Care New England Health System and Affiliates

Reports on Federal Awards in Accordance with the OMB Uniform Guidance
September 30, 2025
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Part I
Consolidated Financial Statements and Schedule of Expenditures of Federal Awards

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Report of Independent Auditors

To the Board of Directors of
Care New England Health System

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Care New England Health System and its affiliates (the "System"), which comprise the consolidated balance sheets as of September 30, 2025 and 2024, and the related consolidated statements of operations, of changes in net assets, and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the System as of September 30, 2025 and 2024, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, except as noted below. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The PricewaterhouseCoopers affiliated firm in the Cayman Islands performed audit procedures for the Women & Infants Indemnity, Ltd and Kent County Memorial Hospital Toll Gate Indemnity, Ltd., comprising approximately 21% and 21% of total assets of the System for the years ended September 30, 2025 and 2024, respectively. Personnel of this firm, excluding United States personnel, do not participate in a continuing education program that fully satisfies the requirement set forth in Chapter 4, paragraphs 4.16-4.18 of Government Auditing Standards. However, this firm does participate in continuing education programs applicable in the Cayman Islands.

Further, the PricewaterhouseCoopers affiliated firm in the Cayman Islands does not have an external quality review by an unaffiliated audit organization as required by Chapter 5, paragraph 5.60-5.62 of Government Auditing Standards, since no such program is offered by professional organizations in the country. However, this office participates in the PricewaterhouseCoopers worldwide internal control review program, which requires the office to be periodically subjected to an extensive quality control review by partners and managers from other PricewaterhouseCoopers affiliated firms.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS and *Government Auditing Standards*, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 US GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying consolidating information as of and for the year ended September 30, 2025 (the "consolidating information") is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating information is not intended to present, and we do not express an opinion on, the financial position, results of operations, changes in net assets, and cash flows of the individual companies. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the

consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended September 30, 2025 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2025 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended September 30, 2025. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

Boston, Massachusetts
December 19, 2025

Care New England Health System and Affiliates
Consolidated Balance Sheets
September 30, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	$ 75,702,741	$ 89,910,468
Short-term investments	2,488,812	16,278,917
Patient accounts receivable	146,670,029	125,833,562
Other receivables	62,021,047	46,514,243
Pledges receivable, net	2,115,703	2,741,737
Other current assets	26,764,142	21,962,867
Current portion of assets whose use is limited	2,843,650	2,596,300
Total current assets	318,606,124	305,838,094
Assets whose use is limited or restricted as to use	-	
Endowment funds	61,078,832	63,519,684
Board-designated funds	162,775,942	195,397,862
Trustee-held funds	182,750,525	211,598,458
Deferred compensation funds	2,224,067	1,247,098
Total assets limited as to use	408,829,366	471,763,102
Less: Amounts required to meet current obligations	(2,843,650)	(2,596,300)
Noncurrent assets limited as to use	405,985,716	469,166,802
Property, plant and equipment, net	293,923,783	249,179,865
Finance lease right-of-use assets, net	4,864,051	2,738,249
Operating lease right-of-use assets, net	74,126,927	80,411,514
Long-term pledges receivable, net	1,397,523	3,246,398
Insurance receivable	2,241,389	2,241,389
Other assets	16,797,342	10,294,051
Total assets	$ 1,117,942,855	$ 1,123,116,362
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 239,656,519	$ 235,650,691
Current portion of estimated third-party payor settlements and advances	9,610,923	13,975,418
Current portion of long-term debt	29,932,271	7,937,426
Current portion of finance lease liability	1,622,160	1,333,158
Current portion of operating lease liability	8,053,332	8,769,802
Self-insurance reserves	6,526,000	6,150,821
Pension liability	37,428,755	35,178,474
Other current liabilities	7,492,292	6,812,573
Total current liabilities	340,322,252	315,808,363
Long-term liabilities		
Self-insurance reserves	161,985,790	177,151,720
Long-term portion of estimated third-party payor settlements and advances	9,315,467	8,688,897
Long-term debt	96,427,213	126,359,473
Long-term finance lease liability	3,237,010	1,374,658
Long-term operating lease liability	75,108,569	80,708,341
Pension liability	49,311,478	57,660,731
Postretirement liability	604,537	628,149
Other liabilities	22,450,813	11,314,961
Total liabilities	758,763,129	779,695,293
Net assets		
Without donor restrictions	284,113,902	240,167,031
With donor restrictions	75,065,824	103,254,038
Total net assets	359,179,726	343,421,069
Total liabilities and net assets	$ 1,117,942,855	$ 1,123,116,362

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

Care New England Health System and Affiliates
Consolidated Statements of Operations
Years Ended September 30, 2025 and 2024

	2025	2024
Operating revenues, gains, and other support		
Net patient service revenue	$ 1,277,295,357	$ 1,202,104,283
Research revenue	35,672,866	35,450,196
Other revenue	221,964,611	180,198,873
Net assets released from restrictions and used for operations	14,207,159	27,936,095
Total operating revenues, gains, and other support	1,549,139,993	1,445,689,447
Operating expenses		
Salaries and benefits	909,263,418	801,455,144
Supplies and other expenses	484,199,900	450,093,177
Research expenses	37,350,293	36,673,053
Depreciation and amortization	27,117,248	25,184,331
Insurance	27,196,791	42,060,073
Licensure fee	68,398,866	68,398,863
Interest	6,459,539	6,619,348
Total operating expenses	1,559,986,055	1,430,483,989
(Loss) income from operations	(10,846,062)	15,205,458
Nonoperating (losses) gains		
Investment income and realized gains on assets limited as to use, net	30,189,480	23,542,703
Change in net unrealized (losses) gains on investments	(1,922,224)	36,385,431
Other components of current period pension	(5,312,526)	(9,146,609)
Net nonoperating gains	22,954,730	50,781,525
Excess of revenues, gains, and other support over expenses and losses	12,108,668	65,986,983
Other changes in net assets without donor restrictions		
Pension and postretirement adjustments	5,400,281	2,765,657
Funding received for property, plant and equipment	1,495,495	10,006,085
Net assets released from restrictions used for purchase of property, plant and equipment	24,942,427	2,353,572
Transfer from/(to) net assets with donor restrictions	-	173,215
Increase in net assets without donor restrictions	$ 43,946,871	$ 81,285,512

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

Care New England Health System and Affiliates
Consolidated Statements of Changes in Net Assets
Years Ended September 30, 2025 and 2024

	2025	2024
Net assets without donor restrictions		
(Deficiency) excess of revenues, gains, and other support over expenses and losses	$ 12,108,668	$ 65,986,983
Other changes in net assets without donor restrictions		
Pension and postretirement adjustments	5,400,281	2,765,657
Funding received for property, plant and equipment	1,495,495	10,006,085
Net assets released from restrictions used for purchase of property, plant and equipment	24,942,427	2,353,572
Transfer from/(to) net assets with donor restrictions	-	173,215
Increase in net assets without donor restrictions	43,946,871	81,285,512
Net assets with donor restrictions		
Contributions	6,650,684	11,423,311
Income from investments	458,417	594,659
Net realized and unrealized (losses) gains from investments	2,098,586	7,958,200
Changes in beneficial interest in assets held at community foundation	18,893	154,818
Changes in beneficial interest in perpetual trusts	1,734,792	2,855,570
Net assets released from restrictions	(39,149,586)	(30,289,667)
Transfers (to)/from net assets without donor restrictions	-	(173,215)
(Decrease) increase in net assets with donor restrictions	(28,188,214)	(7,476,324)
Increase in net assets	15,758,657	73,809,188
Net assets		
Beginning of year	343,421,069	269,611,881
End of year	$ 359,179,726	$ 343,421,069

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

Care New England Health System and Affiliates
Consolidated Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 15,758,657	$ 73,809,188
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Change in beneficial interest in perpetual trusts	(1,734,792)	(2,855,570)
Change in beneficial interest in assets held at community foundation	(18,893)	(154,818)
Gain on disposals of property, plant and equipment	(22,283,176)	(1,198,140)
Loss (gain) on disposal of ROU assets	2,846,134	2,763
Pension and postretirement adjustments	(5,400,281)	(2,765,657)
Depreciation expense	25,033,517	23,190,634
Amortization of finance lease right-of-use assets	1,919,721	1,822,098
Depreciation and amortization - assets with donor restrictions	164,010	171,599
Amortization of debt issuance costs	154,962	154,962
Bond premium amortization	(650,448)	(650,448)
Bond discount amortization	56,467	56,467
Realized gains on short-term investments and assets limited as to use	(25,119,585)	(18,799,737)
Net unrealized (gain) loss on short-term investments and assets limited as to use	1,717,403	(42,759,538)
Restricted contributions and investment income	(5,850)	(212,096)
Changes in		
Patient accounts receivable	(20,836,467)	(12,212,547)
Other current and long-term assets	(23,611,729)	446,550
Accounts payable and accrued expenses	(3,839,347)	39,816,106
Estimated third-party payor settlements	(3,737,925)	(1,760,487)
Other liabilities	8,828,008	7,323,974
Net pension liability	(722,303)	9,714,877
Self-insurance reserves	(14,790,751)	10,852,818
Net cash (used in) provided by operating activities	(66,272,668)	83,992,998
Cash flows from investing activities		
Purchase of property, plant and equipment	(63,236,815)	(45,584,605)
Proceeds from the sale of property, plant and equipment	22,722,709	1,724,110
Purchase of investments	(194,062,482)	(221,420,526)
Proceeds from the sale of investments	297,280,064	229,909,763
Net cash provided by (used in) investing activities	62,703,476	(35,371,258)
Cash flows from financing activities		
Payments on long-term debt	(7,498,396)	(7,861,441)
Repayments of obligations under a financing lease	(1,808,115)	(1,608,431)
Restricted contributions to be used for long-term investments and investment income	5,850	212,096
Net cash used in financing activities	(9,300,661)	(9,257,776)
Net (decrease) increase in cash and cash equivalents and restricted cash	(12,869,853)	39,363,964
Cash, cash equivalents and restricted cash		
Beginning of year	101,627,902	62,263,938
End of year	$ 88,758,049	$ 101,627,902
Supplemental cash flow information		
Cash paid for interest	$ 6,488,039	$ 6,661,543
Purchases of property and equipment included in accounts payable and accrued expenses	5,873,643	30,505,886
Assets acquired under finance leases	4,057,402	163,399
Assets acquired under operating leases	4,418,148	2,316,157
Reconciliation of cash, cash equivalents and restricted cash reported in the consolidated balance sheets		
Cash and cash equivalents	$ 75,702,741	$ 89,910,468
Cash reported in assets whose use is limited or restricted as to use	13,055,308	11,717,434
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 88,758,049	$ 101,627,902

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

1. Description of Organization

Corporate Structure
Care New England Health System ("CNE", "Care New England", "Health System", or the "System"), a Rhode Island not-for-profit corporation, was formed on November 7, 1995 as the holding company for the development of an integrated delivery network under the name Enterprise Health System. On January 29, 1996, the name was changed to Care New England Health System.

The accompanying consolidated financial statements include the accounts of Care New England and its affiliates, over which Care New England is the parent organization and sole corporate member of these organizations (affiliates):

- Butler Hospital ("Butler") and its affiliates, Butler Hospital Foundation, Carriage House, LLC("Carriage"), and Butler Hospital Allied Medical Services, LLC.

- Kent County Memorial Hospital ("Kent") and its affiliates, Kent Hospital Foundation, Kent Ancillary Services, LLC, Affinity Physicians, LLC d/b/a Care New England Medical Group, LLC("CNEMG"), Toll Gate Indemnity, Ltd. ("Toll Gate"), and Care New England Pharmacy, LLC(the "CNE Pharmacy").

- Women & Infants Corporation ("WIC") and its affiliates, Women & Infants Development Foundation, Women & Infants Hospital of Rhode Island ("WIH"), WIH Faculty Physicians, Inc., Women & Infants Ancillary Services, LLC, Women & Infants Health Care Alliance, LLC, and W&I Indemnity, Ltd. ("W&I Indemnity").

- Kent County Visiting Nurse Association, d/b/a VNA of Care New England (the "VNA"), and its affiliates, Health touch, Inc., Blackstone Health, Inc. ("BHI") and VNA of Care New England Foundation (together, the "Agency").

- Integra Community Care Network, LLC. ("Integra")

- Southeastern Healthcare System, Inc. ("SHS") and its affiliates, Memorial Hospital, Primary Care Centers of New England, Inc. ("PCCNE"), MHRI Ancillary Services, LLC, and The Memorial Hospital Foundation. Memorial is the sole corporate member of SHS Ventures, Inc.("Ventures").

- The Providence Center, Inc. (the "Center" or "TPC") and its affiliates, Grandview Realty Corporation ("Grandview Realty"), Grandview Second Corporation ("Grandview Second"),Nashua Street Corporation ("Nashua"), Wilson Street Apartments, Inc. ("Wilson"), Standard Realty, Inc. ("Standard"), TPC Social Ventures, Inc. ("Promail"), and Continuum Behavioral Health, Inc. ("Continuum").

- In June 2020, Care New England Ambulatory Surgery Center was formed as a subsidiary of CNE. A Certificate of Need ("CON") application was submitted to develop a free-standing multispecialty ambulatory surgery center ("ASC") in Providence, Rhode Island. The CON was approved on August 5, 2021, with certain conditions, but appealed by a competing health care organization. On February 6, 2023, the Rhode Island Department of Health ("RIDOH") approved the CON on remand, but the competing facility continued to pursue an appeal. In July 2023, RIDOH again approved the CON on remand. CNE does not anticipate a further appeal of this decision. The ASC will have six operating rooms built as new construction and will be executed in two phases, building three operating rooms in each phase. The CNE

ASC will fill an unmet need for lower-cost, ambulatory operating rooms in the region and will provide enhanced quality and lower cost care for individuals in the communities served by CNE. Surgical specialties will include orthopedics, general surgery, plastic surgery, vascular surgery, and urology.

Care New England Health System, Butler, Kent, SHS, TPC, WIC, and WIH, are collectively, the Obligated Group. The Obligated Group is a party to a Master Trust Indenture dated September 1, 2016.

Mission and Nature of Business

Care New England's mission is to provide exceptional care with kindness and compassion and is dedicated to building an exemplary healthcare system. Care New England oversees the three Hospitals (Butler, Kent, and WIH), CNEMG, the VNA, the Center, and other affiliated organizations.

Butler is a 143-bed, not-for-profit psychiatric teaching hospital affiliated with The Warren Alpert Medical School of Brown University, providing services for the care of patients from Rhode Island and nearby Massachusetts. As a complement to its role in service and education, Butler actively supports research by members of its staff. Butler is accredited by The Joint Commission ("TJC").

Kent is a 359-bed, not-for-profit general hospital providing a full range of services for the acute care of patients, principally from Kent County, Rhode Island. Kent is affiliated with and provides clinical training to the University of New England College of Osteopathic Medicine students and currently operates an Accreditation Council of Graduate Medical Education-approved residency program in emergency medicine and a fellowship program in hyperbaric medicine and gastroenterology. In addition, Kent is a major teaching affiliate of The Warren Alpert Medical School of Brown University in Primary Care medicine and Family Medicine. Kent is accredited by TJC and the Commission on Accreditation of Rehabilitation Facilities. Toll Gate, a wholly owned subsidiary of Kent, insures primary and excess hospital professional and general (primary only) liability risks for Kent and its employees on an occurrence basis, as well as primary professional and general liability risks for the VNA and the Care New England Health System. As of October 1, 2017, Toll Gate insures primary hospital professional and general liability for the System, excluding WIH and CNEMG obstetric-related employed physicians. Toll Gate insures Kent's contractual liability arising from employed physicians' professional liability on both a claims-made and occurrence basis. Toll Gate also insures Kent's contractual liability (pursuant to certain Indemnification Agreements) arising from community physicians' professional liability on both a claims-made and occurrence basis.

WIH is a 247-bed, not-for-profit regional center for women and infants' care in Rhode Island and southern New England. Among other university affiliations, Women & Infants is the major affiliated teaching hospital of The Warren Alpert Medical School of Brown University for activities unique to women and newborns. As a complement to its role in service and education, WIH actively supports research by members of its staff. WIH is accredited by TJC. W&I Indemnity is a wholly owned subsidiary of WIH. W&I Indemnity insures primary and excess hospital professional and general (primary only) liability risks for WIH and its employees on an occurrence basis, and excess hospital professional liability risks for Butler. W&I Indemnity insures WIH's contractual liability arising from employed physicians' (as of October 1, 2017, including CNEMG obstetric related employed physicians) and residents' medical malpractice liability on an occurrence basis. W&I Indemnity also insures WIH's contractual liability (pursuant to certain Indemnification Agreements) arising from community physicians' medical malpractice liability on both a claims-made and occurrence basis.

In 1981, Rhode Island Hospital ("RIH") and WIH approved an agreement providing for the affiliation of the two hospitals. The affiliation agreement provides for a program of shared medical services, thereby greatly increasing the scope of comprehensive acute-care services available to WIH in maternal, gynecological, and neonatal care. In accordance with the agreement, WIH relocated to the property of RIH.

As of October 1, 2017, both Toll Gate and W&I Indemnity, on a pro-rata basis, provide excess coverage through self-insurance and reinsurance for the System.

As of October 1, 2022, both Toll Gate and W&I Indemnity, on an equal basis, provide the Self-Insured Retentions (deductibles) for the commercially purchased Cyber/Privacy and Executive Liability (D&O, EPLI, etc.) lines of insurance coverage for the System.

The VNA is a not-for-profit corporation providing a comprehensive, multi-disciplinary, therapeutic, hospice, and public health nursing program to the residents of Rhode Island and nearby Massachusetts. BHI receives and administers certain grant funds and provides services to elderly and disabled residents in the local area.

Integra, is a certified Medicare Accountable Care Organization that has been operational since 2014. Integra is a partnership of CNE and its employed physicians, as well as participating affiliated independent community physicians and physician groups.

The Center is the largest community-based behavioral healthcare organization in Rhode Island, providing a continuum of counseling and supportive services to meet community mental health and substance use disorder needs since 1969. These services include but are not limited to, recovery supports and centers, integrated primary care, permanent supportive housing, medication-assisted treatment, educational and vocational counseling, wellness services, and treatment for individuals involved in the justice system. The following corporations - Grandview Realty, Grandview Second, Nashua, and Wilson own and operate rental apartments for individuals with mental illness. Promail was organized to provide vocational opportunities for certain individuals in need of mental health care and provides Center clients with on-the-job training opportunities at Promail, a mailing and fulfillment business.

2. Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The assets of members of the consolidated group may not be available to meet the obligations of another member of the group.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made in the areas of accounts receivable price concessions, third-party payor settlements, incurred but not reported liabilities for medical, dental, workers' compensation, and medical malpractice insurance, pension

and other post-retirement costs and valuation of investments. Actual results could differ from those estimates.

Cash and Cash Equivalents
Care New England considers all highly liquid investments with a three-month or less maturity when purchased as cash equivalents. Cash and cash equivalents include cash associated with donor-imposed restrictions that is available for current use. At September 30, 2025 and 2024, current use donor restricted cash was $7,916,213 and $10,201,992, respectively.

At September 30, 2025 and 2024, approximately 95% and 97%, respectively, of the System's cash balance is being maintained within one institution.

Short-Term Investments
Short-term investments are investment vehicles that can be readily converted to cash and intended to be converted or sold within one year. Short-term investments include mutual funds that invest primarily in investment grade debt obligations and are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the (deficiency) excess of revenues, gains and other support over expenses and losses.

Investments - Assets Whose Use Is Limited or Restricted as to Use
Investments in equity securities with readily determinable fair values and all investments in fixed income securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, other-than-temporary impairments in the value of securities, interest, and dividends) is included in the (deficiency) excess of revenues, gains, and other support over expenses and losses unless the income or loss is restricted by donor or law.

Butler, Kent, WIH, SHS and the Agency follow the practice of pooling resources of assets with and without donor restrictions for long-term investment purposes. The investment pool is operated on the market value method whereby each participating fund is assigned several units based on the percentage of the pool it owns at the time of entry. Income, gains, and losses of the pool are allocated to the funds based on their respective participation in the pool.

Investments at net asset value ("NAV") (nontraditional, not readily marketable holdings) include limited partnership interests, commingled funds, and marketable alternative investments. Investments at NAV generally are structured such that the System holds an interest in the respective fund. The System's ownership structure does not provide for control over the related investees, and the System's financial risk is limited to the carrying amount reported for each investee, in addition to any unfunded capital commitments. There was an outstanding unfunded commitment for investments at NAV of $3,282,458 and $3,655,384 at September 30, 2025 and 2024, respectively.

Individual investment holdings within the investments at NAV include nonmarketable and market-traded debt and equity securities, and interests in other investments at NAV. The System may be exposed indirectly to securities lending, short sales of securities, and trading in futures and forward contracts, options, private equity holdings, and other derivative products. Investments at NAV often have liquidity restrictions under which the System's capital may be divested only at specified times. Liquidity restrictions may apply to all or portions of a particular invested amount.

The investment manager or general partner provides financial information used by the System to evaluate its investments at NAV and includes fair value valuations (quoted market prices and

values determined through other means) of underlying securities and other financial instruments held by the investee and estimates that require varying degrees of judgment. The financial statements of the investee companies are audited annually by independent auditors, although the timing for reporting the results of such audits does not always coincide with the System's annual financial statement reporting.

There is uncertainty in the valuation for investments at NAV arising from factors such as lack of active markets (primary and secondary), lack of transparency into underlying holdings, and time lags associated with reporting by investee companies. As a result, there is at least a reasonable possibility that estimates will change in the near term.

Investments also include life insurance policies which are valued at the lesser of cumulative premiums paid or cash surrender value.

Income and realized net gains (losses) on investments of endowments and specific purpose funds are reported as follows:

- Increases (decreases) in net assets with donor restrictions if the terms of the gift require that they be added to the principal of net assets with donor restrictions.

- Increases (decreases) in net assets with donor restrictions if the terms of the gift impose restrictions on the use of the income or the income has not yet been appropriated; or

- Increases (decreases) in net assets without donor restrictions in all other cases.

Other Receivables
Other receivables include federal and other grants receivable, indemnity programs' premiums receivable and other miscellaneous receivables.

Assets Whose Use is Limited or Restricted as to Use
Assets whose use is limited primarily include endowment funds, assets held by trustees under indenture agreements and insurance programs, deferred compensation arrangements, a representative payee account maintained by the Center for clients receiving social security income, designated assets maintained by the Center and required by Housing and Urban Development ("HUD") for property maintenance, and designated assets set aside by one or more of the Boards, over which the Boards retain control and may, at their discretion, subsequently use for other purposes. Amounts required to meet current obligations have been reclassified to current assets.

Inventories
Inventories of drugs and supplies are stated at the lower of cost (first-in, first-out) or net realizable value. Inventories of $15,647,756 and $13,658,964 at September 30, 2025 and 2024, respectively, are included in other current assets in the consolidated balance sheets.

Property, Plant, and Equipment
Property, plant, and equipment acquisitions are recorded at cost. Donated property and equipment are recorded at fair value at the date of receipt. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets. Depreciation is recorded using the straight-line method based on the estimated useful life of each class of depreciable asset, as recommended by the American Hospital Association as follows:

Buildings and improvements	5 – 40 years
Fixed, moveable and electronic equipment and licenses	3 – 20 years

Gifts of long-lived assets, such as land, buildings, or equipment, are reported in net assets without donor restrictions and are excluded from the excess of revenues over expenses unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported in net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Upon retirement or sale of assets, the cost of assets disposed of and the related accumulated depreciation are eliminated, and the related gains or losses are recognized in other revenue in the consolidated statements of operations.

Care New England evaluates the potential impairment of property, plant, and equipment whenever events or changes in circumstances indicate that the carrying value of a group of assets may not be recoverable. There was no impairment charge on property, plant, and equipment for the years ended September 30, 2025 and 2024.

Deferred Financing Costs
Expenses related to issuance of bonds are deferred and amortized on a straight-line basis, which approximates the effective interest rate method, over the period during which the bonds are expected to be outstanding. Deferred financing costs are recorded as reductions to the appropriate current and long-term portions of long-term debt on the consolidated balance sheets.

Self-Insurance Reserves
The reserves for self-insured programs are estimated based on actuarial studies and the Hospitals' and industry experience. The reserves include estimates of the ultimate cost for both reported claims and claims incurred but not yet reported. The Hospitals have established separate indemnification companies and trust funds for payment of certain self-insured claims including medical malpractice and general liability.

CNE and its affiliated entities with employees are self-insured for losses arising from workers' compensation claims. Loss reserves are estimated based on actuarial studies, and the System's and industry experience.

For the employees of CNE, Butler, Kent, WIC, SHS, the Agency, and the Center, Care New England is self-insured for losses arising from health and dental insurance claims. This program covers the health and dental insurance claims for all CNE's, Butler's, Kent's, WIC's, SHS', the Agency's and the Center's employees. Self-insured losses for both reported claims and claims

incurred but not yet reported are estimated based on actuarial studies and the System's actual experience.

Net Assets Without Donor Restrictions
Net assets without donor restrictions include undesignated amounts as well as designated assets maintained by the Center and required by HUD for property maintenance, and designated assets set aside by one or more of the Boards over which the Boards retain control and may, at their discretion, subsequently use for other purposes.

Net Assets With Donor Restrictions
Net assets with donor restrictions include those whose use is limited by donor-imposed stipulations, including some that can be fulfilled by actions of the System pursuant to those stipulations. Additionally, net assets with donor restrictions include funds whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by the actions of the System. Investment earnings from net assets with donor restrictions may be donor-restricted for capital or operating needs, depending on the donor's original intent.

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. Net assets released from restrictions and used for operations are recorded in net assets released from restriction. Net assets released from restriction and used for capital purposes are recorded as change in net assets without donor restrictions in the consolidated statements of changes in net assets.

(Deficiency) Excess of Revenues, Gains, and Other Support Over Expenses and Losses
The consolidated statements of operations and changes in net assets include (deficiency) excess of revenues, gains, and other support over expenses and losses. Changes in net assets without donor restrictions, which are excluded from (deficiency) excess of revenues, gains, and other support over expenses and losses, consistent with industry practice, include permanent transfers of assets to and from affiliates for other than goods and services, contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets), changes in the pension and postretirement liability, and transfers to net assets with donor restrictions.

Net Patient Service Revenue
The Hospitals, the Agency, and the Center have individual agreements with many third-party payors that provide payments at amounts different from their established rates. Payment arrangements include prospectively determined rates per discharge, per episode of care, discounted charges, per-diem, and fee-for-service payments.

Net patient service revenue is reported at the transaction price estimated to reflect the total consideration due from patients, third-party payors, and others for services rendered. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known, or as years are no longer subject to such adjustments.

Research Revenue
Research revenue includes revenue from federal, state, and other sources for the purposes of funding research activities.

The System receives sponsored research support from governmental and private sources. Certain sponsored arrangements are considered exchange arrangements, and revenue under these agreements is recognized based on the System's fulfillment of the contract, which is typically based on costs incurred or the achievement of milestones. Other sponsored support is considered contribution revenue in accordance with ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is recognized when any donor-imposed conditions (if any) have been met.

Other Revenue

Other revenue includes shared savings from surpluses on at-risk arrangements, accountable entity participation agreement milestone revenues, contract and retail pharmacy revenues, rental income, cafeteria sales, laboratory services provided to nonpatients, sales of home medical equipment, various services provided to physicians and other organizations, grant revenues including housing subsidies, and gains upon the retirement or sale of assets. Revenue from these transactions is recognized when obligations under the terms of the respective contract are satisfied. Revenue from these transactions is measured as the amount of consideration the System expects to receive from those goods or services. The System recognizes rental income over the lease term in accordance with Accounting Standards Codifications (ASC) Topic 842, *Leases*. See Note 11.

The composition of other revenue is as follows for the years ended September 30:

	2025	2024
Retail pharmacy	$ 74,450,645	$ 49,844,271
Accountable care organization revenue	10,385,568	26,627,155
Professional services agreement practice revenues	21,025,231	21,057,573
Laboratory services to non-patients	14,563,474	14,786,466
Grant revenue	9,057,590	14,189,246
Contract pharmacy	33,823,301	11,329,160
Professional services agreements	9,564,394	9,609,154
Rental income	2,479,689	3,602,609
Cafeteria sales	3,553,741	3,453,974
Rebates	1,141,272	3,239,520
Working Capital Interest income	1,914,816	3,102,416
In-kind revenue	2,771,863	2,485,407
Home medical equipment sales	2,834,259	2,467,751
Gain on disposal of PPE	22,283,176	1,198,140
Loss on disposal of ROU assets	(2,846,134)	(2,763)
Promail revenue	995,231	987,869
Other miscellaneous revenue	13,966,495	12,220,925
Total other revenue	$ 221,964,611	$ 180,198,873

Charity Care
The System provides care to patients who meet certain criteria under their charity care policies without charge or at amounts less than established rates. Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue.

Contributions and Pledges Receivable
Contributions and pledges include revenues from unconditional nonexchange agreements with private sources and foundations. Unconditional contributions and pledges are recognized as revenue in the period received and reported as increases in the appropriate net asset category based on the presence or absence of donor-imposed restrictions. The System has elected the simultaneous release option for unconditional nonexchange transactions that are also subject to purpose restrictions. Under this option, net assets without donor restrictions will include the donor-restricted gifts and pledges whose purpose restrictions are met in the same reporting year as the revenue is recognized.

Nonexchange agreements are considered conditional if the terms of the agreement include both a right of return of assets received/promised and a barrier to entitlement. Conditional agreements are not recognized until the conditions and barriers on which they depend are met.

Pledges receivable after one year are discounted to their present value using an interest rate for the year in which the promise was received and consider market and credit risk as applicable. Allowance is made for uncollectible pledges receivable based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

Income Tax Status
Care New England, Butler, Kent, WIH, the Agency, Women & Infants Faculty Physicians, Inc., WIC, Women & Infants Development Foundation, Butler Hospital Foundation, Kent Hospital Foundation, The Memorial Hospital Foundation, SHS, Memorial, Ventures, BHI, the Center, Grandview Realty, Grandview Second, Nashua, Wilson, Standard, and Promail are not-for-profit corporations, and have been recognized as tax-exempt on related income pursuant to Section 501(c)(3) of the Internal Revenue Code (the Code). Those organizations are, therefore, exempt from federal taxes on related income pursuant to Section 501(a) of the Code. W&I Indemnity, Ltd. and Toll Gate Indemnity, Ltd. are foreign corporations with no material tax liability. PCCNE and Continuum are organized as for-profit corporations and subject to tax. The provision for income taxes on the earnings of PCCNE and Continuum is immaterial to the consolidated financial statements. Other affiliates are single-member limited liability companies that are treated as part of their sole member for tax purposes.

Reclassifications of Prior Year Presentation
Certain prior year amounts have been reclassified on the Statements of Cash Flows for consistency with the current year presentation. These reclassifications had no impact on the reported changes in cash.

3. Grant Relief Funding

The System has received $366,204 and $4,913,516 in 2025 and 2024, respectively, in governmental assistance. This includes $134,154 and $891,695 in 2025 and 2024, respectively, of grant revenue – relief funding in the statements of operations as a result of satisfying the conditions of general grant funding under the Federal Emergency Management Agency's Public Assistance Grant as reimbursement for costs incurred during the pandemic from 2020 through 2022. The

system also received $232,050 and $4,021,821 in 2025 and 2024, respectively, of grant revenue – relief funding in the statements of operations as a result of satisfying the conditions under the American Rescue Plan Act ("ARPA").

The System recognized operating revenue related to the CARES Act, the Payment Protection Program and Health Care Enhancements Act, and ARPA, based on information contained in laws and regulations, as well as interpretations issued by the Department of Health and Human Services (HHS), governing the funding that was publicly available at September 30, 2025 and 2024, respectively.

4. Net Patient Service Revenue

Patient care service revenue is reported at the amount that reflects the consideration the System expects to be entitled to 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 the settlement of audits, reviews, and investigations. Generally, the System bills the patients and third-party payors several days after the 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 the System. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The System believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the System's hospital(s) receiving inpatient acute care services or patients receiving services in the System's outpatient centers or in their homes (home care). The System measures the performance obligation from admission into the hospital, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the System's patients and customers in a retail setting (for example, pharmaceuticals and medical equipment); the System does not believe it is required to provide additional goods or services related to that sale.

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

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

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

- Medicare: Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic, and other factors. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates.

- Medicaid: Reimbursements for Medicaid services are general paid at prospectively determined rates per discharge, or per occasion of service.

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

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretations. As a result of investigations by governmental agencies, various healthcare 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 and significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the System's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties could have upon the System. In addition, the contracts the System has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable considerations 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 payors, correspondence from the payors, and the System's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available) or as years are settled or are no longer subject to such audits, reviews, and investigations. For the years ended September 30, 2025 and 2024, additional revenue of $4,224,538 and $9,450,006 was recognized due to changes in estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The System also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. The System estimates the transaction price for patients with deductibles and coinsurance and for 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 an adjustment to patient service revenue in the period of the change.

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

The System has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by payor source. The composition of patient care service revenue by primary payer for the years ended September 30 is as follows:

	2025	2024
Medicare and medicare managed care	33 %	32 %
Medicaid and medicaid managed care	27	28
Blue Cross	22	23
Managed care	6	5
Self-pay	1	1
Other	11	11
	100 %	100 %

5. Charity Care and Community Services

The System maintains records to identify and monitor the level of charity care and community services it provides, including the amount of charges forgone for services and the estimated cost incurred to provide those services. The revenues forgone and estimated costs and expenses incurred to provide charity care for the years ended September 30 are as follows:

	2025	2024
Revenues forgone, based on established rates	$ 17,200,949	$ 12,843,152
Expenses and costs incurred	8,457,284	5,873,332

Of the System's total expenses reported of $1,559,986,055 and $1,430,483,989 in 2025 and 2024, respectively, an estimated $8,457,284 and $5,873,332 arose during 2025 and 2024, respectively, from providing services to charity patients. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to patients who qualify for charity care. The ratio of cost to charges is calculated based on total expenses divided by gross patient service revenue. The System did not receive significant contributions restricted for indigent patients' care during 2025 and 2024.

In addition to the above-mentioned medical care rendered, the System provides numerous other services free of charge to the community. These services include such things as volunteer services to other not-for-profit agencies, emergency and disaster relief services, various health, educational, research and teaching programs, healthcare screening services, therapeutic patient services, and provision of direct services to patients with multiple psychosocial needs. The amounts associated with these services are as follows:

	2025	2024
Approximated revenues forgone, or cost of the services provided to the community	$ 50,694,058	$ 48,904,522

The System also provides services to other indigent patients under the Medicaid/Rite Care Program, which reimburses healthcare providers at amounts which are less than the cost of services provided to the recipients.

6. Pledges Receivable

Unconditional promises to give are recorded at present value as current and long-term assets based on expected time of collection. Future expected collections of these pledges as of September 30 are as follows:

	2025	2024
Within one year	$ 2,174,924	$ 2,893,968
One to five years	1,417,523	3,091,910
Beyond five years	-	154,486
	3,592,447	6,140,364
Less: Allowance for uncollectible	(79,221)	(152,229)
Pledges receivable, net	$ 3,513,226	$ 5,988,135

A review of pledges is periodically made with regard to collectability. As a result, the allowance for pledges that may not be collected is adjusted, and some pledges have been cancelled and are no longer recorded in the financial statements. The U.S. Treasury Bill rate adjusted for credit risk is used to discount pledges receivable. The discount was calculated using a rate of 4.25% and 5.3% for the years ended September 30, 2025 and 2024, respectively.

As of September 30, 2025 and 2024, the System had $33,091,908 and $35,868,706 in funding awarded but not yet expended related to conditional contributions from sponsored support where the condition has not yet been met. Included in deferred revenue at September 30, 2025 and 2024 are $975,501 and $1,865,730, respectively, of sponsored receipts that have not been expended and cannot yet be recognized as revenue due to having a barrier and right of return under ASU 2018-08.

7. Summary of Investments

Investments at September 30 are summarized as follows:

	2025	2024
Short-term investments		
Mutual funds	$ 2,488,812	$ 16,278,917
	2,488,812	16,278,917
Endowment and board designated funds		
Cash	7,212,002	8,671,325
Short-term investments	8,864,328	27,008,226
Fixed income securities	24,542,376	22,287,875
Equity securities	21,816,594	24,634,736
Mutual funds	58,109,983	73,980,262
Investments at NAV	45,848,363	46,627,680
Assets held under split - interest agreements	34,864,779	33,111,093
Cumulative premium payments on life insurance policies	22,596,349	22,596,349
	223,854,774	258,917,546
Trustee-held funds		
Cash	5,843,306	3,046,109
Short-term investments	16,727,754	19,393,770
Fixed income securities	69,503,558	79,272,570
Equity securities	33,743,000	45,135,765
Mutual funds	45,232,237	50,706,040
Investments at NAV	11,700,670	14,044,204
	182,750,525	211,598,458
Deferred compensation funds		
Mutual funds	2,224,067	1,247,098
	2,224,067	1,247,098
Total short-term investments and assets limited as to use	$ 411,318,178	$ 488,042,019

The cumulative premium payments on life insurance policies is included in Board-designated funds.

Investment income and gains (losses) for the years ended September 30 consisted of the following:

	2025	2024
Investment return on net assets without donor restrictions		
Interest and dividend income	$ 6,848,180	$ 6,277,886
Net realized gains on sales of investments	23,322,235	17,248,162
Net change in unrealized (losses) gains	(1,922,224)	36,385,431
	$ 28,248,191	$ 59,911,479
Included in operating revenue	$ (19,065)	$ (16,655)
Included in nonoperating revenue	28,267,256	59,928,134
	28,248,191	59,911,479
Changes in net assets with donor restrictions		
Interest and dividend income	458,417	594,659
Net realized gains on sales of investments	2,299,867	1,998,970
Net change in unrealized (losses) gains	(201,281)	5,959,230
Changes in beneficial interest in assets held at community foundation	18,893	154,818
Changes in beneficial interest in perpetual trusts	1,734,792	2,855,570
	4,310,688	11,563,247
	$ 32,558,879	$ 71,474,726

The cost and estimated fair value of securities excludes CNE's beneficial interest in perpetual trusts ($34,864,779 and $33,111,093, as of September 30, 2025 and 2024, respectively), and the cumulative premium payments on life insurance policies ($22,596,349, as of September 30, 2025 and 2024) and includes long-term investments as follows:

	2025		
	Cost	Gross Unrealized (Losses) Gains	Estimated Fair Value
Short-term investments			
Mutual funds	$ 2,476,640	$ 12,172	$ 2,488,812
	$ 2,476,640	$ 12,172	$ 2,488,812
Endowment and board designated funds			
Cash	$ 7,212,002	$ -	$ 7,212,002
Short-term investments	8,864,328	-	8,864,328
Fixed income securities	24,791,205	(248,829)	24,542,376
Equity securities	17,923,801	3,892,793	21,816,594
Mutual funds	49,108,538	9,001,445	58,109,983
Investments at NAV	32,418,402	13,429,961	45,848,363
	$ 140,318,276	$ 26,075,370	$ 166,393,646
Trustee-held funds			
Cash	$ 5,843,306	$ -	$ 5,843,306
Short-term investments	16,727,754	-	16,727,754
Fixed income securities	69,625,471	(121,913)	69,503,558
Equity securities	23,546,959	10,196,041	33,743,000
Mutual funds	34,783,596	10,448,641	45,232,237
Investments at NAV	5,791,687	5,908,983	11,700,670
	$ 156,318,773	$ 26,431,752	$ 182,750,525
Deferred compensation funds			
Cash	$ -	$ -	$ -
Mutual funds	2,083,948	140,119	2,224,067
	$ 2,083,948	$ 140,119	$ 2,224,067

	2024		
	Cost	Gross Unrealized (Losses) Gains	Estimated Fair Value
Short-term investments			
Mutual funds	$ 16,187,282	$ 91,635	$ 16,278,917
	$ 16,187,282	$ 91,635	$ 16,278,917
Endowment and board designated funds			
Cash	$ 8,671,325	$ -	$ 8,671,325
Short-term investments	27,008,226	-	27,008,226
Fixed income securities	22,642,342	(354,467)	22,287,875
Equity securities	20,212,647	4,422,089	24,634,736
Mutual funds	64,625,413	9,354,849	73,980,262
Investments at NAV	34,952,099	11,675,581	46,627,680
	$ 178,112,052	$ 25,098,052	$ 203,210,104
Trustee-held funds			
Cash	$ 3,046,109	$ -	$ 3,046,109
Short-term investments	19,393,770		19,393,770
Fixed income securities	78,994,552	278,018	79,272,570
Equity securities	33,566,053	11,569,712	45,135,765
Mutual funds	42,152,614	8,553,426	50,706,040
Investments at NAV	8,588,184	5,456,020	14,044,204
	$ 185,741,282	$ 25,857,176	$ 211,598,458
Deferred compensation funds			
Cash	$ -	$ -	$ -
Mutual funds	1,138,849	108,249	1,247,098
	$ 1,138,849	$ 108,249	$ 1,247,098

The System reviews its investments to identify those for which fair value is below cost. The System then makes a determination as to whether the investment should be considered other-than-temporarily impaired. During 2025 and 2024, there were no significant losses related to declines in value that were considered other-than-temporary in nature.

8. Fair Value of Financial Instruments

The System values its financial assets and liabilities at fair value in accordance with GAAP. GAAP defines fair value, establishes a framework for measuring fair value, and delineates the disclosures required about fair value measurements. Financial assets consist primarily of the endowment, Board designated funds, trustee-held funds, and other investments. Additionally, GAAP allows the System the use of estimates to fair value certain investments at the measurement date using NAV reported by the investment managers without further adjustment, provided that the System does not expect to sell the investments at a value other than the NAV.

GAAP clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering assumptions, this standard established a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 Valuations using quoted prices in active markets for identical assets or liabilities. Valuations of these products do not require a significant degree of judgment.

Level 2 Valuations using observable inputs other than Level 1 prices such as quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; broker or dealer quotations; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

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

The System's ownership in investments at NAV consists of limited partnership interests, commingled funds and marketable alternative investments. The value of certain investments at NAV represents the ownership interest in the NAV of the respective fund. The NAV of the securities held that do not have readily determinable fair values are determined by the investment manager or general partner and are based on appraisals or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the investment manager or general partner taking into consideration, among other things, the cost of the securities, prices of recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities related. The System has performed due diligence around these investments to ensure NAV is an appropriate measure of fair value as of September 30.

Financial instruments carried at fair value for the System's non-pension plan assets as of September 30, 2025 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	2025
Assets				
Short-term investments				
Mutual funds	$ 2,488,812	$ -	$ -	$ 2,488,812
	$ 2,488,812	$ -	$ -	$ 2,488,812
Endowment and board designated funds				
Cash	$ 7,212,002	$ -	$ -	$ 7,212,002
Short-term investments	8,864,328	-	-	8,864,328
Fixed income securities	6,186,693	18,355,683	-	24,542,376
Equity securities	21,816,594	-	-	21,816,594
Mutual funds	58,109,983	-	-	58,109,983
Assets held under split-interest agreements	-	-	34,864,779	34,864,779
	$ 102,189,600	$ 18,355,683	$ 34,864,779	155,410,062
Investments at NAV (a)				45,848,363
Total assets				$ 201,258,425
Trustee-held funds				
Cash	$ 5,843,306	$ -	$ -	$ 5,843,306
Short-term investments	16,727,754	-	-	16,727,754
Fixed income securities	775,402	68,728,156	-	69,503,558
Equity securities	33,743,000	-	-	33,743,000
Mutual funds	14,792,602	30,439,635	-	45,232,237
	$ 71,882,064	$ 99,167,791	$ -	171,049,855
Investments at NAV (a)				11,700,670
Total assets				$ 182,750,525
Deferred compensation funds				
Cash	$ -	$ -	$ -	$ -
Mutual funds	2,224,067			2,224,067
	$ 2,224,067	$ -	$ -	$ 2,224,067

(a) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

Financial instruments carried at fair value for the System's non-pension plan assets as of September 30, 2024 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	2024
Assets				
Short-term investments				
Mutual funds	$ 16,278,917	$ -	$ -	$ 16,278,917
	$ 16,278,917	$ -	$ -	$ 16,278,917
Endowment and board designated funds				
Cash	$ 8,671,325	$ -	$ -	$ 8,671,325
Short-term investments	27,008,226			27,008,226
Fixed income securities	5,695,476	16,592,399		22,287,875
Equity securities	24,634,736			24,634,736
Mutual funds	73,980,262			73,980,262
Assets held under split-interest agreements			33,111,093	33,111,093
	$ 139,990,025	$ 16,592,399	$ 33,111,093	189,693,517
Investments at NAV (a)				46,627,680
Total assets				$ 236,321,197
Trustee-held funds				
Cash	$ 3,046,109	$ -	$ -	$ 3,046,109
Short-term investments	19,393,770			19,393,770
Fixed income securities	2,946,936	76,325,634		79,272,570
Equity securities	45,135,765			45,135,765
Mutual funds	16,511,185	34,194,855		50,706,040
	$ 87,033,765	$ 110,520,489	$ -	197,554,254
Investments at NAV (a)				14,044,204
Total assets				$ 211,598,458
Deferred compensation funds				
Cash	$ -	$ -	$ -	$ -
Mutual funds	1,247,098			1,247,098
	$ 1,247,098	$ -	$ -	$ 1,247,098

(a) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

The amounts reported in the financial instruments table exclude the values of life insurance policies valued at $22,596,349 as of September 30, 2025 and 2024, which are valued at the lesser of cumulative premiums paid or cash surrender value.

All financial instruments are valued using a market approach involving identical or comparable assets.

Financial instruments carried at fair value for assets invested in the CNE Defined Benefit Pension Plan as of September 30, 2025 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	2025
Assets				
Cash and cash equivalents	$ 5,909,187	$ -	$ -	$ 5,909,187
Fixed income securities	54,160,735	13,067,175	-	67,227,910
Equity securities	2,855,859	-	-	2,855,859
Mutual funds	18,173,857			18,173,857
	$ 81,099,638	$ 13,067,175	$ -	94,166,813
Investments at NAV (b)				47,522,798
Total assets				$ 141,689,611

Financial instruments carried at fair value for assets invested in the CNE Defined Benefit Pension Plan as of September 30, 2024 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	2024
Assets				
Cash and cash equivalents	$ 5,249,486	$ -	$ -	$ 5,249,486
Fixed income securities	55,611,488	13,324,537		68,936,025
Equity securities	2,701,683			2,701,683
Mutual funds	18,453,745			18,453,745
	$ 82,016,402	$ 13,324,537	$ -	95,340,939
Investments at NAV (b)				50,465,626
Total assets				$ 145,806,565

(b) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in Note 14 Retirement Plans.

All financial instruments are valued using a market approach involving identical or comparable assets.

Financial instruments carried at fair value for assets invested in Memorial's Defined Benefit Pension Plan as of September 30, 2025 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	2025
Assets				
Cash and cash equivalents	$ 5,022,662	$ -	$ -	$ 5,022,662
Equity securities	2,570,668			2,570,668
Mutual funds	25,437,363			25,437,363
Guaranteed annuity contracts			34,935,036	34,935,036
	$ 33,030,693	$ -	$ 34,935,036	67,965,729
Investments at NAV (c)				17,304,242
Total assets				$ 85,269,971

Financial instruments carried at fair value for assets invested in Memorial's Defined Benefit Pension Plan as of September 30, 2024 are classified in the table below in one of the three categories described above:

	Level 1	Level 2	Level 3	2024
Assets				
Cash and cash equivalents	$ 2,363,777	$ -	$ -	$ 2,363,777
Equity securities	2,506,781			2,506,781
Mutual funds	25,802,672			25,802,672
Guaranteed annuity contracts			37,330,311	37,330,311
	$ 30,673,230	$ -	$ 37,330,311	68,003,541
Investments at NAV (c)				18,551,529
Total assets				$ 86,555,070

(c) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in Note 14 Retirement Plans.

All financial instruments are valued using a market approach involving identical or comparable assets.

During the years ended September 30, 2025 and 2024, respectively, the changes in the fair value for the System's financial instruments in the non-pension plan assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	2025	2024
Fair value at October 1	$ 33,111,093	$ 30,100,705
Total gains (losses)		
Contributions	175	1,375
Dividends and interest income	267,159	280,445
Net realized gains on investments	823,522	631,842
Change in net unrealized (depreciation) appreciation on investments	1,860,109	3,952,418
Distributions	(1,197,279)	(1,855,692)
Fair value at September 30	$ 34,864,779	$ 33,111,093

During the years ended September 30, 2025 and 2024, respectively, the changes in the fair value for the System's financial instruments in Memorial's Defined Benefit Pension Plan assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	2025	2024
Fair value at October 1	$ 37,330,311	$ 39,648,141
Total gains (losses)		
Dividends and interest income	1,035,010	1,186,809
Change in net unrealized (depreciation) appreciation on investments	(125,205)	(13,634)
Benefit payments	(3,305,080)	(3,491,005)
Fair value at September 30	$ 34,935,036	$ 37,330,311

The System uses NAV to determine the fair value of its investments which do not have a readily determinable fair market value. The following tables summarize the key provisions for the System's non-pension plan investments as of September 30, 2025 and 2024, respectively, which are valued at NAV.

Redemption Terms as of September 30, 2025	Commingled Funds Equity	Commingled Funds Real Assets	Limited Partnership	Marketable Alternative Investments	Total
Endowment and board designated funds					
Daily, 0-1 day prior written notice	$ 9,782,383	$ -	$ -	$ -	$ 9,782,383
Bi-Monthly, Monthly, 7-30 days prior written notice	2,994,376	8,024,573	11,559,888	-	22,578,837
Quarterly, 60 day prior written notice					-
6-12 years			3,515,216	9,971,927	13,487,143
	$ 12,776,759	$ 8,024,573	$ 15,075,104	$ 9,971,927	$ 45,848,363
Trustee-held funds					
Daily, 30 days prior written notice	$ 11,700,670	$ -	$ -	$ -	$ 11,700,670
Monthly, 5-30 days prior written notice					-
	$ 11,700,670	$ -	$ -	$ -	$ 11,700,670

Redemption Terms as of September 30, 2024	Commingled Funds Equity	Commingled Funds Real Assets	Limited Partnership	Marketable Alternative Investments	Total
Endowment and board designated funds					
Daily, 0-1 day prior written notice	$ 10,294,249	$ -	$ -	$ -	$ 10,294,249
Bi-Monthly, Monthly, 7-30 days prior written notice	4,287,373	8,167,390	10,705,557		23,160,320
Quarterly, 60 day prior written notice				9,042,396	9,042,396
6-12 years			4,130,715		4,130,715
	$ 14,581,622	$ 8,167,390	$ 14,836,272	$ 9,042,396	$ 46,627,680
Trustee-held funds					
Daily, 30 days prior written notice	$ 14,044,204	$ -	$ -	$ -	$ 14,044,204
Monthly, 5-30 days prior written notice					-
	$ 14,044,204	$ -	$ -	$ -	$ 14,044,204

9. Liquidity and Funds Available for General Expenditure

As part of the System's liquidity management strategy, the System structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The System regularly monitors the availability of resources required to meet it operating needs and other contractual commitments, while also striving to maximize the investment of it available funds.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the System considers all expenditures related to its ongoing mission-related activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The following reflects the System's financial assets as of September 30, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions or internal designations within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in board-designated funds that could be drawn upon if the Board of Directors approves the action. However, amounts already appropriated from donor restricted endowment for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

	2025	2024
Financial assets at September 30		
Cash and cash equivalents	$ 75,702,741	$ 89,910,468
Short-term investments	2,488,812	16,278,917
Patient accounts receivable	146,670,029	125,833,562
Other receivables	62,021,047	46,514,243
Pledges receivable, net	3,513,226	5,988,135
Endowment funds	61,078,832	63,519,684
Board-designated funds	162,775,942	195,397,862
Trustee-held funds	182,750,525	211,598,458
Deferred compensation funds	2,224,067	1,247,098
Total financial assets	699,225,221	756,288,427
Less:		
Amounts not available		
Donor restricted funds	7,916,213	10,201,992
Other receivables	8,301,464	9,139,848
Pledges receivable, net	1,397,523	3,246,398
Endowment funds	59,115,043	61,458,095
Board-designated funds	162,775,942	195,397,862
Trustee-held funds	182,750,525	211,598,458
Deferred compensation funds	2,224,067	1,247,098
Financial assets not available to be used within one year	424,480,777	492,289,751
Financial assets available to meet general expenditures within one year	$ 274,744,444	$ 263,998,676

CNE, Butler, Kent, SHS, WIC, Integra, the Agency, and the Center routinely invest their surplus operating funds in various overnight repurchase agreements, money market funds, and fixed income U.S. agency bonds, which are classified as cash and cash equivalents. Additionally, CNE invests surplus operating funds in mutual funds that invest primarily in investment grade debt obligations that can be readily converted to cash. These funds are included in short-term investments in the consolidated balance sheets as of September 30, 2025 and 2024. Investment decisions are made based on anticipated liquidity needs, such that financial assets are available for general expenditures, liabilities, and other obligations come due.

10. Property, Plant and Equipment

A summary of property, plant and equipment at September 30 follows:

	2025	2024
Land	$ 3,644,307	$ 3,644,307
Land improvements	15,150,530	10,696,598
Buildings and improvements	533,684,816	485,918,205
Moveable equipment	318,552,409	302,581,661
Total property, plant and equipment	871,032,062	802,840,771
Less: Accumulated depreciation and amortization	(638,460,970)	(612,907,582)
	232,571,092	189,933,189
Construction and projects in progress	61,352,691	59,246,676
Property, plant and equipment, net	$ 293,923,783	$ 249,179,865

Depreciation and amortization expense amounted to $27,117,248 and $25,184,331 for the years ended September 30, 2025 and 2024, respectively, which includes $25,003,517 and $23,190,634 depreciation expense of property, plant and equipment, and $1,919,721 and $1,822,098 amortization expense of finance lease right-of-use assets, respectively. Depreciation and amortization expense of property, plant and equipment, with donor restrictions, amounted to $164,010 and $171,599 for the years ended September 30, 2025 and 2024, respectively.

Care New England had property, plant and equipment disposals of $784,684 and $1,961,232 with accumulated depreciation of $345,151 and $1,359,071 for the years ended September 30, 2025 and 2024, respectively.

As of September 30, 2025, the System estimated the total cost of completion of construction and projects in progress to be approximately $40,334,940. During fiscal year 2024, CNE began the implementation of a new electronic medical record and billing application. CNE transitioned to the new application in October of 2025. The funding to complete these projects will come from philanthropic donations, operating cash and cash equivalents, short-term investments, and financing arrangements.

Butler owns approximately 110 acres of land, which was purchased with donated funds in the mid-19th century. This land has a book value of one dollar.

In the late 1940s, Kent acquired 57 acres of land, which is recorded at the acquisition price of $90,165.

Conditional asset retirement obligations are recorded at $3,533,884 and $3,375,313 as of September 30, 2025 and 2024, respectively. These obligations are recorded in other noncurrent liabilities in the consolidated balance sheets. There are no assets that are legally restricted for purposes of settling asset retirement obligations. For FY 2025 and 2024, there were no significant retirement obligations incurred or settled. Accretion expense of $158,571 and $152,145 was recorded during the years ended September 30, 2025 and 2024, respectively.

11. Lease Commitments

The System determines if an arrangement is or contains a lease at inception of the contract. The right-of-use assets represent the right to use the underlying assets for the lease term and the lease liabilities represent the obligation to make lease payments arising from leases. Right-of-use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The System uses the implicit rate noted within the contract. If not readily available, the System uses an estimated incremental borrowing rate, which is derived using a collateralized borrowing rate for the same currency and term as the associated lease. The leases standard requirement is to record a right-of-use asset and a lease liability for all leases with a lease term longer than 12 months. The System has elected not to record leases with a term of 12 months or less on the balance sheets.

The System's operating leases are primarily for real estate, including certain acute care facilities, off-campus outpatient facilities, medical office buildings, and corporate and other administrative offices, and medical equipment. The System's real estate lease agreements typically have initial terms of two to twenty-five years. These real estate leases may include one or more options to renew, with renewals that can extend the lease term from one to ten years. The exercise of lease renewal options is at the System's sole discretion. When determining the lease term, the System includes options to extend or terminate the lease when it is reasonably certain at commencement that the System will exercise that option.

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

	2025	2024
Operating lease cost	$ 14,505,566	$ 14,637,156
Variable and short-term lease cost	901,770	939,906
Total lease cost	$ 15,407,336	$ 15,577,062
Finance lease cost		
Amortization of finance lease right-of-use assets	$ 1,919,721	$ 1,822,098
Interest on finance lease liabilities	192,582	132,737
Total finance lease cost	$ 2,112,303	$ 1,954,835

Supplemental cash flow information related to leases for the year ended September 30 is as follows:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 14,446,445	$ 14,102,108
Operating cash flows from finance leases	191,616	132,373
Financing cash flows from finance leases	1,808,381	1,608,432
Right-of-use assets obtained in exchange for lease obligations		
Operating leases	$ 84,282,974	$ 90,429,444
Finance leases	10,796,604	8,504,756

Supplemental balance sheet information related to leases as of September 30 is as follows:

	2025	2024
Operating leases		
Operating lease right-of-use assets	$ 84,282,974	$ 90,429,444
Less: Asset lease expense	10,156,047	10,017,930
Operating lease right-of-use assets, net	$ 74,126,927	$ 80,411,514
Current portion of operating lease liabilities	$ 8,053,332	$ 8,769,802
Long-term operating lease liabilities	75,108,569	80,708,341
Total operating lease liabilities	$ 83,161,901	$ 89,478,143
Finance leases		
Finance lease right-of-use assets	$ 10,796,604	$ 8,504,756
Accumulated amortization	5,932,553	5,766,507
Finance lease right-of-use assets, net	$ 4,864,051	$ 2,738,249
Current portion of finance lease liabilities	$ 1,622,160	$ 1,333,158
Long-term finance lease liabilities	3,237,010	1,374,658
Total finance lease liabilities	$ 4,859,170	$ 2,707,816
Weighted average remaining lease term		
Operating leases (years)	14.29	14.76
Finance leases (years)	3.71	2.80
Weighted average discount rate		
Operating leases	5.74 %	5.65 %
Finance leases	5.83 %	3.91 %

Future maturities of lease liabilities as of September 30, 2025 are as follows:

	Operating Leases	Finance Leases
2026	$ 12,016,887	$ 1,769,026
2027	10,545,568	1,290,190
2028	9,656,184	1,099,750
2029	9,443,315	898,283
2030	9,100,277	350,834
Later years	79,310,152	-
Total lease payments	130,072,383	5,408,083
Less: Imputed interest	46,910,482	548,913
	$ 83,161,901	$ 4,859,170

The System, as a lessor, has entered into a ground lease for land on the Kent campus. The ground lease agreement has an initial term of fifty years. This lease includes five options to renew, with renewals that extend the lease term by ten years. There are no options for the lessee to purchase the underlying asset at the end of the lease term. There are no variable lease payments. The book value of land at Kent is not material. Refer to Note 10 for details on book value of land. The lease is classified as an operating lease and the related income is recorded in other operating revenue.

The System also leases a small amount of excess office and medical space to outside organizations. These leases are classified as operating leases and the related income is recorded in other operating revenue.

Future maturities of lease payments, showing the undiscounted cash flows to be received on an annual basis as of September 30, 2025 are as follows:

	2025
2026	$ 501,913
2027	361,290
2028	121,405
2029	60,942
2030	61,856
Later years	3,431,067
Total lease payments	$ 4,538,473

Total rental income for operating leases for the years ended September 30, 2025 and 2024 amounted to $1,577,509 and $2,765,627, respectively.

12. Long-Term Debt

A summary of long-term debt at September 30 is as follows:

	2025	2024
Fixed rate $138,265,000 RIHEBC 2016 Series B Bonds, final maturity in 2036	$ 94,665,000	$ 101,505,000
Fixed rate $21,610,000 RIHEBC 2016 Series C Taxable Notes, final maturity in 2026	21,610,000	21,610,000
Term, $4,000,000 Time Insurance Company mortgage note, final maturity in 2027	1,741,170	1,937,284
Term, $1,600,000 Seavest Healthcare Properties, LLC note, final maturity in 2030	638,327	762,746
Term, $3,500,000 101 Plain, LLC, final maturity in 2031	1,957,357	2,295,220
Unamortized premium	7,154,934	7,805,382
Unamortized discount	(56,467)	(112,934)
Unamortized debt issuance costs	(1,350,837)	(1,505,799)
Total long-term debt	126,359,484	134,296,899
Less: Current portion of long-term debt	(29,932,271)	(7,937,426)
Long-term debt excluding current portion	$ 96,427,213	$ 126,359,473

Rhode Island Health and Educational Building Corporation (RIHEBC) Bonds
In 2016, the System issued RIHEBC 2016 Series B fixed rate bonds of $138,265,000 (excluding a premium of $13,008,969). The bonds have annual mandatory sinking fund redemptions ranging from $6,200,000 in 2023 to $7,180,000 in 2026, a payment of $41,660,000 in 2031, and a final payment of $45,825,000 in 2036. The bonds bear interest at a fixed rate of 5.0%. A debt service reserve fund of $11,916,000 is included in trustee-held funds in the consolidated balance sheet at September 30, 2025. The Obligated Group is required to comply with certain debt covenants under the bond agreements, including a minimum debt service coverage ratio of 1.1 to 1, effective in fiscal 2018 and all subsequent fiscal years, and days cash on hand of 30, effective in fiscal 2017 and all subsequent fiscal years. As of September 30, 2025 and 2024, the System is in compliance with the bond covenants.

The proceeds from the CNE 2016 Series B Bonds were used to (i) refund the outstanding CNE 2010 Bonds, and (ii) refund a portion of the outstanding CNE 2013 A Bonds, and (iii) refund a portion of the outstanding CNE 2014 A Bonds, and (iv) refund the outstanding CNE 2016 A Bonds, and (v) refund the outstanding TPC 2013 Bonds, and (vi) pay certain expenses related to the issuance of the 2016 Series B Bonds.

In 2016, the System issued RIHEBC 2016 Series C fixed rate taxable notes of $21,610,000 (excluding a discount of $564,669). The notes have mandatory interest-only payments of $594,275 every March and September from 2019 through 2026, and a final principal payment of $21,610,000 in 2026. The notes bear interest at a fixed rate of 5.5%. The Obligated Group is jointly and severally liable for repayment. The Obligated Group is required to comply with certain debt covenants under the bond agreements, including a minimum debt service coverage ratio of 1.1 to 1, effective in fiscal 2018 and all subsequent fiscal years, and days cash on hand of 30, effective in fiscal 2017 and all subsequent fiscal years. As of September 30, 2025 and 2024, the System is in compliance with the bond covenants.

The proceeds from the CNE 2016 Series C Taxable Notes were used to (i) refund a portion of the outstanding CNE 2013 A Bonds, and (ii) refund a portion of the outstanding CNE 2014 A Bonds, and (iii) refund certain outstanding taxable indebtedness incurred by TPC, and (iv) pay certain expenses related to the issuance of the 2016 Series C Bonds.

Bank Mortgage and Other Notes

In 2007, the System entered into a $4,000,000 mortgage note with Time Insurance Company due October 2007 through September 2027. Interest and principal installments of $25,261 are due monthly, with a final payment of $1,338,527 due September 2027, at a fixed interest rate of 5.79%. The note is collateralized by the real estate purchased.

In 2015, Kent entered into a lease amendment with Seavest Healthcare Partners, LLC (“Seavest”). The 2015 amendment to the December 17, 2010 Tenant Space Lease agreement between the landlord, Seavest, and Kent for medical space located on Kent’s campus, includes a $1,600,000 note, due March 2016 through February 2030. Funds from this note were received by Kent in February and April 2016. Interest and principal installments of $13,582 are due monthly at an imputed interest rate of 5.46%.

In 2020, CNE entered into a $3,493,907 loan agreement with US Bank due April 2020 through April 2024. Interest and principal installments of $756,529 are due annually, at a fixed interest rate of 4.14%. The loan is collateralized by the medical equipment purchased.

In 2021, WIH entered into a lease amendment with 101 Plain, LLC (“101 Plain”). The 2021 amendment to the February 11, 2010 lease agreement between the landlord, 101 Plain, and WIH for medical space located nearby to WIH’s campus, includes a $3,500,000 note, due November 2020 through October 2030. Funds from this note of $3,261,664 were received by WIH during 2021. The remaining funds from this note of $238,336 were used in 2022 for (i) $129,242 was received by WIH for reimbursement of additional project expenditures and (ii) $109,094 of unused funds was applied towards the principal balance of the note. Interest and principal installments of $41,546 are due monthly at an imputed interest rate of 7.50%.

Revolving Line-of-credit

In 2025, CNE procured a $50,000,000 variable rate line-of-credit that bears interest at the Secured Overnight Financing Rate plus 1.87% (6.11% at September 30, 2025). Interest on all outstanding principal is payable monthly in arrears, on the last business day of the month. No amounts were outstanding as of September 30, 2025.

Scheduled principal repayments on long-term debt are as follows for the years ended September 30:

2026	$ 29,493,251
2027	2,064,492
2028	569,324
2029	610,350
2030	389,437
Thereafter	87,485,000
	120,611,854
Plus: Unamortized premium on bonds	7,154,934
Less: Unamortized discount on bonds	(56,467)
Less: Unamortized debt issuance costs	(1,350,837)
	$ 126,359,484

13. Net Assets

Net assets without donor restriction of $284,113,902 and $240,167,031 as of September 30, 2025 and 2024, respectively, include board-designated funds and are held at the direction of the Board of Directors once an action for spending is approved. The remaining funds are not restricted in nature and can be used for operations.

Board-designated funds at September 30 are summarized as follows:

	2025	2024
Board designated funds		
General purposes	$ 122,459,599	$ 153,335,361
Cumulative premium payments on life insurance policies	22,596,349	22,596,349
Plant replacement and expansion	15,938,069	17,795,513
Healthcare research	1,370,573	1,259,287
Other	411,352	411,352
Total board designated funds	$ 162,775,942	$ 195,397,862

Net assets with donor restrictions are restricted for the following purposes at September 30:

	2025	2024
Subject to expenditure for specified purpose		
Healthcare services	$ 4,655,011	$ 5,747,448
Healthcare research	3,940,012	4,721,474
General purposes	9,819,219	9,337,771
Health education	2,904,918	3,509,462
Plant replacement and expansion	27,897,561	50,040,958
Other	7,081,983	7,405,302
	56,298,704	80,762,415
Subject to the Health System's policy and appropriation		
Investment in perpetuity, the income of which is expendable to support		
Healthcare services	4,600,848	4,907,717
Healthcare research	915,667	920,825
General purposes	7,840,472	9,424,510
Indigent care	2,895,541	3,212,097
Health education	748,089	2,150,282
	17,000,617	20,615,431
Not subject to appropriation or expenditure		
Residential buildings to provide housing for low-income individuals with chronic mental illness	1,766,503	1,876,192
Total net assets with donor restrictions	$ 75,065,824	$ 103,254,038

The System follows the requirements of the Rhode Island enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 as they relate to its donor restricted endowment funds. The System's endowments consist of numerous individual funds established for a variety of purposes. Its endowments consist solely of donor restricted endowment funds. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The System classifies restricted donor funds in accordance with the laws of the State of Rhode Island and generally accepted accounting principles. The System classifies as donor restricted endowment funds of perpetual durations (1) the original value of the contributions made to the endowment, (2) the original value of subsequent contributions made to the endowment, and (3) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Specific purpose restricted funds, include any donor-restricted endowments that are not perpetual in nature are appropriated in accordance with donor intent. The System considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the System and the donor restricted endowment fund, (3)general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the System, and (7) the investment policies of the System.

The System's endowment net asset composition by fund type is as follows:

	2025	2024
Donor restricted endowment funds		
Original donor restricted gift amount and amounts to be maintained in perpetuity by done	$ 13,524,130	$ 13,520,588
Accumulated investment gains	12,864,319	17,064,707
	26,388,449	30,585,295
Assets held under split-interest agreements	34,864,779	33,111,093
Total donor restricted endowment funds	61,253,228	63,696,388
Specific purpose restricted funds	12,046,093	37,681,458
Specific purpose restricted funds - property, plant and equipment	1,766,503	1,876,192
Total specific purpose restricted funds	13,812,596	39,557,650
Total funds	$ 75,065,824	$ 103,254,038

For the year ended September 30, the System had the following changes in the endowment net assets:

	2025	2024
Endowment net assets at beginning of year	$ 30,585,285	$ 40,944,349
Investment return, net	2,557,003	8,552,859
Contributions	5,850	212,096
Appropriation of endowment assets for expenditure	(6,757,391)	(19,124,019)
Endowment net assets at end of year	$ 26,390,747	$ 30,585,285

The System's net assets with donor restrictions consist of endowments managed by the System. Unless otherwise directed by the donor, gifts received for endowments are invested in accordance with the System's investment policy. To preserve the real value of a donor's gift and to sustain funding consistent with donor intent, annual appropriations are reviewed with the board of directors. The annual review ensures that current year appropriations align with the goal of achieving a reasonable balance between long-term objectives of preserving and growing each endowment fund to provide stable annual appropriations in the future and adhering to the intent of the original donor in the present. The System has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Under this policy, the return objective for the endowment assets, measured over a full market cycle, shall be to maximize the return with a balanced growth emphasis based on the endowment's target allocation applied to the appropriate individual benchmarks.

It is the policy of the System that any appropriations from the appreciation in endowment funds are periodically requested of and approved by the Board of Directors.

The effective aggregate appropriation rate for CNE was 26% and 44%, respectively, for the years ended September 30, 2025 and 2024. There were no appropriations made from Memorial for the years ended September 30, 2025 and 2024.

Accumulated investment earnings were 95% and 126% of the original donor restricted gifts that are to be held in perpetuity by the donee at September 30, 2025 and 2024, respectively. The Board of Directors has responsibility for formulating investment policies. The investment policy is to invest in a conservative asset portfolio with minimal investment risk. Certain funds are included in a consolidated long-term investment pool and invested in accordance with the investment strategy, authorized by the Board of Directors.

In addition to donor restricted endowments, Kent, Memorial Hospital and WIH are income beneficiaries of various trusts. On September 30, 2025 and 2024, the market value of Kent's, WIH's and Memorial Hospital's trust assets totaled $32,928,628 and $31,193,836, respectively. In addition to donor restricted endowments, the Center is the income beneficiary of various assets held at a community foundation. On September 30, 2025 and 2024, the market value of the Center's assets held at the community foundation totaled $1,936,150 and $1,917,257, respectively. Distributions of income are made at the discretion of the Board.

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 the System to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in net assets with donor restrictions are immaterial as of September 30, 2025 and 2024. These deficiencies resulted from unfavorable market fluctuations. The individual donor restricted endowment funds with deficiencies will retain future income and appreciation to restore the required fair value of the assets.

During years ended 2025 and 2024, net assets were released from donor restrictions by incurring expenses satisfying the following restricted purposes:

	2025	2024
Purpose restrictions accomplished		
Healthcare services	$ 3,627,935	$ 5,766,786
Healthcare research	1,721,482	455,770
Other	2,463,598	1,984,898
Health education	1,023,745	952,316
	8,836,760	9,159,770
Property, plant and equipment acquired and placed in service	24,942,427	2,353,572
Release of appropriated endowment amounts with purpose restrictions	5,370,399	18,776,325
Total restrictions released	$ 39,149,586	$ 30,289,667

U.S. Department of Housing and Urban Development
Wilson received funding from HUD of $1,152,335 for the purchase and renovation of Wilson Street apartments. The agreement states that repayment is not required provided that the property funded remains available only to qualified clients for a period of not less than 40 years, maturing in 2047. If at any time during the restricted use period Wilson is unable to meet the provisions of the agreement, at the option of the funding source, the entire amount of the above noted funding plus interest charged at a rate of 4.75% for each year since inception of the funding advance shall become due and payable upon default.

Grandview Second received funding from HUD of $1,173,200 for the renovation of Grandview Second apartments. The agreement states that repayment is not required provided that the property funded remains available only to qualified clients for a period of not less than 40 years, maturing in 2035. If at any time during the restricted use period Grandview Second is unable to meet the provisions of the agreement, at the option of the funding source, the entire amount of the above noted funding shall become due and payable upon default.

Nashua received funding from HUD of $834,200 for the renovation of Nashua Street apartments. The agreement states that repayment is not required provided that the property funded remains available only to qualified clients for a period of not less than 40 years, maturing in 2040. If at any time during the restricted use period Nashua is unable to meet the provisions of the agreement, at the option of the funding source, the entire amount of the above noted funding shall become due and payable upon default.

State Bond Funds
Wilson received $670,413 in funding from the Rhode Island Housing and Mortgage Finance Corporation ("Rhode Island Housing") via a Thresholds Agreement for the purchase and renovation of the Wilson Street apartments. The terms of the agreement state that no repayment of the funding is required, provided that Wilson Street makes available 10 units for lease to qualified clients. If at any time during a 40 year period commencing on the earlier of the first rental of a unit to a qualified client or two years from the date of the grant, Wilson disposes of the property or is unable to meet the provisions of the agreement, Wilson will be liable to return the funding received at the sole discretion of the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals. At the expiration of the restricted use period, Wilson's obligations under the agreement shall be extended for an additional term to be agreed upon by the parties before the expiration of the agreement. Management intends to use the facility for the stated purpose and duration of the agreement.

Wilson received $240,000 in funding from the State of Rhode Island Housing Resources Commission Neighborhood Opportunities Program for 10 units of permanent supportive housing. The terms of the agreement state that no repayment of the funding is required provided Wilson operates the facility in compliance with the terms of the agreement for a period of 20 years. If Wilson does not operate in compliance with the affordability provision in accordance with the terms of the contract for a minimum of 20 years following the date of initial occupancy, the entire amount of the funds disbursed must be repaid. For each year after year 10, Wilson's repayment amount will be reduced by 10% per year in which the units have been used for the project. Management intends to use the facility for the stated purpose and duration of the agreement.

Nashua received $293,000 in funding through the Rhode Island Housing and Mortgage Finance Corporation ("Rhode Island Housing") via a Thresholds Agreement for the acquisition, financing and development of Nashua Street apartments. The terms of the agreement state that no repayment of the funding is required provided that Nashua makes available the entire facility to qualified clients. Nashua shall not sell, lease or otherwise encumber the facility for a period of 40 years without prior authorization. At the expiration of the restricted use period, the Department

of Behavioral Healthcare, Developmental Disabilities and Hospitals (BHDDH) or a successor agency may (1) extend the obligations under the agreement for an additional 20 years (2) terminate the agreement with specified repayment terms or (3) terminate the agreement with no repayment period.

14. Retirement Plans

The System has two separate Defined Benefit pension plans. One plan covers the employees of CNE, Butler, Kent, WIC, and the Agency, with the exception of the unionized employees of WIH (who are covered under a multiemployer union plan), and certain employed physicians. The second plan covers substantially all of the employees of Memorial.

Care New England Pension Plan
The Care New England Pension Plan (the "Plan"), established on October 1, 1998, is a defined benefit cash benefit cash balance plan that covers all of the employees of CNE, and all of the employees of Butler, Kent, WIC, and the Agency, with the exception of the unionized employees at WIH and certain employed physicians. The benefits for the unionized employees at Butler are computed under a separate formula that was in effect when the Butler plan was a standalone noncontributory defined benefit plan. Butler, Kent, WIC and the Agency incur and fund their respective pension plan expenses within the guidelines established by the Employee Retirement Income Security Act of 1974.

The Care New England Board of Directors voted, on September 23, 2010, to freeze the Plan effective December 31, 2010 for all employees with the exception of the Butler unionized employees. Effective December 31, 2010, compensation paid to a participant shall be disregarded for plan purposes, except for purposes related to determining benefits for the unionized employees at Butler. In addition, a participant's cash balance account will only increase annually for interest credit. In connection with the Plan freeze, the System enhanced contributions to the Care New England 403(b) Match and Savings Plan.

Included in cumulative changes in net assets without donor restrictions at September 30, 2025 and 2024 that has not yet been recognized in net periodic pension cost is an actuarial loss of $42,429,531 and $45,285,370, respectively. All net prior service costs or credits have been recognized in net periodic benefit costs.

Net periodic pension cost includes the following components at September 30:

	2025	2024
Service cost	$ 3,003,233	$ 2,447,894
Interest cost	8,034,044	8,866,162
Expected return on plan assets	(5,956,701)	(4,552,708)
Amortization of loss	924,711	1,024,816
Net periodic pension expense	$ 6,005,287	$ 7,786,164

The assumptions used to determine net periodic benefit cost for the years ended September 30 are as follows:

	2025	2024
Discount rate	5.01 %	6.10 %
Expected return on assets	6.00	6.00
Rate of compensation increase	3.00	3.00
Weighted-average interest crediting rate	4.00	5.50

The following table presents a reconciliation of the beginning and ending balances of the plan projected benefit obligations, fair value of plan assets, funded status, and amounts recognized in net assets without donor restrictions of the plan as of September 30:

	2025	2024
Changes in benefit obligations		
Projected benefit obligations at beginning of year	$ 167,510,610	$ 152,920,317
Service cost	3,003,233	2,447,894
Interest cost	8,034,044	8,866,162
Actuarial (loss)/gain	(8,326,830)	12,957,824
Benefits and expenses paid	(10,380,853)	(9,681,587)
Projected benefit obligations at end of year	159,840,204	167,510,610
Changes in plan assets		
Fair value of plan assets at beginning of year	145,806,565	132,061,980
Actual return on plan assets	(439,101)	18,521,972
Employer contributions	6,703,000	4,904,200
Benefits and expenses paid	(10,380,853)	(9,681,587)
Fair value of plan assets at end of year	141,689,611	145,806,565
Funded status		
Total long-term pension liability	$ 18,150,593	$ 21,704,045
Accumulated benefit obligation	$ 157,924,608	$ 165,366,325
Amounts recognized in net assets without donor restrictions		
Net assets without donor restrictions at beginning of year	$ 45,285,270	$ 47,321,626
Amounts amortized during the year		
Net loss	(924,711)	(1,024,916)
Amounts occurring during the year		
Net loss (gain)	(1,931,028)	(1,011,440)
Net assets without donor restrictions at end of year	$ 42,429,531	$ 45,285,270

The actuarial change is primarily due to changes in the discount rate for years ended September 30, 2025 and 2024.

The assumptions used to develop the projected benefit obligation as of September 30 are as follows:

	2025	2024
Discount rate	5.47 %	5.01 %
Rate of compensation increase	3.00	3.00
Weighted-average interest crediting rate	4.00	4.50

Plan Assets

The Plan's investment objectives are to achieve long-term growth in excess of inflation, and to provide a rate of return that meets or exceeds the actuarial expected long-term rate of return on plan assets. In order to minimize risk, the Plan attempts to minimize the variability in yearly returns. The Plan diversifies its holdings among sectors, industries, and companies. No more than 6% of the Plan's portfolio (measured on market value) may be held in an individual company's stocks or bonds.

To develop the expected long-term rate of return on plan assets assumption, the System considered the historical return and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio.

The System's pension plan asset allocations (based on market value) at September 30, by asset category, are as follows:

	Target Allocation	Actual 2025	Actual 2024
Asset category			
Cash and cash equivalents	0 %	4 %	4 %
Investments at NAV	35	34	35
Fixed income securities	50	47	47
Equity securities	15	15	14
	100 %	100 %	100 %

Refer to Note 8 for details on assets held by the Plan.

Contributions

The System contributed $6,703,000 and $4,904,200 to the Plan in 2025 and 2024, respectively. The System expects to contribute $7,731,000 to the Plan in Fiscal Year 2026.

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

Fiscal Year	Pension Benefits
2026	$ 15,232,254
2027	13,592,644
2028	12,782,235
2029	12,606,018
2030	12,058,576
Years 2031–2035	55,386,394
	$ 121,658,121

Care New England 403(b) Match and Savings Plan
Effective January 1, 2009, the Pension Plan Protection legislation resulted in regulatory changes which discontinued the matching credits to the participants that were previously recorded in the CNE Pension Plan. As a result, CNE established the Care New England 403(b) Plan to account for future matching credits. The plan covers employees that meet certain eligibility requirements. Additionally, effective January 1, 2011, in connection with the freeze of the Care New England Pension Plan, the System also provides a nonelective contribution to participant accounts, as defined in the Plan document. Nonelective contributions are allocated to each eligible participant hired prior to January 1, 2013 based on a percentage of salary and a combination of the recipients' age and years of service or service only. Nonelective contributions are allocated to each eligible participant hired on or after January 1, 2013 equal to 3 percent of compensation. Effective January 1, 2015, employees of Memorial Hospital are eligible for the Plan and are eligible for a nonelective contribution equal to 3 percent of compensation. Effective January 1, 2017, employees of the Center are eligible for the Plan and are eligible for a nonelective contribution equal to 3 percent of compensation. Nonelective contributions are credited to each such participant as of the first day of the Plan year, as further described in the Plan document.

The System recorded an expense of $16,428,024 and $15,045,595 for the nonelective contribution to participant accounts for the years ended September 30, 2025 and 2024, respectively. In addition, the System recorded an expense of $5,422,508 and $4,713,390 for matching credits for years ended September 30, 2025 and 2024, respectively. The System will fund the 2021 expense and the 2022 expense by the required deadline for depositing core contributions of July 15, 2023 and 2024, respectively. The System recorded a pension liability at September 30, 2025 and 2024 of $37,004,151 and $35,036,332, respectively.

Kent County Visiting Nurse Association Pension Plan
The Agency had a noncontributory defined benefit pension plan covering all employees who satisfied certain eligibility requirements that was frozen effective December 31, 2007 and replaced with a contributory retirement savings plan. Benefits under the defined benefit plan were based on years of service and employee's compensation levels. Effective December 31, 2016, the Kent County Visiting Nurse Association Pension Plan assets were combined with the Care New England Pension Plan.

Effective January 1, 2008, the Agency established a 403(b) Retirement Savings Plan that covers employees who have met certain eligibility requirements. Discretionary contributions to the plan

are based on years of service and compensation levels. For the years ended September 30, 2025 and 2024, respectively, the Agency recorded an expense of $497,098 and $523,862. The Agency recorded a pension liability at September 30, 2025 and 2024 of $454,895 and $142,142, respectively.

Memorial Retirement Plan

As part of the acquisition of SHS, CNE acquired the assets and assumed the liabilities for Memorial Hospital's defined benefit pension plan ("the Memorial Plan"), which was frozen for nonunion participants as of May 31, 2012 and union employees as of June 1, 2013 and was replaced by the Memorial 403(b) Match and Savings Plan. Benefits under the defined benefit plan were based on years of service and employees' compensation during the last five years of covered employment. The System makes annual contributions to the Memorial Plan, which approximate the amount of net periodic pension cost. On December 31, 2014, the Memorial Plan was amended and participants became eligible participants in the Care New England 403(b) Match and Savings Plan effective January 1, 2015. Effective January 1, 2018, the sponsorship of Memorial Hospital's Defined Benefit Pension Plan transferred to CNE.

Included in cumulative changes in net assets without donor restrictions at September 30, 2025 and 2024 that has not yet been recognized in net periodic pension cost is an actuarial loss of $12,065,677 and $14,646,950, respectively. All net prior service costs or credits have been recognized as part of net periodic benefit costs.

Net periodic pension cost includes the following components at September 30:

	2025	2024
Interest cost	$ 5,880,801	$ 6,875,492
Expected return on plan assets	(3,688,118)	(3,241,051)
Amortization of loss	117,789	173,797
Net periodic pension expense	$ 2,310,472	$ 3,808,238

The assumptions used to determine net periodic benefit cost for the years ended September 30 are as follows:

	2025	2024
Discount rate	4.98 %	6.05 %
Expected rate of return on plan assets	6.00	6.00
Rate of compensation increase	N/A	N/A
Weighted-average interest crediting rate	N/A	N/A

The following tables represent a reconciliation of the beginning and ending balances of the plan projected benefit obligations, fair value of plan assets, funded status, and amounts recognized in net assets without donor restrictions of the plan as of September 30:

	2025	2024
Changes in benefit obligations		
Projected benefit obligations at beginning of year	$ 122,511,756	$ 118,041,959
Interest cost	5,880,801	6,875,492
Actuarial (gain)/loss	(3,604,133)	5,746,574
Benefits and expenses paid	(8,357,568)	(8,152,269)
Projected benefit obligations at end of year	116,430,856	122,511,756
Changes in plan assets		
Fair value of plan assets at beginning of year	86,555,070	82,662,853
Actual return on plan assets	2,547,469	9,603,986
Employer contributions	4,525,000	2,440,500
Benefits and expenses paid	(8,357,568)	(8,152,269)
Fair value of plan assets at end of year	85,269,971	86,555,070
Funded status		
Total long-term pension liability	$ 31,160,885	$ 35,956,686
Accumulated benefit obligation	$ 116,430,856	$ 122,511,756
Amounts recognized in net assets without donor restrictions		
Net assets without donor restrictions at beginning of year	$ 14,646,950	$ 15,437,108
Amounts amortized during the year		
Net loss	(117,789)	(173,797)
Amounts occurring during the year		
Net gain	(2,463,484)	(616,361)
Net assets without donor restrictions at end of year	$ 12,065,677	$ 14,646,950

The actuarial change is primarily due to changes in the discount rate for years ended September 30, 2025 and 2024.

The assumptions used to develop the projected benefit obligations as of September 30 are as follows:

	2025	2024
Discount rate	5.40 %	4.98 %
Rate of compensation increase	N/A	N/A
Weighted-average interest crediting rate	N/A	N/A

Plan Assets
The goals of the Memorial Plan are to provide a secure retirement benefit for plan participants and to manage plan assets for the exclusive benefit of the participants. The invested assets will be managed on a long-term total return basis and measured against established benchmarks for each asset class. Risk management is achieved by limiting the size of asset class and individual security positions to achieve adequate diversification. The Memorial Plan will maintain a funded level sufficient to ensure benefit security.

To develop the expected long-term rate of return on plan assets assumption, the System considered the historical return and the future expectations for returns for each asset class, as well as the target asset allocation of the pension portfolio.

The pension plan asset allocations (based on market value) at September 30, by asset category, are as follows:

	Target Allocation	Actual 2025	Actual 2024
Asset category			
Cash and cash equivalents	2 %	6 %	3 %
Investments at NAV	21	20	21
Fixed income securities	54	52	54
Equity securities	23	22	22
	100 %	100 %	100 %

To see the effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period please refer to Note 8 for details on assets held by the Plan.

Contributions
The System contributed $4,525,000 and $2,440,500 to the Memorial Plan in 2025 and 2024, respectively. The System expects to contribute $4,936,000 to the Plan in Fiscal Year 2026.

Estimated Future Benefit Payments
Benefit payments, are expected to be paid as follows:

Fiscal Year	Pension Benefits
2026	$ 8,927,603
2027	8,987,270
2028	8,915,122
2029	8,813,369
2030	8,706,029
Years 2031–2035	40,724,084
	$ 85,073,477

WIH Union Plan

WIH contributes to a multi-employer defined benefit pension plan under the terms of the collective bargaining agreements that cover its union-represented employees. The risks of participating in multiemployer plans are different from single-employer plans in the following aspects:

a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.

b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

c. If WIH chooses to stop participating in the plan, WIH may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

WIH's participation in the plan for the annual period ended December 31, 2022, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number. The most recent Pension Protection Act (PPA) zone status available in 2022 and 2021 is for the plan's year-end at December 31, 2022, and December 31, 2021, respectively. The zone status is based on information that WIH received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded or projected funding deficiency in current plan year or next following 6 plan years, plans in the orange zone are less than 80 percent funded and projected funding deficiency in current plan year or next following 6 plan years, and plans in the green zone are at least 80 percent funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date of the collective-bargaining agreements to which the plan is subject.

The Plan's actuary most recently certified the Plan as being in the red zone beginning January 1, 2023.

WIH was listed in the plan's Form 5500 as providing more than 5 percent of the total contributions for the plan years ended December 31, 2022 and December 31, 2021.

At the date the financial statements were issued, Form 5500 was not available for the plan year ended December 31, 2023.

Pension expense, for the plan, for the years ended September 30, 2025 and 2024, was $14,314,958 and $12,899,818, respectively.

The Center Retirement Benefit Plan

The Center maintained a profit-sharing retirement plan to which the Center may make discretionary contributions. The retirement plan covered all employees of the Center over the age of 21 who have worked for a minimum of 975 hours during the plan year. Participants were vested over a number of years of continuous service. Participants would become 100% vested after six years unless the age of 65 is attained, upon which the participant became 100% vested. This plan terminated as of December 31, 2017. The Center did not contribute to the retirement plan for the years ended September 30, 2025 and 2024.

Effective January 1, 2017, the Center's employees were eligible to participate in the Care New England 403(b) Match and Savings Plan.

15. Postretirement Plans

Kent sponsors an unfunded noncontributory defined benefit postretirement plan that provides medical and dental benefits to certain salaried and non-salaried employees. In 1996, Kent amended the plans to eliminate benefits for all employees, except for certain employees with at least 25 years of service at that date.

Included in the charge to net assets that have not yet been recognized in net periodic postretirement benefit cost is the unrecognized actuarial gain of $75,233 and $111,965 as of September 30, 2025 and 2024, respectively.

The postretirement benefit cost for this plan was $21,476 in 2025 and $20,976 in 2024.

16. Disproportionate Share

The government has long recognized the financial burdens which are borne by hospitals which serve an unusually large number, or “disproportionate share”, of low-income patients. Kent, Butler, and WIH received payments under the disproportionate share program of $94,830,340, and $89,867,814 from the State of Rhode Island’s Medicaid program for the years ended September 30, 2025 and 2024, respectively. Kent and WIH also recorded disproportionate share payments of $1,193,018 and $1,355,254 from Medicare during 2025 and 2024, respectively. Additional payments of $2,021,393 and $2,212,780 were received during 2025 and 2024, respectively from Medicare as part of the provisions under the Accountable Care Act to offset hospital costs for uncompensated care.

17. Licensure Fees

The State of Rhode Island assesses hospitals an annual licensure fee calculated as a percentage of the hospital’s net patient service revenue. The Care New England hospitals were assessed $68,398,866 and $68,398,863 for the years ended September 30, 2025 and 2024, respectively.

18. Concentration of Credit Risk

As of September 30, 2025 and 2024, Care New England, the Hospitals, the Agency, and the Center had cash and cash equivalents in excess of Federal Depository Insurance limits at major financial institutions. These financial institutions have a strong credit rating, and management believes that credit risks related to these deposits are minimal.

The Hospitals, the Agency, and the Center receive a significant portion of its payment for services rendered from a limited number of governmental and commercial third-party payors, including Medicare, Medicaid, and Blue Cross. The organization has not historically incurred any significant concentrated credit losses in the normal course of business.

In addition, the organizations routinely grant credit to patients without requiring collateral or other security. The mix of receivables, net of price concessions, from patients and third-party payors at September 30, 2025 and 2024, was as follows:

	2025	2024
Medicare and medicare managed care	21 %	20 %
Medicaid and medicaid managed care	20	19
Blue Cross	22	22
Managed care	9	8
Self-pay	14	14
Other third-party payors	14	17
	100 %	100 %

19. Commitments and Contingencies

Litigation
CNE, the Affiliates, the Agency and the Center have been individually named as codefendants in several complaints. It is the opinion of management that the liability, if any, to CNE, the Affiliates, the Agency, and the Center, in excess of insurance coverage will have no material adverse effect on the consolidated financial position of Care New England as of September 30, 2025 and 2024.

Collective Bargaining Agreements
A significant portion of CNE workforce is unionized. Below is a summary of the facility, employees, collective bargaining unit, and contract expiration.

Facility	Employees Covered	Collective Bargaining Unit	Contract Expiration
Butler	674	New England Healthcare Employees Union District ("NEHEUD") 1199 of the Service International Employees Union ("SEIU")	March 31, 2029
Butler	40	Committee on Interns and Residents	Initial Contract Negotiations in Process
Kent	122	Committee on Interns and Residents	Initial Contract Negotiations in Process
Kent	1467	United Nurses and Allied Professionals (UNAP), Local 5008	June 30, 2029 June 30, 2026* re-opener re: wages & outsourcing
Kent	17	Memorial Hospital/United Nurses and Allied Professionals, Local 5082	June 15, 2026
WIH	1972	NEHEUD 1199 of the SEIU International Employees Union ("SEIU")	May1, 2027
WIH	37	Local 32BJ	September 30, 2027
WIH	63	Committee on Interns and Residents	Initial Contract

			Negotiations in Process
VNA	102	Federation of Visiting Nurses and Health Professionals, Local 5022	May 31, 2028
VNA	46	NEHEUD 1199 of the SEIU	May 1, 2029

20. Professional and General Liability Claims

Due to strategic and economic issues, as well as the potential for limited availability of commercial insurance policies, the Care New England entities have moved over time to covering the majority of their professional and general liability insurance to self-insured approaches. The adequacy of the coverage provided, reserves, and the funding levels are evaluated annually by independent actuaries who review the soundness of the programs and recommend future funding levels. Potential losses are estimated based on industry as well as entity experience, and a provision for these losses is recorded.

As of October 1, 2017, Care New England restructured the professional and general liability insurance programs. Kent, Butler, CNE, the VNA and the Center obtain their primary professional liability and general liability coverage via the Kent Hospital Self-Insurance Program on an occurrence basis. WIH obtains their primary professional and general liability coverage via the Women & Infants Hospital Self-Insurance Program on an occurrence basis. Both self-insurance programs provide excess professional liability coverage on an occurrence basis for all of the System. Reinsurance is purchased commercially on a claims-made basis for professional and general liability coverage layers above the self-insurance primary and excess (professional liability only) layers. BHI purchases, annually, commercial insurance policies to insure professional liability and general liability risks.

Butler annually contributes to its self-insurance trust fund to provide for risks relating to its existing actuarially calculated primary level of professional and general liabilities for events prior to October 1, 2017, as well as the tail liability related to prior claims-made coverage. Butler's professional liability coverage for claims in excess of its primary coverage limits is provided by W&I Indemnity for events prior to October 1, 2017.

Kent Hospital established Toll Gate Indemnity in 2004, as an off-shore captive insurance entity to insure primary and excess hospital professional and general liability risks, as well as to supply indemnification coverage for certain eligible medical staff. From July 1, 2014 to September 30, 2017, Kent Hospital purchased commercial insurance coverage on a claims made basis for professional liability claims in excess of the professional liability coverage provided through Toll Gate Indemnity. As of October 1, 2017, this commercially purchased excess became part of the restructured program.

WIH established W&I Indemnity in 1994, as an off-shore captive insurance entity to provide coverage for claims in excess of its underlying policy, as well as to supply indemnification coverage for certain eligible medical staff. In addition, WIH has a self-insurance trust fund for risks relating to prior tail liabilities. As of October 1, 2011, the primary coverage for professional and general liabilities was moved under the off-shore captive.

Effective July 1, 2004, professional liability insurance coverage for Memorial was provided on an occurrence basis. Such coverage was provided on a claims-made basis through June 30, 2004. The claims-made policies cover only claims made during the terms of the policies, and not those occurrences for which claims may be made after expiration of the policies. Memorial is self-insured with respect to incurred but not reported (IBNR) claims incurred prior to July 1, 2004. Prior to July 1, 2017, Memorial purchased, annually, commercial insurance policies to insure professional liability risks. Memorial purchases, annually, commercial insurance policies to insure general liability risks.

The provisions for anticipated losses were based upon expected undiscounted values. Trust fund and captive assets are available for the payment of claims.

Prior to October 1, 2017, the Agency purchased general and professional liability insurance from Toll Gate Indemnity.

Prior to October 1, 2017, the Center purchased commercial insurance policies to insure professional and general liability risks.

21. Functional Expenses

The System provides healthcare services to residents within their geographic service areas. The System's financial statements report certain expense categories that are attributable to more than one health care service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function include depreciation, amortization and interest. Depreciation on land improvements, building and building improvements are primarily allocated to a function based on square footage. Depreciation of moveable equipment is primarily allocated to the function utilizing the equipment. Interest is allocated to a function based on direct expenses. Expenses related to providing these services for the year ended September 30 are as follows:

	2025							
	Healthcare Services	General and Administrative	Research	Fundraising	Total Operating Expenses	Healthcare Services	General and Administrative	Total Expenses
Salaries and benefits	$ 822,282,599	$ 85,540,600	$ -	$ 1,440,219	$ 909,263,418	$ -	$ -	$ 909,263,418
Supplies and other expenses	422,728,135	61,245,286		226,480	484,199,901			484,199,901
Salaries and benefits - research			17,997,860		17,997,860			17,997,860
Supplies and other expenses - research			19,352,432		19,352,432			19,352,432
Depreciation and amortization	24,085,915	3,031,333			27,117,248			27,117,248
Insurance	22,964,138	4,232,653			27,196,791			27,196,791
Licensure fee	68,398,866				68,398,866			68,398,866
Interest	4,736,686	1,722,853			6,459,539			6,459,539
Restructuring costs - Memorial Hospital					-			-
Other components of current period pension					-	10,239,233	4,718,112	14,957,345
	$ 1,365,196,339	$ 155,772,725	$ 37,350,292	$ 1,666,699	$ 1,559,986,055	$ 10,239,233	$ 4,718,112	$ 1,574,943,400

	2024							
	Healthcare Services	General and Administrative	Research	Fundraising	Total Operating Expenses	Healthcare Services	General and Administrative	Total Expenses
Salaries and benefits	$ 719,617,411	$ 80,577,038	$ -	$ 1,260,695	$ 801,455,144	$ -	$ -	$ 801,455,144
Supplies and other expenses	374,496,889	74,518,085		1,078,203	450,093,177			450,093,177
Salaries and benefits - research			17,138,996		17,138,996			17,138,996
Supplies and other expenses - research			19,534,057		19,534,057			19,534,057
Depreciation and amortization	22,127,891	3,056,440			25,184,331			25,184,331
Insurance	37,237,566	4,822,507			42,060,073			42,060,073
Licensure fee	68,398,863				68,398,863			68,398,863
Interest	4,957,423	1,661,925			6,619,348			6,619,348
Restructuring costs - Memorial Hospital					-			-
Other components of current period pension					-	11,391,835	5,548,532	16,940,367
	$ 1,226,836,043	$ 164,635,995	$ 36,673,053	$ 2,338,898	$ 1,430,483,989	$ 11,391,835	$ 5,548,532	$ 1,447,424,356

22. Subsequent Events

Care New England Health System has assessed the impact of subsequent events through December 19, 2025, the date the audited consolidated financial statements were issued and has concluded that there were no such events requiring adjustments to the audited consolidated financial statements or disclosure in the notes to the audited consolidated financial statements.

Supplemental Consolidating Schedules

Care New England Health System and Affiliates
Note to Supplemental Consolidating Information
September 30, 2025

Basis of Presentation

The following supplemental consolidating information includes the consolidating balance sheets and the consolidating statement of operations and changes in net assets of the individual subsidiaries of Care New England Health System as of and for the year ended September 30, 2025. All intercompany accounts and transactions between subsidiaries have been eliminated. Care New England Medical Group, LLC ("CNEMG") has been presented in its own column in the following supplemental schedules, separate from the other Kent County Memorial Hospital ("Kent") affiliates due to increased activity at CNEMG. Intercompany transactions between the two entities primarily consist of a payment between Kent and CNEMG totaling $42,744,938, for the year ended September 30, 2025, which has not been eliminated between the two columns. The consolidating information presented is prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America consistent with the consolidated financial statements. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements and is not required as part of the basic financial statements.

Care New England Health System and Affiliates
Consolidating Balance Sheet
September 30, 2025

	Butler and Affiliates	Kent and Affiliates	Care New England Medical Group	WIC and Affiliates	Care New England	The Agency	Southeastern Healthcare System, Inc. and Affiliates	Integra	The Center	Eliminations	Total
Assets											
Current assets											
Cash and cash equivalents	(8,695,619)	81,749,502	(60,203,345)	272,689,206	(199,759,889)	(17,552,737)	-	(7,211,841)	14,687,464	-	75,702,741
Short-term investments	-	-	-	-	2,488,812	-	-	-	-		2,488,812
Patient accounts receivable	11,671,663	44,060,909	10,254,370	68,543,569	172,817	5,448,865	186	-	6,517,650		146,670,029
Other receivables	5,558,533	19,310,398	3,629,486	19,849,917	9,971,164	1,215,304	950,535	262,563	1,273,147		62,021,047
Pledges receivable, net	264,544	180,775	-	1,618,428	-	-	-	-	51,956		2,115,703
Other current assets	884,429	10,923,047	17,087	6,379,962	6,989,495	37,857	-	1,352,426	179,839		26,764,142
Current portion of assets whose use is limited			-	-	2,843,650	-	-	-	-		2,843,650
Due from affiliates	1,470	-	-	-	318,165	-	1,550	-	-	(321,185)	-
Total current assets	9,685,020	156,224,631	(46,302,402)	369,081,082	(176,975,786)	(10,850,711)	952,271	(5,596,852)	22,710,056	(321,185)	318,606,124
Assets whose use is limited or restricted as to use											
Endowment funds	8,014,703	18,423,678	-	18,050,004	-	245,341	14,161,355	-	2,183,751		61,078,832
Board-designated funds	17,972,961	30,165,701	-	105,416,255	-	880,727	-	8,340,298	-		162,775,942
Trustee-held funds	-	68,542,802	-	97,138,873	15,858,359	-	-	-	1,210,491		182,750,525
Deferred compensation funds	239,187	96,979	-	236,105	1,651,796	-	-	-	-		2,224,067
Total assets limited as to use	26,226,851	117,229,160	-	220,841,237	17,510,155	1,126,068	14,161,355	8,340,298	3,394,242	-	408,829,366
Less: Amounts required to meet current obligations	-	-	-		(2,843,650)	-	-	-	-		(2,843,650)
Noncurrent assets limited as to use	26,226,851	117,229,160	-	220,841,237	14,666,505	1,126,068	14,161,355	8,340,298	3,394,242	-	405,985,716
Property, plant and equipment, net	24,468,215	56,533,490	-	130,983,928	61,768,698	88,483	6,193,113	-	13,887,856		293,923,783
Finance lease right-of-use assets, net	-	775,757	-	95,170	3,990,117	-	-	-	3,007		4,864,051
Operating lease right-of-use assets, net	493,147	22,009,118	2,964,050	45,499,289	2,239,251	-	-	-	922,072		74,126,927
Long-term pledges receivable, net	187,050	1,274	-	1,143,458	-	-	-	-	65,741		1,397,523
Insurance receivable	-	-	-	-	121,384	-	1,870,005	-	250,000		2,241,389
Other assets	3,480	145,782	1,299,995	-	15,343,085	-	5,000	-	-		16,797,342
Due from affiliates	-	-	-	-	122,595,015	-	-	-	-	(122,595,015)	-
Total assets	61,063,763	352,919,212	(42,038,357)	767,644,164	43,748,269	(9,636,160)	23,181,744	2,743,446	41,232,974	(122,916,200)	1,117,942,855

The accompanying note is an integral part of these supplemental consolidating financial statements.

Care New England Health System and Affiliates
Consolidating Balance Sheet
September 30, 2025

	Butler and Affiliates	Kent and Affiliates	Care New England Medical Group	WIC and Affiliates	Care New England	The Agency	Southeastern Healthcare System, Inc. and Affiliates	Integra	The Center	Eliminations	Total
Liabilities and Net Assets											
Current liabilities											
Accounts payable and accrued expenses	$ 12,201,398	$ 92,275,309	$ 17,971,353	$ 45,345,973	$ 60,192,017	$ 2,162,341	$ 1,455,444	$ 2,470,676	$ 5,582,008	$ -	$ 239,656,519
Current portion of estimated third-party payor settlements and advances	333,330	3,248,583	1,135,076	3,955,623	-	-	32,072	(782,284)	1,688,523		9,610,923
Current portion of long-term debt	207,775	131,384	-	364,092	29,229,020	-	-	-	-		29,932,271
Current portion of finance lease liability	-	468,719	-	68,325	1,081,388	-	-	-	3,728		1,622,160
Current portion of operating lease liability	90,034	1,799,042	1,378,339	3,660,615	860,049	-	-	-	265,253		8,053,332
Self-insurance reserves	-	-	-	-	6,526,000	-	-	-	-		6,526,000
Pension liability	1,587,649	25,498,183	-	2,898,268	4,866,837	454,895	-	-	2,122,923		37,428,755
Other current liabilities	320,535	596,800	37,420	2,753,516	326,429	131,294	-	2,365,658	960,640		7,492,292
Due to affiliates	-	321,185	-	-	-	-	-	-	-	(321,185)	-
Total current liabilities	14,740,721	124,339,205	20,522,188	59,046,412	103,081,740	2,748,530	1,487,516	4,054,050	10,623,075	(321,185)	340,322,252
Long term liabilities											
Self-insurance reserves	-	65,280,709	-	87,144,138	7,415,938	-	1,895,005	-	250,000		161,985,790
Long-term portion of estimated third-party payor settlements and advances	471,130	878,541	1,000,000	6,914,225	-	-	51,571	-	-		9,315,467
Long-term debt	1,533,395	506,943	-	1,593,265	92,793,610	-	-	-	-		96,427,213
Long-term finance lease liability	-	70,885	-	41,037	3,125,088	-	-	-	-		3,237,010
Long-term operating lease liability	435,374	22,437,300	1,658,369	48,240,337	1,649,806	-	-	-	687,383		75,108,569
Pension liability	6,751,481	5,953,115	-	3,058,838	33,079,615	468,429	-	-	-		49,311,478
Postretirement liability	-	604,537	-	-	-	-	-	-	-		604,537
Other liabilities	1,507,135	1,454,689	-	236,105	18,344,658	-	785,049	-	123,177		22,450,813
Due to affiliates	-	-	-	-	-	-	122,595,015	-	-	(122,595,015)	-
Total liabilities	25,439,236	221,525,924	23,180,557	206,274,357	259,490,455	3,216,959	126,814,156	4,054,050	11,683,635	(122,916,200)	758,763,129
Net assets											
Without donor restrictions	25,359,980	110,896,240	(65,218,914)	536,766,700	(215,742,186)	(13,301,265)	(118,347,321)	(1,310,604)	25,011,272		284,113,902
With donor restrictions	10,264,547	20,497,048		24,603,107	-	448,146	14,714,909		4,538,067		75,065,824
Total net assets	35,624,527	131,393,288	(65,218,914)	561,369,807	(215,742,186)	(12,853,119)	(103,632,412)	(1,310,604)	29,549,339	-	359,179,726
Total liabilities and net assets	$ 61,063,763	$ 352,919,212	$ (42,038,357)	$ 767,644,164	$ 43,748,269	$ (9,636,160)	$ 23,181,744	$ 2,743,446	$ 41,232,974	$ (122,916,200)	$ 1,117,942,855

The accompanying note is an integral part of these supplemental consolidating financial statements.

Care New England Health System and Affiliates
Consolidating Statement of Operations
Year Ended September 30, 2025

	Butler and Affiliates	Kent and Affiliates	Care New England Medical Group	WIC and Affiliates	Care New England	The Agency	Southeastern Healthcare System, Inc. and Affiliates	Integra	The Center	Eliminations	Total
Operating revenues, gains, and other support											
Net patient service revenue	$ 121,353,266	$ 410,522,278	$ 121,583,211	$ 536,811,723	$ (30)	$ 19,671,711	$ 226,956	$ -	$ 67,126,242	$ -	$ 1,277,295,357
Research revenue	16,223,636	1,932,707	-	17,317,416	-	-	-	10,000	189,107		35,672,866
Other revenue	38,456,737	117,653,792	104,346,300	59,502,520	164,345,966	2,899,624	1,273,335	11,909,646	10,143,729	(288,567,038)	221,964,611
Net assets released from restrictions and used for operations	5,988,339	1,129,190	-	6,127,834	5,000	221,202	-	25,000	710,594		14,207,159
Total operating revenues, gains, and other support	182,021,978	531,237,967	225,929,511	619,759,493	164,350,936	22,792,537	1,500,291	11,944,646	78,169,672	(288,567,038)	1,549,139,993
Operating expenses											
Salaries and benefits	123,473,442	186,700,818	200,898,393	260,441,412	68,404,126	17,811,596	146,492	3,967,153	46,681,220	738,766	909,263,418
Supplies and other expenses	48,017,188	291,857,015	46,641,531	245,476,255	100,389,043	6,510,741	1,058,011	8,248,789	19,815,518	(283,814,191)	484,199,900
Research expenses	18,189,639	1,875,449	-	17,030,715	-	-	-	65,383	189,107		37,350,293
Depreciation and amortization	3,356,931	9,465,370	-	9,951,976	2,311,260	41,177	717,048	-	1,273,486		27,117,248
Insurance	3,522,764	14,878,004	2,956,345	8,612,262	524,349	554,619	26,853	114,808	1,498,400	(5,491,613)	27,196,791
Licensure fee	18,527,295	18,666,381	-	31,205,190	-	-	-	-	-		68,398,866
Interest	662,161	1,178,350	-	2,389,308	1,934,727	506	-	-	294,487		6,459,539
Restructuring costs - Memorial Hospital	-	-	-	-	-	-	-	-	-		-
Total operating expenses	215,749,420	524,621,387	250,496,269	575,107,118	173,563,505	24,918,639	1,948,404	12,396,133	69,752,218	(288,567,038)	1,559,986,055
Income (loss) from operations	(33,727,442)	6,616,580	(24,566,758)	44,652,375	(9,212,569)	(2,126,102)	(448,113)	(451,487)	8,417,454	-	(10,846,062)
Nonoperating (losses) gains											
Investment income and realized gains (losses) on assets limited as to use, net	2,754,619	7,409,274	-	18,796,941	887,614	80,294	50	259,208	1,480		30,189,480
Change in net unrealized losses on investments	(1,444,733)	1,030,622	-	(1,436,569)	(54,270)	(12,709)	(50)	(3,252)	(1,263)		(1,922,224)
Other components of current period pension	(1,101,663)	(993,424)	-	(515,026)	(2,625,416)	(76,997)	-	-	-		(5,312,526)
Net nonoperating (losses) gains	208,223	7,446,472	-	16,845,346	(1,792,072)	(9,412)	-	255,956	217	-	22,954,730
(Deficiency) excess of revenues, gains, and other support over expenses and losses	(33,519,219)	14,063,052	(24,566,758)	61,497,721	(11,004,641)	(2,135,514)	(448,113)	(195,531)	8,417,671	-	12,108,668
Other changes in net assets without donor restrictions											
Pension and postretirement adjustments	957,211	961,457	-	544,961	2,866,307	70,345	-	-	-		5,400,281
Funding received for property, plant and equipment	727,088	-	-	768,407	-	-	-	-	-		1,495,495
Net assets released from restrictions used for purchase of property, plant and equipment	245,764	1,416,196	-	22,623,778	-	60,189	-	-	596,500		24,942,427
	1,930,063	2,377,653	-	23,937,146	2,866,307	130,534	-	-	596,500	-	31,838,203
(Decrease) increase in net assets without donor restrictions	$ (31,589,156)	$ 16,440,705	$ (24,566,758)	$ 85,434,867	$ (8,138,334)	$ (2,004,980)	$ (448,113)	$ (195,531)	$ 9,014,171	$ -	$ 43,946,871

The accompanying note is an integral part of these supplemental consolidating financial statements.

Care New England Health System and Affiliates
Consolidating Statement of Changes in Net Assets
Year Ended September 30, 2025

	Butler and Affiliates	Kent and Affiliates	Care New England Medical Group	WIC and Affiliates	Care New England	The Agency	Southeastern Healthcare System, Inc. and Affiliates	Integra	The Center	Eliminations	Total
Net assets without donor restrictions											
(Deficiency) excess of revenues, gains, and other support over expenses and losses	$ (33,519,219)	$ 14,063,052	$ (24,566,758)	$ 61,497,721	$ (11,004,641)	$ (2,135,514)	$ (448,113)	$ (195,531)	$ 8,417,671	$ -	$ 12,108,668
Other changes in net assets without donor restrictions											
Pension and postretirement adjustments	957,211	961,457	-	544,961	2,866,307	70,345	-	-	-		5,400,281
Funding received for property, plant and equipment	727,088	-	-	768,407	-	-	-	-	-		1,495,495
Net assets released from restrictions used for purchase of property, plant and equipment	245,764	1,416,196	-	22,623,778	-	60,189	-	-	596,500		24,942,427
Transfer from net assets with donor restrictions											-
(Decrease) increase in net assets without donor restrictions	(31,589,156)	16,440,705	(24,566,758)	85,434,867	(8,138,334)	(2,004,980)	(448,113)	(195,531)	9,014,171	-	43,946,871
Net assets with donor restrictions											
Contributions	777,059	1,906,220	-	3,054,574	-	111,349	-	25,000	776,482		6,650,684
Income from investments	172,245	43,605	-	143,184	-	2,874	89,623	-	6,886		458,417
Net realized and unrealized losses from investments	770,788	218,426	-	636,940	-	14,020	447,568	-	10,844		2,098,586
Changes in beneficial interest in assets held at community foundation	-	-	-	-	-	-	-	-	18,893		18,893
Changes in beneficial interest in perpetual trusts	-	1,082,510	-	612,707	-	-	39,575	-	-		1,734,792
Net assets released from restrictions	(6,234,103)	(2,545,386)	-	(28,751,611)	(5,000)	(281,392)	-	(25,000)	(1,307,094)		(39,149,586)
Transfer to net assets without donor restrictions	-	-	-	-	-	-	-	-	-		-
(Decrease) increase in net assets with donor restrictions	(4,514,011)	705,375	-	(24,304,206)	(5,000)	(153,149)	576,766	-	(493,989)	-	(28,188,214)
(Decrease) increase in net assets	(36,103,167)	17,146,080	(24,566,758)	61,130,661	(8,143,334)	(2,158,129)	128,653	(195,531)	8,520,182	-	15,758,657
Net assets											
Beginning of year	71,727,694	114,247,208	(40,652,156)	500,239,146	(207,598,852)	(10,694,990)	(103,761,065)	(1,115,073)	21,029,157	-	343,421,069
End of year	$ 35,624,527	$ 131,393,288	$ (65,218,914)	$ 561,369,807	$ (215,742,186)	$ (12,853,119)	$ (103,632,412)	$ (1,310,604)	$ 29,549,339	$ -	$ 359,179,726

The accompanying note is an integral part of these supplemental consolidating financial statements.

Schedule of Expenditures of Federal Awards

Care New England Health System and Affiliates
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

CLUSTER/PROGRAM/AGENCY	ASSISTANCE LISTING NUMBER	DIRECT AGENCY/ PASS-THROUGH	PASS-THROUGH IDENTIFYING NUMBER	FEDERAL EXPENDITURES	PASSED- THROUGH TO SUBRECIPIENTS
RESEARCH AND DEVELOPMENT CLUSTER					
National Science Foundation					
Engineering Grants	47.041	University Of Rhode Island	10621/091324	$1,364	-
Subtotal - (47.041)				***1,364***	**-**
Department of Veterans Affairs					
Providence VA Medical Center	64.RD	Direct		7,040	-
Providence VA Medical Center	64.RD	Direct		19,079	-
VA Connecticut Healthcare System	64.RD	Direct		43,990	-
VA Connecticut Healthcare System	64.RD	Direct		1,822	-
Subtotal - (64.RD)				***71,931***	**-**
National Institute of Environmental Health Sciences (NIEHS)					
Environmental Health	93.113	Brown University	1956	14,441	-
Subtotal - (93.113)				***14,441***	**-**
National Center for Complementary and Integrative Health (NCCIH)					
Research and Training in Complementary and Integrative Health	93.213	Direct		553,302	297,071
Research and Training in Complementary and Integrative Health	93.213	Direct		179,728	-
Research and Training in Complementary and Integrative Health	93.213	Direct		132,074	-
Research and Training in Complementary and Integrative Health	93.213	Direct		332,457	143,910
Research and Training in Complementary and Integrative Health	93.213	Direct		53,750	-
Subtotal - (93.213)				***1,251,311***	***440,981***
National Institute of Mental Health (NIMH)					
Mental Health Research Grants	93.242	Direct		301,760	21,044
Mental Health Research Grants	93.242	Direct		440,451	194,106
Mental Health Research Grants	93.242	Direct		69,482	3,258
Mental Health Research Grants	93.242	Direct		161,084	-
Mental Health Research Grants	93.242	Direct		544,004	96,140
Mental Health Research Grants	93.242	Direct		532,484	92,186
Mental Health Research Grants	93.242	Direct		191,943	-
Mental Health Research Grants	93.242	Direct		52,073	-
Mental Health Research Grants	93.242	Brown University	1520	71,136	-
Mental Health Research Grants	93.242	Brown University	1595	175,420	-
Mental Health Research Grants	93.242	Brown University	1870	27,020	-
Mental Health Research Grants	93.242	The Curators Univ Of Missouri	C00078940-3	202,893	-
Mental Health Research Grants	93.242	Michigan State University	RC114239BUTLER	59,614	-
Mental Health Research Grants	93.242	Michigan State University	RC114241BUTLER	36,737	-
Mental Health Research Grants	93.242	Michigan State University	RC114240BUTLER	36,350	-
Mental Health Research Grants	93.242	Rhode Island Hospital	7137805	45,412	-
Mental Health Research Grants	93.242	Michigan State University	RC114215BUTLER	146,919	-
Mental Health Research Grants	93.242	Fox Learning Systems, Inc	SUB AWD00005873	64,315	-
Mental Health Research Grants	93.242	Bradley Hospital	7127708	97,104	-

The accompanying notes are an integral part of this schedule.

Care New England Health System and Affiliates
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

CLUSTER/PROGRAM/AGENCY	ASSISTANCE LISTING NUMBER	DIRECT AGENCY/ PASS-THROUGH	PASS-THROUGH IDENTIFYING NUMBER	FEDERAL EXPENDITURES	PASSED- THROUGH TO SUBRECIPIENTS
Mental Health Research Grants	93.242	UMass Chan Medical School	SUB00000330	$17,703	-
Mental Health Research Grants	93.242	Northwestern University	60056760 WIH	56,460	-
Mental Health Research Grants	93.242	Regents Of The Univ Of Ca, La	20000000275064	286,229	-
Mental Health Research Grants	93.242	Brown University	2406	31,865	-
Mental Health Research Grants	93.242	Ocean State Research Institute	512204	14,973	-
Mental Health Research Grants	93.242	Northwestern University	60063022WIH	42,050	-
Mental Health Research Grants	93.242	Bradley Hospital	7127673	50,381	-
Mental Health Research Grants	93.242	University Of Washington	UWSC15649	20,419	-
Subtotal - (93.242)				***3,776,281***	***406,734***
National Institute on Alcohol Abuse and Alcoholism (NIAAA)					
Alcohol Research Programs	93.273	Direct		687,811	13,558
Alcohol Research Programs	93.273	Direct		47,149	-
Alcohol Research Programs	93.273	Brown University	1766	20,289	-
Alcohol Research Programs	93.273	Boston University	4500004240	64,893	-
Alcohol Research Programs	93.273	Rhode Island Hospital/Brown University Health	7137767	13,804	-
Alcohol Research Programs	93.273	Brown University	2433	38,334	-
Alcohol Research Programs	93.273	Brown University	2521	2,818	-
Subtotal - (93.273)				***875,098***	***13,558***
National Institute on Drug Abuse (NIDA)					
Drug Abuse and Addiction Research Programs	93.279	Direct		779,471	128,630
Drug Abuse and Addiction Research Programs	93.279	Direct		259,315	27,245
Drug Abuse and Addiction Research Programs	93.279	Direct		124,978	-
Drug Abuse and Addiction Research Programs	93.279	Direct		508,408	3,126
Drug Abuse and Addiction Research Programs	93.279	Direct		474,032	56,995
Drug Abuse and Addiction Research Programs	93.279	Miriam Hosp/Brown Univ Health	710-7147113	28,252	-
Drug Abuse and Addiction Research Programs	93.279	Boston University	4500003056	21,579	-
Drug Abuse and Addiction Research Programs	93.279	Brown University	2152	22,549	-
Drug Abuse and Addiction Research Programs	93.279	Regents Of The Univ. Of Mich.	SUBK00018588	8,497	-
Drug Abuse and Addiction Research Programs	93.279	University Of Rhode Island	10514/090324	96,846	-
Drug Abuse and Addiction Research Programs	93.279	University Of Rhode Island	107017/102924	63,267	-
Drug Abuse and Addiction Research Programs	93.279	Brigham & Women's Hospital, In	GR0131725-S05	31,282	-
Drug Abuse and Addiction Research Programs	93.279	Miriam Hosp/Brown Univ Health	7147332	10,132	-
Drug Abuse and Addiction Research Programs	93.279	Mary Hitchcock Memorial Hosp	GC11054-05	28,995	-
Drug Abuse and Addiction Research Programs	93.279	The John Hopkins University	2006508537	49,861	-
Subtotal - (93.279)				***2,507,464***	***215,996***
National Institute on Minority Health and Health Disparities (NIMHD)					
Minority Health And Health Disparities Research	93.307	Northwestern University	60069679 WIHRI	16,668	-
Subtotal - (93.307)				***16,668***	***-***

The accompanying notes are an integral part of this schedule.

Care New England Health System and Affiliates
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

CLUSTER/PROGRAM/AGENCY	ASSISTANCE LISTING NUMBER	DIRECT AGENCY/ PASS-THROUGH	PASS-THROUGH IDENTIFYING NUMBER	FEDERAL EXPENDITURES	PASSED- THROUGH TO SUBRECIPIENTS
Office of the Director, National Institutes of Health (NIH)					
Trans-NIH Research Support	93.310	Direct		$69,694	$69,694
Trans-NIH Research Support	93.310	Direct		323,923	-
Trans-NIH Research Support	93.310	Duke University	303002977	40,036	-
Trans-NIH Research Support	93.310	Duke University	303004721	690	-
Subtotal - (93.310)				***434,343***	***69,694***
National Institute of Nursing Research (NINR)					
Nursing Research	93.361	Direct		568,344	164,316
Nursing Research	93.361	Trustees of the University of Pennsylvania	587443	27,432	-
Subtotal - (93.361)				***595,776***	***164,316***
National Cancer Institute (NCI)					
Cancer Detection and Diagnosis Research	93.394	Univtexas Md Anderson Cancer Center	3002524372	50,256	-
Subtotal - (93.394)				***50,256***	***-***
National Cancer Institute (NCI)					
Cancer Treatment Research	93.395	NRG Oncology Foundation, Inc	NRG-DiSilvestro-GY11	7,231	-
Subtotal - (93.395)				***7,231***	***-***
National Heart, Lung, and Blood Institute (NHLBI)					
Cardiovascular Diseases Research	93.837	Direct		672,792	316,912
Cardiovascular Diseases Research	93.837	Direct		168,266	2,322
Cardiovascular Diseases Research	93.837	Miriam Hosp/Brown Univ Health	7147247	77,677	-
Cardiovascular Diseases Research	93.837	Regents University of California San Diego	705692	36,791	-
Cardiovascular Diseases Research	93.837	Miriam Hosp/Brown Univ Health	7147377	26,962	-
Cardiovascular Diseases Research	93.837	Abagail Wexner Rsrch Institute	700348-0325-00	26,820	-
Cardiovascular Diseases Research	93.837	Brown University	2658	203,230	-
Cardiovascular Diseases Research	93.837	Kaiser Permanente Northern Ca	RNG211295-WIH	21,577	-
Cardiovascular Diseases Research	93.837	RTI International	22-312-0217457-67985L	32,174	-
Cardiovascular Diseases Research	93.837	The Curators Univ Of Missouri	00135562/00081654	17,643	-
Cardiovascular Diseases Research	93.837	Northwestern University	60065312 WIHRI	54,863	-
Cardiovascular Diseases Research	93.837	Northwestern University	60060791 WIHRI	9,095	-
Subtotal - (93.837)				***1,347,890***	***319,234***
National Heart, Lung, and Blood Institute (NHLBI)					
Lung Diseases Research	93.838	University Of Utah	10063508-06-WRI	27,353	-
Lung Diseases Research	93.838	Lurie Children Hosp Of Chicago	A24-0181-S003	67,780	-
Subtotal -(93.838)				***95,133***	***-***
National Heart, Lung, and Blood Institute (NHLBI)					
Blood Diseases and Resources Research	93.839	University of Iowa	S00644	67,460	-
Blood Diseases and Resources Research	93.839	RTI INTERNATIONAL	8-312-0219253-67542L	50,359	-
Subtotal - (93.839)				***117,819***	***-***

The accompanying notes are an integral part of this schedule.

Care New England Health System and Affiliates
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

CLUSTER/PROGRAM/AGENCY	ASSISTANCE LISTING NUMBER	DIRECT AGENCY/ PASS-THROUGH	PASS-THROUGH IDENTIFYING NUMBER	FEDERAL EXPENDITURES	PASSED- THROUGH TO SUBRECIPIENTS
National Heart, Lung, and Blood Institute (NHLBI)					
Translation and Implementation Science Research for Heart, Lung, Blood Diseases, and Sleep Disorders	93.840	Northwestern University	60063357 WIH	$32,160	-
Subtotal - (93.840)				***32,160***	***-***
National Institute of Arthritis and Musculoskeletal and Skin Diseases (NIAMS)					
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	UMASS Chan Medical School	SUB00000462	10,311	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	UMASS Chan Medical School	SUB00000470	4,078	-
Subtotal - (93.846)				***14,389***	***-***
National Institute of Diabetes and Digestive and Kidney Diseases (NIDDK)					
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Direct		671,043	131,786
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Northwestern University	60064017 WIHRI	59,449	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Brigham & Women's Hospital, In	130784	47,297	-
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Northwestern University	60059610 WIHRI	21,477	-
Subtotal - (93.847)				***799,266***	***131,786***
Eunice Kennedy Shriver National Institute of Child Health and Human Development (NICHD)					
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	University of Washington	UWSC13142	85,284	-
National Institute of Neurological Disorders and Stroke (NINDS)					
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Direct		400,158	163,753
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Prothera Biologics, LLC	2023.1	377,047	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Brown University	2549	113,992	-
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Yale University	CON-80004611 (GR121625)	417	-
Subtotal - (93.853)				***976,898***	***163,753***
National Institute of Allergy and Infectious Diseases (NIAID)					
Allergy and Infectious Diseases Research	93.855	Prothera Biologics, LLC	2024.1	135,757	-
Subtotal - (93.855)				***135,757***	***-***
National Institute of General Medical Sciences (NIGMS)					
Biomedical Research and Research Training	93.859	Direct		762,517	343,448
Biomedical Research and Research Training	93.859	Brown University	1924	22,192	-
Biomedical Research and Research Training	93.859	Brown University	2298	53,556	-
Biomedical Research and Research Training	93.859	Miriam Hosp/Brown Univ Health	710-7147345	255,889	-
Biomedical Research and Research Training	93.859	Brown University	2414	6,331	-
Biomedical Research and Research Training	93.859	Brown University	2438	109,365	-

The accompanying notes are an integral part of this schedule.

Care New England Health System and Affiliates
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

CLUSTER/PROGRAM/AGENCY	ASSISTANCE LISTING NUMBER	DIRECT AGENCY/ PASS-THROUGH	PASS-THROUGH IDENTIFYING NUMBER	FEDERAL EXPENDITURES	PASSED- THROUGH TO SUBRECIPIENTS
Biomedical Research and Research Training	93.859	Brown University	2482	$46,056	-
Biomedical Research and Research Training	93.859	Brown University	2623	15,986	-
Biomedical Research and Research Training	93.859	Miriam Hosp/Brown Univ Health	7149023E	652	-
Subtotal - (93.859)				***1,272,544***	***343,448***
Eunice Kennedy Shriver National Institute of Child Health and Human Development (NICHD)					
Child Health and Human Development Extramural Research	93.865	Direct		383,823	-
Child Health and Human Development Extramural Research	93.865	Direct		175	-
Child Health and Human Development Extramural Research	93.865	Direct		301,911	-
Child Health and Human Development Extramural Research	93.865	Direct		7,143	-
Child Health and Human Development Extramural Research	93.865	Direct		1,471	-
Child Health and Human Development Extramural Research	93.865	Direct		55,326	-
Child Health and Human Development Extramural Research	93.865	Direct		3,324	-
Child Health and Human Development Extramural Research	93.865	Direct		202,249	-
Child Health and Human Development Extramural Research	93.865	Direct		97,225	4,875
Child Health and Human Development Extramural Research	93.865	Direct		739,204	302,457
Child Health and Human Development Extramural Research	93.865	Direct		378,655	246,014
Child Health and Human Development Extramural Research	93.865	Direct		47,517	-
Child Health and Human Development Extramural Research	93.865	Direct		204,447	-
Child Health and Human Development Extramural Research	93.865	Direct		184,740	35,786
Child Health and Human Development Extramural Research	93.865	Direct		21,304	6,155
Child Health and Human Development Extramural Research	93.865	Direct		471,127	329,762
Child Health and Human Development Extramural Research	93.865	Direct		3,045	-
Child Health and Human Development Extramural Research	93.865	Direct		615,118	488,609
Child Health and Human Development Extramural Research	93.865	Direct		85,320	-
Child Health and Human Development Extramural Research	93.865	Direct		386,624	-
Child Health and Human Development Extramural Research	93.865	Direct		20,273	-
Child Health and Human Development Extramural Research	93.865	Direct		32,875	-
Child Health and Human Development Extramural Research	93.865	Direct		197,227	-
Child Health and Human Development Extramural Research	93.865	Direct		345,521	-
Child Health and Human Development Extramural Research	93.865	Direct		589,057	15,044
Child Health and Human Development Extramural Research	93.865	Direct		62,190	-
Child Health and Human Development Extramural Research	93.865	Direct		453,969	69,467
Child Health and Human Development Extramural Research	93.865	Direct		141,645	-
Child Health and Human Development Extramural Research	93.865	Regents Of The Univ. Of Mich.	SUBK00008470	29,270	-
Child Health and Human Development Extramural Research	93.865	Bradley Hospital	7127549	27,867	-
Child Health and Human Development Extramural Research	93.865	Michigan State University	RC111429	58,218	-
Child Health and Human Development Extramural Research	93.865	Brown University	1710	23,035	-
Child Health and Human Development Extramural Research	93.865	Indiana University	8961	91,937	-
Child Health and Human Development Extramural Research	93.865	University Of Washington	UWSC13140	15,832	-
Child Health and Human Development Extramural Research	93.865	Washington University	WU-23-0217	22,991	-
Child Health and Human Development Extramural Research	93.865	Lurie Children Hosp Of Chicago	A23-0020-S003-WIH	584,631	-
Child Health and Human Development Extramural Research	93.865	Michigan State University	SUBK00017908	202,395	-

The accompanying notes are an integral part of this schedule.

Care New England Health System and Affiliates
Schedule of Expenditures of Federal Awards
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CLUSTER/PROGRAM/AGENCY	ASSISTANCE LISTING NUMBER	DIRECT AGENCY/ PASS-THROUGH	PASS-THROUGH IDENTIFYING NUMBER	FEDERAL EXPENDITURES	PASSED- THROUGH TO SUBRECIPIENTS
Child Health and Human Development Extramural Research	93.865	Bradley Hospital	7127749	$56,693	-
Child Health and Human Development Extramural Research	93.865	MEDSTAR HEALTH RESEARCH INSTITUTE	5003713514	5,043	-
Subtotal - (93.865)				***7,150,417***	***1,498,169***
National Institute on Aging (NIA)					
Aging Research	93.866	Direct		689,767	553,758
Aging Research	93.866	Direct		101,522	15,006
Aging Research	93.866	Direct		298,022	2,916
Aging Research	93.866	Direct		10,197	-
Aging Research	93.866	Wake Forest University Health Sciences	119-33664-10000550134	65,491	-
Aging Research	93.866	Brown University	1717	11,827	-
Aging Research	93.866	Wake Forest University Health Sciences	505-33664-110000002521	366,910	-
Aging Research	93.866	Rutgers, The State University	#2034, PROJECT 830954	3,649	-
Aging Research	93.866	Indiana University	9088_BUTL (SW)	78,731	-
Aging Research	93.866	Regents Of University Of Wisconsin	2008	1,679	-
Aging Research	93.866	Regents Of University Of Wisconsin	2008	189,211	-
Aging Research	93.866	University Of Rhode Island	0009847/0011723	310,777	-
Aging Research	93.866	Regents Of University Of Wisconsin	3454	25,138	-
Aging Research	93.866	Fordham University	FORD0121-45157	87,058	-
Aging Research	93.866	Boston University	4500005425	31,843	-
Aging Research	93.866	Mayo Clinic	BUT-263134	26,654	-
Aging Research	93.866	University Of Southern California	SCON-00005731	257,309	-
Aging Research	93.866	University Of Southern California	SCON-00004563	537,804	-
Aging Research	93.866	University Of Southern California	SCON-00004523	10,648	-
Aging Research	93.866	Wake Forest University Health Sciences	768-33664-11000002106	23,334	-
Aging Research	93.866	Washington University	WU-20-29	75,295	-
Aging Research	93.866	Wake Forest University Health Sciences	48-101720-112234	843,362	15,935
Aging Research	93.866	Washington University	WU-23-0165-MOD-2	219,668	-
Aging Research	93.866	University Of Southern California	129140101	125,957	-
Aging Research	93.866	Hennepin Hlthcr Rsrch Inst.	15318-9-03FFS	5,041	-
Aging Research	93.866	Washington University	WU-19-271	327,772	-
Aging Research	93.866	Indiana University	8310_BUTL	365,771	-
Aging Research	93.866	University Of Southern California	SCON-00005678	269,446	-
Subtotal - (93.866)				***5,359,883***	***587,615***
Centers for Disease Control and Prevention (CDC)					
Tuberculosis Demonstration, Research, Public and Professional Education	93.947	Rutgers, The State University	3327	36,021	-
Subtotal - (93.947)				***36,021***	***-***
Eunice Kennedy Shriver National Institute of Child Health and Human Development (NICHD) and National Institute of Allergy and Infectious Diseases (NIAID)					
NIAID - Contract 75N91010D000024	93.RD	Hennepin Hlthcr Rsrch Inst.	14384-14	73	-
NIAID - Contract 75N91010D000024	93.RD	Brown University	SUB00000686	131,655	-

The accompanying notes are an integral part of this schedule.

Care New England Health System and Affiliates
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

CLUSTER/PROGRAM/AGENCY	ASSISTANCE LISTING NUMBER	DIRECT AGENCY/ PASS-THROUGH	PASS-THROUGH IDENTIFYING NUMBER	FEDERAL EXPENDITURES	PASSED- THROUGH TO SUBRECIPIENTS
National Heart Lung and Blood Institute (NHLBI)					
RTI International	93.RD	Duke University	SPS- 282236, WBSE-383001268	$208,078	-
Subtotal - (93.RD)				***339,806***	**-**
RESEARCH AND DEVELOPMENT CLUSTER TOTAL				**27,280,147**	**4,355,284**
AGING CLUSTER					
Administration for Community Living (ACL)					
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	State Of Rhode Island	CONGREGATE-23-022	143,685	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	State Of Rhode Island	IIICCONG-25-00002	931,301	-
Subtotal - (93.045)				***1,074,986***	**-**
AGING CLUSTER TOTAL				**1,074,986**	**-**
MEDICAID CLUSTER					
United States Department of Health and Human Services (HHS)					
Medical Assistance Program	93.778	State Of Rhode Island	3865669	19,153	-
Subtotal - (93.778)				***19,153***	**-**
MEDICAID CLUSTER TOTAL				**19,153**	**-**
SECTION 8 PROJECT-BASED CLUSTER					
United States Department of Housing and Urban Development (HUD)					
Project-Based Rental Assistance (PBRA)	14.195	Direct		79,194	-
Project-Based Rental Assistance (PBRA)	14.195	Direct		151,445	-
Project-Based Rental Assistance (PBRA)	14.195	Rhode Island Housing	R143T781003	109,114	-
Subtotal - (14.195)				***339,753***	**-**
SECTION 8 PROJECT-BASED CLUSTER TOTAL				**339,753**	**-**
OTHER PROGRAMS					
United States Department of Agriculture (USDA)					
Food and Nutrition Service (FNS)					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	State of Rhode Island	RFP#2022RIDOH006	1,283	-
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	State of Rhode Island	RFP#2022RIDOH006	2,924,108	-
Subtotal - (10.557)				***2,925,391***	**-**

The accompanying notes are an integral part of this schedule.

Care New England Health System and Affiliates
Schedule of Expenditures of Federal Awards
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CLUSTER/PROGRAM/AGENCY	ASSISTANCE LISTING NUMBER	DIRECT AGENCY/ PASS-THROUGH	PASS-THROUGH IDENTIFYING NUMBER	FEDERAL EXPENDITURES	PASSED- THROUGH TO SUBRECIPIENTS
United States Department of Agriculture (USDA)					
Food and Nutrition Service (FNS)					
Child and Adult Care Food Program	10.558	State of Rhode Island	35374	$24,426	-
Subtotal - (10.558)				***24,426***	**-**
United States Department of Housing and Urban Development (HUD)					
Supportive Housing for Persons with Disabilities	14.181	Direct		1,152,335	-
Supportive Housing for Persons with Disabilities	14.181	Direct		18,465	-
Supportive Housing for Persons with Disabilities	14.181	Direct		834,200	-
Supportive Housing for Persons with Disabilities	14.181	Direct		1,173,200	-
Supportive Housing for Persons with Disabilities	14.181	Direct		91,012	-
Subtotal - (14.181)				***3,269,212***	**-**
Bureau of Justice Assistance (BJA)					
Residential Substance Abuse Treatment for State Prisoners	16.593	State of Rhode Island Department of Corrections	3856337	123,860	-
Subtotal - (16.593)				***123,860***	**-**
Bureau of Justice Assistance (BJA)					
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	City of Providence	Not applicable	141,817	-
Subtotal - (16.745)				***141,817***	**-**
United States Department of the Treasury (TREAS)					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	Rhode Island Department of Health	Not applicable	16,486	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	State Of Rhode Island	3803136/GR-42249	1,036,231	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	State Of Rhode Island	3817018/GR-42714	4,761	-
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	State Of Rhode Island	Not applicable	143,603	-
Subtotal - (21.027)				***1,201,081***	**-**
Department of Veterans Affairs					
VA Homeless Providers Grant and Per Diem Program	64.024	Direct		1,836	-
VA Homeless Providers Grant and Per Diem Program	64.024	Direct		271,683	-
Subtotal - (64.024)				***273,519***	**-**
United States Department of Education (ED)					
Special Education-Grants for Infants and Families with Disabilities	84.181A	Rhode Island Department of Health	075-25-03-011	137,541	-
Special Education-Grants for Infants and Families	84.181	Rhode Island Department of Health	Not applicable	166,946	-
Subtotal - (84.181)				***304,487***	**-**
Health Resources & Services Administration (HRSA)					
Maternal and Child Health Federal Consolidated Programs	93.110	State of Rhode Island	075-25-03-010	38,453	-
Maternal and Child Health Federal Consolidated Programs	93.110	State of Rhode Island	Not applicable	68,287	-
Maternal and Child Health Federal Consolidated Programs	93.110	State of Rhode Island	Not applicable	165	-
Subtotal - (93.110)				***106,905***	**-**

The accompanying notes are an integral part of this schedule.

Care New England Health System and Affiliates
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

CLUSTER/PROGRAM/AGENCY	ASSISTANCE LISTING NUMBER	DIRECT AGENCY/ PASS-THROUGH	PASS-THROUGH IDENTIFYING NUMBER	FEDERAL EXPENDITURES	PASSED- THROUGH TO SUBRECIPIENTS
United States Department of Health and Human Services (HHS)					
Community Programs to Improve Minority Health Grant Program	93.137	Direct		$941,382	$23,505
Subtotal - (93.137)				***941,382***	***23,505***
Substance Abuse and Mental Health Services Administration (SAMHSA)					
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	State Of Rhode Island	3698730/DEL-40267	34,184	-
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	State Of Rhode Island	3765240	10,603	-
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	Rhode Island Public Health Institute	89073B	510,266	-
Subtotal - (93.243)				***555,053***	**-**
Health Resources & Services Administration (HRSA)					
Advanced Education Nursing Grant	93.247	RIH/Brown University Health	7133041	18,018	-
Subtotal - (93.247)				***18,018***	**-**
Health Resources & Services Administration (HRSA)					
Congressional Directives	93.493	Direct		747,959	-
Congressional Directives	93.493	Direct		803,000	-
Congressional Directives	93.493	Direct		129,729	-
Congressional Directives	93.493	Direct		715,989	-
Subtotal - (93.493)				***2,396,677***	**-**
Office of the Administration for Children & Families (ACF)					
State Court Improvement Program	93.586	Rhode Island Administrative Office of State Courts	2022RISCIP 2023RISCIP	11,736	-
State Court Improvement Program	93.586	Rhode Island Administrative Office of State Courts	2502RISCIP	3,466	-
Subtotal - (93.586)				***15,202***	**-**
Office of the Administration for Children & Families (ACF)					
Social Services Block Grant	93.667	Rhode Island Department of Behavioral Healthcare Development Disabilities & Hospitals	3806311	17,797	-
Social Services Block Grant	93.667	State Of Rhode Island	OASIS 076-00001	225,958	-
Subtotal - (93.667)				***243,755***	**-**
Substance Abuse and Mental Health Services Administration (SAMHSA)					
Opioid STR	93.788	Rhode Island Department of Behavioral Healthcare Development Disabilities & Hospitals	3754639/DEL-41313	60,974	-

The accompanying notes are an integral part of this schedule.

Care New England Health System and Affiliates
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

CLUSTER/PROGRAM/AGENCY	ASSISTANCE LISTING NUMBER	DIRECT AGENCY/ PASS-THROUGH	PASS-THROUGH IDENTIFYING NUMBER	FEDERAL EXPENDITURES	PASSED- THROUGH TO SUBRECIPIENTS
Opioid STR	93.788	Rhode Island Department of Behavioral Healthcare Development Disabilities & Hospitals	3754428/DEL 41306	$45,255	-
Opioid STR	93.788	Rhode Island Department of Behavioral Healthcare Development Disabilities & Hospitals	075-25-03-011	46,277	-
Opioid STR	93.788	Rhode Island Department of Behavioral Healthcare Development Disabilities & Hospitals	3754428	35,476	-
Subtotal - (93.788)				***187,982***	**-**
Health Resources & Services Administration (HRSA)					
Maternal, Infant and Early Childhood Homevisiting Grant Program	93.870	State of Rhode Island	075-25-03-011	80,802	-
Subtotal - (93.870)				***80,802***	**-**
Health Resources & Services Administration (HRSA)					
Grants for Primary Care Training and Enhancement	93.884	Direct		432,572	-
Subtotal - (93.884)				***432,572***	**-**
Health Resources & Services Administration (HRSA)					
Block Grants for Community Mental Health Services	93.958	Rhode Island Department of Behavioral Healthcare Development Disabilities & Hospitals	3777872/DEL-41822	26	-
Substance Abuse and Mental Health Services Administration (SAMHSA)					
Block Grants for Community Mental Health Services	93.958	Rhode Island Department of Behavioral Healthcare Development Disabilities & Hospitals	HTBLOCK076-00007	11,641	-
Subtotal - (93.958)				***11,667***	**-**
Substance Abuse and Mental Health Services Administration (SAMHSA)					
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Rhode Island Department of Behavioral Healthcare Development Disabilities & Hospitals	3754639/DEL-41313	163,964	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Rhode Island Department of Behavioral Healthcare Development Disabilities & Hospitals	3754428/DEL 41306	11,080	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Rhode Island Department of Behavioral Healthcare Development Disabilities & Hospitals	075-25-03-011	257,325	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Rhode Island Department of Behavioral Healthcare Development Disabilities & Hospitals	3754428/DEL 41306	97,491	-
Subtotal - (93.959)				***529,860***	**-**

The accompanying notes are an integral part of this schedule.

Care New England Health System and Affiliates
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

CLUSTER/PROGRAM/AGENCY	ASSISTANCE LISTING NUMBER	DIRECT AGENCY/ PASS-THROUGH	PASS-THROUGH IDENTIFYING NUMBER	FEDERAL EXPENDITURES	PASSED- THROUGH TO SUBRECIPIENTS
Health Resources & Services Administration (HRSA)					
PPHF Geriatric Education Centers	93.969	University Of Rhode Island	10564/112524	$180,202	-
Subtotal - (93.969)				***180,202***	**-**
Centers for Disease Control and Prevention (CDC)					
Preventive Health And Health Services Block Grant	93.991	State Of Rhode Island	Not applicable	48,840	-
Subtotal - (93.991)				***48,840***	**-**
Federal Emergency Management Agency (FEMA)					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	State of Rhode Island	671644- PW665	125,955	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	State of Rhode Island	PA-01-RI-4505-PW-0826	9,882	-
Subtotal - (97.036)				***135,837***	**-**
OTHER PROGRAMS TOTAL				**$14,148,547**	**$23,505**
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$42,862,586**	**$4,378,789**

The accompanying notes are an integral part of this schedule.

Care New England Health System and Affiliates
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2025

1. Basis of Presentation and Accounting

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the total consolidated expenditures of Care New England Health System and its affiliates ("Care New England") under programs of the federal government for the year ended September 30, 2025. The information presented in the Schedule is presented on the accrual basis of accounting, which is in accordance with the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Such expenditures are recognized following the cost principles contained in OASC-3, *Department of Health and Human Services Principles for Determining Costs Applicable to Research and Development under Grants and Contracts with Hospitals*, wherein certain types of expenditures are not allowable or are limited to reimbursement.

For purposes of the Schedule, federal awards include all grants, contracts and similar agreements entered directly by Care New England with agencies and departments of the federal government and all subawards to Care New England by nonfederal organizations pursuant to federal grants, contracts and similar agreements. Because the Schedule presents only the federal award activity of Care New England, it is not intended to and does not present the financial position, changes in net assets and cash flows of Care New England. Assistance listing numbers and pass through numbers are provided when available.

2. Indirect Expenses

Indirect costs are charged to certain federal grants and contracts at federally approved predetermined indirect rates, or if a Negotiated Indirect Cost Rate Agreement ("NICRA") does not exist, Care New England elects to use the 10% or 15% de minimis indirect cost rate, as applicable allowed under the Uniform Guidance.

3. Funding from the U.S. Department of Housing and Urban Development

The Providence Center, Inc., whose sole corporate member is Care New England received funding from the U.S. Department of Housing and Urban Development ("HUD") in both the current and prior years. The funding has been included in the accompanying schedule of expenditures of federal awards in consideration of the fact that the federal programs from which the funding originates imposes continuing compliance requirements on the use of the properties acquired and rehabilitated for specified periods ranging from 10 to 40 years. Those programs, include the following:

Entity	Assistance Listing #	Capital Advances
Grandview Second Corporation	14.181	$1,173,200
Wilson Street Apartments, Inc.	14.181	1,152,335
Wilson Street Apartments, Inc.	14.181	18,465
Nashua Street Corporation	14.181	834,200

4. Division of Family Health (WIC) (Assistance Listing #10.557)

Care New England determines participant eligibility for receipt of food vouchers as part of the Special Supplemental Nutrition Program for the Women, Infants and Children program (Assistance Listing # 10.557). Of the $2,294,108 in expenditure presented in the Schedule, $454,256 represents direct costs incurred by Care New England for this program. The food vouchers for which Care New England determined eligibility for amounted to $2,469,852 for the year ended September 30, 2025.

5. Federal Emergency Management Agency (FEMA) Public Assistance

Care New England applied for reimbursement of certain expenses related to the COVID-19 pandemic under Assistance Listing #97.036, FEMA Public Assistance through the State of Rhode Island. Expenditures are reflected in the Schedule of Expenditures of Federal Awards (SEFA) in the year in which a project application is obligated. The SEFA thus includes $135,837 of expenditures incurred in fiscal years 2020 through 2023, which were obligated in 2025. Included in this amount is managerial costs for prior fiscal years of the pandemic 2020 through 2024 in the amount of $9,882 for the Providence Center.

Part II
Reports on Internal Control and Compliance

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of Care New England Health System

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, except as noted below, the consolidated financial statements of Care New England Health System and its affiliates (the "System"), which comprise the consolidated balance sheet as of September 30, 2025, and the related consolidated statements of operations, of changes in net assets, and of cash flows for the year then ended, including the related notes (collectively referred to as the "consolidated financial statements"), and have issued our report thereon dated December 19, 2025.

The PricewaterhouseCoopers affiliated firm in the Cayman Islands performed audit procedures for the Women & Infants Indemnity, Ltd and Kent County Memorial Hospital Toll Gate Indemnity, Ltd., comprising approximately 21% of total assets of the System for the year ended September 30, 2025. Personnel of this firm, excluding United States personnel, do not participate in a continuing education program that fully satisfies the requirement set forth in Chapter 4, paragraphs 4.16-4.18 of *Government Auditing Standards*. However, this firm does participate in continuing education programs applicable in the Cayman Islands.

Further, the PricewaterhouseCoopers affiliated firm in the Cayman Islands does not have an external quality review by an unaffiliated audit organization as required by Chapter 5, paragraph 5.60-5.62 of *Government Auditing Standards*, since no such program is offered by professional organizations in the country. However, this office participates in the PricewaterhouseCoopers worldwide internal control review program, which requires the office to be periodically subjected to an extensive quality control review by partners and managers from other PricewaterhouseCoopers affiliated firms.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the System's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Boston, Massachusetts
December 19, 2025

Report of Independent Auditors on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance

To the Board of Directors of Care New England Health System

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Care New England Health System and its affiliates' (the "System") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the System's major federal programs for the year ended September 30, 2025. The System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the System complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (US GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the System's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the System's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the System's compliance based on our audit. 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 US GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the System's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with US GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 System's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the System's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in

internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Boston, Massachusetts
December 19, 2025

Part III
Audit Findings and Questioned Costs

Care New England Health System and Affiliates
Schedule of Findings and Questioned Costs
Year Ended September 30, 2025

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting		
Material weakness(es) identified?	___ yes	_x_ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ yes	_x_ none reported
Noncompliance material to financial statements noted?	___ yes	_x_ no

Federal Awards

Internal control over major programs		
Material weakness(es) identified?	___ yes	_x_ no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ yes	_x_ none reported
Type of auditor's report issued on compliance for major programs	Unmodified	
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	__ yes	_x_ no

Identification of Major Programs

Assistance Listing Number(s)	Name of Federal Program/Cluster
Various	Research and Development Cluster
93.137	Community Programs to Improve Minority Health Grant Program

Dollar threshold used to distinguish between Type A and Type B programs	$1,285,878	
Auditee qualified as a low-risk auditee?	_x_ yes	___ no

II. Financial Statement Findings

None noted.

III. Federal Award Findings and Questioned Costs

No findings noted.

Care New England Health System and Affiliates
Summary Schedule of Prior Audit Findings and Status
Fiscal Year Ended September 30, 2025

No findings noted in the prior year which required follow up in the current year.