# Consolidated Financial Statements and Supplementary Information

The University of Vermont Health Network Inc. and Subsidiaries
Years Ended September 30, 2024 and 2023
With Report of Independent Auditors

Ernst & Young LLP

The University of Vermont Health Network Inc. and Subsidiaries

Consolidated Financial Statements and
Supplementary Information

Years Ended September 30, 2024 and 2023

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# Report of Independent Auditors

The Board of Trustees
The University of Vermont Health Network Inc.

## Opinion

We have audited the consolidated financial statements of The University of Vermont Health Network Inc. and its subsidiaries (the Network), which comprise the consolidated balance sheets as of September 30, 2024 and 2023, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, based on our audits and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the Network at September 30, 2024 and 2023, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of VMC Indemnity Company, Inc., a wholly owned subsidiary, whose statements reflect total assets constituting 4.2% and 3.7%, respectively, of consolidated total assets as of September 30, 2024 and 2023, and total revenues constituting 0.5% of consolidated total revenues for the years then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for VMC Indemnity Company, Inc., is based solely on the report of the other auditors.

## Basis for Opinion

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



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## 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 of 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 Network's ability to continue as a going concern for one year after the date that the financial statements are 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 of 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 Network'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.



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

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

**Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating balance sheets as of September 30, 2024 and consolidating statements of operations for the year then ended are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information 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, based on our audits, the procedures performed as described above and the report of other auditors, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst & Young LLP

January 23, 2025



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# The University of Vermont Health Network Inc. and Subsidiaries

## Consolidated Balance Sheets

| | September 30 | |
|---|---|---|
| | **2024** | **2023** |
| | *(In Thousands)* | |
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 378,266 | $ 262,036 |
| Short-term investments | 248,657 | 237,333 |
| Current portion of assets whose use is limited or restricted | 7,644 | 11,784 |
| Patient and other trade accounts receivable | 340,445 | 328,968 |
| Inventories | 68,023 | 71,872 |
| Receivables from third-party payors | 22,846 | 32,515 |
| Prepaid and other current assets | 106,912 | 59,385 |
| Total current assets | 1,172,793 | 1,003,893 |
| Assets whose use is limited or restricted: | | |
| Board-designated assets | 710,938 | 550,939 |
| Assets held by trustee under bond indenture agreements | 110 | 156 |
| Restricted assets | 119,411 | 96,353 |
| Donor-restricted assets for specific purposes | 69,185 | 59,149 |
| Donor-restricted assets for perpetual endowment | 53,213 | 48,552 |
| Total assets whose use is limited or restricted | 952,857 | 755,149 |
| Property and equipment, net | 792,078 | 814,214 |
| Operating lease right of use assets, net | 59,767 | 63,326 |
| Finance lease right of use assets, net | 2,052 | 1,446 |
| Other | 49,496 | 47,437 |
| Total assets | $ 3,029,043 | $ 2,685,465 |
| **Liabilities and net assets** | | |
| Current liabilities: | | |
| Accounts payable | $ 47,539 | $ 43,716 |
| Accrued expenses and other liabilities | 129,672 | 111,027 |
| Accrued payroll and related benefits | 193,189 | 156,373 |
| Current installments of long-term debt | 79,511 | 49,871 |
| Current portion of third-party payor settlements | 32,467 | 20,068 |
| Current portion of incurred but not reported claims | 26,617 | 23,045 |
| Current portion of operating lease right of use obligations | 14,638 | 14,045 |
| Current portion of finance lease right of use obligations | 791 | 1,112 |
| Total current liabilities | 524,424 | 419,257 |
| Long-term liabilities: | | |
| Long-term debt, net of current installments | 651,698 | 722,636 |
| Malpractice and workers' compensation claims, net of current portion | 61,534 | 56,021 |
| Pension and other postretirement benefit obligations | 6,847 | 19,601 |
| Third-party payor settlements, net of current portion | 26,956 | 12,388 |
| Operating lease right of use obligations, net of current portion | 46,679 | 50,588 |
| Finance lease right of use obligations, net of current portion | 1,297 | 368 |
| Other | 10,692 | 7,425 |
| Total long-term liabilities | 805,703 | 869,027 |
| Total liabilities | 1,330,127 | 1,288,284 |
| Net assets: | | |
| Without donor restrictions | 1,562,427 | 1,280,731 |
| With donor restrictions: | | |
| Time or purpose | 83,207 | 67,898 |
| Perpetual | 53,282 | 48,552 |
| Total with donor restrictions | 136,489 | 116,450 |
| Total net assets | 1,698,916 | 1,397,181 |
| Total liabilities and net assets | $ 3,029,043 | $ 2,685,465 |

*See accompanying notes.*

# The University of Vermont Health Network Inc. and Subsidiaries

## Consolidated Statements of Operations

| | Year Ended September 30 | |
|---|---|---|
| | 2024 | 2023 |
| | *(In Thousands)* | |
| **Revenue and other support without donor restrictions** | | |
| Net patient service revenue before Enhanced Medicaid Graduate Medical Education revenues | $ 2,585,636 | $ 2,308,096 |
| Enhanced Medicaid Graduate Medical Education revenues – Hospital | 21,894 | 29,415 |
| Enhanced Medicaid Graduate Medical Education revenues – Professional | 36,471 | 43,020 |
| Net patient service revenue | 2,644,001 | 2,380,531 |
| Fixed prospective payment revenue | 327,953 | 300,941 |
| Premium revenue | 5,911 | 7,729 |
| Outpatient and specialty pharmacy revenue | 332,760 | 278,556 |
| Net assets released from restrictions | 19,372 | 19,472 |
| Other revenue | 109,136 | 93,504 |
| Total revenue and other support without donor restrictions | 3,439,133 | 3,080,733 |
| **Expenses** | | |
| Salaries, payroll taxes, and fringe benefits | 1,989,986 | 1,850,908 |
| Supplies and other | 970,301 | 864,907 |
| Purchased services | 123,364 | 129,150 |
| Provider tax | 136,792 | 112,025 |
| Depreciation and amortization | 97,537 | 100,780 |
| Interest expense | 28,722 | 28,014 |
| Total expenses | 3,346,702 | 3,085,784 |
| Gain (loss) from operations | 92,431 | (5,051) |
| **Nonoperating gains (losses)** | | |
| Investment income, net | 34,845 | 5,243 |
| Change in fair value of interest rate swap agreements | (3,052) | 3,200 |
| Other components of pension expense | (14,012) | (619) |
| Net change in unrealized gains and losses on investments | 146,387 | 85,527 |
| Other | 2,417 | (141) |
| Total nonoperating gains, net | 166,585 | 93,210 |
| Excess of revenue over expenses | 259,016 | 88,159 |
| Net change in unrealized gains and losses on fixed-income investments | 2,062 | 609 |
| Net assets released from restrictions for capital purchases | 3,590 | 368 |
| Pension related adjustments | 17,151 | (5,489) |
| Transfers and other | (123) | 152 |
| Increase in net assets without donor restrictions | $ 281,696 | $ 83,799 |

*See accompanying notes.*

The University of Vermont Health Network Inc. and Subsidiaries

Consolidated Statements of Changes in Net Assets

| | Year Ended September 30 | |
|---|---|---|
| | 2024 | 2023 |
| | *(In Thousands)* | |
| **Changes in net assets without donor restrictions** | | |
| Excess of revenue over expenses | $ 259,016 | $ 88,159 |
| Net change in unrealized gains and losses on fixed-income investments | 2,062 | 609 |
| Net assets released from restrictions for capital purchases | 3,590 | 368 |
| Pension related adjustments | 17,151 | (5,489) |
| Transfers and other | (123) | 152 |
| Increase in net assets without donor restrictions | 281,696 | 83,799 |
| **Changes in net assets with donor restrictions** | | |
| Gifts, grants, and bequests | 26,508 | 18,262 |
| Investment gain (loss) | 1,326 | (756) |
| Net change in unrealized gains and losses on investments | 12,611 | 8,294 |
| Net assets released from restrictions used in operations | (19,372) | (19,472) |
| Net assets released from restrictions used for capital purchases | (3,590) | (368) |
| Change in beneficial interest in perpetual trusts | 2,556 | 706 |
| Transfer of net assets | – | (308) |
| Increase in net assets with donor restrictions | 20,039 | 6,358 |
| Increase in net assets | 301,735 | 90,157 |
| **Net assets** | | |
| Beginning of year | 1,397,181 | 1,307,024 |
| End of year | $ 1,698,916 | $ 1,397,181 |

*See accompanying notes.*

# The University of Vermont Health Network Inc. and Subsidiaries

## Consolidated Statements of Cash Flows

| | Years Ended September 30 | |
|---|---|---|
| | 2024 | 2023 |
| | *(In Thousands)* | |
| **Operating activities** | | |
| Increase in net assets | $ 301,735 | $ 90,157 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 97,537 | 100,780 |
| Contributions restricted for long-term use | (2,626) | (161) |
| Pension related adjustments | (17,151) | 5,489 |
| Loss on disposal of property and equipment | 731 | 398 |
| Change in fair value of interest rate swap agreements | 3,052 | (3,200) |
| Realized and unrealized gains on investments | (184,173) | (87,477) |
| Undistributed gains of affiliated companies | (2,542) | (5,373) |
| Change in beneficial interest in perpetual trusts | (2,556) | (706) |
| Amortization of operating right of use assets | 12,313 | 16,903 |
| Loss on extinguishment of debt | – | 82 |
| (Decrease) increase in cash resulting from a change in: | | |
| Patient and other accounts receivable | (11,477) | (21,296) |
| Other current and noncurrent assets | (42,890) | (9,337) |
| Accounts payable and accrued expenses | 21,358 | 2,483 |
| Accrued payroll and related expenses | 36,815 | 4,173 |
| Other current and noncurrent liabilities | 9,308 | 2,498 |
| Estimated settlements with third-party payors | 36,636 | (9,942) |
| Pension and other postretirement benefit obligations | 4,585 | (2,532) |
| Right-of-use lease liabilities and assets | (12,097) | (16,892) |
| Medicare accelerated and advance payments | (515) | (29,326) |
| Net cash provided by operating activities | 248,043 | 36,721 |
| **Investing activities** | | |
| Purchases of property and equipment | (74,933) | (67,622) |
| Purchases of investments | (154,891) | (290,582) |
| Proceeds from sales of investments | 136,665 | 203,849 |
| Net cash (used in) provided by investing activities | (93,159) | (154,355) |
| **Financing activities** | | |
| Proceeds from contributions restricted for long-term use | 2,626 | 161 |
| Payments on long-term debt | (39,813) | (62,446) |
| Proceeds from debt issuance | – | 126,250 |
| Borrowings on line of credit | – | 24,300 |
| Repayments on line of credit | – | (2,800) |
| Loss on extinguishment of debt | – | (82) |
| Repayment of finance leases | (1,467) | (1,275) |
| Net cash (used in) provided by financing activities | (38,654) | 84,108 |
| Net increase (decrease) in cash and cash equivalents | 116,230 | (33,526) |
| **Cash and cash equivalents** | | |
| Beginning of year | 262,036 | 295,562 |
| End of year | $ 378,266 | $ 262,036 |
| **Supplemental cash flow information** | | |
| Cash paid during the year for interest | $ 28,436 | $ 27,654 |
| Capital expenditures included in accounts payable | $ 3,087 | $ 1,977 |

*See accompanying notes.*

## 1. Organization

The University of Vermont Health Network Inc. (UVM Health Network or the Network) is a not-for-profit, tax-exempt Vermont corporation and the sole corporate member of University of Vermont Medical Center, Inc. (UVM Medical Center), University of Vermont Health Network Medical Group, Inc. (UVMHN Medical Group), University of Vermont Health Network – Central Vermont Medical Center, Inc. (CVMC), University of Vermont Health Network – Porter Medical Center, Inc. (PMC), University of Vermont Health Network – Champlain Valley Physicians Hospital (CVPH), University of Vermont Health Network – Elizabethtown Community Hospital (ECH), University of Vermont Health Network – Alice Hyde Medical Center (AHMC), University of Vermont Health Network – Community Providers, Inc. (CPI), UVM Health Network Health Ventures, Inc., Health Network Ventures Holding, LLC, VMC Indemnity Company, Inc. (VMCIC), University of Vermont Health Network – Home Health & Hospice (HH&H), and OneCare Vermont Accountable Care Organization, LLC (OCV). UVM Health Network's purpose is to establish an integrated regional health care system for the development of a highly coordinated health care network to improve the quality, increase the efficiencies, and lower the costs of health care delivery in the regions it serves.

UVM Medical Center is a teaching hospital with 620 licensed beds that, in affiliation with The University of Vermont (UVM), serves as Vermont's academic medical center. As a regional referral center, UVM Medical Center provides advanced level care throughout Vermont and Northern New York, with a full-time emergency department which is certified as a Level 1 Trauma Center. It is UVM Medical Center's mission to improve the health of the people in the communities it serves by integrating patient care, education, and research in a caring environment. As a charitable organization, UVM Medical Center enacts its mission through community benefit programs, many in collaborative partnership with other community-based organizations. These include, but are not limited to, community wellness programs, education, direct grants, free access to a community health resource center, direct financial assistance to patients, and other subsidized programs.

UVM Medical Center is the sole member of University of Vermont Health Network Specialty Care Transport, LLC, University of Vermont Medical Center Skilled Nursing, LLC, University of Vermont Medical Center Foundation, Inc., and University of Vermont Medical Center Executive Services, LLC. Medical Education Center Condominium Association, Inc. is partly owned by UVM Medical Center.

**1. Organization (continued)**

UVMHN Medical Group serves as the governing organization for physicians employed to provide clinical services to affiliated, member hospitals of UVM Health Network. The purpose of the UVMHN Medical Group is to advance the clinical care, education, and training missions of UVM Health Network and its affiliated member hospitals, and the education, training, and research missions of the University of Vermont College of Medicine.

CVMC provides health care services under three distinct business units: Central Vermont Hospital, Woodridge Rehabilitation and Nursing (Woodridge), and the Central Vermont Medical Group Practice. CVMC works collaboratively to meet the needs and improve the health of central Vermont residents. As the sole community hospital of Central Vermont, CVMC provides 24-hour emergency care, 122 licensed beds, and has a full spectrum of inpatient and outpatient services. Woodridge offers 153 licensed beds for long-term and short-term rehabilitative care.

PMC serves as a parent holding company for three subsidiaries: Porter Hospital, Inc. (Porter Hospital), Helen Porter Nursing Home (HPNH), and Porter Real Estate Holdings, LLC (PREH). Porter Hospital operates a 25 licensed bed Critical Access Hospital. HPNH operates a 98 licensed bed long-term community-oriented skilled healthcare and rehabilitation center. PREH is a single-member LLC real estate holding company. All operate facilities in Middlebury, Vermont.

CVPH is the sole member of The Foundation of CVPH Medical Center, Inc. (CVPH Foundation) and Valcour Imaging, Inc. Lake Champlain Physician Services, P.C. (LCPS) exists to further the charitable purposes of CVPH through the practice of medicine. CVPH controls LCPS through management agreements. CVPH operates 286 licensed inpatient beds and a 34-bed skilled nursing facility.

ECH, located in Essex County, New York, is a 25 licensed bed hospital designated by the Centers of Medicare and Medicaid Services (CMS) as a Critical Access Hospital. ECH provides inpatient, outpatient, and emergency care services for residents in Essex County and admitting physicians are primarily practitioners in the local area.

AHMC operates 25 licensed beds, 135 nursing facility beds and a 30 bed assisted living program in Malone, New York, in addition to providing emergency and outpatient services. Effective October 1, 2023, AHMC was granted Critical Access Hospital Designation by CMS.

CPI includes Mediquest Corp., Emergency Medical Transport of CVPH, Inc., and Champlain Valley Health Network, Inc.

**1. Organization (continued)**

UVM Health Network Ventures is a for-profit holding company that holds the various for-profit investment activities of UVM Health Network.

Health Network Ventures Holding, LLC is a limited liability company with 501(c)(3) status that holds various investment activities of UVM Health Network.

VMCIC is incorporated in Vermont as a wholly-owned subsidiary of UVM Health Network. VMCIC provides claims-made coverage for physician and hospital medical professional liability and general liability risks of UVM Health Network.

HH&H provides home care and hospice services to residents of Chittenden and Grand Isle Counties in Vermont.

OCV is a 501(c)(3) statewide accountable care organization that comprises an extensive network of providers across a full continuum of care, including hospitals in Vermont and New Hampshire, hundreds of primary and specialty care physicians, federally qualified health centers, designated agencies for mental health and substance use, skilled nursing facilities, home health agencies, and area agencies on aging. UVM Medical Center, CVMC and PMC participate in OCV risk-sharing contracts and paid participation fees to OCV totaling $10,225,000 and $11,696,000, recorded within purchased services expense, for the years ending September 30, 2024 and 2023, respectively. Additionally, UVM Medical Center provides various administrative services to OCV, including the processing of payroll. All OCV personnel are UVM Medical Center employees. OCV reimburses UVM Medical Center for all administrative and payroll-related costs, which totaled $6,221,000 and $9,163,000 for the years ending September 30, 2024 and 2023, respectively. While UVM Health Network is the sole corporate member of OCV, the Network does not control OCV and the relationship does not meet the accounting criteria for consolidation. Therefore, OCV is not consolidated into the accompanying UVM Health Network financial statements. The Vermont All-Payer ACO Model will conclude in December 2025 and OCV will wind down its operations accordingly at that time, with the final disposition of its residual net assets subject to determination after all obligations have been satisfied.

## 2. Summary of Significant Accounting Policies

### Principles of Consolidation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of UVM Health Network and its controlled subsidiaries. Intercompany balances and transactions have been eliminated in consolidation.

### Related-Party Transactions

The entities comprising UVM Health Network provide various inter-entity services to their affiliates. These consist of human resources, information systems and telecommunications, general accounting, and other services. Charges are based on the approximate cost to provide the services and are allocated between the entities based on an agreed-upon method, which reflects the approximate level of usage by each entity. Such inter-entity charges and all intercompany balances between the entities eliminate in consolidation.

### Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the amounts of revenues and expenses reported during the period. Significant estimates include implicit and explicit price concessions related to net patient service revenue, receivables and accruals for estimated settlements with third-party payors, contingencies, self-insurance program liabilities, accrued medical claims, and pension and postretirement costs. Actual results could differ from those estimates.

### Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less when purchased, excluding amounts classified as assets whose use is limited or restricted. All cash and cash equivalents are classified as Level 1 in the fair value hierarchy.

Most of UVM Health Network’s banking activity, including cash and cash equivalents, is maintained with multiple regional banks. Cash deposits exceed federal insurance limits. It is UVM Health Network’s policy to monitor these banks’ financial strength on an ongoing basis.

**2. Summary of Significant Accounting Policies (continued)**

UVM Health Network has elected to treat all cash equivalents held within investment portfolios as short-term investments.

**Inventories**

Inventories are stated using the lesser of average cost or net realizable value.

**Prepaid and Other Current Assets**

Prepaid and other current assets include miscellaneous non-trade receivables and prepaid expenses primarily related to software maintenance and other contracts.

**Assets Whose Use is Limited or Restricted**

Assets whose use is limited or restricted primarily includes board-designated assets, assets held by trustees under bond indenture agreements, donor-restricted assets, and restricted assets held for insurance-related liabilities. Board-designated assets may be used at the Board of Trustees' discretion. A significant portion of these assets consists of investments.

**Investments and Investment Income**

UVM Health Network consolidates all non-pension investment assets into a pooled/unitized structure to gain efficiencies in portfolio management, simplify trades, and reduce trading and investment manager fees. Each participating entity owns a percentage share of each asset class defined as cash, domestic equity, international equity, fixed income and liquid alternative investments. Trading is executed at the asset class level and allocated to each investment portfolio based on their pro-rata ownership of the class. Fair value of the asset class is determined by aggregating the fair value of the underlying investments within each class.

Investments in equity securities and mutual funds with readily determinable fair values and all investments in debt securities are recorded at fair value. Investment income or loss (including realized gains and losses on investments, interest, dividends, and unrealized gains and losses on equity securities and mutual funds), to the extent not capitalized, is included in nonoperating gains (losses), net of direct investment expenses, unless the income or gain (loss) is restricted by donor

**2. Summary of Significant Accounting Policies (continued)**

or law. Realized gains or losses on the sale of investments are determined by use of average costs. Unrealized gains and losses on other-than-trading debt securities are excluded from the excess of revenue over expenses to the extent such losses are not related to credit losses. Unrealized gains and losses on trading debt securities are included in the excess of revenue over expenses.

UVM Health Network holds certain investments without a readily determinable fair value that do not qualify for the equity method of accounting. Such investments are recorded following a permissible GAAP measurement alternative such that the UVM Health Network records the investment value based on the initial cost paid and adjusted when applicable for impairments and observable price changes during the fiscal year.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

UVM Health Network reviews its debt securities annually to identify those for which fair value is below cost, then makes a determination as to whether to record a credit loss or an impairment.

**Property and Equipment**

Property and equipment acquisitions are recorded at cost or, in the case of gifts, at fair value at the date of the gift. Depreciation is recorded over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Such amortization is included in depreciation and amortization expense in the consolidated financial statements.

Depreciation is calculated using the following estimated useful lives:

| | |
|---|---|
| Land improvements | 2–45 years |
| Leasehold improvements | 2–40 years |
| Building and improvements | 5–70 years |
| Equipment, furniture, and fixtures | 3–30 years |

**2. Summary of Significant Accounting Policies (continued)**

Gifts of long-lived assets, such as land, buildings, or equipment are reported as support without donor restrictions and are excluded from the excess of revenue over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions on how the assets are to be used and gifts that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, expiration of donor restrictions is reported when the donated or acquired long-lived assets are placed in service.

**Leases**

UVM Health Network recognizes a right of use asset representing the right to use the underlying leased asset and a lease liability representing the obligation to make lease payments at the commencement date of a lease. The right of use asset is measured at its cost less subsequent accumulated amortization and accumulated impairment loss, with adjustments arising from remeasurements of the lease liability, if applicable. The right of use asset is amortized over the shorter of the asset's useful life or the lease term on a straight-line basis from the commencement date of the lease and is classified as operating lease right of use assets, net, or finance lease right of use assets, net, in the consolidated financial statements.

At the commencement date, the lease liability is measured at the present value of the lease payments that are not paid at that date. When measuring the present value, the lease payments are discounted using the interest rate implicit in the lease. If such implicit rate cannot be readily determined, a risk-free rate is used. The lease liability is subsequently amortized based on the discount rate and reduced by lease payments made.

Lease liabilities are classified as operating lease right of use obligations or finance lease right of use obligations and classified as current or long-term, as applicable.

Lease payments on short-term leases (i.e., lease term of 12 months or less at the commencement date) are charged to expense on a straight-line basis over the period of the lease as a practical expedient.

**2. Summary of Significant Accounting Policies (continued)**

**Impairment of Long-Lived Assets**

Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value, less costs to sell.

**Net Assets With Donor Restrictions**

Net assets with donor restrictions include those whose use by UVM Health Network has been restricted by donors or law for a specific purpose, time period, or both, either temporarily or in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of operations and changes in net assets.

**Consolidated Statements of Operations**

Transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as revenue and other support without donor restrictions and expenses. Peripheral or incidental transactions are reported as nonoperating gains (losses).

**Excess of Revenue Over Expenses**

The consolidated statements of operations include the excess of revenue over expenses as the performance indicator. Changes in net assets without donor restrictions excluded from the excess of revenue over expenses primarily include net change in unrealized gains and losses on other-than-trading fixed-income investments to the extent such losses are not related to credit losses, contributions of long-lived assets (including assets acquired using contributions restricted by donors for acquiring such assets), pension related adjustments, transfers and other items.

UVM Health Network's measure of operations as presented in the consolidated statements of operations includes revenue from health care services, pharmacy revenue, grants and contracts revenue, the allocation of endowment spending for operations and other revenues. Operating expenses are reported on the consolidated statements of operations by natural classification.

**2. Summary of Significant Accounting Policies (continued)**

**Enhanced Medicaid Graduate Medical Education Revenues (Hospital and Professional)**

Under an Amendment to the Vermont State Medicaid Plan TN#11-019 (the State Plan Amendment), UVM Medical Center receives increased Vermont Medicaid payments to support graduate medical education (GME). The State Plan Amendment provided for enhanced Medicaid payments of GME through two funding mechanisms: (1) payments to "qualified teaching hospitals" and (2) payments to "qualified teaching physicians." Under the definitions contained in the State Plan Amendment, UVM Medical Center is a qualified teaching hospital and physicians employed by UVM Medical Group are qualified teaching physicians.

The nonfederal source of these payments was provided by UVM from its governmental appropriations from the State of Vermont (the State). UVM has entered into a contract with the State to provide the annual nonfederal share of GME payments for the State's fiscal year. UVM Medical Center expects that UVM will enter into similar contracts for subsequent years, though there is no assurance of this. UVM Medical Center entered into a contract with the State to assess and monitor program benefits to Medicaid beneficiaries and to report to the State annually on certain quality measures and improvement focus areas for Medicaid beneficiaries pertaining to

UVM Medical Center's GME programs. Under this contract, the State agrees to provide GME payments to UVM Medical Center during the State fiscal year. UVM Medical Center expects to enter into similar contracts with the State for future years, but these are subject to continued funding by UVM of the nonfederal source. The State, UVM Medical Center and UVM have also entered into a Memorandum of Understanding (MOU), dated July 1, 2021 through June 30, 2025 that describes the State Plan Amendment and these funding arrangements.

UVM Medical Center recognized enhanced GME revenue under the State Plan Amendment totaling $58,365,000 and $72,435,000 for the fiscal years ended September 30, 2024 and 2023, respectively. Under the MOU, UVM Health Network expects payments in fiscal year 2025 to total $65,624,000; however, both UVM and the State retain the right to discontinue GME payments at any time in the future.

**Outpatient and Specialty Pharmacy Revenue**

Pharmacy revenue consists of sales of pharmaceuticals and related products, including contract pharmacy revenue. UVM Health Network recognizes these revenue sources in the amounts that reflect the consideration to which it expects to be entitled in exchange for prescriptions.

**2. Summary of Significant Accounting Policies (continued)**

**Other Revenue**

In addition to patient service revenue, UVM Health Network also recognizes revenue related to nonpatient transactions. These transactions consist primarily of contract revenues, cafeteria sales, parking garage income, grant income, and rental income. Revenue from these transactions is recognized when obligations under the terms of the respective contracts are satisfied and is measured at the amount of consideration UVM Health Network expects to receive from those services.

**Net Assets Released From Restrictions Used for Operations**

Net assets are released from restrictions and used for operations when the donor-imposed restrictions associated with the net assets have been satisfied.

**Grants and Contracts**

UVM Health Network receives sponsored support from governmental and private sources. Certain sponsored arrangements are considered exchange agreements and revenue under these agreements is recognized based on UVM Health Network's fulfillment of the contract, which is typically based on costs incurred or the achievement of milestones. Revenue for such arrangements is recorded within other revenue in the statements of operations. Federal grants and other sponsored research are considered non-exchange transactions and are recognized when donor-imposed conditions (if any) have been met. Expirations of donor restrictions on net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and as net assets released from restrictions or net assets released from restrictions used for capital purchases in the statements of operations. UVM Health Network had $9,363,000 and $2,251,000 in awarded research grants and contracts for which the conditions have not yet been met as of September 30, 2024 and 2023, respectively, recorded as refundable advances within accrued expenses on the balance sheets.

**Malpractice and Workers' Compensation Claims**

The liabilities for outstanding losses and loss-related expenses and the related provision for losses and loss-related expenses include estimates for malpractice losses incurred but not reported, losses pending settlement, and for workers' compensation claims and underwriting expenses. Such liabilities are based on estimates and, while management believes the amounts provided are

**2. Summary of Significant Accounting Policies (continued)**

adequate, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The calculations of such estimates and the resulting liabilities are actuarially determined annually and any adjustments required are reflected in estimated incurred but not reported medical claims.

**Income Taxes**

Entities within UVM Health Network, with the exception of entities specifically named below, are incorporated and recognized by the Internal Revenue Service (IRS) as tax-exempt under Section 501(c)(3) of the Internal Revenue Code (the Code). Accordingly, the IRS has determined that these organizations are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Health Network Ventures Holding, LLC, University of Vermont Health Network Specialty Care Transport, LLC, University of Vermont Medical Center Skilled Nursing, LLC. As of September 30, 2024, tax years ending September 30, 2021 through September 30, 2023 remain open and subject to federal and state taxing authority examination. UVM Health Network believes it has taken no significant uncertain tax positions. University of Vermont Medical Center Executive Services, LLC, Valcour Imaging, Inc., and Porter Real Estate Holdings, LLC, are single-member limited liability corporations. As such, for tax purposes, these organizations are treated as divisions of their sole member. Earnings and losses are passed through to the owners, which are tax-exempt organizations. No provision for federal income taxes has been recorded in the accompanying consolidated financial statements related to these limited liability corporations organizations. UVM Health Network Health Ventures, Inc., Medical Education Center Condominium Association, Inc., Mediquest Corp., Emergency Medical Transport of CVPH, Inc., and Champlain Valley Health Network, Inc. are taxable corporations for which the provision for income taxes is immaterial to the accompanying consolidated financial statements.

**Provider Tax Expenses**

The states of Vermont and New York operate provider tax programs related to certain patient service revenues and operating cash receipts, respectively, collectively referred to as provider tax expenses in the accompanying consolidated financial statements.

**2. Summary of Significant Accounting Policies (continued)**

**Defined Benefit Pension and Other Postretirement Benefit Plans**

UVM Health Network recognizes the overfunded or underfunded status of its defined benefit pension and other postretirement benefit plans (collectively, postretirement benefit plans) in the consolidated balance sheets. Changes in the unrecognized actuarial gains and losses of the plans are reported in the year in which the changes occur as a change in net assets without donor restrictions presented below the excess of revenue over expenses in the consolidated statements of operations and changes in net assets.

**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 (also referred to as an exit price). A fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. In determining fair value, the use of various valuation approaches, including market, income, and cost approaches, is permitted.

GAAP establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumption about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

UVM Health Network uses the following fair value hierarchy to present its fair value disclosures:

Level 1 Quoted (unadjusted) prices for identical assets or liabilities in active markets. Active markets are those in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Other observable inputs, either directly or indirectly, including:

- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time).

- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates).

**2. Summary of Significant Accounting Policies (continued)**

- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Pricing inputs are generally unobservable for the assets or liabilities and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities.

Certain investments, for which an election is made, are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient and have not been classified in the above fair value hierarchy.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

*Equities, Mutual Funds, and Money Market Funds*

The fair values of equities, mutual funds, and money market funds are based on quoted market prices and are categorized as Level 1 or Level 2 based on the nature of the inputs.

*Debt Securities*

The estimated fair values of debt securities are based on quoted market prices or other market data for the same or comparable instruments and transactions. The marketable debt securities classified as Level 1 are classified based on quoted prices of the actual debt instruments in active markets. The marketable debt securities classified as Level 2 are classified based on observable market prices for similar securities traded in less active markets. Marketable debt instruments are priced using: nonbinding market consensus prices corroborated with observable market data; quoted market prices for similar instruments; or pricing models, such as a discounted cash flow model, with all significant inputs derived from or corroborated with observable market data. These Level 2 debt securities primarily include corporate bonds, notes and other debt securities.

**2. Summary of Significant Accounting Policies (continued)**

*Beneficial Interest in Perpetual Trusts*

The estimated fair values of UVM Health Network's beneficial interests in perpetual trusts are based on information provided by the trustees. Such information is generally based on a pro rata interest in the net assets of the underlying investments. The assets held in trust consist primarily of cash equivalents and marketable securities. Perpetual trusts are measured using the fair value of the assets contributed to the trusts, and therefore are categorized as Level 3.

*Venture Capital Funds and Partnerships*

The fair values of investments in venture capital funds and partnerships (collectively, hedge funds) are primarily determined using calculated NAV as a practical expedient. The hedge funds invest primarily in securities whose underlying values are based on Level 1 inputs. The fund managers receive prices from nationally recognized pricing services based on observable market transactions. Certain of the underlying securities held by the funds are listed on recognized securities exchanges and valued at the closing price ascertained by the respective exchange.

*Interest Rate Swap Agreements*

Interest rate swap agreements are valued at the present value of the estimated series of cash flows resulting from the exchange of fixed rate payments for floating rate payments from the counterparty over the remaining life of the contract from the balance sheet date. Each floating rate payment is calculated based on forward market rates at each respective payment date. The valuation based on estimated cash flows is obtained from third parties and assessed by management for reasonableness. Because the inputs used to value the contract can generally be corroborated by market data, the fair value is categorized as Level 2.

**3. Current and Upcoming Accounting Guidance**

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, loans and certain other instruments, entities are required to use a new forward looking "expected loss" model that generally will result in earlier recognition of credit losses than under

**3. Current and Upcoming Accounting Guidance (continued)**

the previous incurred loss model. ASU 2016-13 is effective for annual periods beginning after December 15, 2022. The Network adopted ASU 2016-13 for the year ended September 30, 2024. The adoption of ASU 2016-13 did not have a significant impact on the consolidated financial statements.

**4. Patient Service Revenue**

UVM Health Network uses a portfolio approach to account for categories of patient contracts as a collective group rather than recognizing patient service revenue on an individual contract basis. The portfolios primarily consist of major financial or payor classes for all types of revenue. Based on historical collection trends and other analysis, UVM Health Network believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

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

Performance obligations are determined based on the nature of the services provided by UVM Health Network. Revenue for performance obligations satisfied over time is recognized based on charges incurred in relation to total expected or actual charges. UVM Health Network believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services. UVM Health Network measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and UVM Health Network believes it is not required to provide additional goods or services to the patient.

**4. Patient Service Revenue (continued)**

Amounts related to services provided to patients that have not been billed and that do not meet the conditions of unconditional right to payment at the end of the reporting period are contract assets. Contract assets consist primarily of services that have been provided to patients who are still receiving inpatient care at the end of the reporting period. Contract assets are included in patient and other trade accounts receivable in the accompanying consolidated balance sheets at September 30, 2024 and 2023. Contract assets are $20,184,000 and $13,462,000 as of September 30, 2024 and 2023, respectively.

Because all of its performance obligations relate to contracts with a duration of less than one year, UVM Health Network has elected to apply the optional exemption provided in Topic 606 and therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations 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.

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

UVM Health Network has agreements with third-party payors that provide for payments to UVM Health Network at amounts different from its established rates.

**4. Patient Service Revenue (continued)**

**Medicare**

Inpatient acute-care services rendered to Medicare program beneficiaries 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. Inpatient rehabilitation services are paid based on a prospective per discharge methodology. These rates vary according to a patient classification system based upon services provided, the patient's level of acuity and other factors. Outpatient services are paid based upon a prospective standard rate for procedures performed or services rendered. UVM Health Network is reimbursed for cost-reimbursable items at tentative rates, with final settlement determined after submission of annual cost reports by UVM Health Network and audits thereof by the Medicare Audit Contractor. Medicare reimbursement for professional billings is paid based on a standard fee schedule that is determined by CMS.

**Medicaid**

Inpatient services rendered to Vermont and New York Medicaid program beneficiaries are paid at prospectively determined rates per discharge. As with Medicare, payments are based on a diagnosis-related group (DRG) system that is based on clinical, diagnostic, and other factors. In Vermont, additional reimbursement for inpatient rehabilitation and neonatal cases is paid through a per diem add-on. In Vermont, additional reimbursement for inpatient psychiatric cases is based on a per diem rate calculation, including adjustments for diagnostic factors and length of stay. Outpatient services rendered to Vermont Medicaid beneficiaries are paid based upon a prospective standard rate. Certain laboratory, mammography, therapy, and dialysis services are paid on a fee schedule. Outpatient services rendered to New York Medicaid beneficiaries are paid under an Ambulatory Patient Group (APG). Ancillary services get bundled into the clinic visit and are paid under an APG. Medicaid payments for professional services are determined by a standard fee schedule.

**Managed Care and Commercial Insurers**

Services rendered to patients with commercial insurance are generally paid at standard charges, less a negotiated discount or according to DRG or negotiated fee schedules.

**4. Patient Service Revenue (continued)**

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

Settlements with third-party payors for retroactive 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. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and UVM Health Network's historical settlement activity, including an assessment to ensure it is probable that a significant reversal in 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. Changes in prior-year estimates increased net patient service revenue by approximately $3,709,000 and $22,390,000 in the years ended September 30, 2024 and 2023, respectively.

There are various proposals at the federal and state levels that could, among other things, significantly reduce payment rates or modify payment methods. The ultimate outcome of these proposals and other market changes, including the potential effects of or revisions to health care reform that has been or will be enacted by the federal and state governments, cannot be determined presently. Future changes in the Medicare and Medicaid programs and any reduction of funding could have an adverse impact on UVM Health Network. Additionally, certain payors' payment rates for various years have been appealed by UVM Health Network. If the appeals are successful, additional income applicable to those years could be realized.

**4. Patient Service Revenue (continued)**

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. UVM Health Network also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. UVM Health Network estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions.

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. For the years ended September 30, 2024 and 2023, revenue recognized due to changes in UVM Health Network's estimates of implicit price concessions for performance obligations satisfied in prior years was not significant. UVM Health Network records an estimated credit loss reserve for subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay. Credit loss expense for the years ended September 30, 2024 and 2023 was not significant.

Consistent with UVM Health Network's mission, care is provided to patients regardless of their ability to pay (see Note 5). Therefore, UVM Health Network has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts UVM Health Network expects to collect based on its collection history with those patients.

UVM Medical Center, CVMC and PMC receive monthly fixed prospective payments for services provided by hospitals (and hospital-owned practices) participating in the Vermont Medicaid Next Generation Accountable Care Organization Pilot Program and the CMS Vermont Modified Next Generation ACO Model. Under these arrangements, monthly per member payments are received in advance of the services being performed and recognized as revenue in the month to which they relate. Medicaid and Medicare fee-for-service payments continue for all other non-hospital providers in the ACO, for all providers who are not a part of the ACO, and for all services that are not included in the fixed prospective payment. UVM Health Network is responsible for both the cost and quality of care for each attributed member. This is true whether that person uses little or no care or whether they require services consistently throughout the year. UVM Medical Center, CVMC and PMC recognize their share of annual contract settlements, which include shared savings or losses and quality incentives, as an increase or decrease to fixed prospective payment revenue. Quality incentives and shared savings or losses under this contract are recorded as increases or decreases to patient service revenue.

**4. Patient Service Revenue (continued)**

CVPH, through the Adirondack Regional Medical Home Pilot, a program which was established as a joint venture initiative of medical providers and public and private insurers to transform healthcare delivery in the rural, upstate New York region, receives monthly fixed prospective payments for the provision of care management services. This is a monthly, per member payment received in advance of the services being performed and recognized as revenue in the month to which it relates.

For services provided under fee-for-service (FFS) and fixed prospective payment (FPP) arrangements, composition by payor for the years ended September 30 is as follows:

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | **Total** | **FFS** | **FPP** | **Total** | **FFS** | **FPP** |
| Medicare* | 35% | 28% | 7% | 36% | 28% | 8% |
| Medicaid* | 11 | 7 | 4 | 10 | 6 | 4 |
| Contracted Commercial | 48 | 48 | – | 47 | 47 | – |
| Noncontracted Insurers | 6 | 6 | – | 6 | 6 | – |
| Patients | – | – | – | 1 | 1 | – |

**Amounts are inclusive of Medicare and Medicaid program activity administrated by managed care organizations.*

**5. Charity Care and Community Service**

UVM Health Network provides care to patients who meet certain criteria under its charity care policies without charge or at amounts less than its established rates. Because UVM Health Network does not pursue the collection of amounts determined to qualify as charity care, they are not reported as revenue.

The amount of charges foregone for services and supplies furnished under UVM Health Network's charity care policy aggregated approximately $43,079,000 and $30,598,000 for the years ended September 30, 2024 and 2023, respectively.

**5. Charity Care and Community Service (continued)**

Approximately $17,538,000 and $13,066,000 of UVM Health Network's total expenses for the years ended September 30, 2024 and 2023, respectively, arose from providing services to charity care patients. The estimated costs of providing charity care services is calculated by application of a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on UVM Health Network's total expenses divided by gross patient service revenue. For the years ended September 30, 2024 and 2023, respectively, UVM Health Network used $470,000 and $322,000 in charitable endowment earnings to help defray the costs of indigent care.

**6. Financial Assets and Liquidity Resources**

As of September 30, 2024 and 2023, respectively, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, consisted of the following:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousands)* | |
| **Liquidity and availability** | | |
| Cash and cash equivalents | $ 378,266 | $ 262,036 |
| Short-term investments | 248,657 | 237,333 |
| Current portion of assets whose use is limited or restricted | 7,644 | 11,784 |
| Patient and other trade accounts receivable | 340,445 | 328,968 |
| Receivables from third-party payors | 22,846 | 32,515 |
| Financial assets available at year end for current use | $ 997,858 | $ 872,636 |

UVM Health Network's board-designated assets can be used for capital and operating expenditures at the direction of the UVM Health Network Board of Trustees and management. As of September 30, 2024, and 2023, the balance in board-designated assets was $710,938,000 and $550,939,000, respectively.

UVM Health Network's endowment funds consist of donor-restricted funds. Donor-restricted endowments are restricted for specific purposes and therefore are not available for general expenditure.

**6. Financial Assets and Liquidity Resources (continued)**

To manage liquidity, UVM Health Network maintains sufficient cash and cash equivalent balances to support daily operations throughout the year. Cash and cash equivalents include bank deposits, certificates of deposit, money market funds, and other similar vehicles that generate a return on cash and provide daily liquidity to UVM Health Network. Short-term investments without donor restriction are also utilized to generate a higher yield on balances versus cash and cash equivalents and to provide UVM Health Network with an additional layer of liquidity for daily operations if needed. UVM Health Network also maintains two lines of credit, each in the amount of $50,000,000, for use by UVM Health Network entities that are part of the University of Vermont Medical Center Obligated Group (UVM Medical Center Obligated Group). As of September 30, 2024 and 2023, the amount outstanding under lines of credit was $34,300,000.

**7. Investments, Including Assets Whose Use is Limited or Restricted**

Assets whose use is limited or restricted at September 30, 2024 and 2023 consisted of the following:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousands)* | |
| Equities | $ 49,576 | $ 36,365 |
| Mutual funds: | | |
| Bond funds | 245,384 | 214,405 |
| United States Treasury obligation funds | 2,163 | 2,289 |
| International equity funds | 245,762 | 190,331 |
| Domestic equity funds | 321,161 | 237,843 |
| Real estate funds | 36,419 | 29,174 |
| Total mutual funds | 850,889 | 674,042 |
| Money market funds | 6,376 | 7,514 |
| United States Treasury notes | 15,180 | 15,224 |
| Bonds and notes | 18,560 | 15,348 |
| Beneficial interest in perpetual trusts | 20,882 | 18,326 |
| Venture capital funds and partnerships | 3,671 | 3,784 |
| | 965,134 | 770,603 |
| Less: Current portion of assets whose use is limited or restricted | (7,644) | (11,784) |
| Less: Pooled investments included in short-term investments | (4,633) | (3,670) |
| | $ 952,857 | $ 755,149 |

**7. Investments, Including Assets Whose Use is Limited or Restricted (continued)**

The following tables present information as of September 30, 2024 and 2023 about UVM Health Network's financial assets and liabilities that are measured at fair value on a recurring basis:

| | 2024 | | | | |
|---|---|---|---|---|---|
| | **Quoted Prices in Active Markets (Level 1)** | **Other Observable Inputs (Level 2)** | **Unobservable Inputs (Level 3)** | **NAV as Practical Expedient** | **Fair Value** |
| | | | *(In Thousands)* | | |
| Equities | $ 50,011 | $ – | $ – | $ – | $ 50,011 |
| Mutual funds: | | | | | |
| Bond funds | 247,562 | – | – | – | 247,562 |
| United States Treasury obligation funds | 2,163 | – | – | – | 2,163 |
| International equity funds | 246,073 | – | – | – | 246,073 |
| Domestic equity funds | 323,710 | – | – | – | 323,710 |
| Real estate funds | 36,430 | – | – | – | 36,430 |
| Total mutual funds | 855,938 | – | – | – | 855,938 |
| | | – | – | – | |
| Money market funds | 92,961 | – | – | – | 92,961 |
| United States Treasury notes | 167,135 | – | – | – | 167,135 |
| Bonds and notes | – | 18,560 | – | – | 18,560 |
| Beneficial interest in perpetual trusts | – | – | 20,882 | – | 20,882 |
| Venture capital funds and partnerships | – | – | – | 3,671 | 3,671 |
| | $ 1,166,045 | $ 18,560 | $ 20,882 | $ 3,671 | $ 1,209,158 |
| Interest rate swap agreements | $ – | $ (6,479) | $ – | $ – | $ (6,479) |

## 7. Investments, Including Assets Whose Use is Limited or Restricted (continued)

| | 2023 | | | | |
|---|---|---|---|---|---|
| | Quoted Prices in Active Markets (Level 1) | Other Observable Inputs (Level 2) | Unobservable Inputs (Level 3) | NAV as Practical Expedient | Fair Value |
| | *(In Thousands)* | | | | |
| Equities | $ 36,716 | $ – | $ – | $ – | $ 36,716 |
| Mutual funds: | | | | | |
| Bond funds | 216,205 | – | – | – | 216,205 |
| United States Treasury obligation funds | 2,289 | – | – | – | 2,289 |
| International equity funds | 190,622 | – | – | – | 190,622 |
| Domestic equity funds | 239,397 | – | – | – | 239,397 |
| Real estate funds | 29,174 | – | – | – | 29,174 |
| Total mutual funds | 677,687 | – | – | – | 677,687 |
| | | – | – | – | |
| Money market funds | 237,181 | – | – | – | 237,181 |
| United States Treasury notes | 15,224 | – | – | – | 15,224 |
| Bonds and notes | – | 15,348 | – | – | 15,348 |
| Beneficial interest in perpetual trusts | – | – | 18,326 | – | 18,326 |
| Venture capital funds and partnerships | – | – | – | 3,784 | 3,784 |
| | $ 966,808 | $ 15,348 | $ 18,326 | $ 3,784 | $ 1,004,266 |
| Interest rate swap agreements | $ – | $ (3,427) | $ – | $ – | $ (3,427) |

The table below summarizes the investments in certain entities with fair value at NAV as a practical expedient as of September 30, 2024 and 2023. There were no transfers between levels as of September 30, 2024 and 2023.

| | 2024 | | | | | |
|---|---|---|---|---|---|---|
| Category of Investment | Fair Value | Unfunded Commitments | Remaining Life, if Applicable | Redemption Terms, If Currently Eligible | Redemption Restrictions and Terms | Redemption Restrictions and Terms in Place at Year End |
| | | | *(In Thousands)* | | | |
| Venture capital funds and partnerships | $ 3,671 | $ 613 | 6 years | None | None | None |

**7. Investments, Including Assets Whose Use is Limited or Restricted (continued)**

| | 2023 | | | | | |
|---|---|---|---|---|---|---|
| **Category of Investment** | **Fair Value** | **Unfunded Commitments** | **Remaining Life, if Applicable** | **Redemption Terms, If Currently Eligible** | **Redemption Restrictions and Terms** | **Redemption Restrictions and Terms in Place at Year End** |
| | | | *(In Thousands)* | | | |
| Venture capital funds and partnerships | $ 3,784 | $ – | 7 years | None | None | None |

The fair value of the assets and change in the value of the assets measured using significant unobservable inputs (Level 3) were related to beneficial interests in perpetual trusts.

A roll forward of the Level 3 fair value measurements (defined above) for the years ended September 30, 2024 and 2023 is as follows:

| | 2024 | 2023 |
|---|---|---|
| | **Beneficial Interest in Perpetual Trusts** | **Beneficial Interest in Perpetual Trusts** |
| | *(In Thousands)* | |
| Beginning of year | $ 18,326 | $ 17,620 |
| Change in beneficial interest in perpetual trusts | 2,556 | 706 |
| End of year | $ 20,882 | $ 18,326 |

Investment income, net included in nonoperating gains (losses) for the years ended September 30, 2024 and 2023 is as follows:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousands)* | |
| Interest and dividend income | $ 35,735 | $ 30,315 |
| Realized gains and losses, net | (890) | (25,072) |
| | $ 34,845 | $ 5,243 |

## 8. Property and Equipment

A summary of property and equipment, net at September 30, 2024 and 2023 is as follows:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousands)* | |
| Land | $ 47,195 | $ 42,383 |
| Land improvements | 17,561 | 17,017 |
| Leasehold improvements | 92,127 | 91,258 |
| Buildings | 1,141,649 | 1,132,873 |
| Equipment, furniture, and fixtures | 781,232 | 753,940 |
| | 2,079,764 | 2,037,471 |
| Less: Accumulated depreciation | (1,331,580) | (1,237,480) |
| | 748,184 | 799,991 |
| Construction–in–progress | 43,894 | 14,223 |
| | $ 792,078 | $ 814,214 |

UVM Health Network sold, traded-in or wrote off approximately $3,347,000 and $24,544,000 in property and equipment in the years ended September 30, 2024 and 2023, respectively. In conjunction with these sales, trade-ins or disposals, losses of $(731,000) and $(398,000) were recorded in the years ended September 30, 2024 and 2023, respectively.

UVM Health Network recorded depreciation expense of $97,447,000 and $100,589,000 for the years ended September 30, 2024 and 2023, respectively.

## 9. Long-Term Debt

Long-term debt at September 30, 2024 and 2023 consisted of the following:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousands)* | |
| **Vermont Educational and Health Buildings Financing Agency Hospital Revenue Bonds** | | |
| Series 2008A Bonds, variable rate (3.04% and 3.79% at September 2024 and 2023, respectively), payable through 2031 | $ 54,706 | $ 54,706 |
| Series 2023A Bonds, fixed rate (4.17%), payable through December 2027 | 18,710 | 23,760 |
| Series 2015A Bonds, fixed rate (2.27%), payable through December 2023 | – | 6,630 |
| Series 2016A Bonds, fixed rates (3.00% to 5.00%), payable through 2036 (including unamortized premium of $15,733 and $16,943 at September 30, 2024 and 2023, respectively) | 166,333 | 167,643 |
| Series 2016B Bonds, fixed rates (3.13% to 5.00%), payable through 2046 (including unamortized premium of $8,641 and $9,031 at September 30, 2024 and 2023, respectively) | 97,641 | 98,031 |
| Series 2015A Bonds, fixed rate (2.85%), put option on August 1, 2025 | 9,691 | 10,438 |
| **Other long-term debt** | | |
| Bank of America Loan, fixed rate (2.90%), payable through April 1, 2030 | 60,500 | 71,000 |
| TD Bank Loan, fixed rate (2.09%), payable through June 1, 2035 | 75,000 | 75,000 |
| TD Bank Loan, fixed rate (4.40%), payable through December 6, 2037 | 100,000 | 100,000 |
| Bank of America Loan, fixed rate (2.92%), payable through 2027 | 12,932 | 17,930 |
| KeyBank Loan, fixed rate (3.05%), payable through 2023 | – | 1,495 |
| Series 2016A Bonds, variable rate (4.38% and 4.60% at September 30, 2024 and 2023, respectively), payable through July 1, 2042 (including unamortized premium of $125 and $132 at September 30, 2024 and 2023, respectively) | 9,800 | 10,365 |
| Series 2016B Bonds, variable rate (4.26% and 4.50% at September 30, 2024 and 2023, respectively), payable through July 1, 2042 (including unamortized premium of $152 and $161 at September 30, 2024 and 2023, respectively) | 11,965 | 12,655 |
| Community Bank Loan, fixed rate (3.38%), payable through 2027 (including unamortized premium of $0 and $8 at September 30, 2024 and 2023, respectively) | 10,091 | 10,747 |
| Bank of America Loan, fixed rate (3.60%) payable through June 1, 2032 | 19,705 | 20,645 |
| TD Bank Loan, fixed rate (3.59%), , payable through April 2030 | 6,028 | 6,984 |
| TD Bank Loan, fixed rate (3.73%), payable through November 1, 2025 | 535 | 975 |
| TD Bank Loan, fixed rate (3.87%), payable through September 1, 2033 | 12,257 | 13,370 |
| TD Bank Loan, fixed rate (2.44%), payable through December 20, 2029 | 9,055 | 10,614 |
| M&T Bank Loan, variable rate (3.72% and 3.80% at September 30, 2024 and 2023, respectively), payable through September 30, 2028 | 3,276 | 4,003 |
| Bank of America Loan, fixed rate (3.08%), payable through March 1, 2032 | 2,965 | 3,285 |
| Lines of credit | 34,300 | 34,300 |
| Other debt | 17,052 | 19,412 |
| | 732,542 | 773,988 |
| Less: Current installments of long-term debt | (79,511) | (49,871) |
| Less: Unamortized debt issuance costs | (1,333) | (1,480) |
| Long–term debt, net of current installments | $ 651,698 | $ 722,637 |

**9. Long-Term Debt (continued)**

**Obligated Group**

UVM Medical Center, UVM Health Network, CVMC, CVPH and ECH are members of the UVM Medical Center Obligated Group (Obligated Group) at September 30, 2024 and 2023. Effective October 1, 2023, the Master Trust Indenture was amended and AHMC, HH&H, PMC, and certain other consolidated subsidiaries became members of the Obligated Group.

The Master Trust Indenture contains provisions permitting the addition, withdrawal or consolidation of members of the Obligated Group under certain conditions. The Master Trust Indenture constitutes joint and several obligations of the members of the Obligated Group and covers all issued bonds and loans by the Obligated Group members.

**Series 2008A Bonds (UVM Medical Center)**

On May 21, 2008, UVM Medical Center, in connection with the Vermont Educational and Health Buildings Financing Agency (VEHBFA), issued $54,706,000 of tax-exempt variable-rate hospital revenue bonds (Series 2008A). The Series 2008A bonds are collateralized by an irrevocable letter of credit from a TD Bank in the amount of $55,334,000 (covers principal of $54,706,000 and interest of $628,000), which expires in 2026. The interest rate on the Series 2008A bonds is set weekly and payable through 2031, at which time the principal balance is due. Series 2008A bondholders have the option to put the bonds back to UVM Medical Center. Such bonds would be subject to remarketing efforts by UVM Medical Center's remarketing agent. To the extent that such remarketing efforts were unsuccessful, the nonmarketable bonds would be purchased from the proceeds of the letter of credit. Monthly payments of principal on the letter of credit borrowings would commence on the first calendar day of the first month that commences more than one year after the borrowing. The 2008A letter of credit was not drawn upon as of September 30, 2024. Repayment in full of the letter of credit would be required by the earlier of four years from the date of the borrowing under the letter of credit or the stated expiration date, currently, April 30, 2026. The repayment of principal under the letter of credit would be as follows: $21,176,000 in year two, $21,176,000 in year three and $12,354,000 in the final year.

**9. Long-Term Debt (continued)**

**Series 2023A Bonds (refinanced 2013A Bonds UVM Medical Center)**

In February 2023, $26,412,500 par amount of the 2013A Bonds were refunded and replaced with the Series 2023A Bonds, a tax-exempt, fixed rate loan issued through VEHBFA and purchased by TD Bank. The debt carries an interest rate of 4.17%, matches the amortization of the refunded debt and will mature on December 1, 2027.

**Series 2016A Bonds (UVM Medical Center)**

The remaining $192,965,000 par of the initial aggregate principal amount of previously outstanding Series 2004B and 2007A Bonds, with maturities between December 2016 and December 2036, were advance refunded in February 2016 and replaced with a tax-exempt public bond issued through VEHBFA (the 2016A bonds), in the aggregate principal amount of $176,375,000 with a final maturity date in December 2036. The Series 2016A bonds carry fixed interest rates ranging between 3.00% – 5.00%. The initial premium on the 2016A bonds was $27,500,000.

**Series 2016B Bonds (UVM Medical Center)**

On July 28, 2016, UVM Medical Center, in connection with the VEHBFA, issued $89,000,000 of tax-exempt fixed rate hospital revenue bonds (Series 2016B). The Series 2016B bonds carry fixed interest rates ranging from 3.13% – 5.00%, with an average coupon of 4.54%, and mature on December 31, 2046. The Series 2016B Bonds were labeled “Green Bonds“ as a result of their usage to finance the Miller Building Project for which UVM Medical Center received LEED Gold status in October 2022. The purpose of the “Green Bonds“ label was to allow investors to invest directly in an environmentally beneficial project.

**Series 2015A Bonds (PMC)**

PMC issued $15,750,000 VEHBFA Revenue Bond Refunding Series 2015A on August 1, 2015 with a fixed rate of 2.85%, payable in monthly payments of $69,000 for Porter Hospital and $17,000 for HPNH. The bonds were purchased by M&T Bank, are collateralized by gross receipts and are payable through August 1, 2035, with a bank put option on or after August 1, 2025.

**9. Long-Term Debt (continued)**

**Bank of America Loan (UVM Health Network)**

On April 27, 2020, UVM Health Network borrowed $75,000,000 from Bank of America. The loan is a taxable fixed rate private bank placement payable through April 1, 2030 and carries an interest rate of 2.90%. The loan is to be used for future capital projects and/or working capital needs across the Network.

**TD Bank Loans (UVM Health Network)**

On June 26, 2020, UVM Health Network borrowed $75,000,000 from TD Bank. The loan is a taxable fixed rate private bank placement payable through June 1, 2035 and carries an interest rate of 2.09%. The loan is to be used for future capital projects and/or working capital needs across UVM Health Network.

On December 6, 2022, UVM Health Network borrowed $100,000,000 from TD Bank. The loan is a taxable fixed rate private bank placement payable through December 6, 2037 and carries an interest rate of 4.40%. The loan is to be used for capital projects.

**Series 2016A and 2016B Bonds (CVPH)**

On October 31, 2016, CVPH, through the Clinton County Capital Resource Corporation, issued $14,255,000 of tax-exempt variable rate hospital revenue refunding bonds (Series 2016A CVPH) and $17,425,000 of tax-exempt variable rate hospital revenue refunding bonds (Series 2016B CVPH). The Series 2016A bonds are bank qualified bonds payable in annual installments ranging from $355,000 to $785,000, plus interest at one-month Secured Overnight Financing Rate (SOFR) times 65% plus 115 basis points adjusted monthly through July 1, 2042. The Series 2016B bonds are bank qualified bonds payable in annual installments ranging from $440,000 and $960,000, plus interest at one-month SOFR times 70% plus 72.8 basis points adjusted monthly through July 1, 2042.

**9. Long-Term Debt (continued)**

**Scheduled Maturities of Long-Term Debt**

As of September 30, 2024, scheduled maturities of long-term debt, not including net unamortized premium and deferred financing costs of $23,047,000, for the next five years and thereafter are as follows:

| | *(In Thousands)* |
|---|---|
| Years ending September 30: | |
| 2025 | $ 79,511 |
| 2026 | 45,558 |
| 2027 | 51,936 |
| 2028 | 47,380 |
| 2029 | 40,379 |
| Thereafter | 443,398 |
| | $ 708,162 |

**Loan Covenants**

Under the terms of the Master Trust Indenture agreement, UVM Medical Center has granted a mortgage on substantially all of its property and an interest in its gross receipts, and the Obligated Group is required to meet certain covenant requirements. In addition, the indenture provides for restrictions on, among other things, additional indebtedness and dispositions of property of the Obligated Group. As of September 30, 2024 and 2023, the Obligated Group was in compliance with all financial covenants.

**Lines of Credit**

As of September 30, 2024 and 2023, UVM Health Network has two available lines of credit, each in the amount of $50,000,000. One $50,000,000 line is with TD Bank and is less the face value of all letters of credit that may be issued by the lender for the benefit of the Network. The line of credit is available to each member of the Obligated Group and is collateralized by a joint and several obligation of UVM Health Network and each member of the Obligated Group. The interest rate is set at a floating rate equal to one-month SOFR plus 40 basis points (5.70% and 5.83% at September 30, 2024 and 2023, respectively), adjusted monthly. At September 30, 2024 and

**9. Long-Term Debt (continued)**

2023, CVPH had borrowings of $19,000,000 and UVM Medical Center had borrowings of $15,300,000. The line also carries an unused fee of 0.07% per annum, payable quarterly in arrears, and the maturity date for the line of credit is May 1, 2026.

The second $50,000,000 line of credit is with Bank of America and is available to each member of the Obligated Group. The line of credit is collateralized by a joint and several obligation of UVM Health Network and each member of the Obligated Group. The interest rate is set (as chosen by UVMHN at the time of each advance) at a floating rate equal to the daily, one-month, two-month, or three-month Bloomberg Short-Term Bank Yield Index plus 135 basis points, adjusted at the end of the chosen interest rate period. As of September 30, 2024 and 2023, there were no advances on this line of credit. The line also carries an unused fee of 0.15% per annum, payable quarterly in arrears, and the maturity date is April 1, 2026.

**Guarantor**

As of September 30, 2024, UVM Health Network is guarantor of a line of credit between OneCare Vermont and TD Bank.

**10. Interest Rate Swap Agreements**

For certain variable rate debt (presently or previously outstanding), interest rate swap agreements are used to manage interest rate risk and hedge the risk of cash flow volatility. The table below summarizes UVM Health Network's swap agreements. None of the swap agreements require collateral posting. Both UVM Health Network and the counterparties in the interest rate swap agreements are exposed to credit risk in the event of nonperformance or early termination of the agreements. In addition, each agreement may be terminated following the occurrence of certain events, at which time UVM Health Network or the counterparty may be required to make a termination payment to the other.

## 10. Interest Rate Swap Agreements (continued)

| Swap | Bond Series | Notional Amount September 30, 2024 | Notional Amount September 30, 2023 | Counterparty | Expiration Date | Pay Fixed | Receive Floating |
|---|---|---|---|---|---|---|---|
| | | | *(In Thousands)* | | | | |
| SOFR Swap (Series B-1) | 2008A | **$ 27,595** | $ 27,595 | Citibank, NA | October 28, 2032 | 3.76% | 66.5% of SOFR + 32bps |
| SOFR Swap (Series B-2) | 2008A | **27,595** | 27,595 | Citibank, NA | November 4, 2032 | 3.76% | 66.5% of SOFR + 32bps |
| SOFR Swap | Holly Court Loan | **3,276** | 4,003 | M&T Bank Loan | October 2, 2028 | 2.67% | One-month SOFR |
| SOFR Swap | Previously outstanding Series 2007B (refinanced with Series 2016B) | **8,820** | 9,100 | Key Bank | July 1, 2042 | 4.06% | 68.0% of SOFR |
| SOFR Swap | Previously outstanding Series 2007A (refinanced with Series 2016A) | **13,975** | 14,455 | Key Bank | July 1, 2042 | 4.00% | 65.0% of SOFR |

The fair value of interest rate swap agreements, all of which are recorded as other long-term liabilities at September 30 is as of follows:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousands)* | |
| 2008A Swaps | $ (3,235) | $ (1,424) |
| Holly Court Loan | 53 | 187 |
| 2007B Swap | (1,267) | (831) |
| 2007A Swap | (2,030) | (1,359) |
| | $ (6,479) | $ (3,427) |

**10. Interest Rate Swap Agreements (continued)**

The amount of the change in fair value recognized in the consolidated statements of operations for swap agreements at September 30 is as follows:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousands)* | |
| 2008A Swaps | $ (1,811) | $ 1,881 |
| Holly Court Loan | (134) | 22 |
| 2007B Swap | (436) | 506 |
| 2007A Swap | (671) | 791 |
| | $ (3,052) | $ 3,200 |

UVM Health Network also made payments on the interest rate swap agreements of $204,000 and $585,000, net of floating rate payments received from the counterparties, for the years ended September 30, 2024 and 2023, which are included in interest expense on the consolidated statements of operations.

**11. Leases**

UVM Health Network has operating and finance leases primarily for real estate, including medical office buildings, corporate and other administrative offices, as well as for medical and office equipment. UVM Health Network determines if an arrangement is a lease at inception of the contract. When evaluating contracts for embedded leases, UVM Health Network exercises judgment to determine if there is an explicit or implicit identified asset in the contract and if UVM Health Network controls the use of that asset. As a practical expedient, UVM Health Network made an accounting policy election for all asset classes not to separate lease components from non-lease components in the event that the agreement contains both.

Certain real estate leases have renewal options, and the lease term includes options to extend or terminate the lease when it is reasonably certain that UVM Health Network will exercise that option. Real estate lease agreements typically have initial terms of five to ten years, and equipment lease agreements typically have initial terms of three years.

**11. Leases (continued)**

The table below presents certain information related to the lease costs for finance and operating leases:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousands)* | |
| Operating lease cost | $ 17,274 | $ 16,903 |
| Finance lease cost: | | |
| Amortization of right-of-use assets | 1,496 | 1,529 |
| Interest on lease liabilities | 96 | 39 |
| Total finance lease cost | 1,592 | 1,568 |
| Short term lease cost | 213 | 211 |
| Variable lease cost | 4,502 | 4,295 |
| Total lease cost | $ 23,581 | $ 22,977 |

Supplemental consolidated balance sheet information related to operating and finance leases is as follows:

| | 2024 | 2023 |
|---|---|---|
| Weighted-average remaining lease term: | | |
| Operating leases | 4.64 | 5.13 |
| Finance leases | 1.84 | 0.66 |
| Weighted-average discount rate: | | |
| Operating leases | 2.01% | 2.16% |
| Finance leases | 3.92% | 2.28% |

**11. Leases (continued)**

The table below presents supplemental cash flow information related to leases:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousands)* | |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows for operating leases | $ 17,031 | $ 16,903 |
| Operating cash flows for finance leases | 96 | 39 |
| Financing cash flows for finance leases | 1,467 | 1,275 |
| Right of use assets obtained in exchange for new operating lease liabilities | 8,754 | 15,960 |
| Right of use assets obtained in exchange for new finance lease liabilities | 2,075 | – |

Future minimum lease payments at September 30, 2024 are as follows:

| | Finance | Operating | Total |
|---|---|---|---|
| | | *(In Thousands)* | |
| 2025 | $ 859 | $ 15,933 | $ 16,792 |
| 2026 | 518 | 12,424 | 12,942 |
| 2027 | 471 | 8,445 | 8,916 |
| 2028 | 388 | 6,082 | 6,470 |
| 2029 | – | 4,773 | 4,773 |
| Thereafter | – | 20,163 | 20,163 |
| Total minimum lease payments | 2,236 | 67,820 | 70,056 |
| Less: Imputed interest | 148 | 6,503 | 6,651 |
| Total lease liabilities | $ 2,088 | $ 61,317 | $ 63,405 |

## 12. Net Assets

### Net Assets with Donor Restrictions

At September 30, 2024 and 2023, net assets with donor restrictions are available for the following purposes:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousands)* | |
| Indigent care | $ 20,867 | $ 18,105 |
| Education and research | 47,387 | 33,016 |
| Children's programs | 11,113 | 9,558 |
| Capital projects and other healthcare services | 55,686 | 54,055 |
| Long-term care services at Woodridge | 2,062 | 1,716 |
| | $ 137,115 | $ 116,450 |

### Perpetual Endowment Funds

UVM Health Network's perpetual endowment funds consist of 134 funds established for a variety of purposes. UVM Health Network does not currently have any unrestricted funds designated by the Board to function as endowment. Accordingly, for the purposes of this disclosure, endowment funds include only donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

### Interpretation of Relevant Law

UVM Health Network has interpreted relevant state laws for the states in which it operates as requiring realized and unrealized gains on net assets with donor restrictions, including endowments and other unexpended donor restricted net assets, to be retained as donor restricted until appropriated by the Board and expended. These state laws allow the Board to appropriate the net appreciation of net assets with donor restrictions as is prudent considering UVM Health Network's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.

**12. Net Assets (continued)**

For endowment funds, UVM Health Network classifies net assets with donor restrictions as (a) the original value of the gifts donated to the endowment when explicit donor stipulations requiring permanent maintenance of the historical fair value are present, and (b) the original value of subsequent gifts to the endowment when explicit donor stipulations requiring permanent maintenance of the historical fair value are present. The remaining portion of the donor-restricted endowment fund is comprised of accumulated gains not required to be maintained in perpetuity. These amounts are classified as net assets with donor restrictions until those amounts are appropriated for expenditure in a manner consistent with the donor's stipulations. UVM Health Network considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: duration and preservation of the fund, purposes of the donor-restricted endowment funds, general economic conditions, the possible effect of inflation and deflation, the expected total return from income and the appreciation or depreciation of investments, other resources of UVM Health Network, and the investment policies of UVM Health Network.

**Endowment Asset Composition and Changes in Endowment Assets**

Changes in donor endowment funds consisted of the following:

| | Without Donor Restrictions | Time Restricted | Perpetual Endowments |
|---|---|---|---|
| | | *(In Thousands)* | |
| Balance at September 30, 2022 | $ – | $ 33,437 | $ 29,774 |
| Investment return on donor restricted assets | 920 | (4,333) | 148 |
| Transfers | – | (105) | 143 |
| Contributions | – | 9 | 161 |
| Appropriations | (920) | (1,378) | – |
| Balance at September 30, 2023 | – | 27,630 | 30,226 |
| Investment return on donor restricted assets | 1,999 | (4,986) | 25 |
| Transfers | – | (205) | 205 |
| Contributions | – | 305 | 1,944 |
| Appropriations | (1,999) | (1,677) | – |
| Balance at September 30, 2024 | $ – | $ 21,067 | $ 32,400 |

**12. Net Assets (continued)**

**Beneficial Interest in Perpetual Trusts**

The above amounts exclude UVM Health Network's beneficial interest in perpetual trusts, which are not within management's investment control. Such beneficial interests totaled $20,882,000 and $18,326,000 at September 30, 2024 and 2023, respectively.

**Charitable Remainder Trust**

UVM Health Network has received an irrevocable charitable remainder trust for which UVM Health Network does not serve as trustee. For this trust, UVM Health Network recorded its beneficial interest in those assets as contribution revenue and other assets at the present value of the expected future cash inflows. Trusts are recorded at the date UVM Health Network has been notified of the trust's existence and sufficient information regarding the trust has been accumulated to form the basis for an accrual. Changes in the value of these assets are recorded in net assets with donor restrictions.

**Funds With Deficiencies**

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires UVM Health Network to retain as a fund of perpetual duration. UVM Health Network has a policy that does not allow spending from underwater endowments. At September 30, 2024 and 2023, there were no funds with deficiencies.

**Investment Return Objectives and Spending Policy**

UVM Health Network has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period. Under this policy, the endowment assets are invested in a manner to generate returns at least equal to and preferably greater than the consumer price index. To satisfy its return objective, UVM Health Network targets a diversified asset allocation that provides for a balanced portfolio.

## 13. Professional Liability and Other Contingencies

### Professional Liability

UVM Health Network is insured against professional liability under a claims-made insurance policy with VMCIC, its wholly owned subsidiary. VMCIC has reinsurance with commercial carriers for coverage above self-insured per claim retainage levels; retainage amounts for covered entities in effect for fiscal year 2024 are as follows:

| | | | |
|---|---|---|---|
| UVM Medical Center | $ | 5,000,000 | per occurrence limit |
| CVMC | | 3,000,000 | per occurrence limit |
| CVPH | | 3,000,000 | per occurrence limit |
| ECH | | 3,000,000 | per occurrence limit |
| PMC | | 3,000,000 | per occurrence limit |
| AHMC | | 3,000,000 | per occurrence limit |
| HH&H | | 3,000,000 | per occurrence limit |

The annual aggregate limit is $20,000,000 for Professional Liability.

VMCIC has a Commercial General Liability policy with coverage limits per claim retainage amounts of:

| | | | |
|---|---|---|---|
| UVM Medical Center | $ | 2,000,000 | per occurrence limit |
| CVMC | | 1,000,000 | per occurrence limit |
| CVPH | | 1,000,000 | per occurrence limit |
| ECH | | 1,000,000 | per occurrence limit |
| PMC | | 1,000,000 | per occurrence limit |
| AHMC | | 1,000,000 | per occurrence limit |
| HH&H | | 1,000,000 | per occurrence limit |

The annual aggregate limit is $10,000,000 for Commercial General Liability.

The reserves for outstanding professional liability losses at UVM Health Network have been discounted at a rate of 3.0% at both September 30, 2024 and 2023, resulting in a decrease in the reserve for professional liability of approximately $2,867,000 and $2,674,000 at September 30, 2024 and 2023, respectively. The reserves for outstanding professional liability losses, including incurred but not reported liabilities, is $53,087,000 and $45,433,000 at September 30, 2024 and 2023, respectively.

**13. Professional Liability and Other Contingencies (continued)**

As a result of changes in estimates for incurred events in prior years, primarily for professional liability, the estimate of incurred losses related to prior years decreased by approximately $4,442,000 and $3,466,000 for the years ended September 30, 2024 and 2023, respectively.

**Workers' Compensation**

UVM Medical Center, PMC and HH&H are self-insured for workers' compensation claims and maintain an excess insurance policy to limit exposure on claims up to $1,000,000 with a $50,000,000 annual aggregate limit. The reserves for outstanding losses have been discounted at a rate of 4.71% and 3.37%, resulting in a decrease in reserves of approximately $873,000 and $581,000 for the years ended September 30, 2024 and 2023, respectively. The reserves for outstanding workers' compensation losses, including incurred but not reported liabilities, is $9,229,000 and $8,637,226 at September 30, 2024 and 2023, respectively.

CVPH is self-insured for workers' compensation claims and maintains an excess insurance policy to limit its exposure on claims up to $750,000. CVPH workers' compensation claim reserve is secured by a Surety Bond in the amount of $10,511,000, which has an expiration date of August 31, 2025. The reserves for outstanding workers' compensation losses, including incurred but not reported liabilities, is $9,299,000 and $9,331,000 at September 30, 2024 and 2023, respectively.

The workers' compensation insurance policy year for AHMC renews September 1 each year. AHMC's potential workers' compensation exposure covers the period from September 1, 2012 to September 30, 2024. The per occurrence deductible is $300,000. A related liability of approximately $957,000 and $1,481,000 has been recorded at September 30, 2024 and 2023, respectively.

**Employee Health and Dental Insurance**

UVM Health Network maintains a self-insured plan for employee health and dental insurance. Under the terms of the plans, employees and their dependents are eligible for participation and, as such, UVM Medical Center, PMC, HH&H, CVPH, AHMC, ECH and CVMC are responsible for paying claims and third-party administrator costs. UVM Health Network maintains a stop-loss insurance policy for its medical plan to limit its exposure on nondomestic claims to the first $650,000 per member per plan year, of which $100,000 is covered by VMCIC with an annual aggregate for VMCIC of $500,000.

**13. Professional Liability and Other Contingencies (continued)**

**Other Contingencies**

UVM Health Network and its subsidiaries are parties in various legal proceedings and potential claims arising in the ordinary course of business. In addition, the health care industry as a whole is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations is subject to government review and interpretation, as well as regulatory actions, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patient services.

Management does not believe that the resolution of these matters will have a material adverse effect on UVM Health Network's consolidated balance sheets or statements of operations.

**Collective Bargaining Agreements**

At September 30, 2024, approximately 54% of UVM Health Network's employees are union employees who are covered under the terms of various collective bargaining agreements. Agreements representing approximately 15% of union employees (8% of total employees) will expire within the next year.

**14. Pension Plans**

Substantially all employees of UVM Health Network are covered under various noncontributory defined benefit pension plans, various defined contribution pension plans, or combinations thereof. Total expense for these plans consists of the following:

| | Year Ended September 30, | |
|---|---|---|
| | **2024** | **2023** |
| | *(In Thousands)* | |
| Defined benefit plans | $ 14,012 | $ 619 |
| Defined contribution plans | 60,615 | 52,435 |
| | $ 74,627 | $ 53,054 |

Information regarding UVM Health Network's benefit obligations, plan assets, funded status, expected cash flows and net periodic cost for the defined benefit plans follows.

## 14. Pension Plans (continued)

### Benefit Obligations

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousands)* | |
| **Changes in benefit obligations** | | |
| Projected benefit obligations – beginning of year | $ (226,112) | $ (222,411) |
| Service cost | – | (126) |
| Interest cost | (9,070) | (12,041) |
| Benefits paid | 10,966 | 13,374 |
| Curtailment gain | – | 546 |
| Settlements | 126,374 | – |
| Actuarial loss | (9,231) | (5,454) |
| Projected benefit obligation – end of year | $ (107,073) | $ (226,112) |
| Accumulated benefit obligation | $ (106,890) | $ (224,674) |
| **Changes in plan assets** | | |
| Fair value of plan assets – beginning of year | $ 206,511 | $ 208,791 |
| Actual gain on plan assets | 21,440 | 10,954 |
| Employer contributions | 9,803 | 140 |
| Benefits paid | (10,966) | (13,374) |
| Settlements | (126,374) | – |
| Fair value of plan assets – end of year | 100,414 | 206,511 |
| Funded status of the plan (long-term) | (6,659) | (19,601) |
| Funded status of plans – asset | 188 | – |
| Funded status of plans – (liability) | $ (6,847) | $ (19,601) |

Effective December 31, 2022, CVMC and PMC adopted plan amendments, following Board of Trustees approval, to merge the PMC plan into the CVMC plan and freeze and terminate the merged plan. As a result of these events, a curtailment gain was recognized during the year ended September 30, 2023, which reduced the projected benefit obligation by approximately $546,000.

During the year ended September 30, 2024, settlements were recognized in conjunction with lump sum payments made to CVMC plan participants and with a retiree annuity purchase as part of the plan termination for the CVMC plan. CVPH maintains the remaining defined benefit plan at September 30, 2024, subject to the final distribution of assets remaining within the CVMC pension trust after the plan's termination and final settlement during the year ended September 30, 2024. Other actuarial gains and losses were driven by changes in the discount rate for the years ended September 30, 2024 and 2023.

**14. Pension Plans (continued)**

The reconciliation of the unrecognized actuarial gains and losses for the years ended September 30, 2024 and 2023 is as follows:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousands)* | |
| Unrecognized actuarial losses (gains) – beginning of year | $ 3,389 | $ (2,100) |
| Net amortized during year | (2,623) | 11,158 |
| Settlements | (11,504) | – |
| Net prior service cost amortized during year | (26) | (26) |
| Net gain during year | (2,998) | (5,643) |
| Unrecognized actuarial (gains) losses – end of year | $ (13,762) | $ 3,389 |

The components of the net periodic cost for the years ended September 30, 2024 and 2023 are as follows:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousands)* | |
| Service cost | $ – | $ 126 |
| Interest cost | 9,070 | 12,041 |
| Settlements | 11,636 | – |
| Expected return on plan assets | (6,686) | (11,425) |
| Amortization of unrecognized net gain | (8) | (123) |
| Net periodic cost | $ 14,012 | $ 619 |

**14. Pension Plans (continued)**

The assumptions used in accounting for the defined benefit pension plans are as follows:

| | 2024 | 2023 |
|---|---|---|
| **Weighted-average assumptions used to determine the benefit liability** | | |
| Discount rates | 5.0 – 5.25% | 5.0 – 6.2% |
| **Weighted-average assumptions used to determine expense** | | |
| Discount rates | 6.0 | 5.7 |
| Rates of increase in future compensation levels | 3.0 | 3.0 |
| Expected long-term rate of return on plan assets | 7.0 | 5.4–7.0 |

The expected long-term rate of return for UVM Health Network plan's total assets is based on the expected return of each of its asset categories, weighted based on the median of the allocation for each class. Equity securities are expected to return 6% to 14% over the long-term, while fixed income are expected to return between 5% and 6%. Based on historical experience, UVM Health Network expects that the plan's asset managers will provide a modest (0.5% to 1.0% per annum) premium to their respective market benchmark indices. Assumptions were updated based on termination accounting for the CVMC plan.

**Plan Assets**

UVM Health Network's pension plan's weighted-average asset allocations as of September 30, 2024 and 2023, by asset category, are as follows:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Target Allocation | Actual Allocation | Target Allocation | Actual Allocation |
| Cash & Equivalents | –% | 1% | –% | –% |
| Fixed Income | 60 | 59 | 50-80 | 80 |
| Domestic Equity | 20 | 20 | 11-25 | 10 |
| International Equity | 16 | 16 | 9-20 | 8 |
| Real Estate | 4 | 4 | 0-5 | 2 |

**14. Pension Plans (continued)**

The following table presents information, as of September 30, 2024 and 2023, about UVM Health Network's pension assets that are measured at fair value on a recurring basis:

| | 2024 | | |
|---|---|---|---|
| | **Quoted Prices in Active Markets (Level 1)** | **Other Observable Inputs (Level 2)** | **Fair Value** |
| | *(In Thousands)* | | |
| Money market | $ 1,363 | $ – | $ 1,363 |
| **Mutual funds** | | | |
| International equity funds | 15,826 | – | 15,826 |
| Domestic equity funds | 20,561 | – | 20,561 |
| Real estate funds | 4,336 | – | 4,336 |
| Total mutual funds | 40,723 | – | 40,723 |
| United States Treasury notes | 13,406 | – | 13,406 |
| Bonds and notes | – | 44,922 | 44,922 |
| | $ 55,492 | $ 44,922 | $ 100,414 |

**14. Pension Plans (continued)**

| | 2023 | | |
|---|---|---|---|
| | **Quoted Prices in Active Markets (Level 1)** | **Other Observable Inputs (Level 2)** | **Fair Value** |
| | *(In Thousands)* | | |
| Money market | $ 42,453 | $ – | $ 42,453 |
| **Mutual funds** | | | |
| Bond funds | 7,947 | – | 7,947 |
| International equity funds | 16,653 | – | 16,653 |
| Domestic equity funds | 20,887 | – | 20,887 |
| Real estate funds | 3,926 | – | 3,926 |
| Total mutual funds | 49,413 | – | 49,413 |
| United States Treasury notes | 21,556 | – | 21,556 |
| Bonds and notes | – | 93,089 | 93,089 |
| | $ 113,422 | $ 93,089 | $ 206,511 |

As of September 30, 2024 there were no Level 2 investments. As of September 30, 2024, and 2023, there were no Level 3 investments. There were no transfers between levels for the years ended September 30, 2024 and 2023.

The investment strategy established for pension plan assets is to meet present and future benefit obligations to all participants and beneficiaries, cover reasonable expenses incurred to provide such benefits, and provide a total return that maximizes the ratio of assets to liabilities by maximizing investment return at the appropriate level of risk.

**Cash Flows – Contributions**

UVM Health Network expects to contribute $1,980,000 to its pension plan in the year ending September 30, 2025.

**14. Pension Plans (continued)**

**Cash Flows – Estimated Future Benefit Payments**

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

| | *(In Thousands)* |
|---|---|
| Years ending September 30: | |
| 2025 | $ 6,578 |
| 2026 | 6,813 |
| 2027 | 7,036 |
| 2028 | 7,241 |
| 2029 | 7,420 |
| 2030–2032 | 38,006 |

**Multi-Employer Defined Benefit Plan**

UVM Health Network participates in multi-employer defined benefit pension plans. UVM Health Network makes cash contributions to these plans under the terms of collective-bargaining agreements that cover its union employees based on a fixed rate and hours of service per week worked by the covered employees. The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects: (1) assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers; (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (3) if UVM Health Network chooses to stop participating in some of its multi-employer plans, UVM Health Network may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability. The measurement dates for the following plans are as of June 30 and December 31, as applicable.

As required by collective bargaining agreements, UVM Health Network is obligated to contribute to the 1199 SEIU multi-employer plan on behalf of union employees at a contribution rate required by the plan's Trustees for participation in the fund, in the amounts and on the dates determined by the Trustees.

## 14. Pension Plans (continued)

UVM Health Network has contributed cash and recorded expenses of $7,440,000 and $6,590,000 for the multi-employer defined benefit plans for the years ended September 30, 2024 and 2023, respectively.

The following table includes additional disclosure information related to the following pension funds:

| | | Zone Status Pension Protection Act | | | | |
|---|---|---|---|---|---|---|
| **Pension Fund** | **EIN/Pension Plan Number** | **September 30, 2024** | **September 30, 2023** | **FIP/RP Status Pending/ Implemented** | **Surcharge Imposed** | **Expiration date of Collective-Bargaining Agreement** |
| 1199 SEIU Health Care Employees Pension Fund | 13-3604862-001 | Green | Green | N/A | No | September 30, 2026 |
| 1199 SEIU Regional Pension Fund | 16-1112391 | Green | Green | N/A | No | June 30, 2025 |

Members of UVM Health Network were not listed on the Plans' Forms 5500 as providing more than 5 percent of the total contributions.

### Postretirement Health Benefits

In addition to providing pension benefits, UVM Medical Center sponsors a defined benefit postretirement health care plan for retired employees. Substantially all of UVM Medical Center's employees who are at least age 55 with 15 years of service and all employees who are eligible for retirement may become eligible for such benefits. The postretirement health care plan is contributory with retiree contributions adjusted annually. The marginal cost method is used for accounting purposes for postretirement healthcare benefits.

As of September 30, 2024 and 2023, the premiums paid by retirees did not exceed the costs and an accumulated postretirement benefit obligation of $0 and $1,475,000, respectively, was recorded. The plan does not have any assets as of September 30, 2024 and 2023. Net assets without donor restrictions at September 30, 2024 and 2023 include unrecognized actuarial gain and loss of $1,700,000 and $1,183,000, respectively. Assumptions used in accounting for the plan at September 30, 2024, include a discount rate of 5.83%, a current health care cost trend rate of 6.25%, an ultimate health care cost trend rate of 4.75%, the year of ultimate trend rate of 2028, and census data as of January 1, 2024. These amounts are included within the pension plan disclosures.

## 15. Concentrations of Credit Risk

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

| | 2024 | 2023 |
|---|---|---|
| Medicare* | 21% | 24% |
| Medicaid* | 4 | 5 |
| Contracted Commercial | 47 | 44 |
| Noncontracted Insurers | 15 | 17 |
| Patients | 13 | 10 |
| | 100% | 100% |

**Amounts are inclusive of Medicare and Medicaid program activity administrated by managed care organizations.*

## 16. Transactions With UVM

UVM Medical Center's Affiliation Agreement with UVM was renewed as of September 1, 2022 and extends through August 31, 2032. The Affiliation Agreement expresses the shared goals of UVM and UVM Medical Center for teaching, clinical care and research, documents the many points of close collaboration between the two organizations, provides the underpinnings for UVM Medical Center's status as an academic medical center, and obligates UVM Medical Center to provide substantial, annual financial support to UVM. The current Affiliation Agreement provides for three components of financial support to UVM: (1) payments by UVM Medical Center, known as the "commitment," to fund two costs: (a) a portion of the salary, benefits and related expenses paid through UVM to physician-faculty who are jointly employed by both UVM and UVMHN Medical Group and, (b) a portion of the cost of UVM facilities, utilities and other campus operating expenses that are not paid or reimbursed by any form of federal funding; (2) an academic support payment paid by UVM Medical Center, and (3) a Dean's Tax paid by UVM Medical Group. The amounts of the commitment approximated $74,513,000 and $77,567,000 in the years ended September 30, 2024 and 2023, respectively. In addition, UVM Medical Center reimburses UVM for equipment rental, research, and certain other administrative expenses through the commitment.

**16. Transactions With UVM (continued)**

UVM Medical Center made academic support payments to UVM in monthly installments. The annual amount of the academic support payment was $10,228,000 and $9,806,000 in the years ended September 30, 2024 and 2023, respectively. Under the current affiliation agreement, the base amount for academic support payments increased by $422,000 in fiscal year 2024, with an inflationary increase in the years thereafter.

Under the Affiliation Agreement, the Dean's Tax is paid to UVM by UVM Medical Center in an amount equal to 2.3% of the Medical Group's net patient service revenues exclusive of all Medicaid revenues for that fiscal year. The amount of the Dean's Tax was $7,452,000 and $5,410,000 in the years ended September 30, 2024 and 2023, respectively. Additionally, a guaranteed payment of $1,246,000 and $1,195,000 in Dean's Taxes on UVM Medical Group patient service revenues of community-based physicians was recorded in the years ended September 30, 2024 and 2023, respectively.

**17. Functional Expenses**

UVM Health Network provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended September 30, 2024 and 2023 are as follows:

| | 2024 | | |
|---|---|---|---|
| | **Healthcare Service** | **Administrative Support** | **Total** |
| | *(In Thousands)* | | |
| Salary, payroll taxes and fringe benefits | $ 1,635,450 | $ 354,536 | $ 1,989,986 |
| Supplies and other | 654,359 | 315,942 | 970,301 |
| Purchased services | 67,911 | 55,453 | 123,364 |
| Provider tax | 136,792 | – | 136,792 |
| Depreciation and amortization | 48,526 | 49,011 | 97,537 |
| Interest expense | 9,439 | 19,283 | 28,722 |
| | $ 2,552,477 | $ 794,225 | $ 3,346,702 |

**17. Functional Expenses (continued)**

| | 2023 | | |
|---|---|---|---|
| | **Healthcare Service** | **Administrative Support** | **Total** |
| | *(In Thousands)* | | |
| Salary, payroll taxes and fringe benefits | $ 1,543,650 | $ 307,258 | $ 1,850,908 |
| Supplies and other | 564,533 | 300,374 | 864,907 |
| Purchased services | 74,387 | 54,763 | 129,150 |
| Provider tax | 112,025 | – | 112,025 |
| Depreciation and amortization | 47,960 | 52,820 | 100,780 |
| Interest expense | 9,540 | 18,474 | 28,014 |
| | $ 2,352,095 | $ 733,689 | $ 3,085,784 |

Expenses are presented by functional classification in accordance with the overall service mission of the organization. Each functional classification displays all expenses related to the underlying operations by natural classification. Depreciation expense is allocated based on square footage occupancy. Interest expense on external debt is allocated to the functional categories which have benefited from the proceeds of the external debt.

**18. COVID-19**

In response to Coronavirus Disease 2019 (COVID-19), the Coronavirus Aid, Relief and Economic Security Act (the CARES Act) was signed into law on March 27, 2020. The CARES Act authorized funding to hospitals and other healthcare providers to be distributed through the Public Health and Social Services Emergency Fund (Relief Fund).

Under the CARES Act and other federal laws, UVM Health Network is eligible to receive an employee retention credit, which is a credit against the employer portion of Social Security taxes for certain wages between March 13, 2020 and December 31, 2021. Receivables of $22,852,000 and $686,000 were recorded in the consolidated balance sheets at September 30, 2024 and 2023, respectively.

**18. COVID-19 (continued)**

UVM Health Network applied for reimbursement for qualifying expenses under the Federal Emergency Management Agency (FEMA) Disaster Relief Fund. The Network recognized revenue for reimbursement payments of approximately $14,900,000 and $12,900,000 during the years ended September 30, 2024 and 2023, respectively. UVM Health Network has applied for additional FEMA reimbursements; however, the ultimate amount that the Network may be reimbursed is uncertain.

UVM Health Network's COVID-19 relief funding received and recognized in the consolidated financial statements is as follows as of and for the years ended September 30:

| | 2024 | 2023 |
|---|---|---|
| | *(In Thousands)* | |
| Recognized in the consolidated statements of operations: | | |
| Relief Funds included in net assets released from restrictions | $ 337 | $ 312 |
| Employee Retention Credit included in other revenue | 22,852 | 686 |
| FEMA funds included in net assets released from restrictions | 14,894 | 12,927 |
| Total recognized in gain (loss) from operations | $ 38,083 | $ 13,925 |

**19. Subsequent Events**

UVM Health Network has assessed the impact of subsequent events through January 23, 2025, the date the audited consolidated financial statements were issued and has concluded that there were no such events that require adjustment to the audited consolidated financial statements or disclosure in the notes to the audited financial statements.

# Supplementary Information

# The University of Vermont Health Network – Central Vermont Medical Center Inc. and Subsidiaries

## Consolidating Balance Sheet

### September 30, 2024

| | Central Vermont Hospital and Medical Group Practice | Woodridge Rehabilitation and Nursing | CVMC Eliminations | Total CVMC |
|---|---|---|---|---|
| | | *(In Thousands)* | | |
| **Assets** | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ 15,087 | $ 67 | $ – | $ 15,154 |
| Short-term investments | 15,580 | – | – | 15,580 |
| Current portion of assets whose use is limited or restricted | – | – | – | – |
| Patient and other trade accounts receivable | 23,864 | 2,551 | – | 26,415 |
| Due from related parties | 19,587 | – | (19,587) | – |
| Inventories | 4,903 | – | – | 4,903 |
| Receivables from third-party payors | – | – | – | – |
| Prepaid and other current assets | 3,909 | – | – | 3,909 |
| Total current assets | 82,930 | 2,618 | (19,587) | 65,961 |
| Assets whose use is limited or restricted: | | | | |
| Board-designated assets | 31,032 | 3,393 | – | 34,425 |
| Assets held by trustee under bond indenture agreements | – | – | – | – |
| Restricted assets | 3,598 | – | – | 3,598 |
| Donor-restricted assets for specific purposes | 5,712 | – | – | 5,712 |
| Donor-restricted assets for perpetual endowment | 3,809 | – | – | 3,809 |
| Total assets whose use is limited or restricted | 44,151 | 3,393 | – | 47,544 |
| | | | | – |
| Property and equipment, net | 51,092 | 3,256 | – | 54,348 |
| Operating lease right of use assets, net | 8,345 | 40 | – | 8,385 |
| Finance lease right of use assets, net | – | – | – | – |
| Other | 448 | – | – | 448 |
| Total assets | $ 186,966 | $ 9,307 | $ (19,587) | $ 176,686 |
| **Liabilities and net assets** | | | | |
| Current liabilities: | | | | |
| Accounts payable | $ 5,942 | $ 193 | $ – | $ 6,135 |
| Accrued expenses and other liabilities | 8,371 | 637 | – | 9,008 |
| Accrued payroll and related benefits | 16,601 | 880 | – | 17,481 |
| Current installments of long-term debt | 1,599 | – | – | 1,599 |
| Current portion of third-party payor settlements | 3,268 | – | – | 3,268 |
| Due to related parties | 31,008 | 19,587 | (19,587) | 31,008 |
| Current portion of incurred but not reported claims | 2,302 | 615 | – | 2,917 |
| Current portion of operating lease right of use obligations | 1,968 | 15 | – | 1,983 |
| Current portion of finance lease right of use obligations | – | – | – | – |
| Total current liabilities | 71,059 | 21,927 | (19,587) | 73,399 |
| Long-term debt, net of current installments | 7,456 | – | – | 7,456 |
| Malpractice and workers' compensation claims, net of current portion | – | – | – | – |
| Pension and other postretirement benefit obligations | – | – | – | – |
| Third-party payor settlements, net of current portion | 68 | – | – | 68 |
| Due to related parties, long term | – | – | – | – |
| Operating lease right of use obligations, net of current portion | 6,371 | 30 | – | 6,401 |
| Finance lease right of use obligations, net of current portion | – | – | – | – |
| Other | – | – | – | – |
| Total long-term liabilities | 13,895 | 30 | – | 13,925 |
| Total liabilities | 84,954 | 21,957 | (19,587) | 87,324 |
| Net assets: | | | | |
| Without donor restrictions | 92,124 | (12,666) | – | 79,458 |
| With donor restrictions: | – | – | – | – |
| Time or purpose | 6,054 | 16 | – | 6,070 |
| Perpetual | 3,834 | – | – | 3,834 |
| Total with donor restrictions | 9,888 | 16 | – | 9,904 |
| Total net assets | 102,012 | (12,650) | – | 89,362 |
| Total liabilities and net assets | $ 186,966 | $ 9,307 | $ (19,587) | $ 176,686 |

# The University of Vermont Health Network – Champlain Valley Physicians Hospital and Subsidiaries

## Consolidating Balance Sheet

### September 30, 2024

| | Champlain Valley Physicians Hospital Medical Center | LCPS | CVPH Foundation | Total CVPH |
|---|---|---|---|---|
| | | *(In Thousands)* | | |
| **Assets** | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ 11,015 | $ 20 | $ 265 | $ 11,300 |
| Short-term investments | 5,425 | – | – | 5,425 |
| Current portion of assets whose use is limited or restricted | – | – | – | – |
| Patient and other trade accounts receivable | 61,105 | – | – | 61,105 |
| Due from related parties | – | – | 1 | 1 |
| Inventories | 8,564 | – | – | 8,564 |
| Receivables from third-party payors | 6,409 | – | – | 6,409 |
| Prepaid and other current assets | 15,013 | – | 81 | 15,094 |
| Total current assets | 107,531 | 20 | 347 | 107,898 |
| Assets whose use is limited or restricted: | | | | |
| Board-designated assets | – | – | 5,405 | 5,405 |
| Assets held by trustee under bond indenture agreements | 18 | – | – | 18 |
| Restricted assets | 4,965 | – | – | 4,965 |
| Donor-restricted assets for specific purposes | – | – | 3,470 | 3,470 |
| Donor-restricted assets for perpetual endowment | 1,344 | – | 429 | 1,773 |
| Total assets whose use is limited or restricted | 6,327 | – | 9,304 | 15,631 |
| Property and equipment, net | 76,611 | – | – | 76,611 |
| Operating lease right of use assets, net | 16,728 | – | – | 16,728 |
| Finance lease right of use assets, net | 438 | – | – | 438 |
| Other | 1,346 | – | 1,167 | 2,513 |
| Total assets | $ 208,981 | $ 20 | $ 10,818 | $ 219,819 |
| **Liabilities and net assets** | | | | |
| Current liabilities: | | | | |
| Accounts payable | $ 4,464 | $ – | $ 7 | $ 4,471 |
| Accrued expenses and other liabilities | 6,366 | – | 300 | 6,666 |
| Accrued payroll and related benefits | 26,745 | – | – | 26,745 |
| Current installments of long-term debt | 21,111 | – | – | 21,111 |
| Current portion of third-party payor settlements | 1,841 | – | – | 1,841 |
| Due to related parties | 73,613 | 230 | 653 | 74,496 |
| Current portion of incurred but not reported claims | 1,490 | – | – | 1,490 |
| Current portion of operating lease right of use obligations | 3,026 | – | – | 3,026 |
| Current portion of finance lease right of use obligations | 307 | – | – | 307 |
| Total current liabilities | 138,963 | 230 | 960 | 140,153 |
| Long-term debt, net of current installments | 33,155 | – | – | 33,155 |
| Malpractice and workers' compensation claims, net of current portion | 7,809 | – | – | 7,809 |
| Pension and other postretirement benefit obligations | 6,847 | – | – | 6,847 |
| Third-party payor settlements, net of current portion | 3,315 | – | – | 3,315 |
| Due to related parties, long term | – | – | – | – |
| Operating lease right of use obligations, net of current portion | 14,162 | – | – | 14,162 |
| Finance lease right of use obligations, net of current portion | 137 | – | – | 137 |
| Other | 3,589 | – | 110 | 3,699 |
| Total long-term liabilities | 69,014 | – | 110 | 69,124 |
| Total liabilities | 207,977 | 230 | 1,070 | 209,277 |
| Net assets: | | | | |
| Without donor restrictions | (340) | (210) | 4,915 | 4,365 |
| With donor restrictions: | – | – | – | – |
| Time or purpose | – | – | 4,384 | 4,384 |
| Perpetual | 1,344 | – | 449 | 1,793 |
| Total with donor restrictions | 1,344 | – | 4,833 | 6,177 |
| Total net assets | 1,004 | (210) | 9,748 | 10,542 |
| Total liabilities and net assets | $ 208,981 | $ 20 | $ 10,818 | $ 219,819 |

# The University of Vermont Health Network – Porter Medical Center Inc. and Subsidiaries

## Consolidating Balance Sheet

### September 30, 2024

| | Porter Hospital | Helen Porter Nursing Home | Other Porter Entities | Porter Medical Center Eliminations | Total Porter Medical Center |
|---|---|---|---|---|---|
| | | | *(In Thousands)* | | |
| **Assets** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ 6,672 | $ 2,778 | $ 2,667 | $ – | $ 12,117 |
| Short-term investments | 4,759 | – | – | – | 4,759 |
| Current portion of assets whose use is limited or restricted | – | 59 | – | – | 59 |
| Patient and other trade accounts receivable- | 10,837 | 2,283 | – | – | 13,120 |
| Due from related parties | 28,336 | 3,030 | 2,786 | (34,152) | – |
| Inventories | 2,980 | 21 | – | – | 3,001 |
| Receivables from third-party payors | 3,006 | – | – | – | 3,006 |
| Prepaid and other current assets | 449 | 103 | 65 | – | 617 |
| Total current assets | 57,039 | 8,274 | 5,518 | (34,152) | 36,679 |
| Assets whose use is limited or restricted: | | | | | |
| Board-designated assets | 26,697 | – | 994 | – | 27,691 |
| Assets held by trustee under bond indenture agreements | – | – | – | – | – |
| Restricted assets | 2,078 | – | – | – | 2,078 |
| Donor-restricted assets for specific purposes | 912 | 27 | – | – | 939 |
| Donor-restricted assets for perpetual endowment | 5,005 | – | – | – | 5,005 |
| Total assets whose use is limited or restricted | 34,692 | 27 | 994 | – | 35,713 |
| Property and equipment, net | 12,664 | 5,701 | 1,562 | (58) | 19,869 |
| Operating lease right of use assets, net | 1,186 | – | – | – | 1,186 |
| Finance lease right of use assets, net | – | – | – | – | – |
| Other | – | 115 | 1,605 | (1,600) | 120 |
| Total assets | $ 105,581 | $ 14,117 | $ 9,679 | $ (35,810) | $ 93,567 |
| **Liabilities and net assets** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | $ 1,292 | $ (14) | $ – | $ – | $ 1,278 |
| Accrued expenses and other liabilities | 1,635 | 466 | 18 | – | 2,119 |
| Accrued payroll and related benefits | 7,185 | 645 | 428 | – | 8,258 |
| Current installments of long-term debt | 7,784 | 1,907 | – | – | 9,691 |
| Current portion of third-party payor settlements | 200 | – | – | – | 200 |
| Due to related parties | 7,241 | 28,400 | 1,742 | (34,152) | 3,231 |
| Current portion of incurred but not reported claims | 227 | – | – | – | 227 |
| Current portion of operating lease right of use obligations | 483 | – | – | – | 483 |
| Current portion of finance lease right of use obligations | – | – | – | – | – |
| Total current liabilities | 26,047 | 31,404 | 2,188 | (34,152) | 25,487 |
| Long-term debt, net of current installments | | – | – | – | – |
| Malpractice and workers' compensation claims, net of current portion | 358 | – | – | – | 358 |
| Pension and other postretirement benefit obligations | | | | | |
| Third-party payor settlements, net of current portion | 1,198 | – | – | – | 1,198 |
| Due to related parties, long term | – | – | – | – | – |
| Operating lease right of use obligations, net of current portion | 709 | – | – | – | 709 |
| Finance lease right of use obligations, net of current portion | – | – | – | – | – |
| Other | | – | – | – | – |
| Total long-term liabilities | 2,265 | – | – | – | 2,265 |
| Total liabilities | 28,312 | 31,404 | 2,188 | (34,152) | 27,752 |
| Net assets: | | | | | |
| Without donor restrictions | 71,436 | (18,748) | 7,483 | (1,658) | 58,513 |
| With donor restrictions: | – | – | – | – | – |
| Time or purpose | 828 | 1,461 | 8 | – | 2,297 |
| Perpetual | 5,005 | – | – | – | 5,005 |
| Total with donor restrictions | 5,833 | 1,461 | 8 | – | 7,302 |
| Total net assets | 77,269 | (17,287) | 7,491 | (1,658) | 65,815 |
| Total liabilities and net assets | $ 105,581 | $ 14,117 | $ 9,679 | $ (35,810) | $ 93,567 |

# The University of Vermont Medical Center Obligated Group

## Consolidating Balance Sheet

### September 30, 2024

| | UVM Medical Center | Central Vermont Medical Center | Champlain Valley Physicians Hospital Medical Center | Elizabethtown Community Hospital | UVM Health Network | Alice Hyde Medical Center | Porter Medical Center | Home Health & Hospice | Other Entities | Obligated Group Eliminations | Total UVM Medical Center Obligated Group |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | *(In Thousands)* | | | | | | |
| **Assets** | | | | | | | | | | | |
| Current assets: | | | | | | | | | | | |
| Cash and cash equivalents | $ 234,246 | $ 15,154 | $ 11,015 | $ 10,401 | $ 68,297 | $ 8,083 | $ 12,117 | $ 2,353 | $ – | $ – | $ 361,666 |
| Short-term investments | 110,772 | 15,580 | 5,425 | 2,708 | 107,665 | – | 4,759 | 1,748 | – | – | 248,657 |
| Current portion of assets whose use is limited or restricted | – | – | – | – | – | – | 59 | – | – | – | 59 |
| Patient and other trade accounts receivable- | 214,445 | 26,415 | 61,105 | 9,898 | – | 11,036 | 13,120 | 3,671 | – | – | 339,690 |
| Due from related parties | 92,959 | – | – | – | 38,135 | – | – | 241 | – | (129,044) | 2,291 |
| Inventories | 49,399 | 4,903 | 8,564 | 957 | – | 1,199 | 3,001 | – | – | – | 68,023 |
| Receivables from third-party payors | 6,891 | – | 6,409 | – | – | 6,540 | 3,006 | – | – | – | 22,846 |
| Prepaid and other current assets | 60,137 | 3,909 | 15,013 | 1,935 | 9,290 | 3,665 | 617 | 765 | – | – | 95,331 |
| Total current assets | 768,849 | 65,961 | 107,531 | 25,899 | 223,387 | 30,523 | 36,679 | 8,778 | – | (129,044) | 1,138,563 |
| Assets whose use is limited or restricted: | | | | | | | | | | | |
| Board-designated assets | 467,792 | 34,425 | – | 50,754 | 115,408 | 3,268 | 27,691 | 6,195 | – | – | 705,533 |
| Assets held by trustee under bond indenture agreements | 92 | – | 18 | – | – | – | – | – | – | – | 110 |
| Restricted assets | 15,535 | 3,598 | 4,965 | – | 822,814 | 270 | 2,078 | – | – | (764,925) | 84,335 |
| Donor-restricted assets for specific purposes | 51,063 | 5,712 | – | 543 | – | 1,056 | 939 | 6,401 | – | – | 65,714 |
| Donor-restricted assets for perpetual endowment | 35,535 | 3,809 | 1,344 | 351 | – | 184 | 5,005 | 6,556 | – | – | 52,784 |
| Total assets whose use is limited or restricted | 570,017 | 47,544 | 6,327 | 51,648 | 938,222 | 4,778 | 35,713 | 19,152 | – | (764,925) | 908,476 |
| Property and equipment, net | 569,904 | 54,348 | 76,611 | 30,359 | 4,896 | 30,734 | 19,869 | 5,296 | – | | 792,017 |
| Operating lease right of use assets, net | 32,474 | 8,385 | 16,728 | 538 | – | 456 | 1,186 | – | – | | 59,767 |
| Finance lease right of use assets, net | 1,614 | – | 438 | – | – | – | – | | – | | 2,052 |
| Other | 23,437 | 448 | 1,346 | – | 61,909 | 881 | 120 | 10 | 11,469 | (5,006) | 94,614 |
| Total assets | $ 1,966,295 | $ 176,686 | $ 208,981 | $ 108,444 | $ 1,228,414 | $ 67,372 | $ 93,567 | $ 33,236 | $ 11,469 | $ (898,975) | $ 2,995,489 |

# The University of Vermont Medical Center Obligated Group

## Consolidating Balance Sheet (continued)

### September 30, 2024

| | UVM Medical Center | Central Vermont Medical Center | Champlain Valley Physicians Hospital Medical Center | Elizabethtown Community Hospital | UVM Health Network | Alice Hyde Medical Center | Porter Medical Center | Home Health & Hospice | Other Entities | Obligated Group Eliminations | Total UVM Medical Center Obligated Group |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | *(In Thousands)* | | | | | | |
| **Liabilities and net assets** | | | | | | | | | | | |
| Current liabilities: | | | | | | | | | | | |
| Accounts payable | $ 31,197 | $ 6,135 | $ 4,464 | $ 1,121 | $ 354 | $ 1,826 | $ 1,278 | $ 526 | $ – | $ – | $ 46,901 |
| Accrued expenses and other liabilities | 94,391 | 9,008 | 6,366 | 1,132 | 12,838 | 1,635 | 2,119 | 853 | – | 377 | 128,719 |
| Accrued payroll and related benefits | 129,301 | 17,481 | 26,745 | 3,857 | 338 | 4,599 | 8,258 | 2,439 | – | – | 193,018 |
| Current installments of long-term debt | 31,902 | 1,599 | 21,111 | 866 | 12,375 | 1,967 | 9,691 | – | – | – | 79,511 |
| Current portion of third-party payor settlements | 17,714 | 3,268 | 1,841 | 1,419 | – | 8,025 | 200 | – | – | – | 32,467 |
| Due to related parties | – | 31,008 | 73,613 | 1,598 | – | 18,936 | 3,231 | 388 | 653 | (129,427) | – |
| Current portion of incurred but not reported claims | 783 | 2,917 | 1,490 | 484 | 12,178 | 957 | 227 | – | – | – | 19,036 |
| Current portion of operating lease right of use obligations | 8,630 | 1,983 | 3,026 | 451 | – | 65 | 483 | – | – | – | 14,638 |
| Current portion of finance lease right of use obligations | 484 | – | 307 | – | – | – | – | – | – | – | 791 |
| Total current liabilities | 314,402 | 73,399 | 138,963 | 10,928 | 38,083 | 38,010 | 25,487 | 4,206 | 653 | (129,050) | 515,081 |
| Long-term debt, net of current installments | 353,507 | 7,456 | 33,155 | 10,689 | 223,125 | 23,766 | – | – | – | – | 651,698 |
| Malpractice and workers' compensation claims, net of current portion | 7,860 | – | 7,809 | – | – | – | 358 | – | – | – | 16,027 |
| Pension and other postretirement benefit obligations | – | – | 6,847 | – | – | – | – | – | – | – | 6,847 |
| Third-party payor settlements, net of current portion | 17,513 | 68 | 3,315 | 4,862 | – | – | 1,198 | – | – | – | 26,956 |
| Due to related parties, long term | – | – | – | – | – | – | – | 5,000 | – | (5,000) | – |
| Operating lease right of use obligations, net of current portion | 24,929 | 6,401 | 14,162 | 87 | – | 391 | 709 | – | – | – | 46,679 |
| Finance lease right of use obligations, net of current portion | 1,160 | – | 137 | – | – | – | – | – | – | – | 1,297 |
| Other | 5,566 | – | 3,589 | – | – | 1,178 | – | 249 | – | – | 10,582 |
| Total long-term liabilities | 410,535 | 13,925 | 69,014 | 15,638 | 223,125 | 25,335 | 2,265 | 5,249 | – | (5,000) | 760,086 |
| Total liabilities | 724,937 | 87,324 | 207,977 | 26,566 | 261,208 | 63,345 | 27,752 | 9,455 | 653 | (134,050) | 1,275,167 |
| Net assets: | | | | | | | | | | | |
| Without donor restrictions | 1,145,379 | 79,458 | (340) | 80,704 | 965,265 | 3,198 | 58,513 | 10,599 | 10,816 | (764,925) | 1,588,667 |
| With donor restrictions: | | | | | | | | | | | |
| Time or purpose | 60,420 | 6,070 | – | 823 | 1,941 | 645 | 2,297 | 6,626 | – | – | 78,822 |
| Perpetual | 35,559 | 3,834 | 1,344 | 351 | – | 184 | 5,005 | 6,556 | – | – | 52,833 |
| Total with donor restrictions | 95,979 | 9,904 | 1,344 | 1,174 | 1,941 | 829 | 7,302 | 13,182 | – | – | 131,655 |
| Total net assets | 1,241,358 | 89,362 | 1,004 | 81,878 | 967,206 | 4,027 | 65,815 | 23,781 | 10,816 | (764,925) | 1,720,322 |
| Total liabilities and net assets | $ 1,966,295 | $ 176,686 | $ 208,981 | $ 108,444 | $ 1,228,414 | $ 67,372 | $ 93,567 | $ 33,236 | $ 11,469 | $ (898,975) | $ 2,995,489 |

# The University of Vermont Health Network Inc. and Subsidiaries

## Consolidating Balance Sheet

### September 30, 2024

| | Total UVM Medical Center Obligated Group | Other Entities | Eliminations | Total UVM Health Network |
|---|---|---|---|---|
| | | *(In Thousands)* | | |
| **Assets** | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | $ 361,666 | $ 16,600 | $ – | $ 378,266 |
| Short-term investments | 248,657 | – | – | 248,657 |
| Current portion of assets whose use is limited or restricted | 59 | 7,585 | – | 7,644 |
| Patient and other trade accounts receivable | 339,690 | 755 | | 340,445 |
| Due from related parties | 2,291 | 1 | (2,292) | – |
| Inventories | 68,023 | – | – | 68,023 |
| Receivables from third-party payors | 22,846 | – | – | 22,846 |
| Prepaid and other current assets | 95,331 | 11,585 | (4) | 106,912 |
| Total current assets | 1,138,563 | 36,526 | (2,296) | 1,172,793 |
| Assets whose use is limited or restricted: | | | | |
| Board-designated assets | 705,533 | 5,405 | – | 710,938 |
| Assets held by trustee under bond indenture agreements | 110 | – | – | 110 |
| Restricted assets | 84,335 | 92,965 | (57,889) | 119,411 |
| Donor-restricted assets for specific purposes | 65,714 | 3,471 | – | 69,185 |
| Donor-restricted assets for perpetual endowment | 52,784 | 429 | – | 53,213 |
| Total assets whose use is limited or restricted | 908,476 | 102,270 | (57,889) | 952,857 |
| Property and equipment, net | 792,017 | 61 | – | 792,078 |
| Operating lease right of use assets, net | 59,767 | – | – | 59,767 |
| Finance lease right of use assets, net | 2,052 | – | – | 2,052 |
| Other | 94,614 | 3,027 | (48,145) | 49,496 |
| Total assets | $ 2,995,489 | $ 141,884 | $ (108,330) | $ 3,029,043 |
| **Liabilities and net assets** | | | | |
| Current liabilities: | | | | |
| Accounts payable | $ 46,901 | $ 638 | $ – | $ 47,539 |
| Accrued expenses and other liabilities | 128,719 | 845 | 108 | 129,672 |
| Accrued payroll and related benefits | 193,018 | 171 | – | 193,189 |
| Current installments of long-term debt | 79,511 | – | – | 79,511 |
| Current portion of third-party payor settlements | 32,467 | – | – | 32,467 |
| Due to related parties | – | 2,394 | (2,394) | – |
| Current portion of incurred but not reported claims | 19,036 | 7,581 | – | 26,617 |
| Current portion of operating lease right of use obligations | 14,638 | – | – | 14,638 |
| Current portion of finance lease right of use obligations | 791 | – | – | 791 |
| Total current liabilities | 515,081 | 11,629 | (2,286) | 524,424 |
| Long-term debt, net of current installments | 651,698 | – | – | 651,698 |
| Malpractice and workers' compensation claims, net of current portion | 16,027 | 45,507 | – | 61,534 |
| Pension and other postretirement benefit obligations | 6,847 | – | – | 6,847 |
| Third-party payor settlements, net of current portion | 26,956 | – | – | 26,956 |
| Due to related parties, long term | – | – | – | – |
| Operating lease right of use obligations, net of current portion | 46,679 | 1,148 | (1,148) | 46,679 |
| Finance lease right of use obligations, net of current portion | 1,297 | – | – | 1,297 |
| Other | 10,582 | 110 | – | 10,692 |
| Total long-term liabilities | 760,086 | 46,765 | (1,148) | 805,703 |
| Total liabilities | 1,275,167 | 58,394 | (3,434) | 1,330,127 |
| Net assets: | | | | |
| Without donor restrictions | 1,588,667 | 78,656 | (104,896) | 1,562,427 |
| With donor restrictions: | | | | |
| Time or purpose | 78,822 | 4,385 | – | 83,207 |
| Perpetual | 52,833 | 449 | – | 53,282 |
| Total with donor restrictions | 131,655 | 4,834 | – | 136,489 |
| Total net assets | 1,720,322 | 83,490 | (104,896) | 1,698,916 |
| Total liabilities and net assets | $ 2,995,489 | $ 141,884 | $ (108,330) | $ 3,029,043 |

# The University of Vermont Health Network
# Central Vermont Medical Center Inc. and Subsidiaries

## Consolidating Statement of Operations

Year Ended September 30, 2024

| | Central Vermont Hospital and Medical Group Practice | Woodridge Rehabilitation and Nursing | Total CVMC |
|---|---|---|---|
| | | *(In Thousands)* | |
| **Revenue and other support without donor restrictions** | | | |
| Net patient service revenue before Enhanced Medicaid Graduate Medical Education revenues | $ 213,664 | $ 19,780 | $ 233,444 |
| Enhanced Medicaid Graduate Medical Education revenues – Hospital | – | | – |
| Enhanced Medicaid Graduate Medical Education revenues – Professional | – | | – |
| Net patient service revenue | 213,664 | 19,780 | 233,444 |
| Fixed prospective payment revenue | 62,423 | 2,839 | 65,262 |
| Premium revenue | 1,792 | – | 1,792 |
| Outpatient and specialty pharmacy revenue | 9,139 | – | 9,139 |
| Net assets released from restrictions | 107 | 10 | 117 |
| Other revenue | 6,868 | 52 | 6,920 |
| Total revenue and other support without donor restrictions | 293,993 | 22,681 | 316,674 |
| **Expenses** | | | |
| Salaries, payroll taxes and fringe benefits | 170,480 | 18,837 | 189,317 |
| Supplies and other | 59,971 | 2,857 | 62,828 |
| Purchased services | 33,978 | 894 | 34,872 |
| Provider tax | 16,595 | 754 | 17,349 |
| Depreciation and amortization | 6,276 | 419 | 6,695 |
| Interest expense | 132 | – | 132 |
| Total expenses | 287,432 | 23,761 | 311,193 |
| Gain (loss) from operations | 6,561 | (1,080) | 5,481 |
| **Nonoperating gains (losses)** | | | |
| Investment income, net | 1,370 | 1 | 1,371 |
| Change in interest in investment pool | 826 | 672 | 1,498 |
| Change in fair value of interest rate swap agreements | – | – | – |
| Other components of pension expense | (10,793) | (1,907) | (12,700) |
| Net change in unrealized gains and losses on investments | 5,739 | – | 5,739 |
| Other | 370 | (1) | 369 |
| Total nonoperating losses | (2,488) | (1,235) | (3,723) |
| Excess (deficiency) of revenue over expenses | 4,073 | (2,315) | 1,758 |
| Net change in unrealized gains and losses on fixed-income investments | – | | – |
| Net assets released from restrictions for capital purchases | – | 25 | 25 |
| Pension related adjustments | 14,333 | – | 14,333 |
| Transfers and other | 1,591 | – | 1,591 |
| Increase (decrease) in net assets without donor restrictions | $ 19,997 | $ (2,290) | $ 17,707 |

# The University of Vermont Health Network
# Champlain Valley Physicians Hospital and Subsidiaries

## Consolidating Statement of Operations

### Year Ended September 30, 2024

| | Champlain Valley Physicians Hospital Medical Center | LCPS | CVPH Foundation | Total CVPH |
|---|---|---|---|---|
| | | *(In Thousands)* | | |
| **Revenue and other support without donor restrictions** | | | | |
| Net patient service revenue before Enhanced Medicaid Graduate Medical Education revenues | $ 424,226 | $ (26) | $ – | $ 424,200 |
| Enhanced Medicaid Graduate Medical Education revenues – Hospital | – | – | – | – |
| Enhanced Medicaid Graduate Medical Education revenues – Professional | – | – | – | – |
| Net patient service revenue | 424,226 | (26) | – | 424,200 |
| Fixed prospective payment revenue | – | – | – | – |
| Premium revenue | – | – | – | – |
| Outpatient and specialty pharmacy revenue | 18,054 | – | – | 18,054 |
| Net assets released from restrictions | 5,623 | – | 722 | 6,345 |
| Other revenue | 10,790 | – | 525 | 11,315 |
| Total revenue and other support without donor restrictions | 458,693 | (26) | 1,247 | 459,914 |
| **Expenses** | | | | |
| Salary, payroll taxes and fringe benefits | 314,542 | – | 894 | 315,436 |
| Supplies and other | 99,785 | 1 | 666 | 100,452 |
| Purchased services | 31,303 | 10 | 50 | 31,363 |
| Provider tax | 1,538 | – | – | 1,538 |
| Depreciation and amortization | 10,790 | – | – | 10,790 |
| Interest expense | 2,719 | | – | 2,719 |
| Total expenses | 460,677 | 11 | 1,610 | 462,298 |
| Loss from operations | (1,984) | (37) | (363) | (2,384) |
| **Nonoperating gains (losses)** | | | | |
| Investment income | 470 | – | (224) | 246 |
| Change in interest in investment pool | 859 | – | – | 859 |
| Change in fair value of interest rate swap agreements | (1,107) | – | – | (1,107) |
| Other components of pension expense | (1,120) | – | – | (1,120) |
| Net change in unrealized gains and losses on investments | – | – | 1,507 | 1,507 |
| Other | 265 | – | 56 | 321 |
| Total nonoperating (losses) gains | (633) | – | 1,339 | 706 |
| (Deficiency) excess of revenue over expenses | (2,617) | (37) | 976 | (1,678) |
| Net change in unrealized gains and losses on fixed-income investments | – | – | – | – |
| Net assets released from restrictions for capital purchases | – | – | – | – |
| Pension related adjustments | 1,151 | – | – | 1,151 |
| Transfers and other | (1,611) | – | (180) | (1,791) |
| (Decrease) increase in net assets without donor restrictions | $ (3,077) | $ (37) | $ 796 | $ (2,318) |

# The University of Vermont Health Network
# Porter Medical Center Inc. and Subsidiaries

## Consolidating Statement of Operations

### Year Ended September 30, 2024

| | Porter Hospital | Helen Porter Nursing Home | Other Porter Entities | Porter Medical Center Eliminations | Total Porter Medical Center |
|---|---|---|---|---|---|
| | | | *(In Thousands)* | | |
| **Revenue and other support without donor restrictions** | | | | | |
| Net patient service revenue before Enhanced Medicaid Graduate Medical Education revenues | $ 97,459 | $ 15,056 | $ – | $ – | $ 112,515 |
| Enhanced Medicaid Graduate Medical Education revenues – Hospital | – | – | – | – | – |
| Enhanced Medicaid Graduate Medical Education revenues – Professional | – | – | – | – | – |
| Net patient service revenue | 97,459 | 15,056 | – | – | 112,515 |
| Fixed prospective payment revenue | 23,809 | – | – | – | 23,809 |
| Premium revenue | 921 | – | – | – | 921 |
| Outpatient and specialty pharmacy revenue | 1,809 | – | – | – | 1,809 |
| Net assets released from restrictions | 110 | 2 | – | – | 112 |
| Other revenue | 2,222 | 154 | 446 | (216) | 2,606 |
| Total revenue and other support without donor restrictions | 126,330 | 15,212 | 446 | (216) | 141,772 |
| **Expenses** | | | | | |
| Salary, payroll taxes and fringe benefits | 71,351 | 14,244 | 4,261 | (100) | 89,756 |
| Supplies and other | 20,344 | 1,876 | 85 | (71) | 22,234 |
| Purchased services | 19,333 | 3,467 | (4,477) | (45) | 18,278 |
| Provider tax | 6,683 | 482 | – | – | 7,165 |
| Depreciation and amortization | 2,401 | 254 | 63 | – | 2,718 |
| Interest expense | 227 | 47 | – | – | 274 |
| Total expenses | 120,339 | 20,370 | (68) | (216) | 140,425 |
| Gain (loss) from operations | 5,991 | (5,158) | 514 | – | 1,347 |
| **Nonoperating gains (losses)** | | | | | |
| Investment income | 278 | 149 | 77 | – | 504 |
| Change in interest in investment pool | 5,557 | – | – | – | 5,557 |
| Change in fair value of interest rate swap agreements | – | – | – | – | – |
| Other components of pension (expense) income | – | – | – | – | – |
| Net change in unrealized gains and losses on investments | – | – | – | – | – |
| Other | 360 | – | 139 | (139) | 360 |
| Total nonoperating gains | 6,195 | 149 | 216 | (139) | 6,421 |
| Excess (deficiency) excess of revenue over expenses | 12,186 | (5,009) | 730 | (139) | 7,768 |
| Net change in unrealized gains and losses on fixed-income investments | – | – | – | – | – |
| Net assets released from restrictions for capital purchases | – | – | – | – | – |
| Pension related adjustments | – | – | – | – | – |
| Transfers and other | (2,902) | (93) | – | – | (2,995) |
| Increase (decrease) in net assets without donor restrictions | $ 9,284 | $ (5,102) | $ 730 | $ (139) | $ 4,773 |

# The University of Vermont Medical Center Obligated Group

## Consolidating Statement of Operations

### Year Ended September 30, 2024

| | UVM Medical Center | Central Vermont Medical Center | Champlain Valley Physicians Hospital Medical Center | Elizabethtown Community Hospital | UVM Health Network | Alice Hyde Medical Center | Porter Medical Center | Home Health & Hospice | Other Entities | Obligated Group Eliminations | Total UVM Medical Center Obligated Group |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | *(In Thousands)* | | | | | | |
| **Revenue and other support without donor restrictions** | | | | | | | | | | | |
| Net patient service revenue before Enhanced Medicaid Graduate Medical Education revenues | $ 1,610,645 | $ 233,444 | $ 424,226 | $ 75,979 | $ – | $ 101,796 | $ 112,515 | $ 26,163 | $ – | $ (2,184) | $ 2,582,584 |
| Enhanced Medicaid Graduate Medical Education revenues – Hospital | 21,894 | – | – | – | – | – | – | – | – | | 21,894 |
| Enhanced Medicaid Graduate Medical Education revenues – Professional | 36,471 | – | – | – | – | – | – | – | – | | 36,471 |
| Net patient service revenue | 1,669,010 | 233,444 | 424,226 | 75,979 | – | 101,796 | 112,515 | 26,163 | – | (2,184) | 2,640,949 |
| Fixed prospective payment revenue | 238,882 | 65,262 | – | – | – | – | 23,809 | – | – | – | 327,953 |
| Premium revenue | 2,261 | 1,792 | – | 937 | – | | 921 | – | – | – | 5,911 |
| Outpatient and specialty pharmacy revenue | 298,321 | 9,139 | 18,054 | 2,320 | – | 3,117 | 1,809 | – | – | – | 332,760 |
| Net assets released from restrictions | 12,110 | 117 | 5,623 | 87 | 29 | 34 | 112 | 539 | – | – | 18,651 |
| Other revenue | 84,010 | 6,920 | 10,790 | 2,493 | 424 | 6,831 | 2,606 | 2,298 | – | (11,184) | 105,188 |
| Total revenue and other support without donor restrictions | 2,304,594 | 316,674 | 458,693 | 81,816 | 453 | 111,778 | 141,772 | 29,000 | – | (13,368) | 3,431,412 |
| **Expenses** | | | | | | | | | | | |
| Salary, payroll taxes and fringe benefits | 1,243,508 | 189,317 | 314,542 | 39,379 | 72 | 78,289 | 89,756 | 28,860 | – | 1,505 | 1,985,228 |
| Supplies and other | 765,189 | 62,828 | 99,785 | 12,300 | 861 | 21,072 | 22,234 | (808) | – | (7,962) | 975,499 |
| Purchased services | 37,867 | 34,872 | 31,303 | 7,568 | (9,676) | 9,864 | 18,278 | (1,611) | – | (7,059) | 121,406 |
| Provider tax | 109,330 | 17,349 | 1,538 | 282 | – | 1,128 | 7,165 | – | – | – | 136,792 |
| Depreciation and amortization | 68,966 | 6,695 | 10,790 | 3,307 | 1,041 | 3,491 | 2,718 | 471 | – | – | 97,479 |
| Interest expense | 15,974 | 132 | 2,719 | 371 | 8,149 | 957 | 274 | 146 | – | – | 28,722 |
| Total expenses | 2,240,834 | 311,193 | 460,677 | 63,207 | 447 | 114,801 | 140,425 | 27,058 | – | (13,516) | 3,345,126 |
| Gain (loss) from operations | 63,760 | 5,481 | (1,984) | 18,609 | 6 | (3,023) | 1,347 | 1,942 | – | 148 | 86,286 |
| **Nonoperating gains (losses)** | | | | | | | | | | | |
| Investment income | 8,514 | 1,371 | 470 | 345 | 22,335 | 214 | 504 | – | – | (2,054) | 31,699 |
| Change in interest in investment pool | 99,946 | 1,498 | 859 | 7,247 | 28,266 | 642 | 5,557 | 1,532 | – | (145,547) | – |
| Change in fair value of interest rate swap agreements | (1,945) | – | (1,107) | – | – | – | – | – | – | – | (3,052) |
| Other components of pension income (expense) | (192) | (12,700) | (1,120) | – | – | – | – | – | – | – | (14,012) |
| Net change in unrealized gains and losses on investments | 3,062 | 5,739 | – | 67 | 121,115 | – | – | – | – | 8,706 | 138,689 |
| Other | 384 | 369 | 265 | 127 | 277 | 1,014 | 360 | – | – | (724) | 2,072 |
| Total nonoperating gains (losses) | 109,769 | (3,723) | (633) | 7,786 | 171,993 | 1,870 | 6,421 | 1,532 | – | (139,619) | 155,396 |
| Excess (deficiency) excess of revenue over expenses | 173,529 | 1,758 | (2,617) | 26,395 | 171,999 | (1,153) | 7,768 | 3,474 | – | (139,471) | 241,682 |
| Net change in unrealized gains and losses on fixed-income investments | – | – | – | – | – | – | – | – | – | – | – |
| Net assets released from restrictions for capital purchases | 3,410 | 25 | – | 155 | – | – | – | – | – | – | 3,590 |
| Pension related adjustments | 1,667 | 14,333 | 1,151 | – | – | – | – | – | – | – | 17,151 |
| Transfers and other | (15,783) | 1,591 | (1,611) | (212) | 28,313 | 1,872 | (2,995) | 411 | 2,879 | (14,649) | (184) |
| Increase (decrease) in net assets without donor restrictions | $ 162,823 | $ 17,707 | $ (3,077) | $ 26,338 | $ 200,312 | $ 719 | $ 4,773 | $ 3,885 | $ 2,879 | $ (154,120) | $ 262,239 |

# The University of Vermont Health Network Inc. and Subsidiaries

## Consolidating Statement of Operations

### Year Ended September 30, 2024

| | Total UVM Medical Center Obligated Group | Other Entities | Eliminations | Total UVM Health Network |
|---|---|---|---|---|
| | | *(In Thousands)* | | |
| **Revenue and other support without donor restrictions** | | | | |
| Net patient service revenue before Enhanced Medicaid Graduate Medical Education revenues | $ 2,582,584 | $ 3,052 | $ – | $ 2,585,636 |
| Enhanced Medicaid Graduate Medical Education revenues – Hospital | 21,894 | – | – | 21,894 |
| Enhanced Medicaid Graduate Medical Education revenues – Professional | 36,471 | – | – | 36,471 |
| Net patient service revenue | 2,640,949 | 3,052 | – | 2,644,001 |
| Fixed prospective payment revenue | 327,953 | – | – | 327,953 |
| Premium revenue | 5,911 | – | – | 5,911 |
| Outpatient and specialty pharmacy revenue | 332,760 | – | – | 332,760 |
| Net assets released from restrictions | 18,651 | 721 | – | 19,372 |
| Other revenue | 105,188 | 18,499 | (14,551) | 109,136 |
| Total revenue and other support without donor restrictions | 3,431,412 | 22,272 | (14,551) | 3,439,133 |
| **Expenses** | | | | |
| Salary, payroll taxes and fringe benefits | 1,985,228 | 4,758 | – | 1,989,986 |
| Supplies and other | 975,499 | 9,296 | (14,494) | 970,301 |
| Purchased services | 121,406 | 2,015 | (57) | 123,364 |
| Provider tax | 136,792 | – | – | 136,792 |
| Depreciation and amortization | 97,479 | 58 | – | 97,537 |
| Interest expense | 28,722 | – | – | 28,722 |
| Total expenses | 3,345,126 | 16,127 | (14,551) | 3,346,702 |
| Gain from operations | 86,286 | 6,145 | – | 92,431 |
| **Nonoperating gains (losses)** | | | | |
| Investment income, net | 31,699 | 3,146 | – | 34,845 |
| Change in fair value of interest rate swap agreements | (3,052) | – | – | (3,052) |
| Other components of pension expense | (14,012) | – | – | (14,012) |
| Net change in unrealized gains and losses on investments | 138,689 | 9,557 | (1,859) | 146,387 |
| Other | 2,072 | 345 | – | 2,417 |
| Total nonoperating gains, net | 155,396 | 13,048 | (1,859) | 166,585 |
| Excess of revenue over expenses | 241,682 | 19,193 | (1,859) | 259,016 |
| Net change in unrealized gains and losses on fixed-income investments | – | 2,062 | – | 2,062 |
| Net assets released from restrictions for capital purchases | 3,590 | – | – | 3,590 |
| Pension related adjustments | 17,151 | – | – | 17,151 |
| Transfers and other | (184) | 65 | (4) | (123) |
| Increase in net assets without donor restrictions | $ 262,239 | $ 21,320 | $ (1,863) | $ 281,696 |

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