January 1, 2023, and the adoption did not have a material impact on the financial position or results of operations.

Recently Issued Accounting Pronouncements—The following new accounting standards have been issued but have not yet been adopted by the System as of December 31, 2023:

All other issued but not yet effective accounting pronouncements are not expected to have a material impact on the System's consolidated financial statements.

3. REVENUE RECOGNITION

Net Patient Service Revenue—Net patient service revenue, including implicit price concessions, for the year ended December 31, 2023, by major primary payor sources, is as follows:

	Net Patient Service Revenue 2023	
Medicare	$ 715,985	34 %
Medicaid	272,236	13
Other government third-party payors	170,443	8
Blue Cross	638,948	30
Commercial and other third-party payors	247,409	11
Self-pay	88,576	4
Total	$ 2,133,597	100 %

Net patient service revenue for the year ended December 31, 2023, consists of the following:

Gross patient service billings	$ 7,905,892
Charity care allowances	(96,887)
Contractual allowances	(5,776,879)
Medicaid-PPIP	10,607
Medicaid-DPP	73,499
Medicaid-EPP	13,639
Medicaid-DSH	3,726
Net patient service revenue	$ 2,133,597

Patient Receivables—The approximate percentage of patient receivables, net of allowances for contractual adjustments, charity care, and implicit price concessions, by source of payor, as of December 31, 2023, is as follows:

Medicare	31 %
Blue Cross	29
Commercial and other third-party payors	23
Medicaid	9
Other government third-party payors	3
PEIA	4
Self-pay	1
Total	100 %

Contract Assets—The opening and closing balances of contract assets are as follows:

	2023
Opening balance—January 1	$ 13,223
Ending balance—December 31	14,744
Increase	$ 1,521

The increase in the contract asset balances as of the year ended December 31, 2023, compared to the year ended December 31, 2022, is due to an increase in patients not discharged. Approximately 98% of our contract assets meet the conditions for unconditional right to payment and are reclassified as patient receivables within 90 days.

Contract Liabilities—Contract liabilities primarily consist of MES nonrefundable entrance deposit fees and Medicare accelerated payments. The opening and closing balances of contract liabilities are as follows:

Opening balance—January 1	$ 17,855
Ending balance—December 31	13,896
Decrease	$ 3,959

The decrease in the contract liability balances from the year ended December 31, 2023, compared to the year ended December 31, 2022, is due to payback and recoupments by Medicare of the accelerated payments.

Medicaid Provider Tax—During the year ended December 31, 2023, the System recorded $60,981, related to Medicaid provider taxes within Medicaid provider tax in the accompanying consolidated statement of operations. Such taxes include the following:

Medicaid-DPP Tax—The West Virginia Department of Tax and Revenue imposes a tax on licensed general acute care hospitals to generate revenue that is used as the state contribution toward drawing down additional federal-matching dollars for Medicaid to enhance current hospital payment rates under the DPPs. The tax rate was 1.20% of net patient service revenue for the year ended December 31, 2023. This tax rate is inclusive of the 0.45% tax for the Medicaid PPIP.

Broad-Based Health Care-Related Tax—The West Virginia Broad-Based Health Care-Related Tax of 1993 assesses a tax on net patient service revenue at rates varying from 0.35% to 5.00%, depending on the type of services provided.

Other Revenue—Other revenue is derived from ancillary services, which are an integral part of the operations of the System other than providing health care services to patients. Such revenue is recognized when the related service is performed, drugs are dispensed, or in the case of grant revenue, when the System incurs the cost related to the grant's purpose.

4. CHARITY CARE AND COMMUNITY SERVICE BENEFIT

The System provides care to patients who meet certain criteria under the approved charity care policy without charge or at amounts less than the established rates. Because the System does not pursue collection of amounts that are determined to qualify as charity care, they are not reported as net patient service revenue. The System maintains records to identify and monitor the level of charity care it provides. These records include the amount of gross charges forgone for direct patient care, which were $99,379 for the year ended December 31, 2023. The cost associated with the charity care services provided are estimated by applying a cost-to-charge ratio to the amount of gross uncompensated charges for the patients receiving charity care and amounted to $36,659 for the year ended December 31, 2023.

In addition to the charity care provided for direct patient care, the System provides free and below-cost services and programs for the community. The costs of these services and programs are included in salaries and wages and employee benefits and various other expense line items of the System's consolidated statement of operations and are considered to be immaterial.

5. SHORT-TERM INVESTMENTS AND ASSETS LIMITED AS TO USE

Short-term investments and assets limited as to use as of December 31, 2023, consist of the following:

Short-term investments:	
Cash and cash equivalents	$ 23,965
Equity securities and equity mutual funds	92,074
Fixed-income securities and fixed-income mutual funds	59,385
Total short-term investments	$ 175,424

Assets limited as to use:	
Self-insurance:	
Cash and cash equivalents	$ 1,959
US Treasury and US government agency fixed-income securities	4,693
US state and political subdivisions of the states fixed-income securities	290
Equity securities and equity mutual funds	42,055
Alternative investments	14,248
Fixed-income securities and fixed-income mutual funds	13,629
Total self-insurance	76,874
Board-designated and restricted funds:	
Cash and cash equivalents	22,809
US Treasury and US government agency fixed income securities	31,146
US state and political subdivisions of the states fixed income securities	39
Equity securities and equity mutual funds	291,317
Fixed-income securities and fixed-income mutual funds	82,472
Alternative investments	31,453
Other	7,800
Total board-designated and restricted funds	467,036
Trustee-held funds:	
Collateral on derivatives—cash equivalents	4,409
Other trustee-held funds:	
Cash equivalents	104,967
Equity method investments	2,635
US Treasury and US government agency fixed income securities	2,334
US state and political subdivisions of the states fixed income securities	3,360
Fixed-income securities	3,533
Other	109
Total trustee-held funds	121,347
Total assets limited as to use	665,257
Less current portion	(29,102)
Assets limited as to use—net of current portion	$ 636,155

Board-designated and restricted funds and trustee-held funds consist of the investments set aside for capital, debt, and other similar expenditures. Self-insurance assets relate primarily to the malpractice and general liability self-insurance. The Board has also designated the majority of proceeds received from two taxable notes in 2013, as well as proceeds received from the 2019 bond funds, for use toward future capital projects.

6. LIQUIDITY AND AVAILABILITY

As of December 31, 2023, the System has working capital of $558,140, and average days' (based on normal expenditures divided by total cash and cash equivalent) cash on hand of 115.

The table below represents financial assets available to meet cash needs for general expenditures within one year from the respective consolidated balance sheet date as of December 31, 2023:

Financial assets at year-end:	
Cash and cash equivalents	$ 66,150
Patient receivable—net	465,429
Short-term investments	175,424
Assets limited to use:	
Board-designated	372,733
Donor-restricted	94,304
Trustee-held funds	121,347
Pledges receivable—net	506
Total financial assets	1,295,893
Less amounts not available to be used within one year:	
Board-designated with liquidity horizons greater than one year	(17,145)
Trustee-held funds	(94,304)
Donor-restricted with liquidity horizons greater than one year	(2,220)
Pledges receivable—net	(223)
Financial assets not available to be used within one year	(113,892)
Financial assets available to meet general expenditures within one year	$ 1,182,001

The System has certain Board-designated and donor-restricted 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 quantitative information above for financial assets to meet general expenditures within one year. The System has other assets limited to use for donor-restricted purposes, capital improvements, and for the professional and general liability captive insurance program. Additionally, certain other Board-designated assets are designated for future capital expenditures and an operating reserve. These assets limited to use, which are more fully described in Note 5, are not available for general expenditure within the next year. However, the Board-designated amounts could be made available, if necessary.

As part of the System's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds. Occasionally, the Board designates a portion of any operating surplus to an operating reserve, which was $372,733 as of December 31, 2023. The funds established by the Board may be drawn upon, if necessary, to meet unexpected liquidity needs.

Additionally, the system maintains a $10,000 line of credit, as discussed in more detail in note 8. As of December 31, 2023, $10,000 remained available on the System's line of credit.

7. INVESTMENT INCOME

Investment income and net unrealized and realized gains on investments for the year ended December 31, 2023, are composed of the following:

Without donor restrictions:	
Dividend, interest income, and other	$ 20,162
Realized gain on investments—net	632
Unrealized gain on investments—net	61,028
Total without donor restrictions investment income—net	81,822
With donor restrictions:	
Dividend, interest income, and other	1,077
Realized gain on investments—net	267
Unrealized gain on investments—net	3,052
Total with donor restrictions investment income—net	4,396
Net investment income and net realized and unrealized gains on investments	$ 86,218

8. LONG-TERM DEBT, FINANCE LEASE OBLIGATIONS, AND DERIVATIVES

Obligations under long-term debt and finance lease obligations as of December 31, 2023, consist of the following:

2023 Series B Taxable Bonds	$ 407,730
2019 Series A Bonds	87,985
2014 Series A Bonds	45,625
2008 Series A Bonds (CAMC)	105,470
United Taxable Note	80,000
CSH Notes Payable	5,454
2021 Series A Bonds	13,887
2015 Series Bonds	38,239
2008 Series A Bonds (MON)	33,970
2008 Series B Bonds (MON)	9,671
Marion Note Payable	12,154
Marion Term Loan	982
PMH Construction Loan	8,637
USDA Loan	22,274
Davis Bonds Payable	540
Davis Trust Company	6,544
Truist Loan	50,000
Finance lease obligations	46,175
Total	975,337
Plus unamortized bond premium	20,621
Less unamortized bond discounts	(2,218)
Less unamortized deferred financing costs	(5,720)
Less imputed interest	(7,750)
Total—net of unamortized premium and deferred financing costs and imputed interest	980,270
Less current maturities	(23,183)
Total long-term debt and finance lease obligations	$ 957,087

The fair value of the System's debt obligations was $1,014,504 as of December 31, 2023, and falls within Level 2 in the fair value hierarchy. In determining the fair value of debt, the System considers its credit standing and does not consider the credit standing of the financial institution that participated in the issuance of the debt instruments. Additional considerations for valuing the debt include the maturity date and the coupon and yield of the debt instrument.

In November 2023, the System issued $407,730 par value in tax-exempt fixed rate bonds for West Virginia Hospital Finance Authority Hospital Refunding and Improvement Revenue Bonds Series 2023B. Proceeds were used to retire $200,000 of outstanding bonds issued in connection with the acquisition of GVMC and PMC. As a result of this transaction, the Health System recognized a loss on extinguishment of debt of $1,384 in other nonoperating items in the consolidated statement of operations for the year ended December 31, 2023.

Obligated Group—CAMC, CAMC Foundation, MHS, MGH, MES, SJMH, CAMC GVMC, and CAMC PMC are members of the obligated group (the "Obligated Group") in accordance with the provisions of the 2019 Amended and Restated Master Trust Indenture dated as of June 1, 2019 (as amended and supplemented from time to time, the "Master Indenture"), and are jointly and severally liable for the performance of all covenants and obligations contained in the Master Indenture and in the related notes, debt agreements and guarantees. The 2008 Series A Bonds; 2014 Series A Bonds; 2019 Series A Bonds; 2023 Series B Bonds; 2022 Series A Taxable Bonds; and various notes, lines, and letters of credit are obligations under the Master Indenture. The Foundation's net assets with donor restrictions are not available to satisfy obligations of the Obligated Group. The obligations of the Obligated Group are evidenced and secured by promissory notes issued pursuant to the Master Indenture. All notes issued under the Master Indenture are secured primarily by a security interest in revenue and a deed of trust on the primary hospital facilities of CAMC and a deed of trust on the primary hospital facilities of MGH. Additionally, as summarized in Note 18, Member Substitutions, in order to streamline covenants and reporting requirements, and otherwise comply with terms of the Master Indenture, modifications were made of existing financial obligations of MHS, MGH, MES, and PMH.

The Obligated Group is subject to certain restrictive covenants that require, among other items, the Obligated Group to maintain certain financial ratios as defined in the debt agreements and to make certain informational filings with its creditors. The System maintained compliance with all restrictive covenants as of December 31, 2023.

2023 Series B Taxable Bonds—In October 2023, CAMC entered into a loan agreement with the West Virginia Finance Authority (the "Authority") pursuant to which the Obligated Group borrowed the proceeds of the Authority's $407,730 fixed-rate revenue refunding bonds 2023 Series B. The bonds were issued at a premium of $5,855, which is being amortized to interest and debt expense over the 30-year life of the issue. Unamortized premium at December 31, 2023, was $5,822. Interest on the bonds is payable semiannually and principal is payable annually beginning September 2040. The coupon rates of the bonds range from 5.00% to 5.75% depending on maturity.

United Taxable Note—In October 2023, CAMC entered into a loan agreement with United Bank to which the Obligated Group borrowed the proceeds for purchase of an interest in Charleston Surgical Hospital and other various medical practices. The note carries a fixed rate of 6.45% with monthly payments beginning December 2023.

2022 Series A Taxable Bonds—In December 2022, CAMC entered into a loan agreement with the Authority pursuant to which the Obligated Group borrowed the proceeds of the Authority's $100,000 variable-rate revenue bonds 2022 Series A. Interest is paid monthly and principal is payable on September 1, 2052. These bonds were refinanced with the 2023 Series B Bond issue.

2019 Series A Bonds—In June 2019, CAMC entered into a loan agreement with the Authority pursuant to which the Obligated Group borrowed the proceeds of the Authority's $87,985 fixed-rate hospital revenue refunding bonds 2019 Series A. The bonds were issued at a premium of $15,918, which is being amortized to interest and debt expense over the 20-year life of the issue. Unamortized premium at December 31, 2023, was $12,270. Interest on the bonds is payable semiannually and principal is payable annually beginning September 2029. The coupon rates of the bonds range from 3.25% to 5.00% depending on maturity.

2019 Series B Bonds—In June 2019, CAMC entered into a loan agreement with the Authority pursuant to which the Obligated Group borrowed the proceeds of the Authority's $16,032 variable-rate revenue bonds to refund the 2008 CAMC Teays Bonds. These bonds were refinanced with the 2023 Series B Bond issue.

2014 Series A Bonds—In June 2014, CAMC entered into a loan agreement with the Authority pursuant to which the Obligated Group borrowed the proceeds of the Authority's $45,625 fixed-rate hospital revenue refunding bonds 2014 Series A. The bonds were issued at a premium of $5,046, which is being amortized to interest and debt expense over the 14-year life of the issue. Unamortized premium at December 31, 2023, was $1,643. Interest on the bonds is payable semiannually and principal is payable annually beginning September 2024. The coupon rates of the bonds range from 3.50% to 5.00% depending on maturity.

2013 Taxable Debt Notes—In March 2013, CAMC issued and sold $60,000 4.5% taxable Master Note 2013-1 with final maturity on March 14, 2043, utilizing level-debt amortization over 30 years. In May 2013, CAMC issued and sold $20,000 4.02% taxable Master Note 2013-2 with final maturity on March 15, 2038, utilizing level-debt amortization over 25 years. This Obligated Group debt was refinanced with the 2023 Series B Bond issue.

2008 Series A Bonds (CAMC)—In June 2008, CAMC entered into a loan agreement with the Authority pursuant to which the Obligated Group borrowed the proceeds of the Authority's $127,355 variable-rate revenue bonds 2008 Series A. The bonds require the payment of principal and interest through September 1, 2037. The bonds are multimodal variable-rate demand obligations. The timely payment of principal and interest on the 2008 Series A Bonds and the purchase price of tendered bonds are secured by an irrevocable, transferable direct pay letter of credit issued by a bank. The letter of credit will expire on June 19, 2024, unless renewed and may be replaced by a substitute letter of credit. Should any portion of the bonds not remarket, the holders of said bonds may tender them to the bank holding the direct pay letter of credit. Draws on the letter of credit, which cannot be remarketed after 90 days, will begin repayment over 10 years with a balloon payment at the end of five years. There were no draws on the letter of credit during the year ended December 31, 2023. Interest on the 2008 bonds is variable and can bear interest at a daily rate or a weekly rate as determined by a remarketing agent. Interest accrues at the stated interest rate, which, in the judgment of the remarketing agent under then-existing market conditions, would result in the sale of the 2008 bonds on such rate determination date at a price equal to the principal amount thereof, plus interest accrued through the rate period. As of December 31, 2023, the interest rate was 4.11%.

CSH Notes Payable—On September 29, 2023, CAMC completed a transaction to acquire 69.492% of CSH. As of December 31, 2023, CSH had a note and finance agreement totaling $5,454.

2021 Series A Bonds—On June 30, 2021, the Monongalia County Building Commission (the "Commission") issued the Variable Rate Hospital Refunding Revenue Bonds (Monongalia Health System Obligated Group) Series 2021A were issued. The 2021 Series A Bonds carry a fixed interest rate of 1.83% and varying maturities (final maturity in 2041, with varying annual principal payments ranging from $310 to $4,310), principal paid annually, and interest paid semiannually.

2015 Series Bonds—In April 2015, the Commission issued Refunding and Improvement Revenue Bonds Series 2015 (Monongalia Health System Obligated Group) ("2015 Series Bonds") with a par value of $51,450, premium of $4,537, and discount of $261.

The 2015 Series Bonds carry fixed interest rates ranging from 3.00% to 5.00%, and varying maturities (final maturity on July 1, 2035, with varying annual principal payments ranging from $990 to $4,125), principal paid annually, and interest paid semiannually. The balances include unamortized net premium of approximately $886 as of December 31, 2023.

2008 Series B Taxable Bonds (MON) and 2008 Series A Bonds (MON)—In February 2008, the Commission issued Variable Rate Hospital Refunding and Improvement Revenue Bonds Series 2008A with a par value of $48,145. In February 2008, the Commission also issued Taxable Variable Rate Hospital Bonds Series 2008B with a par value of $14,250. Proceeds of the Series 2008B Bonds were used to reimburse MGH for certain payments made by it with respect to the pension liabilities of MHS.

The Series 2008 A Bonds have a variable interest rate (5.18% as of December 31, 2023), and varying maturities (final maturity in 2040, with varying annual principal payments ranging from $100 to $6,890), principal paid annually and interest paid monthly.

The Series 2008 B Taxable Bonds have a variable interest rate (6.59% as of December 31, 2023) and varying maturities (final maturity in 2040, with varying annual principal payments ranging from $240 to $870), principal paid annually, and interest paid monthly.

Marion Note Payable and Marion Term Loan—In March 2021, MHMH entered into a Construction and Term Loan Agreement (Marion Note Payable) and (Marion Term Loan), respectively. The Marion Note Payable carries a fixed interest rate of 2.50%. Monthly principal and interest payments of $51 are payable through February 3, 2026, with a balloon payment due on March 3, 2026. The Marion Note Payable is collateralized by a deed of trust and assignment of rents and leases on the real property.

The Marion Term Loan carries a fixed interest rate of 2.50%. Monthly principal and interest payments of $39 are payable through February 3, 2026. The Marion Term Loan is collateralized by a deed of trust and assignment of rents and leases on the real property of MHMH and guaranteed by the Obligated Group.

PMH Construction Loan and USDA Loan—In February 2014, PMH entered into a Commercial Real Estate Construction Non-Revolving Line of Credit/Term Loan (“PMH Construction Loan”) with the principal amount not to exceed $38,500. Construction was completed in May 2015. In July 2015, PMH entered into a loan agreement with the United States Department of Agriculture (USDA) (“USDA Loan”) in the principal amount of $26,000. The USDA Loan carries a fixed interest rate of 3.5%. Monthly principal and interest payments beginning in August 2015 in the amount of $108 through July 2050, collateralized by all personal property and revenue of PMH. The USDA Loan is not guaranteed by the Obligated Group. The residual balance of the PMH Construction Loan amounted to approximately $11,640 and was converted to a term loan in July 2015.

The PMH Construction Loan carries an adjustable interest rate (2.21% as of December 31, 2023). Monthly principal and interest payments of $60 beginning in August 2015 through July 2040. The PMH Construction Loan is collateralized by all personal property and revenue of PMH and is guaranteed by the Obligated Group.

Davis Bond Payable—Series 2016A Bonds defeased on November 22, 2023. The remaining principal and interest are currently held in escrow and will be remitted on November 1, 2024.

Davis Trust Company—In December 2019, DMH entered into a commercial loan to refinance a previous construction loan to a fixed rate of 8.50%. This loan matures on December 1, 2034.

Truist Loan—On December 21, 2023, DHS entered into a promissory note with the principal amount not to exceed $50,000, and is guaranteed by the Obligate Group. Interest only payments are payable monthly beginning January 16, 2024. Installment payments of principal in the amount of $208 plus accrued interest, are payable monthly beginning September 16, 2024, and ending February 16, 2033. Interest shall accrue at a variable rate of interest per annum equal to the Adjusted Term Secured Overnight Finance Rate, in no instance shall the interest rate ever be less than 1.25% per annum.

Other—CAMC maintains a $10,000 working capital line of credit with a local bank, which expires on December 31, 2024, renewing annually. As of December 31, 2023, there was no outstanding balance. A note securing the line of credit has been issued under the Master Indenture.

As of December 31, 2023, there was $2,587, committed to four undrawn recurring letters of credit related to workers' compensation. These letters of credit are renewed annually.

CAMC is one of three charter members of HealthNet Aeromedical Services, Inc. (HNET), a West Virginia nonprofit corporation, that provides air medical transportation service to CAMC's primary patient population. HNET is not a consolidated entity of the Parent. CAMC has issued guarantees to support the acquisition, renovation, and replacement of two medical helicopters. In February 2020, one guarantee in the amount of $3,950 was fully amortized. In March 2020, CAMC entered into another guarantee in the amount of $7,344. The guarantees reduce as HNET's lease liability for each of the helicopters is repaid. As of December 31, 2023, CAMC had not been called upon to make payments under the guarantee agreement.

CAMC has recorded $4,867 as of December 31, 2023, as a finance lease obligation for these helicopters as a result of the lease guarantees and the helicopters being primarily used by CAMC.

MHS has recorded $28,594 as of December 31, 2023, as a finance lease obligation related to the lease of an ambulatory office park primarily used by MHS and affiliates.

MGH and MES have entered into 50-year lease agreements with the Commission for the lease of their facilities. Annual lease payments are equal to the annual debt service requirements for the Series 2008A, 2008B, 2015, and 2021 Bonds as stipulated by the Bond Trust Indentures and the related lease agreement, as amended and supplemented.

Debt-Service Requirements—The System is required to make principal payments under long-term debt and finance lease obligations. The required principal payments are as follows:

	2024	2025	2026	2027	2028	Thereafter	Total
2023 Series B Bonds	$ -	$ -	$ -	$ -	$ -	$ 407,730	$ 407,730
2019 Series A Bonds	-	-	-	-	-	87,985	87,985
2014 Series A Bonds	8,115	8,530	9,370	9,565	10,045	-	45,625
2008 Series A Bonds	2,640	2,745	2,845	2,985	3,095	91,160	105,470
United Taxable Note	887	961	1,026	1,095	957	75,074	80,000
CSH Notes	1,449	1,411	862	372	1,360	-	5,454
2021 Series A Bonds	750	750	750	750	760	10,127	13,887
2015 Series Bonds	2,120	2,230	2,760	2,900	3,045	25,184	38,239
2008 Series A Bonds	125	140	155	170	175	33,205	33,970
2008 Series B Taxable Bonds	390	410	435	455	480	7,501	9,671
Marion Note Payable	304	313	11,536	1	-	-	12,154
Marion Term Loan	449	460	73	-	-	-	982
PMH Construction Loan	445	455	465	476	486	6,310	8,637
USDA Loan	518	539	558	578	-	20,081	22,274
Davis Bonds Payable	540	-	-	-	-	-	540
Davis Trust Company	317	408	444	483	524	4,368	6,544
Truist Loan	833	2,500	2,500	2,500	2,500	39,167	50,000
Finance lease obligations	3,309	3,069	2,759	8,434	3,186	25,418	46,175
Total principal	23,190	24,921	36,538	30,764	26,613	833,310	975,337
Plus unamortized bond premium	1,349	1,349	1,349	1,349	1,349	13,876	20,621
Less unamortized bond discount	(74)	(74)	(74)	(74)	(74)	(1,848)	(2,218)
Less deferred financing costs	(298)	(298)	(298)	(298)	(298)	(4,230)	(5,720)
Less imputed interest	(984)	(932)	(874)	(2,294)	(629)	(2,037)	(7,750)
Principal—net	$ 23,183	$ 24,966	$ 36,641	$ 29,447	$ 26,961	$ 839,071	$ 980,270

Derivatives—The System has entered into floating-to-fixed and floating-to-floating interest rate swap agreements in connection with its debt management program. The objective is to reduce the amount of interest related to outstanding debt obligations. Such agreements are not designated as hedging instruments. Net interest paid or received under the swap agreements is included in the consolidated statements of operations as a component of interest and debt expense, while the change in the fair value of the derivative is reported separately in the consolidated statement of operations.

The System's interest rate swap agreements as of December 31, 2023, are as follows:

Swap Type	Expiration Date	System Pays	Notional Amount
Floating	September 4, 2027	USD-securities industry and financial markets association municipal bond index	$ 50,000
Fixed	September 1, 2037	4.22%	86,745
Fixed	July 1, 2040	3.68%	33,855
Fixed	July 1, 2040	4.77%	10,215
			$ 180,815

Net interest paid and received on System's interest rate swap transactions was income of $181 for the year ended December 31, 2023.

Under the terms of certain derivative contracts, the Obligated Group is required to maintain collateral posted with the counterparty to secure a portion of the estimated value of the derivative instruments when said instruments are valued in favor of the counterparty, as periodically determined by the counterparty. Collateral must be posted when the applicable aggregate derivative values exceed $5,000 in favor of the counterparty. As of December 31, 2023, $240 of collateral had been posted. The System's accounting policy is not to offset collateral amounts against amounts recognized for derivative obligations. Accordingly, the posted collateral is included in assets limited as to use in the accompanying consolidated balance sheet.

Generally, the counterparties to the transactions could force an early termination if the Obligated Group's underlying credit rating declines from Baa1 to Baa3 or below as determined by Moody's Investors Service if the Obligated Group fails to post collateral or if the Obligated Group fails to make swap payments. Aggregate termination payments would approximate the fair market value of the outstanding instruments as reported above.

To evidence its obligations under the derivatives, promissory notes were negotiated by CAMC and the swap counterparty to give the swap counterparty security for the Obligated Group's obligations under the derivative agreements. The actual obligation of the Obligated Group on these notes may vary significantly from the nominal amounts of each note. No amounts are outstanding under these notes.

The following table summarizes the estimated fair value of the System's derivative financial instruments at December 31, 2023:

Derivatives not Designated as Hedging Instruments	Consolidated Balance Sheet Location	2023
Asset derivatives—interest rate swaps	Prepaid expenses and other	$ 1,991
Liability derivatives—interest rate swaps	Derivative obligation	14,968
Net amount		$ (12,977)

9. LEASES

The System leases various land, computer, office, and movable equipment under noncancelable operating and financing lease agreements expiring at various dates through 2042. Initial lease terms are typically three to 10 years. We do not record short-term leases in our consolidated balance sheet.

We determine if an arrangement is a lease at inception of the contract. Our ROU assets represent our right to use the underlying assets for the lease term and our lease liabilities represent our obligation to make lease payments arising from the leases. ROU assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the rate implicit in the lease is not readily determinable in most of our leases, we use our incremental borrowing rate based on the information available at commencement date to determine the present value of lease payments. The System's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Lease expense for fixed lease payments is recognized on a straight-line basis over the lease term. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise those options. Additionally, our leases do not contain any material residual guarantees or material restrictive covenants.

The components of lease cost for the year ended December 31, 2023, were as follows:

Operating lease cost:	
Operating lease cost	$ 5,767
Short-term lease cost	567
Variable lease cost	180
Total operating lease cost	$ 6,514

Operating lease cost and amortization of the operating lease ROU assets are included in supplies and other in the accompanying consolidated statement of operations.

The weighted-average lease terms and discount rates for operating and finance leases for the year ended December 31, 2023, were as follows:

Weighted-average remaining lease term (years)—operating leases	10.9
Weighted-average discount rate—operating leases	4.5 %
Weighted-average remaining lease term (years)—finance leases	14.01
Weighted-average discount rate—finance leases	3.2 %

Cash flow and other information related to operating leases for the year ended December 31, 2023, was as follows:

Cash paid for amounts included in the measurement of lease liabilities—operating cash outflows for operating leases	$ 7,941
Noncash ROU assets obtained in exchange for lease obligations—operating leases	31,821

Future maturities of operating and finance lease liabilities as of December 31, 2023, are as follows:

Years Ending December 31	**Operating Leases**	**Finance Leases**
2024	$ 8,920	$ 3,309
2025	6,210	3,069
2026	5,289	2,759
2027	4,417	8,434
2028	3,678	3,186
Thereafter	27,741	25,418
Total undiscounted lease payments	56,255	46,175
Less imputed interest	13,805	7,750
Total lease liabilities	$ 42,450	$ 38,425

10. LIABILITIES FOR SELF-INSURANCE RESERVES

Certain subsidiaries of the System are self-insured for professional malpractice and general liability claims through Vandalia Health System, Inc. and Affiliates Malpractice Self-Insurance Trust (the "Trust"). This is a revocable trust. Participating affiliates have proportionate rights to the Trust's account balance held under the custodial management of a bank trust department and can withdraw from the Trust, subject to certain actuarially determined thresholds. The Trust's account may be used for payment of any professional malpractice and general liability losses, expenses relating thereto, costs of administering the Trust, and insurance premiums for coverage in excess of the self-insured limits.

Obligations of the Trust are determined using statistical analysis by an independent actuarial valuation of occurrence-based risks, which includes consideration of incurred but not reported claims exposure. The Vandalia Health System's methodology for estimating this self-insured obligation is a simulation modeling approach largely dependent on the System's actual loss history and certain national, regional, and state-specific claim statistics. In management's opinion, recorded reserves are adequate to cover the future settlement value of claims. However, it is reasonably possible that recorded reserves may not be adequate to cover the future settlement of claims. Adjustments, if any, to estimates recorded resulting from ultimate claim payments will be reflected in operations in the periods in which such adjustments are known.

As of December 31, 2023, the Vandalia Health System has recorded $39,633, as the liability for self-insured asserted and unasserted professional malpractice and general liability claims. The estimated current portion of $9,782 as of December 31, 2023, is recorded in current liabilities in the accompanying consolidated balance sheet. The estimated liability for such malpractice and general liability claims related to all of Vandalia Health System has been discounted using a discount rate of 4% as of December 31, 2023.

The malpractice self-insurance limits related to all Vandalia Health System subsidiaries, with the exception of MHS are a maximum $3,000 per occurrence and a maximum annual aggregate limit of $12,000 for May 1, 2001, through April 30, 2002; $5,000 per occurrence and a maximum annual aggregate limit of $20,000 for May 1, 2002, through April 30, 2003; $7,000 per occurrence and a maximum annual aggregate limit of $25,000 for May 1, 2003, through April 30, 2004; $10,000 per occurrence and a maximum annual aggregate limit of $30,000 for May 1, 2004, through April 30, 2011; $10,000 per reported claim and a maximum annual aggregate limit of $25,000 for May 1, 2011, through April 30, 2018; and $10,000 per occurrence and maximum annual aggregate limit of $30,000 for May 1, 2018, through April 30, 2024.

MHS carries excess umbrella coverage with a commercial carrier and is maintained in two additional layers, one in the amount of $5,000 and the other in the amount of $10,000 for each occurrence and one-year aggregate. This funded amount in the self-insurance trust is intended to provide a first line coverage and the excess coverage for contingency funding for professional and general liability losses that may occur above the self-insured retention. MHS has recorded a receivable, included in other receivables within the consolidated balance sheet for estimated insurance recoveries of approximately $3,013 as of December 31, 2023, with a corresponding liability in self-insurance reserves within the consolidated balance sheet.

Prior to 2012, certain members of the System were also self-insured for workers' compensation, unemployment compensation, disability, and employee health insurance. The long-term portion of workers' compensation obligations (excluding MHS) recorded as a component of the long-term portion of self-insurance reserves is $104 as of December 31, 2023. The current portion of workers' compensation obligations for the System recorded as a component of accounts payable and accrued expenses is $2,527 as of December 31, 2023. Beginning January 1, 2012, all System members became insured for workers' compensation. Self-insured workers' compensation obligations are reserved for claims prior to the effective date of January 1, 2012, including incurred but not reported claims. Beginning on January 1, 2014, claims are administered under a deductible insured program with limits of $1,000 per occurrence and $2,000 annual aggregate.

Davis Health System had professional and general liability insurance from Provider's Re SPC—Segregated Portfolio No. 5 ("Captive"), which was a captive insurance company domiciled in the Cayman Islands owned by the System, to cover the cost of settling medical malpractice claims until it was novated with Xercor Re SPC, Ltd.—Segregated Portfolio No. 2 Davis ("SP 2 Davis") in December of 2021. In December of 2021, Captive assigned all of its rights, interest, liabilities, and obligations under the policy to SP 2 Davis, and SP 2 Davis has assumed such rights, interests, liabilities, and obligations under the policy. Consequently, the System is self-insured for medical malpractice claims. The ultimate costs of malpractice claims, which include costs associated with settling claims, were accrued when the incidents that give rise to the claims occurred. Estimated losses with litigation, and from asserted and unasserted claims, have been accrued based on the best estimates of the ultimate costs of the claims and the relationship of past reported incidents to eventual claim payments. All relevant information, including industry experience, actuarial calculations, historical experience, existing asserted claims, and reported incidents, have been used in estimating the expected amount of claims to be paid. The accrual includes an estimate of the losses that would result from unreported incidents, which were probable of having occurred before the end of the reporting period. The coverage limits are $2,000 for each occurrence and $2,000 in the aggregate. The System also has reinsurance with $4,000 limits.

11. RETIREMENT OBLIGATIONS

Supplemental Executive Retirement Plans (SERPs)—The System (excluding MHS) maintains a Defined Benefit SERP ("Benefit SERP Plan") for the benefit of select corporate officers, which is recorded as a component of retirement obligations in the consolidated balance sheet. The Benefit SERP Plan, when combined with the retirement savings plan, is intended to provide corporate officers with a retirement benefit from all System sources (including 50% of social security benefits) of approximately 55% of the officer's average compensation during his or her final five years of employment with an assumed normal retirement age of 60. Generally, an officer may become fully vested in the Benefit SERP Plan benefits at age 60 with at least 30 years of service. Partial vesting in these benefits begins at age 55 with at least five years of service. Benefit payments under this plan generally do not commence until 24 months after termination of employment. The Benefit SERP Plan is an unfunded and nonqualified plan.

The table below sets forth the change in the benefit obligation of the Benefit SERP Plan for the year ended December 31, 2023:

Projected benefit obligation—beginning of year	$ 6,503
Service cost	252
Interest cost	337
Actuarial gain	97
Benefits paid from System Assets	(701)
Projected benefit obligation—end of year	$ 6,488

The accumulated benefit obligation for the Benefit SERP Plan was $6,172 as of December 31, 2023.

Included in net assets without donor restrictions as of December 31, 2023, are the following amounts that have not yet been recognized in net periodic benefit cost: unrecognized actuarial loss of $(872), and unrecognized net prior service cost of $499.

The benefit payments, which reflect expected future service, as appropriate, expected to be paid by the Benefit SERP Plan during the year ending December 31 are as follows:

December 31	
2024	$ -
2025	3,592
2026	-
2027	883
Thereafter	3,887

The components of net periodic benefit cost for the Benefit SERP Plan for the year ended December 31, 2023, are as follows:

Service cost	$ 252
Interest cost	336
Actuarial loss	(65)
Amortization of prior service cost	98
Net periodic benefit cost	$ 621

Service cost is recorded in salaries and wages and the remainder of net periodic benefit cost is recorded in employee benefits in the consolidated statement of operations. Actuarial plan assumptions for the year ended December 31, 2023, are as follows:

Assumptions used to determine net periodic benefit cost for the year ended December 31:	
Discount rate	5.25 %
Expected rate of compensation increase	3.00
Assumptions used to determine benefit obligations as of December 31:	
Discount rate	4.95
Expected rate of compensation increase	3.00
Lump-sum interest rate	4.50

The Vandalia Health System, Inc. (excluding Monongalia Health System) also offers a Defined Contribution Plan (“Contribution Plan”) and a Target Benefit Defined Contribution Plan (“Target Plan”), which were established in 2019. Corporate officers new to the System will be invited into the Contribution Plan going forward. Corporate officers currently participating in the existing Benefit SERP Plan were offered an opportunity to transfer participation to the new Target Plan. SERP benefits for executives who chose to elect into the Target Plan had their benefits under the Benefit SERP Plan frozen as of February 29, 2020. The Target Plan began on March 1, 2020, and provides an annual employer contribution that targets providing 55% of final average compensation at age 60 with 30 years of service.

The Target Plan and Contribution Plan are funded annually. Contributions of $844 were made to these plans for the year ended December 31, 2023. The corresponding investment account, recorded within assets limited as to use in the consolidated balance sheet, had a total of $2,427, including $308 of investment earnings, as of December 31, 2023. The total liability is $2,195 as of December 31, 2023, and is recorded within retirement obligations in the consolidated balance sheet.

Retirement Savings Plan—Employees of the Vandalia Health System (excluding Monongalia Health System) are eligible to participate in a retirement savings plan. Employees may contribute from 1% to 100% of their salary to the plan, subject to certain limitations, and the employers will match from 1% to 4% of salary based on the employees’ salary deferrals made during the plan year; 100% match on the first 3% deferred, and 50% match on the next 2% with 4% being the maximum. Total employer contributions to the retirement savings plan were $17,792 during 2023.

MHS Retirement Plan—The Monongalia Health System Plan was frozen, effective August 31, 2007, by way of an amendment approved on June 27, 2007. All the contributions necessary to fund the retirement benefits provided under the plan are placed in a trust fund. These assets consist primarily of common collective trusts with underlying investments in common stock, obligations of the United States government and its instrumentalities, and corporate bonds. Contributions required to fund plan benefits under the “final average pay formula” and “cash balance formula” are determined according to the projected unit credit funding method. Early retirement, deferred retirement, termination, disability, and preretirement death benefits are also provided under the Monongalia Health System Plan.

Monongalia Health System recognizes the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in the consolidated statement of financial position and recognizes changes in that funded status in the year in which the changes occur. Funded status is measured as the difference between plan assets at fair value and the benefit obligation.

Monongalia Health System uses a December 31 measurement date for its defined benefit plan. In accordance with FASB ASC 715, *Compensation—Retirement Benefits*, the MHS is required to recognize a minimum liability relating to the underfunded status of the Monongalia Health Plan. An underfunding result whenever the accumulated benefit obligation exceeds the fair value of the Plan assets. The minimum pension liability adjustment is reflected as a component of other changes in net assets without donor restrictions in the consolidated statement of operations.

Obligation and funded status—The following table sets forth the changes in benefit obligations, changes in plan assets, and components of net periodic benefit cost for the defined benefit plan as of December 31, 2023, and for the period January 1, 2023, through December 31, 2023:

Benefit obligation as of January 1, 2023	$ 178,872
Service cost	710
Interest cost	9,213
Benefits paid from the plan assets	(12,294)
Actuarial loss	4,706
Benefit obligation at end of year	181,207
Fair value of plan assets as of January 1, 2023	170,452
Actual return on plan assets	16,235
Benefits paid from plan assets	(12,294)
Fair value of plan assets at end of year	174,393
Unfunded status	$ 6,814
Amounts recognized in consolidated balance sheet:	
Noncurrent liabilities	$ (6,814)
Net amount (obligation) recognized in statement of financial position	$ (6,814)
Components of net periodic benefit cost:	
Service cost	$ 710
Interest cost	9,213
Expected return on plan assets	(11,289)
Net periodic benefit cost	$ (1,366)

Other changes in Monongalia Health System plan assets and benefit obligations recognized in unfunded accumulated benefit obligation for the period January 1, 2023, through December 31, 2023:

Prior service credit	$ -
Net loss	(241)
Accumulated other comprehensive loss	$ (241)

Total changes recognized in other changes in net assets without donor restrictions $241. Amounts recognized in the consolidated financial statements consist of the following as of December 31, 2023, and for the period January 1, 2023, through December 31, 2023:

Accrued benefit cost	$ 6,813
Additional minimum pension income adjustment	1,607
Net periodic benefit	$ 5,206

Actuarial plan assumptions for the period January 1, 2023, through December 31, 2023, are as follows:

Assumptions used to determine net periodic benefit cost for the period January 1, 2023, through year ended December 31, 2023:	
Discount rate	5.43 %
Expected long-term rate on plan assets	6.55
Assumptions used to determine benefit obligations as of December 31:	
Discount rate	5.15
Expected rate of compensation increase	-

Various factors are considered in estimating the expected long-term rate of return on Monongalia Health System plan assets. Among the factors considered include the historical long-term returns on plan assets, the current and expected allocation of plan assets, input from actuaries and investment consultants, and long-term inflation assumptions.

Allocation of Monongalia Health System plan assets is based on a diversified portfolio consisting of common collective trusts with underlying investments in fixed income as well as domestic and international equity securities. The investment policy for the defined benefit plan is to balance risk and return using a diversified portfolio consisting primarily of high-quality equity and fixed-income securities. To accomplish this goal, the Monongalia Health System Plan's assets are actively managed by outside investment managers with the objective of optimizing long-term return while maintaining a high standard of portfolio quality and proper diversification. The maturities of fixed-income securities are monitored so there is sufficient liquidity to meet current benefit payment obligations. The Pension and Investment Committee provides oversight of the MHS Plan investments and the performance of the investment managers.

The composition of the Monongalia Health System Plan assets and targeted allocation percentages are as follows as of December 31:

	2023	**Target Range**
Asset category:		
Debt securities	78 %	50–75%
Equity securities	20	15–25%
Cash and cash equivalents	2	0–20%
	100 %	

The following are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2023:

Cash and Cash Equivalents—Cash and cash equivalents include deposits and certificates of deposit. Due to their short-term nature, the carrying amounts approximate fair value.

Money Market Funds—These investments are public investment vehicles valued using $1 for the NAV. The money market fund is classified within Level 1 of the valuation hierarchy.

Equity and Fixed Income—The investments are valued at the closing price reported in the active market on which the individual securities are traded and quoted market prices in active markets.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the MHS Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the fair values of MHS' pension plan assets at fair value as of December 31, 2023, by asset category:

	Total	Level 1	Level 2	Level 3
Assets:				
Cash and other	$ -	$ -	$ -	$ -
Money market fund	4,133	4,133	-	-
Equity:				
Small/mid cap	20,346	20,346	-	-
International	13,210	13,210	-	-
Fixed income:				
Long duration	134,272	-	134,272	-
Opportunistic	-	-	-	-
Total assets at fair value	$ 171,961	$ 37,689	$ 134,272	$ -

Contributions and estimated future benefits—No contributions were made to the MHS Plan for the plan year ended December 31, 2023. Monongalia Health System does not expect to make any contributions to the plan during fiscal year 2024.

Expected pension benefits to be paid in future years are as follows as of December 31, 2023:

Years Ending December 31	
2024	$ 13,074
2025	13,283
2026	13,456
2027	13,595
2028	13,630
2029 to 2033	66,570
Total	$ 133,608

Preston Memorial Retirement Plan—The Preston Memorial Hospital Corporation Retirement Plan ("PMH Plan") for the employees of PMH is a single employer defined benefit pension plan administered by PMH. The PMH Plan provides retirement benefits to PMH Plan members and beneficiaries. There were no required contributions for the year ended December 31, 2023. The most recent actuarial valuation was performed as of December 31, 2023, with a mid-year update for reporting purposes showing plan assets of $3,925 and actuarial accrued liability of $4,209. The resulting unfunded status of the PMH Plan in the amount of $284 as of December 31, 2023, is recorded as part of the other long-term liabilities in the accompanying consolidated balance sheet. The change in minimum pension obligation amounted to $13 for the year ended December 31, 2023, which is recorded as part of the change in retirement obligation actuarial loss and prior service cost in the accompanying consolidated statement of changes in net assets.

Rabbi Trust—Monongalia Health System provides supplemental retirement for certain key executives using a nonstatutory mutual fund option plan (assets prior to May 8, 2002) and the Code §457(b) and §457(f) plans. Other highly compensated employees can participate in the §457(b) plan through voluntary withholdings. A Rabbi Trust ("trust") is used to hold the assets of all three plans. The funding required for the employer-provided supplemental retirement is recorded as additional salary expense. The actual funds are held by a bank, which is the trustee of the trust. The assets are recorded in assets limited as to use and the compensation liability is recorded in retirement obligation.

12. RELATED-PARTY TRANSACTIONS

CAMC, Cabell Huntington Hospital, and WVU Hospital are members of HNET. Each member's legally controlled percentage is 33.3%. HNET is recognized as exempt from federal income tax under Section 501(c)(3) of the Code. Members are required to support HNET to the extent that expenses exceed revenues. For the year ended December 31, 2023, HNET's expenses exceeded revenues by $1,819. Amounts due from/to HNET were $1,948 included in other receivables, accounts payable and accrued expenses as of December 31, 2023, which includes a $1,829 payment to HNET for deposit on helicopter purchase.

In 2014, CAMC purchased an interest in Charleston Area Radiation Therapy Centers, LLC, which manages the technical component of radiation therapy services offered by CAMC. Alliance Oncology, LLC owns a 50% interest; CAMC owns a 20% interest; and Charleston Radiation Therapy Consultants, PLLC owns a 30% interest in Charleston Area Radiation Therapy Centers, LLC. For the year ended December 31, 2023, Charleston Area Radiation Therapy Centers, LLC's revenues exceeded expenses by $4,785. Amounts due to Charleston Area Radiation Therapy Centers, LLC is included in accounts payable and accrued expenses were $904 as of December 31, 2023.

13. FUNCTIONAL EXPENSES

The functional expenses related to the System's operations as of December 31, 2023, are as follows:

	For the Year Ended December 31, 2023			
	Health Care Services	Support Services		
		Administrative	Fundraising	Total
Nonphysician salaries and wages	$ 672,138	$ 54,698	$ 96	$ 726,932
Physician salaries and wages	140,160	604	-	140,764
Employee benefits	203,650	17,581	87	221,318
Professional compensation and fees	126,133	7,651	2	133,786
Supplies and other	816,001	72,551	3,889	892,441
Depreciation and amortization	63,535	8,391	21	71,947
Medicaid provider tax	13,370	47,611	-	60,981
Interest and debt expense	5,342	27,298	-	32,640
Loss on debt extinguishment	-	1,384	-	1,384
Change in fair value of derivatives	299	4,016	-	4,315
Total	$2,040,628	$241,785	$4,095	$2,286,508

14. COMMITMENTS, CONTINGENCIES, AND LITIGATION

Entities of the System are party to several lawsuits. It is not possible at the present time to estimate the ultimate legal and financial liability, if any, with respect to certain lawsuits. In the opinion of management, after consultation with counsel, adequate insurance and self-insurance reserves exist in the event of any significant financial exposure. Accordingly, in the opinion of management, resolution of those matters is not expected to have a material adverse effect on the System's consolidated financial position. However, depending on the amount and timing of such resolution, an unfavorable resolution of some or all these matters could materially affect the future consolidated results of operations or cash flows in a particular period.

Asset Retirement Obligations—Management, based on its consideration of asset retirement activities, such as asbestos removal on existing properties, does not believe that remediation of such items will have a material effect on the consolidated financial statements.

Information Technology Outsourcing—On April 3, 2015, CAMC signed an agreement (the "Cerner Agreement") with Cerner Corporation to replace the then-existing clinical and revenue cycle software and deliver functionality to meet regulatory requirements. The annual provisions of the Cerner Agreement begin April 1 of each year. Under the Cerner Agreement, CAMC paid $5,776 in 2023. On November 30, 2022, this agreement was amended to incorporate the addition of Mon Health System and the CAMC GVMC through 2032 for the license of the underlying software, implementation, and related maintenance and support. Annual payments are recorded in supplies and other in the consolidated statements of operations.

Replacement facility—SJMH filed an application for a certificate of need to build a replacement facility. The application was denied by the West Virginia Healthcare Authority on June 13, 2022. Subsequent to the denial, SJMH filed an appeal in the West Virginia Intermediate Court of Appeals. The appeal hearing took place on January 11, 2023, and SJMH awaits the decision. The project costs filed in the original certificate of need application total $55,950.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

The System uses a three-level valuation hierarchy for disclosure of fair value measurements. Fair value is defined as 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. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1—Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3—Inputs to the valuation methodology are unobservable and typically reflect management's estimate of assumptions that market participants would use in pricing the asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The financial instruments carried at fair value as of December 31, 2023, by caption, in the consolidated balance sheet by the three-level valuation hierarchy defined above are as follows:

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 66,150	$ -	$ -	$ 66,150
Investments:				
Cash equivalents	$ 119,607	$ -	$ -	$ 119,607
Equity securities	191,049	-	-	191,049
Equity mutual funds	229,517	-	-	229,517
Debt securities issued by US Treasury and other	4,881	72,824		77,705
US government corporations and agencies	-	-	-	-
Debt securities issued by states of the United States		3,688		3,688
and political subdivisions of the states	-	-	-	-
Fixed-income securities	-	37,999	-	37,999
Fixed-income mutual funds	82,200	-	-	82,200
Total investments in fair value hierarchy	$ 627,254	$ 114,511	$ -	$ 741,765
Equity method investments and other	$ -	$ -	$ -	$ 14,714
Alternative investments	-	-	-	45,700
Total investments at fair value	$ -	$ -	$ -	$ 802,179
Asset derivatives—interest rate swaps	$ -	$ 1,991	$ -	$ 1,991
Liability derivatives—interest rate swaps	$ -	$ 14,968	$ -	$ 14,968

Following is a description of the System's valuation methodologies for assets and liabilities measured at fair value.

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

Cash Equivalents—Cash equivalents are valued at the quoted price reported on the applicable exchange on which the investment is traded.

Equity Securities—Equity securities are valued at the quoted price reported on the applicable exchange in an active market on which the investment is traded.

Equity Mutual Funds and Fixed-Income Mutual Funds—Mutual funds are valued using the NAV based on the quoted price reported on the applicable exchange in an active market on which the investment is traded.

Debt Securities Issued by US Treasury and Other US Government Corporations and Agencies, Debt Securities Issued by States of the United States and Political Subdivisions of the States, and Fixed-Income Securities—Debt securities are valued using quoted market prices and/or other market data for the same or comparable securities and transactions in establishing the prices, discounted cash flow models, and other pricing methods. These models are primarily industry-standard models that consider various assumptions, including the time value and yield curve, as well as other relevant economic measures. Due to the nature of pricing methods utilized, debt securities are classified as Level 2 within the fair value hierarchy.

Derivatives—The fair value of the derivative instruments are based on observable inputs from market sources that aggregate data based upon market transactions (see Note 8). In determining the fair value of the System's derivative instruments, quoted price can be obtained from a number of dealer counterparties and other independent market sources based on observable interest rates and yield curves for the full term of the asset or liability. In order to determine the risk of nonperformance for derivative instruments, the System determines the credit spread for debt issues by entities with similar credit characteristics to the System. The fair value of the System's derivative instruments will adjust based on the nonperformance risk of the System when the derivative instrument is in a liability position or by each counterparty when the derivative instrument is in an asset position.

The System is required to assess its credit risk versus its counterparties; this assessment resulted in an increase in the asset and decrease in the liability of $312 for the year ended December 31, 2023.

16. ENDOWMENT—WITH DONOR RESTRICTION

The System's endowment is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and consists of 151 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of trustees of the System has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift absent explicit donor stipulations to the contrary. As a result of this interpretation, the System classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment and accumulations to the permanent endowment required by the donor gift instrument, if applicable. The remaining portion of the donor-restricted endowment fund that is not classified as a fund restricted in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure. In accordance with UPMIFA, the System considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

a. The duration and preservation of the fund
b. The purposes of the System and the donor-restricted endowment fund
c. General economic conditions
d. The possible effect of inflation and deflation
e. The expected total return from income and the appreciation of investments
f. Other resources of the System
g. The investment policies of the System

The System's investment and spending policies for endowment assets are structured to provide a predictable stream of funding to programs supported by the endowment and maintain purchasing power of the endowment assets. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce a real return, net of inflation, and investment management costs, of at least 5% in perpetuity. Therefore, the desired minimum rate of return is equal to the consumer price index, plus 6% on an annualized basis. Actual returns in any given year will vary.

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

The System computes a 12-quarter trailing average market value of each portfolio as of the prior June 30 and makes 5% of that amount available for expenditure. The computed value may be adjusted for large contributions, withdrawals, or market value swings as necessary to produce the desired level of cash. With this policy, the annual dollar amount available for spending will be known at the beginning of the year. If necessary, quarterly transfers of approximately 1.25% are scheduled for transfer to the Foundation's main cash account.

Correction of Prior-Period Financial Statements—Subsequent to the issuance of the System's consolidated financial statements as of and for the year ended December 31, 2022, the System's management determined that certain net assets with donor restrictions should have been classified as net assets without donor restrictions in the System's previously reported consolidated balance sheet as of December 31, 2022. As a result, beginning endowment funds has been restated from the amount previously reported to reflect the amount which should have been recorded resulting in the changes indicated below:

	As of December 31, 2022		
	As Reported	Correction	As Corrected
Endowment funds	$ 87,306	$ (37,825)	$ 49,481
Net assets—without donor restrictions	$ 947,409	$ 38,023	$ 985,432
Net assets—with donor restrictions	103,260	(38,023)	65,237
Total net assets	$ 1,050,669	$ -	$ 1,050,669

Changes in endowment funds for the year ended December 31, 2023, consisted of the following:

Endowment funds net assets—beginning of year	$ 49,481
Investment income—net	2,826
Contributions	472
Change in beneficial interest	44
Appropriation of endowment assets for expenditure	(5,901)
Endowment funds net assets—end of year	$ 46,922

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the System to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur shortly after the investment of new net assets with donor restrictions contributions and continued appropriation for certain programs that was deemed prudent by the board of trustees. There were no significant deficiencies of this nature that are reported in net assets without donor restrictions as of December 31, 2023.

17. GOODWILL AND INTANGIBLE ASSETS

Goodwill represents the excess of liabilities assumed and consideration paid over the asset acquired in an acquisition. The System currently has four reporting units with goodwill—GVMC, PMC, CSH, and DHS. A rollforward of the System's goodwill activity as of December 31, 2023, is as follows:

As of January 1, 2023	$ 696
Individually immaterial acquisitions	10,062
Acquisition of GVMC	10,491
Acquisition of DHS	11,209
Acquisition of PMC	32,270
Acquisition of CSH	51,235
As of December 31, 2023	$ 115,963

The GVMC, PMC, and DHS reporting units, to which $10,491, $32,270, and $11,209, respectively, of goodwill is allocated as of December 31, 2023, have a negative carrying value as of December 31, 2023.

The System's identifiable intangible assets with finite lives are being amortized over their estimated useful lives and are as follows as of December 31, 2023:

	Gross Carrying Amount	Accumulated Amortization	Net	Useful Life
Noncontract relationships—recorded in other assets	$ 4,131	$ (2,685)	$ 1,446	20 years
Intangibles—software—recorded in property, equipment, and information systems	100,502	(82,327)	18,175	7 years
Intangibles—trade name, licenses, and other—recorded in other assets	15,851	-	15,851	Indefinite

Amortization expense for finite-lived intangible assets was $7,079 for the year ended December 31, 2023. The following is a schedule of estimated future amortization of finite-lived intangible assets as of December 31, 2023:

Years Ending December 31	
2024	$ 7,815
2025	7,140
2026	3,841
2027	206
2028	206
Thereafter	413
Total	$ 19,621

18. MEMBER SUBSTITUTIONS

In April 2022, the System and MHS entered into a member substitution agreement for the System to become the sole member of MHS and for MHS to become financially, clinically, and administratively integrated into the System (the "Transaction"). The Transaction closed on September 1, 2022. As part of the Transaction, the System recorded an inherent contribution totaling approximately $257,974 in 2022 based on the preliminary fair values of the assets acquired and liabilities assumed. Based on additional information that was known and knowable as of the Transaction date, the System has recorded adjustments to the preliminary fair values. As a result, the inherent contribution has been reduced by $(10,626), which is recorded as net adjustment to inherent contribution from member substitution in the consolidated statement of operations for the year ended December 31, 2023. The following information summarizes the recorded values of the assets acquired and liabilities assumed for the System on September 1, 2022:

Assets	
Cash and cash equivalents	$ 16,140
Short-term investments	464
Current portion of assets whose use is limited	20,547
Patient receivables	55,933
Other receivables	7,913
Estimated amounts due from third-party payors	5,880
Inventories	9,575
Prepaid expenses and other	3,288
Assets limited as to use	118,003
Property, equipment, and information systems—net	209,479
Right of use assets—operating leases	52,009
Other assets	42,546
Total assets	$541,777
Liabilities	
Accounts payable and accrued expenses	$ 23,633
Medicare accelerated payments liability	8,282
Current portion of self-insurance reserves	2,532
Derivative obligation	7,712
Accrued payroll and payroll-related expenses	21,735
Operating lease liabilities	1,970
Current maturities of long-term debt and finance lease obligations	7,114
Long-term debt and finance lease obligations—less current maturities	171,249
Long-term operating lease liabilities	4,025
Retirement obligations	3,860
Self-insurance reserves—less current portion	11,770
Other	24,050
Total liabilities	287,932
Net assets without donor restriction	247,348
Net assets with donor restriction	6,497
Total net assets	253,845
Net assets acquired over liabilities assumed	$253,845

Concurrently with the closing of the Transaction, the MHS Obligated Group, along with SJMH were joined with members from the Parent's then existing obligated group (herein known as the "Joinder") and, as a result, became a party to the Amended and Restated CAMC Master Trust Indenture. As of the date of the Transaction and Joinder, all members of the MHS Obligated Group, along with SJMH and all members of the CAMC Obligated Group were combined into one obligated group, under the CAMC Master Trust Indenture.

In order to streamline covenants and reporting requirements, and to otherwise comply with the terms of the CAMC Master Trust Indenture, the group agent (as defined in the CAMC Master Trust Indenture) on behalf of the CAMC Obligated Group entered into amendments of existing financial obligations of the MHS Obligated Group in order to conform to the requirements contained in the CAMC Master Trust Indenture. Those modifications became effective at the time of closing of the Transaction.

Effective with the date of the Transaction, any obligations previously issued by the MHS Obligated Group have been replaced with substitute notes or other instruments issued under the CAMC Master Trust Indenture. These substitute notes and other instruments are subject to the provisions contained in the CAMC Master Trust Indenture along with the provisions contained in a series of respective continuing covenant agreements and other documents as amended pursuant to the Transaction.

The results of operations for MHS are included in the consolidated statement of operations and changes in net assets beginning on September 1, 2022.

On December 1, 2023, MHS and DHS entered into a member substitution agreement for MHS to become the sole member of DHS and for DHS to become financially, clinically, and administratively integrated into MHS. As part of the transaction, MHS has recorded goodwill totaling approximately $11,209 in 2023, which represents the deficiency of the fair value of assets acquired over the fair value of liabilities assumed from the transaction. The following information summarizes the preliminary values of the assets acquired and liabilities assumed for DHS on December 1, 2023:

Assets	
Cash and cash equivalents	$ 3,949
Current portion of assets limited as to use	768
Patient receivables	24,587
Other receivables	3,735
Estimated amounts due from third-party payors	503
Inventories	3,029
Prepaid expenses and other	1,085
Assets limited as to use	4,093
Other investments	2,313
Property, equipment, and information systems—net	19,777
Total assets	$ 63,839
Liabilities	
Accounts payable and accrued expenses	$ 16,598
Accrued payroll and payroll-related expenses	6,368
Operating lease liabilities	174
Current maturities of long-term debt and finance lease obligations	256
Long-term debt and finance lease obligations—less current maturities	50,479
Long-term operating lease liabilities	540
Retirement obligations	-
Total liabilities	74,415
Net assets without donor restrictions	(11,209)
Net assets with donor restrictions	633
Total net assets	(10,576)
Deficit of assets acquired over liabilities assumed	$(10,576)

The results of operations for DHS are included in the consolidated statement of operations and changes in net assets beginning on December 1, 2023. For the period from December 1, 2023, through December 31, 2023, DHS had total operating revenues of $13,799, an operating loss of $2,531, and deficiency in revenues over expenses of $2,531. Additionally, for the period December 1, 2023, through December 31, 2023, DHS recognized a decrease in net assets without donor restriction of $(2,531), and no change in net assets with donor restrictions.

19. ACQUISITIONS

Greenbrier Valley Medical Center ("GVMC")—On January 1, 2023, the System completed a transaction to acquire GVMC. The cash paid as consideration for the GVMC acquisition totaled $85,209. Based on purchase price paid, goodwill of $10,491 was recorded in the consolidated balance sheet as of December 31, 2023. For the year ended December 31, 2023, GVMC contributed operating revenue of $87,953, operating losses of $15,293, and deficiency of revenue over expenses of $15,293 to the consolidated statement of operations.

Plateau Medical Center ("PMC")—On April 1, 2023, the System completed a transaction to acquire PMC. The cash paid as consideration for the PMC acquisition totaled $92,077. Based on purchase price paid, goodwill of $32,270 was recorded in the consolidated balance sheet as of December 31, 2023. For the year ended December 31, 2023, PMC contributed operating revenue of $33,061, operating losses of $665, and deficiency of revenue over expenses of $665 to the consolidated statement of operations.

Charleston Surgical Hospital ("CSH")—On September 29, 2023, CAMC completed a transaction to acquire 69.492% of CSH. CSH financial activity is included in CAMC statements in the consolidated financial statement method. The cash paid as consideration for the CSH acquisition totaled $53,000. Based on purchase price paid, goodwill of $51,235 was recorded in the consolidated balance sheet as of December 31, 2023. For the year ended December 31, 2023, CSH contributed operating revenue of $8,584, operating gain of $1,942, and excess of revenue over expenses controlling and noncontrolling interest of $1,942 to the consolidated statement of operations.

The following information summarizes the preliminary values of the assets acquired and liabilities assumed for each of the transactions discussed above:

	January 1, 2023 GVMC	**April 1, 2023 PMC**	**September 29, 2023 CSH**
Cash and cash equivalents	$ 2	$ 1	$ 6,564
Patient receivables	-	-	3,572
Inventories	2,116	1,064	51
Prepaid expenses and other	695	170	192
Property, equipment, and information systems—net	72,884	58,571	22,000
Right of use assets—operating leases	1,385	462	610
Other assets	137	-	-
Excess cost over net asset acquisition (goodwill)	10,491	32,270	51,235
Accounts payable and accrued expenses	-	-	(1,126)
Accrued payroll and payroll-related expenses	(1,027)	-	(862)
Operating lease liabilities	(663)	(357)	(424)
Current maturities of long-term debt and finance lease obligations	-	-	(1,431)
Long-term debt and finance lease obligations—less current maturities	-	-	(4,030)
Long-term operating lease liabilities	(811)	(104)	(83)
Noncontrolling interest	-	-	(23,268)
Purchase price	$ 85,209	$ 92,077	$ 53,000

The System also completed three immaterial acquisitions totaling $10,397 of purchase price, resulting in $10,062 of goodwill.

20. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 26, 2024, the date the consolidated financial statements were available to be issued. The System has determined that any subsequent events that would require recognition or disclosure in the consolidated financial statements have been appropriately recognized or disclosed.

* * * * * *

SUPPLEMENTARY CONSOLIDATING SCHEDULES

VANDALIA HEALTH, INC. AND SUBSIDIARIES

SUPPLEMENTARY CONSOLIDATING BALANCE SHEET SCHEDULE
AS OF DECEMBER 31, 2023
(In thousands)

	Obligated Group	Non-obligated Group	Total
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 56,259	$ 9,891	$ 66,150
Short-term investments	175,424	-	175,424
Current portion of assets limited as to use	21,725	7,378	29,103
Patient receivables	434,992	30,437	465,429
Other receivables	31,702	7,375	39,077
Estimated amounts due from third-party payors	65,673	2,832	68,505
Affiliate accounts receivable	20,927	(20,927)	-
Inventories	38,710	3,456	42,166
Prepaid expenses and other	36,022	1,574	37,596
Total current assets	881,434	42,016	923,450
ASSETS LIMITED AS TO USE	608,109	28,046	636,155
OTHER INVESTMENTS	-	-	-
PROPERTY, EQUIPMENT, AND INFORMATION SYSTEMS—Net	782,016	50,713	832,729
RIGHT OF USE ASSETS—Operating leases	54,489	917	55,406
OTHER ASSETS:			
Goodwill	115,963	-	115,963
Investment in subsidiaries	(10,576)	10,576	-
Other assets	42,382	874	43,256
Total other assets	147,769	11,450	159,219
TOTAL	$ 2,473,817	$ 133,142	$ 2,606,959

VANDALIA HEALTH, INC. AND SUBSIDIARIES

SUPPLEMENTARY CONSOLIDATING BALANCE SHEET SCHEDULE
AS OF DECEMBER 31, 2023
(In thousands)

LIABILITIES AND NET ASSETS	Obligated Group	Non-obligated Group	Total
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	$ 166,666	$ 23,539	$ 190,205
Current portion of self-insurance reserves	9,782	-	9,782
Derivative obligations	14,968	-	14,968
Accrued payroll and payroll-related expenses	91,848	8,629	100,477
Estimated amounts due to third-party payors	19,288	-	19,288
Operating lease liabilities	8,213	707	8,920
Affiliate payables	7,817	(7,817)	-
Current maturities of long-term debt and finance lease obligations	19,515	3,668	23,183
Total current liabilities	338,097	28,726	366,823
LONG-TERM LIABILITIES:			
Long-term debt and finance lease obligations—less current maturities	859,155	97,932	957,087
Long-term operating lease liabilities	32,926	604	33,530
Retirement obligations	14,728	-	14,728
Self-insurance reserves—less current portion	28,151	1,700	29,851
Other	37,460	2,316	39,776
Total long-term liabilities	972,420	102,552	1,074,972
Total liabilities	1,310,517	131,278	1,441,795
NET ASSETS:			
Without donor restrictions	1,068,594	(18,840)	1,049,754
Noncontrolling interest in joint ventures	45,352	1,092	46,444
Without donor restrictions—total	1,113,946	(17,748)	1,096,198
Receivable from affiliate	(10,697)	10,697	-
With donor restrictions	60,051	8,915	68,966
Total net assets	1,163,300	1,864	1,165,164
TOTAL	$ 2,473,817	$ 133,142	$ 2,606,959

See notes to supplementary consolidating schedules. (Concluded)

VANDALIA HEALTH, INC. OBLIGATED GROUP

SUPPLEMENTARY CONSOLIDATING BALANCE SHEET SCHEDULE
AS OF DECEMBER 31, 2023
(In thousands)

	CAMC	CAMC Foundation	CAMC GVMC	CAMC PMC	Mon Health System	Mon Health Medical Center	Mon Elder Services	Stonewall Jackson Memorial Hospital	Reclassifications and Eliminations	Total
ASSETS										
CURRENT ASSETS:										
Cash and cash equivalents	$ 47,023	$ 2,622	$ 10	$ 1	$ 1,549	$ 3,619	$ 216	$ 1,219	$ -	$ 56,259
Short-term investments	165,834	9,330	-	-	-	-	260	-	-	175,424
Current portion of assets limited as to use	8,800	-	-	-	-	12,925	-	-	-	21,725
Patient receivables	314,209	-	26,231	9,237	-	79,944	-	5,371	-	434,992
Other receivables	22,435	174	443	161	2,922	4,063	61	1,443	-	31,702
Estimated amounts due from third-party payors	51,354	-	5,662	-	-	5,143	-	3,514	-	65,673
Affiliate accounts receivable	63,440	51	670	1,410	3,909	20,282	174	-	(69,009)	20,927
Inventories	28,547	-	1,595	1,027	-	6,233	-	1,308	-	38,710
Prepaid expenses and other	30,388	15	1,615	279	2,708	1,006	-	11	-	36,022
Total current assets	732,030	12,192	36,226	12,115	11,088	133,215	711	12,866	(69,009)	881,434
ASSETS LIMITED AS TO USE	235,772	301,673	-	-	6,482	40,341	20,612	37,788	(34,559)	608,109
PROPERTY, EQUIPMENT, AND INFORMATION SYSTEMS—Net	449,853	6,477	78,905	57,444	33,117	123,621	19,275	13,324	-	782,016
RIGHT OF USE ASSETS—Operating leases	33,918	-	1,145	319	1,853	15,351	-	1,903	-	54,489
OTHER ASSETS:										
Goodwill	60,893	-	11,591	32,270	11,209	-	-	-	-	115,963
Investment in subsidiaries	-	-	-	-	(10,576)	-	-	-	-	(10,576)
Other assets	180,810	199	117	-	24,630	13,973	-	118	(177,465)	42,382
Total other assets	241,703	199	11,708	32,270	25,263	13,973	-	118	(177,465)	147,769
TOTAL	$1,693,276	$320,541	$127,984	$102,148	$77,803	$326,501	$40,598	$65,999	$(281,033)	$2,473,817

(Continued)

VANDALIA HEALTH, INC. OBLIGATED GROUP

SUPPLEMENTARY CONSOLIDATING BALANCE SHEET SCHEDULE
AS OF DECEMBER 31, 2023
(In thousands)

	CAMC	CAMC Foundation	CAMC GVMC	CAMC PMC	Mon Health System	Mon Health Medical Center	Mon Elder Services	Stonewall Jackson Medical Center	Reclassifications and Eliminations	Total
LIABILITIES AND NET ASSETS										
CURRENT LIABILITIES:										
Accounts payable and accrued expenses	$ 131,568	$ 154	$ 8,600	$ 3,438	$ 2,937	$ 16,036	$ 398	$ 3,535	$ -	$ 166,666
Current portion of self-insurance reserves	8,800	-	-	-	-	982	-	-	-	9,782
Derivative obligations	9,612	-	-	-	-	5,356	-	-	-	14,968
Accrued payroll and payroll-related expenses	72,385	36	3,134	-	2,683	11,527	219	1,864	-	91,848
Estimated amounts due to third-party payors	18,471	-	358	459	-	-	-	-	-	19,288
Operating lease liabilities	5,411	-	436	243	746	916	-	461	-	8,213
Affiliate payables	6,486	2,919	44,784	6,355	15,462	174	14	632	(69,009)	7,817
Current maturities of long-term debt and										-
finance lease obligations	14,754	-	31	-	1,875	2,419	425	11	-	19,515
Total current liabilities	267,487	3,109	57,343	10,495	23,703	37,410	1,056	6,503	(69,009)	338,097
LONG-TERM LIABILITIES:										
Long-term debt and finance lease obligations—less current maturities	740,587	-	27	-	27,054	84,027	7,460	-	-	859,155
Long-term operating lease liabilities	28,120	-	684	76	947	1,609	-	1,490	-	32,926
Retirement obligations	10,358	-	-	-	3,094	1,276	-	-	-	14,728
Self-insurance reserves—less current portion	19,137	-	-	-	-	4,928	142	3,944	-	28,151
Affiliate long-term payables	-	-	85,223	92,242	-	-	-	-	(177,465)	-
Other	17,994	-	-	-	640	4,930	13,896	-	-	37,460
Total long-term liabilities	816,196	-	85,934	92,318	31,735	96,770	21,498	5,434	(177,465)	972,420
Total liabilities	1,083,683	3,109	143,277	102,813	55,438	134,180	22,554	11,937	(246,474)	1,310,517
NET ASSETS:										
Without donor restrictions	558,974	261,213	(15,293)	(665)	14,268	178,457	18,044	53,596	-	1,068,594
Noncontrolling interest in joint ventures	24,024	-	-	-	7,464	13,864	-	-	-	45,352
Without donor restrictions—total	582,998	261,213	(15,293)	(665)	21,732	192,321	18,044	53,596	-	1,113,946
Receivable from affiliate	(10,697)	-	-	-	-	-	-	-	-	(10,697)
With donor restrictions	37,292	56,219	-	-	633	-	-	466	(34,559)	60,051
Total net assets	609,593	317,432	(15,293)	(665)	22,365	192,321	18,044	54,062	(34,559)	1,163,300
TOTAL	$1,693,276	$320,541	$127,984	$102,148	$77,803	$326,501	$40,598	$65,999	$(281,033)	$2,473,817

See notes to supplementary consolidating schedules.

(Concluded)

VANDALIA HEALTH, INC. NON-OBLIGATED GROUP

SUPPLEMENTARY CONSOLIDATING BALANCE SHEET SCHEDULE
AS OF DECEMBER 31, 2023
(In thousands)

	Institute	Health Network	VPHO	Vandalia Health, Inc.	Preston Memorial Hospital	Monongalia Foundation	Mon Health Care	Mon Health Marion	Davis Health System Consolidated	Reclassifications and Eliminations	Total
ASSETS											
CURRENT ASSETS:											
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ 974	$ 1,154	$ -	$ 615	$ 7,148	$ -	$ 9,891
Short-term investments	-	-	-	-	-	-	-	-	-	-	-
Current portion of assets limited as to use	-	-	-	-	5,399	-	-	-	1,979	-	7,378
Patient receivables	-	-	-	-	7,428	-	-	1,294	21,715	-	30,437
Other receivables	2,485	75	38	-	746	717	11	23	3,280	-	7,375
Estimated amounts due from third-party payors	-	-	-	-	-	-	-	589	4,820	(2,577)	2,832
Affiliate accounts receivable	1,867	3,186	32	-	-	-	-	-	-	(26,012)	(20,927)
Inventories	-	-	-	-	386	-	-	-	3,070	-	3,456
Prepaid expenses and other	147	41	-	-	125	44	376	-	841	-	1,574
Total current assets	4,499	3,302	70	-	15,058	1,915	387	2,521	42,853	(28,589)	42,016
ASSETS LIMITED AS TO USE	3,806	-	-	109	13,124	8,146	-	-	6,667	(3,806)	28,046
OTHER INVESTMENTS	-	-	-	-	-	-	-	-	-	-	-
PROPERTY, EQUIPMENT, AND INFORMATION SYSTEMS—Net	981	-	-	-	18,980	322	-	10,983	19,447	-	50,713
RIGHT OF USE ASSETS—Operating leases	92	-	-	-	440	-	-	385	-	-	917
OTHER ASSETS:											
Other assets	-	-	-	-	244	839	1,092	-	-	(1,301)	874
Investments in subsidiaries:											-
Charleston Area Medical Center, Inc.	-	-	-	620,290	-	-	-	-	-	(620,290)	-
Charleston Area Medical Center Foundation, Inc.	-	-	-	279,067	-	-	-	-	-	(279,067)	-
CAMC Institute for Academic Medicine	-	-	-	2,984	-	-	-	-	-	(2,984)	-
CAMC Health Network	-	-	-	(1,220)	-	-	-	-	-	1,220	-
WVPHO	-	-	-	(2,786)	-	-	-	-	-	2,786	-
Mon Health Inc.	-	-	-	293,375	-	-	-	-	-	(293,375)	-
CAMC Greenbrier Medical Center, Inc.	-	-	-	(15,293)	-	-	-	-	-	15,293	-
CAMC Plateau Medical Center, Inc.	-	-	-	(665)	-	-	-	-	-	665	-
Davis Health System, Inc.	-	-	-	-	-	-	-	-	-	10,576	10,576
Total other assets	-	-	-	1,175,752	244	839	1,092	-	-	(1,166,477)	11,450
TOTAL	$9,378	$3,302	$70	$1,175,861	$47,846	$11,222	$1,479	$13,889	$68,967	$ (1,198,872)	$133,142

(Continued)

VANDALIA HEALTH, INC. NON-OBLIGATED GROUP

SUPPLEMENTARY CONSOLIDATING BALANCE SHEET SCHEDULE
AS OF DECEMBER 31, 2023
(In thousands)

LIABILITIES AND NET ASSETS	Institute	Health Network	VPHO	Vandalia Health, Inc.	Preston Memorial Hospital	Monongalia Foundation	Mon Health Care	Mon Health Marion	Davis Health System Consolidated	Reclassifications and Eliminations	Total
CURRENT LIABILITIES:											
Accounts payable and accrued expenses	$ 2,060	$ 1,769	$ 164	$ -	$ 626	$ 19	$ 110	$ 550	$ 18,241	$ -	$ 23,539
Medicare accelerated payments liability	-	-	-	-	-	-	-	-	-	-	-
Current portion of self-insurance reserves	-	-	-	-	-	-	-	-	-	-	-
Derivative obligations	-	-	-	-	-	-	-	-	-	-	-
Accrued payroll and payroll-related expenses	-	-	-	-	1,967	-	-	220	6,442	-	8,629
Estimated amounts due to third-party payors	-	-	-	-	2,577	-	-	-	-	(2,577)	-
Operating lease liabilities	118	-	-	-	276	-	-	139	174	-	707
Affiliate payables	4,165	503	2,692	-	1,600	28	68	9,139	-	(26,012)	(7,817)
Current maturities of long-term debt and finance lease obligations	-	-	-	-	1,160	-	-	754	1,754	-	3,668
Total current liabilities	6,343	2,272	2,856	-	8,206	47	178	10,802	26,611	(28,589)	28,726
LONG-TERM LIABILITIES:											
Long-term debt and finance lease obligations—less current maturities	-	-	-	-	30,219	-	-	12,382	55,331	-	97,932
Long-term operating lease liabilities	51	-	-	-	172	-	-	249	132	-	604
Retirement obligations	-	-	-	-	-	-	-	-	-	-	-
Self-insurance reserves—less current portion	-	-	-	-	1,700	-	-	-	-	-	1,700
Affiliate long-term payables	-	-	-	10,697	-	-	-	-	-	(10,697)	-
Other	-	2,250	-	-	(8)	74	-	-	-	-	2,316
Total long-term liabilities	51	2,250	-	10,697	32,083	74	-	12,631	55,463	(10,697)	102,552
Total liabilities	6,394	4,522	2,856	10,697	40,289	121	178	23,433	82,074	(39,286)	131,278
NET ASSETS:											
Without donor restrictions	(2,321)	(1,220)	(2,786)	1,096,199	7,547	3,696	209	(9,544)	(13,740)	(1,096,880)	(18,840)
Noncontrolling interest in joint ventures	-	-	-	-	-	-	1,092	-	-	-	1,092
Without donor restrictions—total	(2,321)	(1,220)	(2,786)	1,096,199	7,547	3,696	1,301	(9,544)	(13,740)	(1,096,880)	(17,748)
Receivable from affiliate	-	-	-	-	-	-	-	-	-	10,697	10,697
With donor restrictions	5,305	-	-	68,965	10	7,405	-	-	633	(73,403)	8,915
Total net assets	2,984	(1,220)	(2,786)	1,165,164	7,557	11,101	1,301	(9,544)	(13,107)	(1,159,586)	1,864
TOTAL	$ 9,378	$ 3,302	$ 70	$ 1,175,861	$ 47,846	$ 11,222	$ 1,479	$ 13,889	$ 68,967	$ (1,198,872)	$ 133,142

See notes to supplementary consolidating schedules.

(Concluded)

VANDALIA HEALTH, INC. AND SUBSIDIARIES

SUPPLEMENTARY CONSOLIDATING STATEMENT OF OPERATIONS SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In thousands)

	Obligated Group	Non-Obligated Group	Total
UNRESTRICTED REVENUE AND OTHER SUPPORT:			
Net patient service revenue	$2,061,340	$ 72,257	$2,133,597
Other revenue	144,024	4,117	148,141
Support from affiliates	7	(7)	-
Investment income—net	79,249	2,573	81,822
Net assets released from restrictions	8,326	2,113	10,439
Total unrestricted revenue and other support	2,292,946	81,053	2,373,999
EXPENSES:			
Salaries and wages	823,605	44,091	867,696
Employee benefits	209,346	11,972	221,318
Professional compensation and fees	124,156	9,630	133,786
Supplies and other	877,607	14,834	892,441
Depreciation and amortization	68,980	2,967	71,947
Medicaid provider tax	59,507	1,474	60,981
Interest and debt expense	31,003	1,637	32,640
Loss from debt extinguishment	1,384	-	1,384
Change in fair value of derivatives	4,315	-	4,315
Total expenses	2,199,903	86,605	2,286,508
INCOME (LOSS) FROM OPERATIONS	93,043	(5,552)	87,491
INHERENT CONTRIBUTION FROM MEMBER SUBSTITUTION	-	(10,626)	(10,626)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	93,043	(16,178)	76,865
EXCESS OF REVENUE OVER EXPENSES—Noncontrolling interest	(676)	-	(676)
TOTAL EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 92,367	$(16,178)	$ 76,189

See notes to supplementary consolidating schedules.

VANDALIA HEALTH, INC. OBLIGATED GROUP

SUPPLEMENTARY CONSOLIDATING STATEMENT OF OPERATIONS SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In thousands)

	CAMC	CAMC Foundation	CAMC GVMC	CAMC PMC	Mon Health System	Mon Health Medical Center	Mon Elder Services	Stonewall Jackson Memorial Hospital	Reclassifications and Eliminations	Total
UNRESTRICTED REVENUE AND OTHER SUPPORT:										
Net patient service revenue	$1,523,189	$ -	$ 87,003	$32,855	$ -	$370,712	$ -	$47,581	$ -	$2,061,340
Other revenue	125,413	1,018	460	81	57,916	2,571	6,390	1,335	(51,160)	144,024
Support from affiliates	4,402	-	2	-	-	-	-	-	(4,397)	7
Investment income—net	36,014	31,325	488	125	(679)	5,197	2,446	4,333	-	79,249
Net assets released from restrictions	1,977	6,349	-	-	-	-	-	-	-	8,326
Total unrestricted revenue and other support	1,690,995	38,692	87,953	33,061	57,237	378,480	8,836	53,249	(55,557)	2,292,946
EXPENSES:										
Salaries and wages	617,261	297	38,651	9,343	20,507	113,053	2,777	21,604	112	823,605
Employee benefits	163,370	286	6,894	2,686	4,115	26,719	902	4,272	102	209,346
Professional compensation and fees	87,752	-	3,984	2,158	2,601	20,487	24	7,262	(112)	124,156
Supplies and other	667,906	12,932	41,990	12,396	28,293	154,851	1,659	19,002	(61,422)	877,607
Depreciation and amortization	46,329	68	2,909	1,641	2,760	13,566	1,076	631	-	68,980
Medicaid provider tax	44,926	-	2,610	735	-	10,303	-	933	-	59,507
Interest and debt expense	15,600	-	5,762	4,505	898	4,037	158	43	-	31,003
Loss from debt extinguishment	676	-	446	262	-	-	-	-	-	1,384
Change in fair value of derivatives	3,936	-	-	-	-	379	-	-	-	4,315
Total expenses	1,647,756	13,583	103,246	33,726	59,174	343,395	6,596	53,747	(61,320)	2,199,903
INCOME (LOSS) FROM OPERATIONS	43,239	25,109	(15,293)	(665)	(1,937)	35,085	2,240	(498)	5,763	93,043
INHERENT CONTRIBUTION	-	-	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	43,239	25,109	(15,293)	(665)	(1,937)	35,085	2,240	(498)	5,763	93,043
EXCESS OF REVENUE OVER EXPENSES—Noncontrolling interest	(676)	-	-	-	-	-	-	-	-	(676)
TOTAL EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ 42,563	$25,109	$ (15,293)	$ (665)	$ (1,937)	$ 35,085	$2,240	$ (498)	$ 5,763	$ 92,367

See notes to supplementary consolidating schedules.

VANDALIA HEALTH, INC. NON-OBLIGATED GROUP

SUPPLEMENTARY CONSOLIDATING STATEMENT OF OPERATIONS SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In thousands)

	Institute	Health Network	VPHO	Vandalia Health, Inc.	Preston Memorial Hospital	Monongalia Foundation	Mon Health Care	Mon Health Marion	Davis Health System Consolidated	Reclassifications and Eliminations	Total
UNRESTRICTED REVENUE AND OTHER SUPPORT:											
Net patient service revenue	$ -	$ -	$ -	$ -	$50,490	$ -	$ -	$8,976	$12,791	$ -	$ 72,257
Other revenue	7,915	2,689	459	-	1,996	-	6	27	874	(9,849)	4,117
Support from affiliates	5,813	10	-	798	-	-	-	-	-	(6,628)	(7)
Investment income—net	-	-	-	-	1,659	780	-	-	134	-	2,573
Increase in net assets of subsidiaries	-	-	-	158,040	-	-	-	-	-	(158,040)	-
Net asset released from Relief Fund	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	2,113	-	-	-	-	-	-	-	-	-	2,113
Total unrestricted revenue and other support	15,841	2,699	459	158,838	54,145	780	6	9,003	13,799	(174,517)	81,053
EXPENSES:											
Salaries and wages	9,945	1,605	560	-	21,583	-	-	3,207	7,167	24	44,091
Employee benefits	2,036	608	389	-	6,082	-	5	914	1,774	164	11,972
Professional compensation and fees	256	-	-	-	7,530	81	-	71	1,714	(22)	9,630
Supplies and other	4,343	1,711	1,413	798	13,946	624	156	4,618	4,633	(17,408)	14,834
Depreciation and amortization	247	-	-	-	1,910	34	-	380	396	-	2,967
Medicaid provider tax	-	-	-	-	923	-	-	203	348	-	1,474
Interest and debt expense	-	-	-	-	997	-	-	342	298	-	1,637
Loss on debt extinguishment	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of derivatives	-	-	-	-	-	-	-	-	-	-	-
Total expenses	16,827	3,924	2,362	798	52,971	739	161	9,735	16,330	(17,242)	86,605
(LOSS) INCOME FROM OPERATIONS	(986)	(1,225)	(1,903)	158,040	1,174	41	(155)	(732)	(2,531)	(157,275)	(5,552)
INHERENT CONTRIBUTION	-	-	-	(10,626)	-	-	-	-	-	-	(10,626)
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	(986)	(1,225)	(1,903)	147,414	1,174	41	(155)	(732)	(2,531)	(157,275)	(16,178)
EXCESS OF REVENUE OVER EXPENSES—Noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-
TOTAL (DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	$ (986)	$ (1,225)	$ (1,903)	$147,414	$ 1,174	$ 41	$ (155)	$ (732)	$ (2,531)	$ (157,275)	$ (16,178)

See notes to supplementary consolidating schedules.

VANDALIA HEALTH, INC. AND SUBSIDIARIES

NOTES TO SUPPLEMENTARY CONSOLIDATING SCHEDULES AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2023

1. The supplementary consolidating schedules are presented for the purpose of additional analysis and are not a required part of the consolidated financial statements. This supplementary consolidating schedules are the responsibility of the System's management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Accounting policies applicable to the consolidated financial statements are consistent with those used to prepare the supplementary consolidating schedules.

2. Vandalia Health, Inc. records as an investment in subsidiary its direct share of the net assets of CAMC, Foundation, and Institute. Certain Foundation assets are held by the Foundation on behalf of CAMC and the Institute. CAMC and the Institute record their direct share of such assets as interest in the Foundation's net assets in the supplementary consolidating schedules. Vandalia Health, Inc. records the remaining Foundation net assets as an investment in subsidiary to reflect its direct share of the residual assets of the Foundation.

3. CAMC, CAMC Foundation, Mon Health System, Monongalia County General Hospital Company, Mon Elder Services, Stonewall Jackson Memorial Hospital, CAMC GVMC, and CAMC PMC are members of the obligated group (the "Obligated Group") in accordance with the provisions of the 2019 Amended and Restated Master Trust Indenture dated as of June 1, 2019 (the "Master Indenture"), and are jointly and severally liable for the performance of all covenants and obligations contained in the Indenture and in the related notes and guarantees. The 2013 Taxable Debt Notes; 2008 Series A Bonds (CAMC); 2014 Series A Bonds; 2019 Series A Bonds; 2023 Series B Taxable Bonds; 2015 Series Bonds; 2021 Series A Bonds; 2008 Series B Taxable Bonds (MON); and 2008 Series A Bonds (MON); and various notes, guarantees lines of credit, and letters of credit are obligations under the Master Indenture. The CAMC Foundation's net assets with donor restrictions are not available to satisfy obligations of the Obligated Group. The obligations of the Obligated Group are evidenced and secured by promissory notes issued pursuant to the Master Indenture dated June 1, 2019, as supplemented from time to time. All notes issued under the Master Indenture are secured primarily by a security interest in revenue and a deed of trust on the primary hospital facilities (see prior comments regarding Master Indenture collateral).

4. Support, other revenue, salaries and wages, professional compensation, and supplies include transactions between each of the consolidated entities for affiliate services and support provided, including administrative and physician support. Such amounts are recorded at the estimated cost of the entity providing such support (e.g., for shared services) or the amount charged by the providing entity pursuant to contracts between the entities. Such amounts are eliminated on consolidation.