



LIFESPAN CORPORATION AND AFFILIATES

Independent Auditors' Reports as Required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *Government Auditing Standards* and Related Information

Year ended September 30, 2022

LIFESPAN CORPORATION AND AFFILIATES

Independent Auditors' Reports as Required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and *Government Auditing Standards* and Related Information

Year Ended September 30, 2022

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KPMG LLP
One Financial Plaza, Suite 2300
Providence, RI 02903

Exhibit I

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Directors
Lifespan Corporation and Affiliates:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lifespan Corporation and Affiliates' (Lifespan) 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 Lifespan's major federal programs for the year ended September 30, 2022. Lifespan's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lifespan 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, 2022.

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 (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 Lifespan 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 Lifespan'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 Lifespan'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 Lifespan'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 GAAS, *Government*



Exhibit I

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 Lifespan's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with 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 Lifespan'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 Lifespan'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 Lifespan'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 a 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.



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Lifespan as of and for the year ended September 30, 2022, and have issued our report thereon dated February 24, 2023, which contained an unmodified opinion on those consolidated financial statements. 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 is presented for purposes of additional analysis as required by the 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Providence, Rhode Island
June 30, 2023



KPMG LLP
One Financial Plaza, Suite 2300
Providence, RI 02903

Independent Auditors' Report 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*

The Board of Directors
Lifespan Corporation and Affiliates:

We have audited, in accordance with the 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, the consolidated financial statements of Lifespan Corporation and Affiliates (Lifespan), which comprise Lifespan's consolidated financial position as of September 30, 2022, and the related consolidated statements of operations and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 24, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Lifespan'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 Lifespan's internal control. Accordingly, we do not express an opinion on the effectiveness of Lifespan'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 entity'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 Lifespan'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Providence, Rhode Island
February 24, 2023

LIFESPAN CORPORATION AND AFFILIATES

Schedule of Findings and Questioned Costs

Year ended September 30, 2022

(1) Summary of Auditor's Results

- a. Type of report issued on whether the consolidated financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- b. Internal control deficiencies over financial reporting disclosed by the audit of the consolidated financial statements:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- c. Noncompliance material to the financial statements: **None**
- d. Internal control deficiencies over major programs disclosed by the audit:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- e. Type of report issued on compliance for major programs: **Unmodified**
- f. Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **None**
- g. Major programs:
 - Research and Development Cluster – various assistance listing numbers
 - COVID-19 – Provider Relief Funds – 93.498
- h. Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- i. Auditee qualified as a low-risk auditee: **Yes**

(2) Findings Relating to the Consolidated Financial Statements Reported in Accordance with Government Auditing Standards

None reported.

(3) Findings and Questioned Costs Relating to Federal Awards

None reported.



KPMG LLP
One Financial Plaza, Suite 2300
Providence, RI 02903

Independent Auditors' Report

The Board of Directors
Lifespan Corporation and Affiliates:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Lifespan Corporation and Affiliates (Lifespan), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Lifespan as of September 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Lifespan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 consolidated financial statements.

In performing an audit in accordance with 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 Lifespan'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 Lifespan'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023, on our consideration of Lifespan'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. 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 Lifespan's 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 Lifespan's internal control over financial reporting and compliance.

KPMG LLP

Providence, Rhode Island
February 24, 2023

LIFESPAN CORPORATION AND AFFILIATES

Consolidated Statements of Financial Position

September 30, 2022 and 2021

(In thousands)

Assets	2022	2021	Liabilities and Net Assets	2022	2021
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 166,768	\$ 374,827	Accounts payable	\$ 170,181	\$ 152,625
Patient accounts receivable	269,435	241,706	Accrued employee benefits and compensation	123,976	178,182
Other receivables	43,058	56,969	Other accrued expenses	17,587	22,303
Current portion of contributions receivable, net	10,906	8,295	Current portion of long-term debt	18,791	16,380
Total receivables	323,399	306,970	Current portion of estimated third-party payor settlements	28,304	165,181
Assets limited as to use	64,284	53,794	Current portion of estimated malpractice and other self-insurance costs	77,883	68,184
Inventories	43,499	38,694	Operating lease liabilities, current portion	24,430	21,599
Prepaid expenses and other current assets	25,544	23,361	Total current liabilities	461,152	624,454
Total current assets	623,494	797,646	Long-term debt, net of current portion	413,432	420,426
Assets limited as to use	1,410,266	1,692,101	Estimated third-party payor settlements, net of current portion	26,093	29,993
Less amount required to meet current obligations	(64,284)	(53,794)	Estimated malpractice self-insurance costs, net of current portion	152,878	142,466
Noncurrent assets limited as to use	1,345,982	1,638,307	Accrued pension liability	126,049	171,793
Right-of-use assets, net – operating leases	109,464	109,039	Operating lease liabilities, non-current portion	87,327	89,288
Property and equipment, net	806,935	822,390	Other liabilities	68,595	97,268
Other assets:			Total liabilities	1,335,526	1,575,688
Contributions receivable, net	14,876	8,523	Net assets:		
Other noncurrent assets	109,611	109,713	Net assets without donor restrictions	1,042,186	1,180,584
Total other assets	124,487	118,236	Net assets with donor restrictions	632,650	729,346
Total assets	3,010,362	3,485,618	Total net assets	1,674,836	1,909,930
Total assets	\$ 3,010,362	\$ 3,485,618	Total liabilities and net assets	\$ 3,010,362	\$ 3,485,618

See accompanying notes to consolidated financial statements.

LIFESPAN CORPORATION AND AFFILIATES

Consolidated Statements of Operations and Changes in Net Assets

Years ended September 30, 2022 and 2021

(In thousands)

	2022	2021
Revenues and other support without donor restrictions:		
Patient service revenue	\$ 2,373,055	\$ 2,246,164
Other revenues	242,110	351,763
Endowment earnings contributed toward community benefit	17,466	16,442
Net assets released from restrictions used for operations	48,377	87,759
Net assets released from restrictions used for research	126,640	121,625
	2,807,648	2,823,753
Operating expenses:		
Compensation and benefits	1,748,427	1,608,954
Supplies and other expenses	744,218	750,421
Purchased services	183,873	181,190
Depreciation and amortization	93,234	92,311
Interest	13,489	9,668
License fees	100,657	92,122
	2,883,898	2,734,666
Total operating expenses	2,883,898	2,734,666
(Loss) income from operations	(76,250)	89,087
Nonoperating gains and losses:		
Gifts and bequests without donor restrictions	5,040	3,679
Income from board-designated investments	3,705	2,812
Net realized and unrealized (losses) gains on board-designated investments	(104,602)	88,661
Non-service periodic pension costs	(9,317)	(17,243)
Fundraising expenses	(5,021)	(4,296)
Other nonoperating losses, net	(385)	(1,060)
	(110,580)	72,553
Total nonoperating (losses) gains, net	(110,580)	72,553
(Deficiency) excess of revenues over expenses	\$ (186,830)	\$ 161,640

LIFESPAN CORPORATION AND AFFILIATES

Consolidated Statements of Operations and Changes in Net Assets (Continued)

Years ended September 30, 2022 and 2021

(In thousands)

	2022	2021
Changes in net assets without donor restrictions:		
(Deficiency) excess of revenues over expenses	\$ (186,830)	\$ 161,640
Other changes in net assets without donor restrictions:		
Change in funded status of pension and other postretirement plans, other than net periodic pension and postretirement benefit costs	36,261	53,741
Net assets released from restrictions used for purchase of property and equipment	12,465	14,913
Other decreases	(294)	(33)
(Decrease) increase in net assets without donor restrictions	(138,398)	230,261
Changes in net assets with donor restrictions:		
Gifts, grants, and bequests	186,156	221,776
Income from restricted endowment and other restricted investments	11,310	8,361
Net assets released from restrictions	(187,482)	(224,297)
Net realized and unrealized (losses) gains on investments	(104,127)	122,927
Fundraising expenses	(1,985)	(1,645)
Grants to outside agencies	(838)	(669)
Other decreases	270	(595)
(Decrease) increase in net assets with donor restrictions	(96,696)	125,858
(Decrease) increase in net assets	(235,094)	356,119
Net assets, beginning of year	1,909,930	1,553,811
Net assets, end of year	\$ 1,674,836	\$ 1,909,930

See accompanying notes to consolidated financial statements.

LIFESPAN CORPORATION AND AFFILIATES

Consolidated Statements of Cash Flows

Years ended September 30, 2022 and 2021

(In thousands)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (235,094)	\$ 356,119
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Change in funded status of pension and other postretirement plans, other than net periodic pension and postretirement benefit costs	(36,261)	(53,741)
Pension settlement charge	6,165	5,938
Net realized and unrealized losses (gains) on investments	231,353	(211,588)
Contributions restricted for purchase of property and equipment	(10,727)	(4,579)
Depreciation and amortization	93,234	92,311
Provision for estimated self-insurance costs	197,899	223,923
Decrease in liabilities for estimated self-insurance costs resulting from claims paid	(177,788)	(191,404)
Increase in patient accounts receivable	(27,729)	(4,854)
Increase in accounts payable	17,556	27,721
(Decrease) increase in accrued employee benefits and compensation	(54,206)	43,450
Decrease in estimated third-party payor settlements	(140,777)	(27,827)
Decrease in CARES Act deferred revenue	—	(56,400)
Decrease in all other current and noncurrent assets and liabilities, net	<u>(53,317)</u>	<u>(72,623)</u>
Net cash (used in) provided by operating activities	<u>(189,692)</u>	<u>126,446</u>
Cash flows from investing activities:		
Purchase of property and equipment	(77,779)	(93,696)
Acquisition of Coastal Medical, Inc.	—	(51,629)
Contributions restricted for purchase of property and equipment	10,727	4,579
Purchases of assets limited as to use	(969,151)	(1,328,426)
Proceeds from sales of assets limited as to use	1,009,846	1,124,343
Other net decreases (increases) in assets limited as to use	<u>11,863</u>	<u>(2,719)</u>
Net cash used in investing activities	<u>(14,494)</u>	<u>(347,548)</u>
Cash flows from financing activities:		
Proceeds from mortgage issuance	16,193	—
Proceeds from issuance of long-term debt	—	200,000
Payments on long-term debt	<u>(17,893)</u>	<u>(19,271)</u>
Net cash (used in) provided by financing activities	<u>(1,700)</u>	<u>180,729</u>
Net decrease in cash, cash equivalents, and restricted cash	(205,886)	(40,373)
Cash, cash equivalents, and restricted cash at:		
Beginning of year	<u>379,220</u>	<u>419,593</u>
End of year	<u>\$ 173,334</u>	<u>\$ 379,220</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	<u>\$ 16,463</u>	<u>\$ 10,984</u>
Cash and cash equivalents	166,768	374,827
Restricted cash	<u>6,566</u>	<u>4,393</u>
Cash, cash equivalents, and restricted cash	<u>\$ 173,334</u>	<u>\$ 379,220</u>

See accompanying notes to consolidated financial statements.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(1) Description of Organization

Lifespan Corporation and Affiliates (Lifespan), established in August 1994, is an integrated regional health care delivery system comprised of teaching hospitals, a community hospital, a children's and adolescent psychiatric hospital, a retail and specialty pharmacy, community mental and behavioral health providers, a primary care group practice, a multispecialty group practice, and other caregivers, with locations throughout Rhode Island. As a complement to its role in healthcare service and education, Lifespan actively supports research. Lifespan Corporation (Lifespan Corp.) is a nonprofit company located in Providence, Rhode Island, which operates for the benefit of and to support each of its nonprofit charitable hospitals and other affiliated corporations.

The composition of the Boards of Trustees of each of the Lifespan system hospitals and of both Newport Health Care Corporation and Gateway Healthcare, Inc. is defined as those persons serving from time to time as the directors of Lifespan Corp. As a result, the Board of each such entity is comprised of the same individuals. The Board of each entity, however, retains its responsibilities and authorities to that entity. Certain other affiliates of Lifespan Corp. are governed by Boards of Trustees which are elected annually by Lifespan Corp. or another affiliate of Lifespan Corp.

Affiliated corporations of Lifespan Corp. include Rhode Island Hospital (RIH), The Miriam Hospital (TMH), Emma Pendleton Bradley Hospital (Bradley), Newport Health Care Corporation (NHCC), which includes Newport Hospital (NH), Lifespan Physician Group, Inc. (LPG), and Gateway Healthcare, Inc (Gateway).

Affiliation with Coastal Medical, Inc.

On February 6, 2020, Lifespan Corporation and Coastal Medical, Inc. (Coastal), a Rhode Island independent primary care provider, executed an asset purchase agreement on January 28, 2021, which became effective on April 25, 2021, whereby Lifespan acquired Coastal resulting in the recognition of \$63,539 of goodwill recorded within other noncurrent assets in the accompanying consolidated statement of financial position. In connection therewith, Lifespan became the sole member of Coastal Medical Physicians, Inc., a tax-exempt organization. Additionally, RIH, a member of the Lifespan Obligated Group, acquired two Coastal medical office buildings for cash consideration of \$19,922. RIH obtained a 10-year mortgage secured at a fixed interest of 2.88% and a term ending October 1, 2031 as part of the acquisition of the two Coastal properties.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(2) Charity Care and Other Community Benefits

The total net cost of charity care and other community benefits provided by Lifespan for the years ended September 30, 2022 and 2021 is summarized in the following table:

	<u>2022</u>	<u>2021</u>
Charity care	\$ 30,311	\$ 26,482
Medical education, net	81,710	75,097
Research	20,481	18,999
Subsidized health services	36,146	33,559
Unreimbursed Medicaid costs	107,179	90,584
Community health improvement services and community benefit operations	<u>1,752</u>	<u>1,798</u>
Total	<u>\$ 277,579</u>	<u>\$ 246,519</u>

Charity Care

Lifespan provides full charity care for individuals at or below twice the federal poverty level, with a sliding scale for individuals based upon the federal poverty level guidelines, as set by the U.S. Department of Health and Human Services (HHS). In addition, a substantial discount consistent with Medicare program reimbursement is offered to all other uninsured patients. Lifespan determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including compensation and benefits, supplies, and other operating expenses, based on data from its costing system. The total cost, excluding medical education and research, incurred by Lifespan to provide charity care amounted to \$30,311 and \$26,482 in 2022 and 2021, respectively. Charges forgone, based on established rates, amounted to \$99,761 and \$89,800 in 2022 and 2021, respectively.

Medical Education

Lifespan provides the setting for and substantially supports medical education in various clinical training and nursing programs. The total cost of medical education provided by Lifespan exceeded the reimbursement received from third-party payors by \$81,710 and \$75,097 in 2022 and 2021, respectively.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(2) Charity Care and Other Community Benefits (continued)

Research

Lifespan conducts extensive medical research, with RIH and TMH in the forefront of biomedical health care delivery research and among the leaders nationally in the National Institutes of Health programs. Lifespan also sponsors a significant level of these research activities, as indicated in the table in note 2.

Federal support accounts for approximately 60% of all externally funded research at Lifespan. Researchers focus on basic research projects and clinical trials which investigate prevention and treatment of HIV/AIDS, obesity, cancer, diabetes, cardiac disease, neurological problems, orthopedic advancements, mental health concerns, and brain science. Researchers work in the laboratory or with patients, or both.

Subsidized Health Services

Lifespan substantially subsidizes various health services including the following programs: adult psychiatry, tuberculosis, and Alzheimer's, as well as the Center for Special Children, Vanderbilt Rehabilitation Center (NH), and certain other specialty services. Lifespan also supports comprehensive mental health evaluation and treatment of children, adolescents, and families under several programs, including outpatient, day treatment, and residential.

Unreimbursed Medicaid Costs

Lifespan subsidizes the cost of treating patients who receive government assistance where reimbursement is below cost. Medicaid is a means-tested health insurance program, jointly funded by state and federal governments. States administer the program and set rules for eligibility, benefits, and provider payments within broad federal guidelines. The program provides health care coverage to low-income children and families, pregnant women, long-term unemployed adults, seniors, and persons with disabilities. Eligibility is determined by a variety of factors, which include income relative to the federal poverty line, age and immigration status, and assets. The unreimbursed Medicaid costs do not include any allocation of medical education or research costs.

(3) Summary of Significant Accounting Policies

(a) **Basis of Presentation**

The consolidated financial statements, which are prepared on the accrual basis of accounting, include the accounts of Lifespan Corp. and its affiliates after elimination of significant intercompany accounts and transactions.

Lifespan considers events and transactions that occur after the consolidated statement of financial position date, but before the consolidated financial statements are issued, to provide additional evidence relative to certain estimates or to identify matters that require additional disclosure. These consolidated financial statements were issued on February 24, 2023 and subsequent events have been evaluated through that date.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(3) Summary of Significant Accounting Policies (continued)

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and accompanying notes, as well as related disclosure of contingent assets and liabilities. Estimates are used in accounting for, among other items, third-party payor settlements, malpractice self-insurance costs, and pensions. Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with maturities of three months or less when purchased, excluding amounts limited as to use by board-designation or other arrangements under trust agreements. Cash equivalents held for investment purposes that are classified as assets limited as to use are not reflected as cash equivalents in the consolidated statements of cash flows.

(d) Patient Accounts Receivable

Lifespan hospitals have agreements with many third-party payors that provide for payments to the hospitals at amounts less than their established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the contractual allowances and discounts that are netted against patient accounts receivable in the consolidated statements of financial position. Lifespan grants credit to patients, most of whom are local residents. Lifespan generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, managed care, or commercial insurance policies). The difference between the standard payment rates (or the discounted rates, if applicable) and the amounts collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

The following table reflects an approximate percentage breakdown of patient accounts receivable from third-party payors, government subsidies, and others (including uninsured patients) as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Medicare and Senior Care	30 %	27 %
Blue Cross	19 %	21 %
Medicaid and Rlte Care	24 %	21 %
Managed Care	8 %	6 %
Commercial, self-pay, and other	19 %	25 %
	<u>100 %</u>	<u>100 %</u>

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(3) Summary of Significant Accounting Policies (continued)

(e) *Investments and Investment Income*

FASB Accounting Standards Codification (ASC) Subtopic 820-10, *Fair Value Measurements and Disclosures* (ASC 820-10), defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. ASC 820-10 establishes a fair value hierarchy that prioritizes inputs used to measure fair value into three levels:

- Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date.
- Level 2 – observable prices that are based on inputs not quoted in active markets, but which are corroborated by market data.
- Level 3 – unobservable inputs that are used when little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, Lifespan utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible.

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

Short-term investments: Valued at the net asset value (NAV) reported by the financial institution, with maturities of three months or less when purchased.

U.S. government/agency and corporate obligations: Valued using market quotations or prices obtained from independent pricing sources which may employ various pricing methods to value the investments, including matrix pricing based on quoted prices for securities with similar coupons, ratings, and maturities.

Corporate equity securities: Valued at the closing prices reported by an active market in which the individual securities are traded.

Collective investment funds: Investments in collective investment funds are valued using NAV as reported by the investment manager, which approximates the market values of the underlying investments within the fund or realizable values as estimated by the investment manager. Lifespan owns interests in collective investment funds that are generally recorded at the NAV reported by the fund managers, unless the fund has a readily determinable fair value which is used as a practical expedient to estimate the fair value of Lifespan's interest therein. Such valuations are determined by fund managers and generally consider variables such as operating results, comparable earnings multiples, projected cash flows, recent sales prices, and other pertinent information, and may reflect discounts for the illiquid nature of certain investments held. As of September 30, 2022 and 2021, Lifespan had no plans or intentions to sell investments at amounts different from NAV.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(3) Summary of Significant Accounting Policies (continued)

(e) Investments and Investment Income (continued)

Investments in real estate included in assets held in trust as donor-restricted funds are measured at fair market value based on independent appraisals conducted by the trustee from time to time.

Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law.

Realized gains or losses on unrestricted investments are recorded as nonoperating gains or losses; realized gains or losses on restricted investments are recorded as an addition to or deduction from net assets with donor restrictions.

Investment income from funds available for self-insurance liabilities is recorded within other revenues. Lifespan maintains a spending policy for certain board-designated funds of its patient care affiliates, which provides that investment income from such funds is recorded within revenues without donor restrictions as endowment earnings contributed toward community benefit.

Income from donor-restricted investments held in perpetuity is recorded within nonoperating gains when unrestricted by the donor and as an addition to the net assets of the associated donor-restricted fund when restricted by the donor.

(f) Assets Limited as to Use

Assets limited as to use primarily include designated assets set aside by Lifespan's Board for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes, and assets whose use by Lifespan has been permanently restricted by donors or limited by grantors or donors to a specific purpose, as well as self-insurance arrangements and assets held in trust. Amounts required to meet current liabilities of Lifespan are reported in current assets in the consolidated statements of financial position.

(g) Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed over the estimated useful life of each class of depreciable asset using the straight-line method. Buildings and improvements lives range from 5 to 40 years and equipment lives range from 3 to 20 years. Repairs and maintenance are expensed as incurred.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(3) Summary of Significant Accounting Policies (continued)

(h) *Classification of Net Assets*

FASB ASC Subtopic 958-250 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and requires disclosures about endowment funds, including donor-restricted endowment funds and board-designated endowment funds.

Lifespan is incorporated in and subject to the laws of Rhode Island, which adopted UPMIFA effective as of June 30, 2009. Under UPMIFA, the assets of a donor-restricted endowment fund may be appropriated for expenditure by Lifespan in accordance with the standard of prudence prescribed by UPMIFA.

Net assets, revenues, and gains and losses are classified into two categories of net assets based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Lifespan are classified and reported as follows:

Net assets with donor restrictions contain grantor or donor-imposed stipulations that are more specific than broad limits resulting from a not-for-profit's nature in which it operates. Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used only after a specific date, for particular purposes, including research activities, or to acquire buildings and equipment. Other donors impose restrictions that are perpetual in nature, for example, donor-restricted endowment funds stipulating that resources be maintained in perpetuity.

Net assets without donor restrictions contain no donor-imposed restrictions and are available for the general operations of Lifespan. Such net assets may be designated by Lifespan for specific purposes, including functioning as endowment funds.

See note 6 for more information about Lifespan's endowment.

(i) *(Deficiency) Excess of Revenues over Expenses*

The consolidated statements of operations and changes in net assets include (deficiency) excess of revenues over expenses. Changes in net assets without donor restrictions which are excluded from (deficiency) excess of revenues over expenses, consistent with industry practice, include the change in funded status of pension and other postretirement plans other than net periodic pension and postretirement benefit costs, net assets released from restrictions used for purchase of property and equipment, and net change in unrealized (losses) gains on investments.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(3) Summary of Significant Accounting Policies (continued)

(j) Patient Service Revenue

Lifespan hospitals (the Hospitals) provide care to patients under Medicare, Medicaid, Blue Cross, managed care, and commercial insurance contractual arrangements. The Hospitals have agreements with many third-party payors that provide for payments to the Hospitals at amounts less than their established rates. Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with some third-party payors.

Medicare and Medicaid utilize prospective payment systems for most inpatient hospital services rendered to program beneficiaries based on the classification of each case into a diagnostic-related group (DRG). Outpatient hospital services are primarily paid using an ambulatory payment classification system.

The majority of payments from Blue Cross, managed care, and commercial insurance companies are based upon fixed fee arrangements, some of which follow a DRG-based approach, while others employ a combination of per diem rates and specific case rates for inpatient services, along with fixed fees applicable to outpatient services.

Settlements and adjustments arising under reimbursement arrangements with some third-party payors, primarily Medicare, Medicaid, and Blue Cross, are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Lifespan has classified a portion of accrued estimated third-party payor settlements as long-term because such amounts, by their nature or by virtue of regulation or legislation, will not be paid within one year. Changes in the Medicare and Medicaid programs, such as the reduction of reimbursement, could have an adverse impact on certain Lifespan affiliates.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. Lifespan also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. Lifespan 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, which are determined based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change or are accrued on an estimated basis in the period the related services are rendered and are adjusted in future periods as final settlements are determined.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(3) Summary of Significant Accounting Policies (continued)

(j) Patient Service Revenue (continued)

Consistent with Lifespan's mission, care is provided to patients regardless of their ability to pay. Uninsured patients and other patients qualifying for financial assistance receive a discount that is at least equal to the discount received by Medicare beneficiaries on hospital charges using the prospective method as defined by IRC §501(r). Under the prospective method, the maximum amount that can be charged to qualifying individuals for emergency or other medically necessary care is the amount the hospitals would use in their billing and coding process if applicable individuals were a Medicare fee-for-service beneficiary. In no case is there a situation where an uninsured patient paid more than amounts reimbursed from Medicare. Charity care and other community benefits are not reported as patient service revenue (see note 2).

The following table reflects patient service revenue from third-party payors, government subsidies, and others (including uninsured patients) for the years ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Medicare and Senior Care	\$ 880,190	\$ 840,405
Blue Cross	590,676	574,672
Medicaid and Rlte Care	564,241	518,578
Managed Care	84,131	88,518
Commercial, self-pay, and other	<u>253,817</u>	<u>223,991</u>
Total patient service revenue	<u>\$ 2,373,055</u>	<u>\$ 2,246,164</u>

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Lifespan believes that it complies with all applicable laws and regulations. Compliance with laws and regulations can be subject to future government review and interpretation as well as significant regulatory action; failure to comply with such laws and regulations can result in fines, penalties, and exclusion from Medicare and Medicaid programs.

(k) Other Revenues

Included in other revenues in 2022 and 2021 is \$8,724 and \$67,042, respectively, in grants released by the United States Department of Health and Human Services (HHS) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Included in net assets released from restrictions used for operations in 2022 is \$22,901 of funding from the State of Rhode Island under the Coronavirus State and Local Fiscal Recovery Funds established under the American Rescue Plan Act (ARPA) and \$1,900 from the United States Department of the Treasury under the State of Rhode Island's Hospital Assistance Partnership Program (HAPP) (see note 4).

Additionally, Lifespan Pharmacy sales and other contracts related to health care services are included in other revenues and consist of contracts which vary in duration and in performance. Revenue is recognized when the performance obligations identified within the individual contracts are satisfied and collections are probable. Other revenues also consist of Lifespan School Solutions school revenue, investment income from funds available for self-insurance liabilities, indirect revenues from research grants, UPMIFA distributions, rental income, and dietary/cafeteria income.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(3) Summary of Significant Accounting Policies (continued)

(l) *Research Grants and Contracts*

Revenue related to research grants and contracts is recognized as the related costs are incurred. Indirect costs relating to certain government grants and contracts are reimbursed at fixed rates negotiated with the government agencies. Amounts received in advance of incurring the related expenditures are recorded as unexpended research grants and are included in net assets with donor restrictions in the accompanying consolidated statements of financial position.

(m) *Charity Care*

Lifespan hospitals provide care to patients who meet certain criteria under their charity care policies without charge or at amounts less than their established rates. Because the Lifespan hospitals do not pursue collection of amounts determined to qualify as charity care, they are not reported as patient service revenue (see note 2).

(n) *Donor-Restricted Gifts*

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in gifts, grants, and bequests. Conditional promises to give are not recorded as support until the conditions are substantially met.

Amounts received, including contributions and accumulated investment returns, whose use has been restricted by donors to a specific period or purpose or that have been restricted by donors to be maintained in perpetuity to provide a permanent source of income, are reported as net assets with donor restrictions. When a donor or grantor restriction expires, that is, when a stipulated purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

(o) *Inventories*

Inventories, consisting primarily of medical/surgical supplies and pharmaceuticals, are stated at the lower of cost or net realizable value.

(p) *Estimated Self-Insurance Costs*

Lifespan is self-insured for losses arising from professional liability/medical malpractice, general liability, and workers' compensation claims. The provision for these self-insured losses includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. R..I. Sound Enterprises Insurance Co. Ltd. (RISE), Lifespan's affiliated captive insurance company, pays professional liability/medical malpractice and general liability claims. Lifespan has segregated certain investments included in assets limited as to use for payment of workers' compensation claims. Independent actuaries have been retained to assist Lifespan with determining both the provision for self-insured losses and amounts to be deposited in funds available for self-insurance liabilities.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(3) Summary of Significant Accounting Policies (continued)

(p) *Estimated Self-Insurance Costs (continued)*

Lifespan provides self-insured health benefit options to the employees of all affiliates. Lifespan has recorded a provision for estimated claims, which is based on Lifespan's own experience. The provision for these self-insured losses includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

(q) *Fair Value of Financial Instruments*

The carrying amounts recorded in the consolidated statements of financial position for cash and cash equivalents, patient accounts receivable, contributions receivable, assets limited as to use, accounts payable, accrued expenses, estimated third-party payor settlements, and estimated self-insurance costs approximate their respective fair values. The estimated fair values of Lifespan's assets limited as to use and pension-related assets are disclosed in notes 6 and 10, respectively.

(r) *Goodwill*

Goodwill, which is not subject to amortization, is included in other noncurrent assets in the accompanying consolidated statements of financial position. Goodwill is reviewed for impairment on an annual basis and more frequently if circumstances indicate a potential impairment exists or has occurred. Lifespan has determined that no impairment exists at September 30, 2022.

(s) *Leases*

Lifespan determines if an arrangement is a lease or contains a lease at inception and performs the initial classification and measurement of its right-of-use assets and liabilities at the lease commencement date and thereafter, if modified. The lease term includes any renewal options that Lifespan is reasonably certain to exercise.

Lifespan measures its right-of-use assets and lease liabilities at the lease commencement date based on the present value of the remaining lease payments. Lifespan has elected the practical expedient to use a risk-free rate for its leases when establishing a discount rate when determining the present value of lease payments.

The majority of leases contain fixed lease payments and lease payments tied to usage which may be subject to variability. Lifespan recognizes rental expense for its operating leases on a straight-line basis over the lease term based on the total fixed lease payments, of which \$26,426 and \$23,724 is included in supplies and other expenses in the consolidated statements of operations for the years ended September 30, 2022 and 2021, respectively.

(t) *Reclassifications*

Certain 2021 amounts have been reclassified to conform to the 2022 reporting format.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(4) COVID-19 Pandemic Impact

As a result of the COVID-19 outbreak, the Federal Government took various actions intended to assist health care providers, and in March 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act became law. The CARES Act included funding to eligible providers which is not subject to repayment if providers attest to certain terms and conditions required by HHS, including that the funds were used to offset COVID-related expenses. Lifespan's assessment of whether the terms and conditions related to CARES Act funding have been met considers all frequently asked questions and other interpretive guidance issued by HHS through September 30, 2022. However, amounts recognized as revenue could change in the future based on continuing analysis of lost revenues and COVID-related expenses as well as evolving compliance guidance provided by HHS. During fiscal 2022, Lifespan received and recognized \$8,724 of CARES Act funding (i.e., Provider Relief Funds) within other revenues in the consolidated statement of operations and changes in net assets. During 2021, Lifespan received \$10,642 of Provider Relief Funds and \$67,042 of cumulative Provider Relief Funds were recognized within other revenues in the consolidated statement of operations and changes in net assets.

During the fiscal year ended September 30, 2022, Lifespan received and recognized \$22,901 from the State of Rhode Island under the Coronavirus State and Local Fiscal Recovery Funds established under the American Rescue Plan Act (ARPA) in the form of grants released by the Rhode Island Department of Administration. ARPA funding was recognized within net assets released from restrictions used for operations in the consolidated statement of operations and changes in net assets. Additionally, \$1,900 of cumulative Rhode Island Hospital Assistance Partnership Program (HAPP) funding (i.e., Coronavirus Relief Funds) was recognized within net assets released from restrictions used for operations in the consolidated statement of operations and changes in net assets.

During the fiscal year ended September 30, 2021, Lifespan received \$66,475 from the U.S. Department of the Treasury under the Rhode Island Hospital Assistance Partnership Program (HAPP) in the form of grants released by the Rhode Island Department of Administration. \$68,213 of cumulative HAPP funding (i.e., Coronavirus Relief Funds) was recognized within net assets released from restrictions used for operations in the consolidated statement of operations and changes in net assets, while \$1,900 is reflected in net assets with donor restrictions in the September 30, 2021 consolidated statement of financial position.

The CARES Act also expanded the Medicare Accelerated/Advance Payments Program (the Program) and allowed eligible providers to receive up to six months of Medicare payments in advance from the Centers for Medicare & Medicaid Services (CMS). CMS began applying claims payments to offset the accelerated/advance payments in April 2021. Repayments by Lifespan during the fiscal year ended September 30, 2022 amounted to \$125,421 while repayments during the fiscal year ended September 30, 2021 amounted to \$44,521. At September 30, 2021, the outstanding balance of \$125,421 is reflected in the current portion of estimated third-party payor settlements in the September 30, 2021 consolidated statement of financial position.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(4) COVID-19 Pandemic Impact (continued)

In addition, the CARES Act provided for deferred deposits of the employer portion of Social Security taxes (FICA) applicable to wages paid from March 27, 2020 through December 31, 2020. In Fiscal year 2022, Lifespan remitted \$21,792 with the remaining 50% to be remitted in December 2022. As of September 30, 2022, Lifespan had deferred FICA deposits totaling \$20,997, which are recorded within accrued employee benefits and compensation in the consolidated statement of financial position.

Under the CARES Act, single employer defined benefit plan funding requirements for 2020, including quarterly contributions, could be delayed until January 4, 2021, at which time the contributions had to be paid with interest for the period of deferral. Lifespan elected this moratorium for its April 15, 2020 and July 15, 2020 contributions. On January 4, 2021, Lifespan made contributions totaling \$18,500, representing the April 15, 2020 and July 15, 2020 quarterly contributions and interest thereon.

The Pandemic's ultimate effect on Lifespan's financial condition will depend on the duration and severity of the Pandemic and the negative economic conditions arising from the broad impact of the Pandemic.

(5) Disproportionate Share

RIH, TMH, and NH (the Hospitals) are participants in the State of Rhode Island's Disproportionate Share Program, established in 1995 to assist hospitals which provide a disproportionate amount of uncompensated care. Under the program, Rhode Island hospitals, including the Hospitals, receive federal and state Medicaid funds as additional reimbursement for treating a disproportionate share of low-income patients. Total payments to the Hospitals under the Disproportionate Share Program aggregated \$74,947 and \$77,139 in 2022 and 2021, respectively, and are reflected as part of patient service revenue in the accompanying consolidated statements of operations and changes in net assets.

For periods beyond 2024, the federal government is scheduled to reduce the level of federal matching funds for the Disproportionate Share Program. Accordingly, it may be necessary for the State of Rhode Island to modify the program and the reimbursement to Rhode Island hospitals under the program. At this time, the scope of such modifications or their effect on the Hospitals cannot be reasonably determined.

(6) Assets Limited As To Use

The composition of assets limited as to use at September 30, 2022 and 2021 is set forth in the following table:

	<u>2022</u>		<u>2021</u>
Funds available for self-insurance liabilities	\$ 195,104	\$	189,248
Investments without donor restrictions	622,697		800,460
Investments with donor restrictions	<u>592,465</u>		<u>702,393</u>
Total	<u>\$ 1,410,266</u>	\$	<u>1,692,101</u>

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(6) Assets Limited As To Use (continued)

Fair Value

The following tables summarize Lifespan's investments and assets held in trust by major category within the ASC 820-10 fair value hierarchy as of September 30, 2022 and 2021, as well as related strategy and liquidity/notice requirements:

	2022				Total	Redemption frequency	Days' notice
	NAV or its practical expedient	Level 1	Level 2	Level 3			
U.S. equities:							
Large cap value	\$ —	\$ 71,654	—	—	\$ 71,654	Daily	One
Large cap growth	46,251	121,933	—	—	168,184	Daily – Monthly	One – Fourteen
Marketable alternatives:							
Multiple strategies	15,886	—	—	—	15,886	Quarterly	Sixty – Ninety
Long-short equity	21,576	—	—	—	21,576	Monthly – Quarterly	Sixty
Absolute return strategies	99,614	—	—	—	99,614	Quarterly – Annually	Sixty – Ninety
Absolute return strategies	6,976	—	—	—	6,976	Illiquid	N/A
International equities:							
Developed markets	55,985	29,451	34,589	—	120,025	Daily – Monthly	One – Thirty
Emerging markets	10,036	32,803	—	—	42,839	Daily – Quarterly	One – Sixty
Global equities	25,210	20,114	—	—	45,324	Daily – Monthly	One – Thirty-three
Private investments	237,613	—	—	—	237,613	Illiquid	N/A
Commodities:							
Energy	—	15,527	—	—	15,527	Daily	One
Real estate	—	—	18,633	—	18,633	Monthly	Sixteen
Fixed income:							
U.S. Treasuries	—	52,205	—	—	52,205	Daily	One
U.S. Government and agency	—	87,379	30,106	—	117,485	Daily	One
Domestic bonds	—	40,137	159,466	—	199,603	Daily	One
Short-term investments	—	107,776	—	—	107,776	Daily	One
	519,147	578,979	242,794	—	1,340,920		
Assets held in trust (note 8)	—	—	—	69,346	69,346	Illiquid	N/A
Total	\$ 519,147	\$ 578,979	\$ 242,794	\$ 69,346	\$ 1,410,266		

	2021				Total	Redemption frequency	Days' notice
	NAV or its practical expedient	Level 1	Level 2	Level 3			
U.S. equities:							
Large cap value	\$ —	\$ 107,648	\$ —	\$ —	\$ 107,648	Daily	One
Mid-cap value	—	32,795	—	—	32,795	Daily	One
Large cap growth	48,361	138,357	—	—	186,718	Daily – Monthly	One – Fourteen
Marketable alternatives:							
Multiple strategies	38,501	—	—	—	38,501	Quarterly – Annually	Sixty-five – Ninety
Long-short equity	27,054	—	—	—	27,054	Monthly – Quarterly	Sixty
Absolute return strategies	79,432	—	—	—	79,432	Monthly – Annually	Sixty – Ninety
Absolute return strategies	3,990	—	—	—	3,990	Illiquid	N/A
International equities:							
Developed markets	42,001	36,038	96,699	—	174,738	Daily – Monthly	One – Thirty
Emerging markets	—	57,104	—	—	57,104	Daily	One
Private investments	213,715	—	—	—	213,715	Illiquid	N/A
Commodities:							
Energy	—	22,540	—	—	22,540	Daily	One
Real estate	—	—	24,366	—	24,366	Monthly	Sixteen
Fixed income:							
U.S. Treasuries	—	49,367	—	—	49,367	Daily	One
U.S. Government and agency	—	111,573	36,980	—	148,553	Daily	One
Domestic bonds	—	46,573	171,636	—	218,209	Daily	One
Short-term investments	—	226,052	—	—	226,052	Daily	One
	453,054	828,047	329,681	—	1,610,782		
Assets held in trust (note 8)	—	—	—	81,319	81,319	Illiquid	N/A
Total	\$ 453,054	\$ 828,047	\$ 329,681	\$ 81,319	\$ 1,692,101		

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(6) Assets Limited As To Use (continued)

The following table presents Lifespan's activity for the years ended September 30, 2022 and 2021 for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in ASC 820-10:

	Assets held in trust	
	2022	2021
Fair value at October 1	\$ 81,319	\$ 70,218
Net unrealized (losses) gains	(11,973)	11,101
Fair value at September 30	<u>\$ 69,346</u>	<u>\$ 81,319</u>

Commitments

Venture capital, private equity, private credit, real estate, and energy investments are made through limited partnerships. Under the terms of these agreements, Lifespan is obligated to remit additional funding periodically as capital or liquidity calls are exercised by the manager. These partnerships have a limited existence, generally ten years, and such agreements may provide for annual extensions to dispose of portfolio positions and return capital to investors. However, depending on market conditions, the inability to execute the fund's strategy, and other factors, a manager may extend the terms of a fund beyond its originally anticipated existence or may wind the fund down prematurely. Lifespan cannot anticipate such changes because they are based on unforeseen events, but should they occur, they may result in less liquidity or return from the investment than originally anticipated. As a result, the timing and amount of future capital or liquidity calls expected to be exercised in any future year is uncertain. The aggregate amount of unfunded commitments associated with the above-noted investment categories as of September 30, 2022 was \$151,014.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(6) Assets Limited As To Use (continued)

Endowments

Lifespan's endowment consists of 104 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by Lifespan to function as endowments. Investments associated with endowment funds, including funds designated by Lifespan to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment funds consist of the following at September 30, 2022:

	Without donor restrictions	With donor restrictions	Total
Endowment funds			
with donor restrictions	\$ —	\$ 592,465	\$ 592,465
Internally board-designated endowment funds	622,697	—	622,697
Total endowment funds	\$ 622,697	\$ 592,465	\$ 1,215,162

Endowment funds consist of the following at September 30, 2021:

	Without donor restrictions	With donor restrictions	Total
Endowment funds			
with donor restrictions	\$ —	\$ 702,393	\$ 702,393
Internally board-designated endowment funds	800,460	—	800,460
Total endowment funds	\$ 800,460	\$ 702,393	\$ 1,502,853

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(6) Assets Limited As To Use (continued)

Endowments (continued)

Changes in endowment funds for the year ended September 30, 2022 are as follows:

	<u>Without</u> <u>donor restrictions</u>		<u>With</u> <u>donor restrictions</u>		<u>Total</u>
Endowment funds, October 1, 2021	\$ 800,460	\$	702,393	\$	1,502,853
Interest, dividends, and net realized losses	(86,578)		(92,796)		(179,374)
Cash gifts, grants, and bequests	6,537		173,518		180,055
Deposits	20,000		—		20,000
Net assets released from restrictions	—		(190,640)		(190,640)
Withdrawals, net	(117,718)		—		(117,718)
Other (decreases) increases	(4)		(10)		(14)
	<u> </u>		<u> </u>		<u> </u>
Endowment funds, September 30, 2022	\$ <u>622,697</u>	\$	\$ <u>592,465</u>	\$	\$ <u>1,215,162</u>

Changes in endowment funds for the year ended September 30, 2021 are as follows:

	<u>Without</u> <u>donor restrictions</u>		<u>With</u> <u>donor restrictions</u>		<u>Total</u>
Endowment funds, October 1, 2020	\$ 523,564	\$	579,716	\$	1,103,280
Interest, dividends, and net realized gains	106,799		131,288		238,087
Cash gifts, grants, and bequests	3,679		218,582		222,261
Private placement debt proceeds (note 14)	200,000		—		200,000
Net assets released from restrictions	—		(224,297)		(224,297)
Withdrawals, net	(33,595)		—		(33,595)
Other (decreases) increases	13		(2,896)		(2,883)
	<u> </u>		<u> </u>		<u> </u>
Endowment funds, September 30, 2021	\$ <u>800,460</u>	\$	\$ <u>702,393</u>	\$	\$ <u>1,502,853</u>

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(6) Assets Limited As To Use (continued)

Endowments (continued)

(a) Interpretation of Relevant Law

Net assets with donor restrictions for donor-restricted endowment funds of perpetual durations are comprised of: (a) the original value of the contributions made to the endowment, (b) the original value of the subsequent contributions made to the endowment, and (c) accumulations to the endowment made in accordance with applicable donor gift instruments. Any donor-restricted endowments that are not perpetual in nature are appropriated for expenditure by the applicable Lifespan affiliates in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, these Lifespan affiliates consider the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the applicable Lifespan affiliate and donor-restricted endowment funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the applicable Lifespan affiliate
- Lifespan's investment policy

(b) Return Objectives and Risk Parameters

Lifespan has an investment policy for endowment assets that provides a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets, including both donor-restricted funds and board-designated funds without donor restrictions. Under this policy, as approved by Lifespan's Investment Committee, the endowment assets are invested in a manner that is intended to produce results that exceed the total target return over a full market cycle while assuming a moderate level of investment risk. Lifespan expects its endowment funds, over a full market cycle, to provide an average annual real rate of return of approximately 5% plus inflation annually. Actual returns in any given year or period of years may vary from this amount.

(c) Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, Lifespan relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Lifespan utilizes a diversified asset allocation that places emphasis on investments in public equity, private investments, marketable alternatives, real assets, fixed income, and cash to achieve its long-term return objectives within prudent risk parameters.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(6) Assets Limited As To Use (continued)

Endowments (continued)

(d) *Spending Policy*

Lifespan invests its endowment funds in accordance with the total return concept. Applicable endowments include board-designated endowment funds without donor restrictions and donor-restricted endowment funds. The governing Boards of certain Lifespan affiliates have approved an endowment spending rate of 4% based on all the above factors. This spending rate is applied to the average fair value of the applicable endowments for the immediately preceding three years.

(7) Liquidity and Availability of Resources

Financial assets without donor restrictions consist of the following as of September 30:

	<u>2022</u>		<u>2021</u>
Cash and cash equivalents	\$ 166,768	\$	374,827
Patient accounts receivable	268,686		241,706
Other receivables	<u>43,058</u>		<u>56,969</u>
Total financial assets available within one year	<u>\$ 478,512</u>	\$	<u>673,502</u>

Lifespan manages its financial assets to be available as its operating expenditures and liabilities come due and invests cash in excess of daily requirements in short-term investments. Lifespan has \$64,284 and \$53,794 in investment funds available for current professional liability/medical malpractice, workers' compensation, and other self-insurance liabilities expected to be paid within one year as of September 30, 2022 and 2021, respectively. Additionally, Lifespan has board-designated endowments of \$622,697 and \$800,460 as of September 30, 2022 and 2021, respectively. Although Lifespan does not intend to spend from its board-designated endowment funds, other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its board-designated endowments could be made available if necessary. However, both board-designated funds and donor-restricted endowment funds contain investments with liquidity constraints, of which \$486,478 and \$656,396 can be liquidated on a daily to quarterly basis as of September 30, 2022 and 2021, respectively (refer to note 6 for disclosures about investments).

(8) Assets Held in Trust

Certain Lifespan affiliates (Bradley, RIH, and NH) are beneficiaries of various irrevocable charitable and split-interest trusts. The fair market value of these investments at September 30, 2022 and 2021 was \$69,346 and \$81,319, respectively, and is reported as donor-restricted funds held in perpetuity within assets limited as to use in the consolidated statements of financial position.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(9) Property and Equipment

Property and equipment, by major category, is as follows at September 30:

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 48,524	\$ 48,105
Buildings and improvements	1,195,878	1,334,421
Equipment	<u>444,171</u>	<u>852,998</u>
	1,688,573	2,235,524
Less accumulated depreciation and amortization	<u>898,472</u>	<u>1,447,155</u>
	790,101	788,369
Construction in progress	<u>16,834</u>	<u>34,021</u>
Property and equipment, net	<u>\$ 806,935</u>	<u>\$ 822,390</u>

Depreciation and amortization expense for the years ended September 30, 2022 and 2021 amounted to \$93,234 and \$92,311, respectively.

The estimated capital expenditures needed to complete both active construction in progress and projects not yet started but committed to under noncancelable contracts totaled \$24,200 at September 30, 2022.

During the year ended September 30, 2022, Lifespan wrote off \$566,124 in fully depreciated property and equipment. There was no write-off of fully depreciated property and equipment during the year ended September 30, 2021.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(10) Pension Benefits

Pension Benefits

Lifespan Corp. sponsors the Lifespan Corporation Retirement Plan (the Plan), which was established effective January 1, 1996. The Plan is intended to constitute a plan described in Section 414(k) of the Internal Revenue Code (IRC), under which participant benefits are derived from employer contributions based on the separate Choice Matched Retirement Savings Account balances of participants in addition to the defined benefits provided under the Plan, which are based on an employee's years of credited service and annual compensation. Lifespan's funding policy is to contribute amounts to the Plan sufficient to meet minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974 (ERISA) and the IRC as amended, plus such additional amounts as may be determined to be appropriate by Lifespan.

Substantially all employees of RIH, TMH, Bradley, NH, LPG, Gateway, Lifespan Corp., and other Lifespan affiliates are eligible to participate in the Plan.

Plan Amendments

Effective December 31, 2017, the Plan was amended to cease all future participation and benefit accruals for those employees whose terms and conditions of employment are not covered by a collective bargaining agreement. Lifespan remeasured the Plan's assets and liabilities at the amendment date, based on assumptions and market conditions as of that date. All previously eligible employees, as well as new employees whose terms and conditions of employment are not covered by a collective bargaining agreement, became eligible to participate prospectively in a newly formed defined contribution plan, the Lifespan 401(k) Retirement Savings Plan (the 401(k) Retirement Savings Plan), which includes an automatic Lifespan matching contribution based on the salary deferral elections of participants up to a maximum of 6% of eligible base pay. Lifespan's matching contribution charged to expense amounted to \$44,912 in 2022 and \$39,215 in 2021, respectively.

During the fiscal year ended September 30, 2019, the Plan was amended such that a United Nurses and Allied Professionals (UNAP) employee who was hired, rehired, or transferred to a UNAP-covered position on or before December 31, 2018, and who made a one-time irrevocable election to discontinue participation in the Plan and commence participation in the 401(k) Retirement Savings Plan, became a Participant in the 401(k) Retirement Savings Plan for purposes of elective contributions effective January 1, 2019 (the "2018 Opt-Out group") or effective October 1, 2019 (the "2019 Opt-Out group").

Effective September 1, 2019, the Plan was amended such that an International Brotherhood of Teamsters (IBT) employee who was hired, rehired, or transferred to an IBT-covered position on or before August 31, 2019, and who made a one-time irrevocable election, effective December 31, 2019, to discontinue participation in the Plan and commence participation in the 401(k) Retirement Savings Plan, became a Participant in the 401(k) Retirement Savings Plan for purposes of elective contributions effective January 1, 2020.

From January 1, 2019 forward, newly hired, rehired, or transferred UNAP employees are not eligible to participate in the Plan. From September 1, 2019 forward, newly hired, rehired, or transferred IBT employees are not eligible to participate in the Plan.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(10) Pension Benefits (continued)

The provisions of FASB ASC Topic 715, *Compensation-Retirement Benefits: Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* (ASC 715), require an employer to recognize in its statement of financial position an asset for a benefit plan's overfunded status or a liability for a plan's underfunded status, and to recognize changes in that funded status in the year in which the changes occur through changes in net assets without donor restrictions. The funded-status amount is measured as the difference between the fair value of plan assets and the projected benefit obligation including all actuarial gains and losses and prior service cost. Based on September 30, 2022 and 2021 funded-status amounts for the Plan, Lifespan recorded increases in net assets without donor restrictions of \$44,427 and \$52,658, respectively.

The estimated amounts that will be amortized from net assets without donor restrictions into net periodic pension cost in 2023 are as follows:

Net actuarial loss	\$	15,719
Prior service cost		<u>122</u>
	\$	<u>15,841</u>

The following tables set forth the Plan's projected benefit obligation and the fair value of plan assets.

	<u>2022</u>	<u>2021</u>
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 776,348	\$ 766,354
Service cost	9,321	10,315
Interest cost	18,872	16,621
Plan settlement	(31,725)	(30,299)
Actuarial (gain) loss	(172,237)	22,763
Benefits paid	<u>(10,568)</u>	<u>(9,406)</u>
Projected benefit obligation at end of year	<u>\$ 590,011</u>	<u>\$ 776,348</u>

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(10) Pension Benefits (continued)

The actuarial gain in 2022 primarily relates to the increase in the discount rate from 2.80% at September 30, 2021 to 5.53% at September 30, 2022. The accumulated benefit obligation at the end of 2022 and 2021 was \$575,413 and \$754,456, respectively.

	<u>2022</u>	<u>2021</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 604,555	\$ 507,193
Actual (loss) return on plan assets	(118,255)	74,800
Employer contributions	19,955	62,267
Plan settlement	(31,725)	(30,299)
Benefits paid	(10,568)	(9,406)
Fair value of plan assets at end of year	\$ <u>463,962</u>	\$ <u>604,555</u>

The funded status of the Plan and amounts recognized in the consolidated statements of financial position at September 30, pursuant to ASC 715 (as opposed to ERISA), are as follows:

	<u>2022</u>	<u>2021</u>
Funded status, end of year:		
Fair value of plan assets	\$ 463,962	\$ 604,555
Projected benefit obligation	<u>590,011</u>	<u>776,348</u>
Accrued pension liability	\$ <u>(126,049)</u>	\$ <u>(171,793)</u>

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(10) Pension Benefits (continued)

	2022	2021
Amounts not yet reflected in net periodic pension cost and included in net assets without donor restrictions:		
Prior service cost	\$ (1,212)	\$ (1,334)
Accumulated net actuarial loss	(123,892)	(168,198)
Amounts not yet recognized as a component of net periodic pension cost	(125,104)	(169,532)
Accumulated net periodic pension cost in excess of employer contributions	(945)	(2,261)
Net amount recognized	\$ (126,049)	\$ (171,793)
	2022	2021
Sources of change in net assets without donor restrictions:		
Net gain arising during the year	\$ 22,421	\$ 28,356
Amortizations:		
Pension settlement charge	6,165	5,938
Net actuarial loss	15,720	18,243
Prior service credit	121	121
Total net assets without donor restrictions gain recognized during the year	\$ 44,427	\$ 52,658

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(10) Pension Benefits (continued)

Net Periodic Pension Cost

Components of net periodic pension cost are as follows for the years ended September 30:

	2022	2021
Service cost, included in compensation and benefits	\$ 9,321	\$ 10,314
Non-service periodic pension costs:		
Interest cost	18,872	16,621
Expected return on plan assets	(31,561)	(23,680)
Pension settlement charge	6,165	5,938
Amortization of net actuarial loss	15,720	18,243
Amortization of prior service cost	121	121
Total non-service periodic pension costs	9,317	17,243
Net periodic pension cost	\$ 18,638	\$ 27,557

Based on the level of lump sum distributions that were paid by the Plan in 2022 and 2021, Lifespan incurred non-cash settlement charges of \$6,165 and \$5,938, respectively.

The following weighted average assumptions were used by the Plan's actuary to determine net periodic pension cost and benefit obligations:

	2022	2021
Discount rate for benefit obligations	5.53 %	2.80 %
Discount rate for net periodic pension cost	2.80 %	2.70 %
Rate of compensation increase	*	*
Expected long-term rate of return on Plan assets	6.50 %	6.50 %

* For RIH, service-based with ultimate rates of 5.00% (UNAP) and 2.20% (IBT);
Not applicable for all other affiliates

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(10) Pension Benefits (continued)

Net Periodic Pension Cost (continued)

The asset allocation for the Plan at September 30, 2022 and 2021, and the target allocation for 2023, by asset category, are as follows:

<u>Asset category</u>	<u>Target allocation 2023</u>	<u>Percentage of plan assets September 30</u>	
		<u>2022</u>	<u>2021</u>
U.S. equities	22.0 %	22.3 %	22.7 %
Marketable alternatives	15.0 %	15.5	14.3
International equities	22.0 %	20.3	22.1
Liquid diversifiers	8.0 %	8.5	7.9
Private equity/venture capital	—	0.1	0.1
Fixed income	30.0 %	30.6	30.5
Short-term investments	3.0 %	2.7	2.4
Total		<u>100.0 %</u>	<u>100.0 %</u>

The asset allocation table above does not include \$53,936 and \$74,661 of Plan assets at September 30, 2022 and 2021, respectively, attributable to the Choice Matched Retirement Savings Account balances of participants which are managed in various mutual funds by Fidelity Investments (Fidelity).

The overall financial objective of the Plan is to meet present and future obligations to beneficiaries, while minimizing long-term contributions to the Plan (by earning an adequate, risk-adjusted return on Plan assets), with moderate volatility in year-to-year contribution levels.

The primary investment objective of the Plan is to attain the average annual real total return (net of investment management fees) assumed in the Plan's most recent actuarial assumptions over the long term (rolling five-year periods). Real total return is the sum of capital appreciation (or loss) and current income (dividends and interest) adjusted for inflation as measured by the Consumer Price Index. It is recognized that the real return objective may be difficult to attain in every five-year period but should be attainable over a series of five-year periods. Performance is also measured against various benchmarks.

Lifespan employs a rigorous process to annually determine the expected long-term rate of return on Plan assets, which is only changed based on significant shifts in economic and financial market conditions or changes to asset allocation. This estimate is primarily driven by actual historical asset-class returns, current valuations, and our long-term outlook for a globally diversified portfolio. Asset allocations are regularly reviewed and updated based on Plan investment objectives and evaluations of future market returns for each asset class.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(10) Pension Benefits (continued)

Fair Value

The following tables summarize the Plan's investments by major category within the ASC 820-10 fair value hierarchy as of September 30, 2022 and 2021, as well as related strategy and liquidity/notice requirements:

	2022				Redemption frequency	Days' notice
	NAV or its practical expedient	Level 1	Level 2	Total		
U.S. equities:						
Large cap value	\$ —	\$ 25,831	\$ —	\$ 25,831	Daily	One
Large cap growth	21,319	43,056	—	64,375	Daily – Monthly	One – Fourteen
Marketable Alternatives:						
Multiple strategies	15,082	—	—	15,082	Daily – Quarterly	One – Ninety
Long-short equities	14,939	—	—	14,939	Monthly – Quarterly	Sixty
Absolute return strategies	31,284	—	—	31,284	Quarterly – Annually	Sixty – Ninety
Absolute return strategies	6,977	—	—	6,977	Illiquid	N/A
International equities:						
Developed markets	13,515	18,825	14,533	46,873	Daily – Monthly	One – Thirty
Emerging markets	—	18,538	—	18,538	Daily	One
Global equities	10,478	—	9,909	20,387	Daily – Monthly	Five – Thirty-three
Real estate	—	—	7,127	7,127	Monthly	Sixteen
Venture Capital	416	—	—	416	Illiquid	N/A
Fixed income:						
U.S. Treasuries	—	50,452	—	50,452	Daily	One
U.S. Government and agency	—	—	631	631	Daily	One
Domestic bonds	—	13,312	84,596	97,908	Daily	One
Short-term investments	—	9,206	—	9,206	Daily	One
Fidelity mutual funds	—	53,936	—	53,936	Daily	One
Total	\$ 114,010	\$ 233,156	\$ 116,796	\$ 463,962		

	2021				Redemption frequency	Days' notice
	NAV or its practical expedient	Level 1	Level 2	Total		
U.S. equities:						
Mid-cap value	\$ —	\$ 12,610	\$ —	\$ 12,610	Daily	One
Large cap value	—	23,293	—	23,293	Daily	One
Large cap growth	22,437	61,236	—	83,673	Daily – Monthly	One – Fourteen
Marketable alternatives:						
Multiple Strategies	13,909	—	—	13,909	Quarterly	Sixty – Ninety
Long-short equity	18,651	—	—	18,651	Monthly – Quarterly	Sixty
Absolute return strategies	42,265	—	—	42,265	Monthly – Annually	Sixty – Ninety
Absolute return strategies	491	—	—	491	Illiquid	N/A
International equities:						
Developed markets	23,889	47,744	22,931	94,564	Daily – Monthly	One – Thirty
Emerging markets	—	22,853	—	22,853	Daily	One
Venture Capital	575	—	—	575	Illiquid	N/A
Real estate	—	—	11,448	11,448	Monthly	Sixteen
Fixed income:						
U.S. Treasuries	—	68,519	—	68,519	Daily	One
U.S. Government and agency	—	—	849	849	Daily	One
Domestic bonds	—	14,932	105,625	120,557	Daily	One
Short-term investments	—	15,637	—	15,637	Daily	One
Fidelity mutual funds	—	74,661	—	74,661	Daily	One
Total	\$ 122,217	\$ 341,485	\$ 140,853	\$ 604,555		

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(10) Pension Benefits (continued)

Expected Cash Flows

Information about the expected cash flows for the Plan is as follows:

Employer contributions:		
2023	\$	17,251
Expected benefit payments:		
2023	\$	82,884
2024		43,288
2025		39,258
2026		39,385
2027		40,259
2028 through 2032		188,433

Management evaluates its Plan assumptions annually and the expected employer contributions in 2023 could increase.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(11) Estimated Self-Insurance Costs

Professional Liability/Medical Malpractice and General Liability

Professional liability/medical malpractice coverage for RIH, TMH, Bradley, NH, Gateway, and all other Lifespan affiliates is supplied on a claims-made basis by RISE, Lifespan's affiliated captive insurance company, which underwrites the medical malpractice risk of Lifespan (including a contractual commitment to indemnify LPG/Coastal clinicians and certain eligible non-employed physicians). The adequacy of the coverage provided, and the funding levels, are reviewed annually by independent actuaries. The professional liability/medical malpractice insurance provided by RISE has liability limits of \$22,000 per claim with no annual aggregate. In addition, \$40,000 of commercial umbrella excess insurance has been obtained by Lifespan to increase the professional liability limits to \$62,000 per claim. Lifespan contracts with various highly rated insurance carriers to mitigate the excess coverage risk. Also covered under the RISE professional liability/medical malpractice policy through contractual indemnification agreements are 945 LPG/Coastal clinicians and 754 non-employed physicians. Each of these clinicians and physicians is provided with a \$2,000 indemnification per claim and a \$6,000 annual indemnification aggregate.

General liability coverage is provided to RIH, TMH, Bradley, NH, Gateway, LPG, and all other Lifespan affiliates by RISE amounting to \$2,000 per claim and \$4,000 in the annual aggregate. RISE also furnishes \$1,000 of automobile liability coverage as well as deductible coverage for several other lines of insurance. In addition, commercial excess liability insurance has been obtained by Lifespan to increase the aggregate general liability coverage to \$62,000.

Lifespan has recorded a provision for estimated losses on professional liability/medical malpractice and general liability incidents, based on actuarial studies and its own experience.

Workers' Compensation

Lifespan has recorded a provision for workers' compensation losses, based on actuarial studies and its own experience. The actuarial studies include an assumed inflation rate of 4%. The amounts accrued for estimated workers' compensation self-insurance costs at September 30, 2022 and 2021 have been discounted at 4%. Lifespan has a standby letter of credit of \$17,000 through July 31, 2023 supporting the estimated unpaid liability.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(12) Medicare Cost Reports and Other Third-Party Settlement Estimates

Medicare cost reports filed annually with The Centers for Medicare and Medicaid Services (CMS) are subject to audit prior to final settlement. The 2022 Medicare cost reports have not been filed and, therefore, are not settled.

In addition, the following Medicare cost reports have not been settled:

	<u>RIH</u>	<u>TMH</u>	<u>NH</u>
2021	X	X	X
2020	X	X	X
2019	X		
2018	X		

Regulations in effect require annual settlements based upon cost reports filed by RIH, TMH, and NH. These settlements are estimated and recorded in the accompanying consolidated financial statements. Changes in these estimates are reflected in the consolidated financial statements in the year in which they occur. Patient service revenue in the accompanying consolidated statements of operations and changes in net assets was increased by \$13,135 in 2022 yet decreased by \$3,588 in 2021 to reflect changes in the estimated settlements for certain prior years.

(13) Income Tax Status

Lifespan Corp. and substantially all its affiliates are not-for-profit corporations as described in §501(c)(3) of the Internal Revenue Code (the Code) and are exempt from Federal income taxes pursuant to §501(a) of the Code. RISE is a Bermuda corporation not subject to taxes. Lifespan MSO, Inc., Lifespan Risk Services, Inc., and VNA Technicare, Inc. (d/b/a Lifespan Home Medical) are taxable corporations.

Lifespan recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Recognized income tax positions are measured at the largest amount of benefit that is greater than fifty percent likely to be realized upon settlement. Changes in measurement are reflected in the period in which the change in judgment occurs. Lifespan did not recognize the effect of any income tax positions in either 2022 or 2021.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(14) Long-Term Debt

Long-term debt consists of the following at September 30:

	2022	2021
Private placement debt due May 27, 2031 at a fixed rate of 2.99% (2021 Series – Lifespan Obligated Group)	\$ 200,000	\$ 200,000
Hospital Financing Revenue fixed rate serial and term bonds due May 15, 2022 through 2039 in annual amounts ranging from \$6,540 to \$42,920 at rates ranging from 4% to 5% (2016 Series – Lifespan Obligated Group)	182,970	197,881
Private placement debt due July 1, 2022 through 2029 in annual amounts ranging from \$1,338 to \$1,629 at a fixed rate of 2.85% (2014 Series – NH)	10,493	11,831
Mortgage loan payable through October 1, 2031 at a fixed rate of 2.88%	14,708	—
Other long-term debt	2,288	2,447
Unamortized premium – 2016 Series	21,764	24,647
	432,223	436,806
Less current portion	18,791	16,380
Long-term debt, net of current portion	\$ 413,432	\$ 420,426

On May 27, 2021, the Lifespan Obligated Group (OG) issued taxable senior secured notes in a private placement in the aggregate principal amount of \$200,000 at a fixed rate of 2.99%, due May 27, 2031. The proceeds from the issuance will be used to fund strategic initiatives. These notes are secured by a pledge of the gross receipts of RIH, TMH, and Bradley (the Obligated Group Hospitals) and by mortgage liens on RIH's and TMH's real property and all buildings, structures, and improvements thereon.

On August 11, 2016, the Rhode Island Health and Educational Building Corporation (RIHEBC) issued, on behalf of the Lifespan Obligated Group (OG), which consists of RIH, TMH, Bradley, Rhode Island Hospital Foundation, and The Miriam Hospital Foundation, \$265,470 of tax-exempt fixed rate serial and term bonds (the 2016 Bonds) due May 15, 2017 through 2039 in annual amounts ranging from \$6,540 to \$42,920 at coupon rates ranging from 4% to 5%, with an effective rate of approximately 3.15%. These 2016 Hospital Financing Revenue Refunding Bonds are secured by a pledge of the gross receipts of the Obligated Group Hospitals and by mortgage liens on RIH's and TMH's real property and all buildings, structures, and improvements thereon. The OG is jointly and severally liable for repayment of the 2016 Bonds. Under the terms of the 2016 Bonds, the Obligated Group Hospitals are required to satisfy certain measures of financial performance for as long as the bonds are outstanding.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(14) Long-Term Debt (continued)

On November 5, 2014, RIHEBC issued, on behalf of NH, \$20,390 of fixed rate 2.85% tax-exempt bonds (the 2014 Bonds) in a private placement for the advance refunding of \$20,275 of NH's 1999 Bonds. The 2014 Bonds are secured by a pledge of the gross receipts of NH. Payment of the principal and interest on the 2014 Bonds when due is guaranteed by Newport Hospital Foundation, Inc. Under the terms of the 2014 Bonds, NH is required to satisfy certain measures of financial performance for as long as the bonds are outstanding.

Lifespan's aggregate maturities of long-term debt for the five fiscal years ending in September 2027 are as follows: 2023, \$18,791; 2024, \$19,612; 2025, \$20,484; 2026, \$22,837 and 2027, \$9,732.

(15) Leases

Lifespan's portfolio includes operating leases of assets typically associated with real estate, clinical, research, diagnostic equipment, and administrative equipment. These operating leases generally have 1-to-30-year terms, with one or more renewal options, primarily relating to the real estate leases. The exercise of such lease renewal options is at Lifespan's sole discretion, and to the extent Lifespan is reasonably certain it will exercise a renewal option, the years related to that option are included in its determination of the lease term. Certain leases also include options to purchase the leased property at a price that either approximates or exceeds fair value.

The following summarizes additional information related to operating leases as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Weighted average remaining lease term	5.3 years	5.9 years
Weighted average discount rate	1.60%	1.70%

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(15) Leases (continued)

Lifespan leases building space and equipment under various noncancelable operating lease agreements. Future minimum lease payments, by year and in the aggregate, under noncancelable operating leases with terms of one year or more consist of the following on September 30, 2022:

Year ending September 30:		
2023	\$	26,332
2024		23,727
2025		18,992
2026		15,177
2027		11,008
Thereafter		<u>23,311</u>
Total future minimum lease payments		118,547
Less imputed interest		<u>(6,790)</u>
Total lease liabilities	\$	<u><u>111,757</u></u>

Supplemental cash flow information related to operating leases is as follows for the years ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Operating cash flows from operating leases	\$ <u>26,426</u>	\$ <u>23,724</u>

(16) Revolving Credit Loan Payable

The members of the Lifespan Obligated Group (OG) entered into a credit agreement, dated April 22, 2015 and most recently amended April 15, 2022, with Citizens Bank, N.A. for a line of credit facility up to a maximum principal amount of \$20,000 to finance working capital requirements. Any principal outstanding bears interest per annum at 1.5% above the LIBOR Advantage rate. Interest is payable monthly, and all outstanding principal and any accrued and unpaid interest would be due on the maturity date of August 22, 2023. At September 30, 2022, there was no principal outstanding under the facility. The OG is required to comply with various affirmative and negative covenants as well as maintain certain financial targets and ratios during the term of the line of credit.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(17) Net Assets with Donor Restrictions

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

	<u>2022</u>		<u>2021</u>
General health care service activities	\$ 472,119	\$	563,940
Property and equipment	48,918		58,426
Research	<u>111,613</u>		<u>106,980</u>
Total	<u>\$ 632,650</u>	\$	<u>729,346</u>

(18) Concentrations of Credit Risk

Lifespan maintains its cash accounts at various financial institutions. Lifespan has not experienced any losses in such accounts and evaluates the credit worthiness of the financial institutions with which it conducts business.

Financial instruments which potentially subject Lifespan to concentrations of credit risk consist primarily of accounts receivable and certain investments. The risk associated with short-term investments is mitigated by the fact that these investments are placed with what management believes are high credit quality financial institutions. Investments, which include government and agency obligations, stocks, and corporate bonds, are not concentrated in any corporation, industry, or geographical area.

Lifespan receives a significant portion of its payments for services rendered from a limited number of government and commercial third-party payors, including Medicare, Blue Cross, Medicaid, and various managed care entities. Lifespan has not historically incurred any significant concentrated credit losses in the normal course of business.

(19) Malpractice and Other Litigation

Certain Lifespan hospitals and/or their indemnified physicians have been named as defendants in a number of pending actions seeking damages for alleged medical malpractice liability. Management believes that any liability and legal defense costs resulting from these actions will be within the limits of each hospital's malpractice insurance coverage provided by RISE and/or commercial excess carriers. Lifespan is involved in a number of miscellaneous suits and general liability suits arising in the course of business. After consultation with legal counsel, management estimates that any outstanding matters will be resolved without material adverse effect on Lifespan's future financial position or results of operations.

(20) License Fees

In 2022 and 2021, the State of Rhode Island assessed a license fee to all Rhode Island hospitals, based on each hospital's 2019 and 2018 net patient service revenue, respectively, as defined. The Hospitals' (RIH, TMH, and NH) license fee expense in the years ended September 30, 2022 and 2021 was \$100,657 and \$92,122, respectively.

LIFESPAN CORPORATION AND AFFILIATES

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

(In thousands)

(21) Functional Expenses

Lifespan provides general health care services to residents within its geographic location. The consolidated statements of operations and changes in net assets present the expenses related to providing these services by natural classification. Lifespan also summarizes its operating expenses by functional classification.

Operating expenses by nature and function are summarized as follows for the years ended September 30, 2022 and 2021:

	2022			
	Health Care Services	Research	General and Administrative	Total
Compensation and benefits	\$ 1,500,175	\$ 68,471	\$ 179,781	\$ 1,748,427
Supplies and other expenses	650,690	45,375	48,153	744,218
Purchased services	135,481	7,406	40,986	183,873
Depreciation and amortization	80,781	3,899	8,554	93,234
Interest	13,413	—	76	13,489
License fees	100,657	—	—	100,657
	\$ 2,481,197	\$ 125,151	\$ 277,550	\$ 2,883,898
	2021			
	Health Care Services	Research	General and Administrative	Total
Compensation and benefits	\$ 1,372,975	\$ 63,762	\$ 172,217	\$ 1,608,954
Supplies and other expenses	622,529	66,136	61,756	750,421
Purchased services	158,872	7,067	15,251	181,190
Depreciation and amortization	80,373	3,659	8,279	92,311
Interest	9,580	—	88	9,668
License fees	92,122	—	—	92,122
	\$ 2,336,451	\$ 140,624	\$ 257,591	\$ 2,734,666

LIFESPAN CORPORATION AND AFFILIATES

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Direct award of pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Research and Development Cluster:				
Department of Defense:				
Military Medical Research and Development	12.420	Direct	\$ 182,416	1,433,521
American Burn Association	12.420	W81XWH-11-1-0835	—	(4,627)
Boston Children's Hospital	12.420	W81XWH-21-1-0499	—	10,838
Johns Hopkins University	12.420	W911QY-20-9-0012	—	(60,940)
Johns Hopkins University	12.420	W911QY-20-9-0012	—	1,085
Massachusetts General Hospital	12.420	W81XWH-17-2-0016	—	447,266
Ocean State Research Institute, Inc.	12.420	W81XH-17-0619	—	71,282
The Geneva Foundation At Wrmmmc	12.420	W81XWH2020015	—	42,266
University of Pittsburgh	12.420	W81XWH-17-2-0073	—	3,187
Military Medical Research and Development Subtotal			182,416	1,943,878
Uniform Services University Medical Research Projects:				
Henry M. Jackson Foundation	12.750	HU0001-19-2-0063	—	61,608
Research and Technology Development:				
Brown University	12.910	D19AC00015	—	52,832
Department of Defense Total			182,416	2,058,318
Department of Justice:				
Crime Victim Assistance:				
Amos House	16.182	USDOJ 2018-CY-BX-0010	—	92,448
Department of Justice Total			—	92,448
Department of Transportation:				
State and Community Highway Safety:				
Rhode Island Department of Transportation	20.600	NHTSA402PS2206	—	29,278
National Priority Safety Programs:				
Rhode Island Department of Transportation	20.616	NHTSAM2CPS1601	—	90,839
Department of Transportation Total			—	120,117
National Science Foundation:				
Engineering:				
Brown University	47.041	2047583	—	17,011
Circadian Positioning Systems, Inc.	47.041	2025864	—	15,728
National Science Foundation Total			—	32,739
Department of Veterans Affairs:				
Providence Va Medical Center	64.999	1101HX002534	—	11,325
Department of Veterans Affairs Total			—	11,325
Department of Health and Human Services:				
National Institutes of Health:				
Tobacco Regulatory Science Program	93.077	Direct	—	66,130
Alcohol Research Programs	93.273	Direct	332,696	1,502,552
Brown University	93.273	1R01AA025456	—	17,296
Brown University	93.273	1R01AA025456	—	5,994
Brown University	93.273	1R21AA026740	—	10,008
Brown University	93.273	1R21AA029033	—	2,123
Brown University	93.273	5K24AA026326	—	13,296
Brown University	93.273	R21AA028394	—	13,156
Brown University	93.273	R34AA027195	—	28,605
Georgia State University Research Foundation	93.273	1R01AA028813	—	45,424
Georgia State University Research Foundation	93.273	5R34AA025691	—	1,748
Lehigh University	93.273	1R34AA026032	—	52,907
Tulane University Medical Center	93.273	R21AA028576	—	26,972
Alcohol Research Programs Subtotal			332,696	1,720,081
Trans-NIH Research Support	93.310	Direct	30,953	405,306
Brown University	93.310	3U54GM115677	—	(955)
Brown University	93.310	5U54GM115677	—	(57,642)
Brown University	93.310	U54GM115677	—	952
Brown University	93.310	U54GM115677	—	10,279
Office of The Director of the National Institutes of Health	93.310	5UH3OD023313	1,441,406	3,209,493
Redeemers University	93.310	1U54TW012056	—	10,731
University of Arkansas For Medical Science	93.310	5U24OD024957	—	4,588
Trans-NIH Research Support Subtotal			1,472,359	3,582,752
National Institutes of Health Research:				
Brown University	93.U01	ME-2019C3-17875	—	94,195
Duke University Medical Center	93.U01	HHSN-2752018000031	—	5,602
Memorial Sloan-Kettering Cancer Center	93.U01	5R01CA220568	—	7,152
National Institutes of Health Research Subtotal			—	106,949
National Institutes of Health Research Programs Subtotal			1,805,055	5,475,912

LIFESPAN CORPORATION AND AFFILIATES

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Direct award of pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Centers For Disease Control and Prevention:				
Blood Disorder Program:				
Boston Children's Hospital	93.080	NU27DD000020	\$ —	21,919
Injury Prevention and Control Research				
Brown University	93.136	Direct	404,839	778,483
Brown University	93.136	1R01CE003267	—	280,976
Brown University	93.136	R01CE003353	—	16,357
Georgia State University Research Foundation	93.136	U01CE003215	—	39,630
Rhode Island Department of Health	93.136	NU17CE9249567	—	350,626
Rhode Island Department of Health	93.136	NU17CE924967	—	68,853
Rhode Island Department of Health	93.136	PO 3597324	(7,855)	45,457
Injury Prevention and Control Research Subtotal			<u>396,984</u>	<u>1,580,382</u>
Pediatric Weight Management Interventions	93.349	Direct	97,931	708,760
Strengthening Public Health Systems and Services:				
National Association of County & City Health	93.421	NU38OT000306	—	25,957
Centers for Disease Control Research	93.U01	Direct	—	23,951
Centers for Disease Control Subtotal			<u>494,915</u>	<u>2,360,969</u>
Food and Drug Administration:				
Duke University Medical Center	93.103	75F40120C00179	—	9,201
Progeria Research Foundation	93.103	U01FD006886	—	(1,851)
Food and Drug Administration Subtotal			<u>—</u>	<u>7,350</u>
Health Resources and Services Administration:				
Maternal and Child Health Federal Consolidated Programs				
Brown University	93.110	Direct	139,193	518,068
Brown University	93.110	75N94021D00004/F00002	—	33,949
Icahn School of Medicine At Mount Sinai	93.110	2H30MC24048	—	6,970
Icahn School of Medicine At Mount Sinai	93.110	5H30MC24048	—	12,433
Johns Hopkins University	93.110	NU17CE924961	—	75,072
Rhode Island Department of Health	93.110	U01CMC32319	—	925
Rhode Island Department of Health	93.110	U4CMC32319	—	321,852
Maternal and Child Health Federal Consolidated Programs Subtotal			<u>139,193</u>	<u>969,269</u>
Emergency Medical Services for Children	93.127	Direct	404,838	645,983
Dell Children's Medical Center of Texas	93.127	6U07MC37471	—	32,809
Yale University	93.127	GR108045	—	105,748
Emergency Medical Services for Children Subtotal			<u>404,838</u>	<u>784,540</u>
HIV-Related Training and Technical Assistance:				
University of Massachusetts	93.145	U1OHA29294	—	36,106
University of Massachusetts	93.145	U1OHA29294	—	34,967
University of Massachusetts	93.145	U1OHA29294	—	79,859
HIV-Related Training and Technical Assistance Subtotal			<u>—</u>	<u>150,932</u>
Coordinated Services and Access to Research for Women, Infants, Children, and Youth				
Family Aids Center For Treatment	93.153	H12HA24854	—	42,862
Sickle Cell Treatment Demonstration Program:				
Johns Hopkins University	93.365	2U1EMC27864	—	37,962
Johns Hopkins University	93.365	U1EMC27864	—	(1,913)
Sickle Cell Treatment Demonstration Program Subtotal			<u>—</u>	<u>36,049</u>
Outpatient Early Intervention Services with Respect to HIV Disease	93.918	Direct	—	515,954
Maternal and Child Health Services Block Grant to the States				
Thundermist Health Associates	93.994	B04MC31515	—	95,720
Health Resources and Services Administration Subtotal			<u>544,031</u>	<u>2,595,326</u>
National Center for Complimentary and Integrative Health				
Butler Hospital	93.213	Direct	145,173	548,621
Butler Hospital	93.213	1U01AT010863	—	7,208
National Center for Complimentary and Integrative Health Subtotal			<u>145,173</u>	<u>555,829</u>
National Heart, Lung, and Blood Institute:				
National Center on Sleep Disorders Research				
National Center on Sleep Disorders Research	93.233	Direct	123,570	866,411
Cardiovascular Diseases Research				
Brown University	93.837	Direct	859,786	7,254,502
Brown University	93.837	1R01HL135200	—	(23)
Brown University	93.837	R01HL135091	—	30,228
California Polytechnic State University	93.837	1UG3HL163508	—	1,337
Hennepin Healthcare Research Institute	93.837	1R01HL136327	—	57,789
Indiana University	93.837	R01HL136603	—	35,450
Massachusetts General Hospital	93.837	U01HL123336	—	1,406
Ocean State Research Institute, Inc.	93.837	1R01HL163005	—	34,417
Ocean State Research Institute, Inc.	93.837	R01 HL139795	—	40,365
Ohio State University	93.837	R01HL142588	—	51,402
University of Minnesota	93.837	N007373301	—	8,320
University of Pennsylvania	93.837	1R01HL134905	—	65,261
University of Pittsburgh	93.837	R01HL147914	—	5,074
University of Pittsburgh	93.837	R01HL147914	—	21,342
University of Rhode Island	93.837	R01HL135236	—	10,721
Cardiovascular Diseases Research Subtotal			<u>859,786</u>	<u>7,617,591</u>

LIFESPAN CORPORATION AND AFFILIATES

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Direct award of pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Lung Diseases Research	93.838	Direct	\$ —	664,846
Ann & Robert Lurie Children's Hospital	93.838	1R01HL157256	—	15,087
Indiana University	93.838	1R01HL148247	—	(2,298)
Massachusetts General Hospital	93.838	1R01HL152075	—	(13,964)
Ocean State Research Institute, Inc.	93.838	R01 HL148727	—	55,921
University of Florida-Gainesville	93.838	1R01HL153119	—	62,073
University of Utah	93.838	1OT2HL161847	—	730
Wayne State University	93.838	7R01HL148247	—	6,934
Wayne State University	93.838	R01HL148247	—	3,962
Lung Diseases Research Subtotal			—	793,291
Blood Diseases and Resources Research	93.839	Direct	160,227	671,941
Boston Medical Center	93.839	R01HL141774	—	42,703
Rutgers, The State University of New Jersey	93.839	U01HL133817	—	68,100
Rutgers, The State University of New Jersey	93.839	U01HL133817	—	20,295
Blood Diseases and Resources Research Subtotal			160,227	803,039
National Heart, Lung, and Blood Institute Subtotal			1,143,583	10,080,332
National Institute of Mental Health	93.242	Direct	1,450,995	5,311,105
Brown University	93.242	1R01MH112386	—	18,739
Brown University	93.242	1R01MH114843	—	7,071
Brown University	93.242	1R01MH117960	—	40,860
Brown University	93.242	1R01MH123556	—	51,959
Brown University	93.242	1R01MH126940	—	25,819
Brown University	93.242	1R34MH114307	—	20,443
Brown University	93.242	1R34MH115457	—	87,725
Brown University	93.242	1R34MH124469	—	28,630
Brown University	93.242	2R25MH101076	—	22,814
Brown University	93.242	5R21MH115514	—	(358)
Brown University	93.242	7R01MH108641	—	13,182
Brown University	93.242	R01MH114891	—	57,410
Brown University	93.242	R01MH119919	—	88,278
Brown University	93.242	R01MH122301	—	16,725
Brown University	93.242	R01MH126940	—	7,107
Butler Hospital	93.242	1R01MH12483	—	25,236
Butler Hospital	93.242	R01MH108610	—	2,419
George Mason University	93.242	1R01MH118680	—	25,599
Research Foundation For Mental Hygiene	93.242	1R34MH127180	—	91,258
Stanford Medical University	93.242	62489925-139369	—	9,772
University of Puerto Rico	93.242	1R34MH120179	—	5,913
University of Rochester Medical Center	93.242	2P50MH106435	—	6,290
Yale University	93.242	1R21MH125199	—	40,794
National Institute of Mental Health Subtotal			1,450,995	6,004,790
Substance Abuse and Mental Health Service Administration				
Projects of Regional and National Significance	93.243	Direct	142,663	493,956
Brown University	93.243	5UR1TI080209	—	56,951
Brown University	93.243	H79TI082570	—	126,182
Rhode Island Department of Health	93.243	1H79SM082108	5,106	134,328
Projects of Regional and National Significance Subtotal			147,769	811,417
Opioid STR:				
Rhode Island Department of Health	93.788	H79TI083281	—	236,063
Block Grants for Prevention and Treatment of Substance Abuse:				
Brandeis University	93.959	08TI010023	—	17,554
Substance Abuse and Mental Health Service Administration Subtotal			147,769	1,065,034
National Institute on Drug Abuse	93.279	Direct	642,215	3,361,899
Brown University	93.279	1R01DA045396	—	91,684
Brown University	93.279	1R34DA042247	—	(4,543)
Brown University	93.279	1R34DA053738	—	85,990
Brown University	93.279	1R37DA052918	—	7,943
Brown University	93.279	5K01DA048087	—	8,782
Brown University	93.279	BROWN 00001213	—	4,661
Brown University	93.279	R01DA046620	—	13,325
Brown University	93.279	R01DA047975	—	17,701
Brown University	93.279	U01DA050442	—	3,663
Butler Hospital	93.279	1R21DA052133	—	9,547
Fordham University	93.279	R25DA013608	—	999
McLean Hospital	93.279	3UG1DA015831	—	231,090
Ohio State University	93.279	R01DA047236	—	54,764
University of California- San Francisco	93.279	1R01DA056265	—	8,377
National Institute on Drug Abuse Subtotal			642,215	3,895,882
National Institute on Minority Health and Health Disparities	93.307	Direct	419,981	1,398,760
Brigham & Women's Hospital	93.307	R01 MD011685	—	11,991
Brown University	93.307	1R01MD016241	—	3,082
National Institute on Minority Health and Health Disparities Subtotal			419,981	1,413,833

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Year Ended September 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Direct award of pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
National Cancer Institute:				
21st Century Cures Act – Beau Biden Cancer Moonshot:				
Dana Farber Cancer Institute	93.353	UM1CA233080	\$ —	308,403
Cancer Cause and Prevention Research	93.393	Direct	—	9,332
Brown University	93.393	R21CA243906	—	6,569
Cancer Cause and Prevention Research Subtotal			—	15,901
Cancer Detection and Diagnosis Research	93.394	Direct	—	2,814
Albert Einstein College of Medicine	93.394	1R01CA218429	—	34,512
Brown University	93.394	2R01CA159954	—	13,984
Medical College of Wisconsin	93.394	U01CA176110	—	14,691
St. Joseph Hospital	93.394	R01 CA221938	—	11,928
St. Josephs Hospital and Medical Center	93.394	1R01CA264992	—	34,551
University of Texas Md anderson Cancer C	93.394	1R01CA264992	—	1,013
Cancer Detection and Diagnosis Research Subtotal			—	113,493
Cancer Treatment Research:				
American College of Radiology	93.395	U10CA180820	—	5,272
Children’s Hospital of Philadelphia	93.395	U10CA180886	—	(2,489)
Oregon Health Sciences University	93.395	U10CA180888	—	10,014
Public Health Institute	93.395	U10CA180886	—	75,156
Public Health Institute	93.395	U10CA180886	—	7,832
Cancer Treatment Research Subtotal			—	95,785
Cancer Biology Research	93.396	Direct	—	327,750
Fox Chase Cancer Center	93.396	1R01CA259188	—	58,341
Cancer Biology Research Subtotal			—	386,091
Cancer Centers Support Grants:				
Indiana University	93.397	U54CA254518	—	18,683
National Cancer Institute Subtotal			—	938,356
National Institute of Arthritis and Musculoskeletal and Skin Diseases:				
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	Direct	218,339	1,514,080
Cleveland Clinic Foundation	93.846	R01AR074131	—	110,728
Johns Hopkins University	93.846	R01AR064066	—	(126)
University of Connecticut	93.846	7R01AR072027	—	52,878
University of Connecticut	93.846	7R01AR072027	—	6,130
National Institute of Arthritis and Musculoskeletal and Skin Diseases Subtotal			218,339	1,683,690
National Institute of Diabetes and Digestive and Kidney Diseases:				
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	Direct	1,003,403	4,470,908
Brown University	93.847	R01DK125382	—	6,551
Temple University	93.847	1R01DK130323	—	34,079
Temple University	93.847	1R01DK130323	—	37,200
University of Alabama At Tuscaloosa	93.847	R01DK122473	—	101,628
University of Connecticut	93.847	5R01DK111232	—	7,341
University of Pittsburgh	93.847	R01DK120597	—	116,399
University of Pittsburgh	93.847	R03DK117198	—	2,270
University of Tennessee	93.847	1R01DK121360	—	25,074
Yale University	93.847	1R01DK128277	—	31,790
National Institute of Diabetes and Digestive and Kidney Diseases Subtotal			1,003,403	4,833,240
National Institute of Neurological Disorders and Stroke:				
Extramural Research Programs in the Neurosciences	93.853	Direct	103,519	149,142
Cleveland Clinic Foundation	93.853	R01NS108414	—	7,644
Columbia University	93.853	1R01NS110826	—	52,457
Emory University School of Medicine	93.853	R21NS116726	—	28,129
Massachusetts General Hospital	93.853	5U01NS121616	—	68,504
Mayo Clinic Rochester	93.853	5U01NS080168	—	80,469
Orlando Health, Inc.	93.853	R01 NS057676	—	70,503
University of Cincinnati	93.853	5U01NS095869	—	16,408
University of Cincinnati	93.853	U01NS102289	—	56
Yale University	93.853	U24NS107215	—	59,060
National Institute of Neurological Disorders and Stroke Subtotal			103,519	532,372
National Institute of Allergy and Infectious Diseases:				
Allergy and Infectious Diseases Research	93.855	Direct	3,500,958	6,033,266
Aga Foundation	93.855	5R24AI118629	—	4,818
Boston Children’s Hospital	93.855	R01AI141656	—	8,067
Boston Children’s Hospital	93.855	R01AI151180	—	42,246
Brigham & Women’s Hospital	93.855	UM1AI069412	—	7,244
Brown University	93.855	1R01AI127699	—	70,386
Brown University	93.855	5R01AI108441	—	7,300
Brown University	93.855	R01AI167694	—	4,866
Brown University	93.855	R25AI140490	—	86,801
Case Western Reserve University	93.855	R01AI129709	—	160,124
Emory University School of Medicine	93.855	3U19AI110483	—	2,303
Fred Hutchinson Cancer Research Center	93.855	UM1AI068614	—	27,382
Fred Hutchinson Cancer Research Center	93.855	UM1AI068614	—	23,400
George Washington University	93.855	P30AI117970	—	11,086
Icahn School of Medicine At Mount Sinai	93.855	R01AI120792	—	121,571

LIFESPAN CORPORATION AND AFFILIATES

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Direct award of pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Indiana University	93.855	5U01AI069911	\$ —	(10,026)
Indiana University	93.855	U01AI069911	—	138,904
Johns Hopkins University	93.855	1R01AI144997	—	259,294
Johns Hopkins University	93.855	UM1A1068632	—	6,507
Massachusetts Eye and Ear Infirmary	93.855	5P01AI083214	—	(5,937)
Massachusetts Eye and Ear Infirmary	93.855	P01AI083214	—	38,166
Massachusetts Eye and Ear Infirmary	93.855	P01AI083214	—	73,546
Oak Crest Institute Of Science	93.855	1U19AI113048	—	(553)
University of California Los Angeles	93.855	UM1 AI068636	—	106,550
University of California Los Angeles	93.855	UM1AI068636	—	174,679
University of California Los Angeles	93.855	UM1AI068636	—	184,776
National Institute of Allergy and Infectious Diseases Subtotal			3,500,958	7,576,766
National Institute of General Medical Sciences:				
Biomedical Research and Research Training	93.859	Direct	2,499,512	10,921,039
Brown University	93.859	2U54GM115677	—	57,642
Brown University	93.859	2U54GM115677	—	70,644
Brown University	93.859	2U54GM115677	—	69,472
Brown University	93.859	2U54GM115677	—	94,886
Brown University	93.859	3U54GM115677	—	3,689
Brown University	93.859	3U54GM115677	—	4,216
Brown University	93.859	3U54GM115677	—	155,114
Brown University	93.859	5P20GM103645	—	68,873
Brown University	93.859	5P20GM103652	—	17,731
Brown University	93.859	5U54GM115677	—	226
Brown University	93.859	5U54GM115677	—	(34,898)
Brown University	93.859	P20GM109035	—	33,719
Brown University	93.859	P20GM130414	—	33,279
Brown University	93.859	U54 GM115677	—	(7,811)
Brown University	93.859	U54GM115677	—	10,034
Brown University	93.859	U54GM115677	—	56,538
Brown University	93.859	U54GM115677	—	47,158
Brown University	93.859	U54GM115677	—	5,137
Brown University	93.859	U54GM115677	—	25,351
Butler Hospital	93.859	5P20GM130452	—	49,494
Butler Hospital	93.859	P20GM130452	—	59,283
Ocean State Research Institute, Inc.	93.859	5P20GM 103652	—	12,474
Ocean State Research Institute, Inc.	93.859	5P20GM103652	—	19,462
Ocean State Research Institute, Inc.	93.859	P20 GM103652	—	19,506
Ocean State Research Institute, Inc.	93.859	P20 GM103652	—	8,229
Ocean State Research Institute, Inc.	93.859	P20 GM103652	—	47,078
Ocean State Research Institute, Inc.	93.859	P20GM103652	—	72,939
University of Rhode Island	93.859	P20GM103430	—	65,511
Women & Infants Hospital of Rhode Island	93.859	P20GM121298	—	11,911
Women & Infants Hospital of Rhode Island	93.859	P20GM121298	—	40,475
National Institute of General Medical Sciences Subtotal			2,499,512	12,038,401
National Institute of Child Health and Human Development:				
Child Health and Human Development Extramural Research	93.865	Direct	809,735	3,589,588
Brown University	93.865	1R01HD092301	—	111,272
Brown University	93.865	1R01HD104187	—	294,319
Brown University	93.865	R01HD086487	—	107,652
Children's Hospital of Philadelphia	93.865	R01HD101528	—	32,058
Children's Hospital of Philadelphia	93.865	RHD101528A	—	20,139
Kansas University Medical Center Research	93.865	5R01HD093933	—	10,914
Kent State University	93.865	1R21HD095099	—	1,553
Kent State University	93.865	1R21HD098450	—	(1,103)
Klein Buendel, Inc.	93.865	R42HD110333	—	362
Mucommune	93.865	1R43HD108823	—	5,946
Northeastern University	93.865	1R01HD095932	—	153,159
University of Michigan	93.865	R24 HD087149	—	5,622
National Institute of Child Health and Human Development Subtotal			809,735	4,331,481
National Institute on Aging:				
Aging Research	93.866	Direct	219,605	1,443,235
Brown University	93.866	R01AG065722	—	22,477
Brown University	93.866	R01AG069349	—	35,854
Brown University	93.866	R01AG074284	—	14,785
Brown University	93.866	U54AG063546	—	1,461
Brown University	93.866	U54AG063546	—	1,461
Echowear LLC	93.866	1R41AG074835	—	116,273
Echowear LLC	93.866	3R41AG074835	—	9,038
Hebrew Rehabilitation Center For Aged	93.866	R37AG032982	—	3,871
Hebrew Senior Life	93.866	R24AG054259	—	(327)
Life Bio, Inc.	93.866	1R43AG076341	—	1,834
University of California-San Diego	93.866	5R01AG061146	—	48,111
University of Southern California	93.866	2U19AG024904	—	84,204
University of Southern California	93.866	R01AG053798	—	9,365

LIFESPAN CORPORATION AND AFFILIATES

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Direct award of pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
University of Southern California	93.866	R01AG053798	\$ —	14,210
University of Southern California	93.866	R01AG054029	—	15,084
University of Southern California	93.866	R01AG061848	—	20,739
University of Southern California	93.866	R01AG063689	—	4,672
University of Southern California	93.866	U19AG010483-	—	21,282
University of Washington	93.866	R01AG060011	—	6,951
Wake Forrest University	93.866	1R01AG058571	—	7,802
National Institute on Aging Subtotal			<u>219,605</u>	<u>1,882,382</u>
Fogarty International Center:				
International Research and Research Training	93.989	Direct	76,439	242,859
Brown University	93.989	D43 TW011317	—	40,608
Brown University	93.989	D43TW010565	—	12,182
Fogarty International Center Subtotal			<u>76,439</u>	<u>295,649</u>
National Institute of Environmental Health Sciences:				
Brown University	93.113	U01ES028184	—	81,685
Emory University School of Medicine	93.113	1R24ES028507	—	133,142
J. Craig Venter Institute	93.113	R01 ES030227	—	360,291
National Institute of Environmental Health Sciences Subtotal			<u>—</u>	<u>575,118</u>
National Institute of Dental and Craniofacial Research:				
Boston University	93.121	UG3DE031249	—	22,722
Agency For Healthcare Research and Quality	93.226	Direct	11,412	296,712
National Center for Advancing Translational Sciences:				
Nanode Therapeutics	93.350	1R41TR002298	—	47,175
Biomedical Advanced Research and Development Authority:				
Regeneron Pharmaceuticals	93.360	HHSO100201700020C	—	145,193
Regeneron Pharmaceuticals	93.360	HHSO100201700020C	—	88,356
Regeneron Pharmaceuticals	93.360	PO# 797253	—	2,530
Biomedical Advanced Research and Development Authority Subtotal			<u>—</u>	<u>236,079</u>
National Institute on Nursing Research:				
Brown University	93.361	R01NR020227	—	59,687
Butler Hospital	93.361	R01NR015977	—	3,324
National Institute on Nursing Research Subtotal			<u>—</u>	<u>63,011</u>
Administration for Children and Families:				
Rhode Island Department of Human Services	93.575	G2001RICCDD	—	184,388
National Institutes of Health Total			<u>15,236,639</u>	<u>68,992,799</u>
Total Expenditures of Research and Development Federal Awards			<u>15,419,055</u>	<u>71,307,746</u>
Child and Nutrition Cluster:				
Department of Agriculture:				
Food and Nutrition Services:				
Rhode Island Department of Education	10.553	1,205,620	—	39,204
Rhode Island Department of Education	10.555	1,205,620	—	93,765
Rhode Island Department of Education	10.555	Spon #28856	—	73,710
Subtotal			<u>—</u>	<u>167,475</u>
Rhode Island Department of Education	10.582	1,205,620	—	4,988
Child Nutrition Cluster Total			<u>—</u>	<u>211,667</u>
SNAP Cluster:				
Department of Agriculture:				
Rhode Island Department of Human Services	10.561	224RI405S2514	—	9,653
Rhode Island Department of Human Services	10.561	224RI405S2514	—	329
SNAP Cluster Total			<u>—</u>	<u>9,982</u>
Other Federal Awards:				
Department of Education:				
Preschool Development Grants:				
Rhode Island Department of Education	84.419	S419B150033	—	943,390
Department of Education Total			<u>—</u>	<u>943,390</u>
Department of Housing and Urban Development:				
Community Development Block Grants:				
City of Pawtucket, Rhode Island	14.218	CDBG grant award	—	10,565
City of Pawtucket, Rhode Island	14.218	Contract #699-39A	—	96,909
Community Development Block Grants Subtotal			<u>—</u>	<u>107,474</u>
Mainstream Vouchers:				
Rhode Island Housing and Urban Development	14.879	HUD MAINSTREAM	—	578,130
Department of Housing and Urban Development Total			<u>—</u>	<u>685,604</u>

LIFESPAN CORPORATION AND AFFILIATES

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Direct award of pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Department of Justice:				
Missing Alzheimer's Disease Patient Assistance Program:				
Rhode Island Department of Corrections	16.015	RFP #7603778	\$ —	50,459
Rhode Island Department of Justice	16.015	2021-J1-BX-0013	—	81,500
Missing Alzheimer's Disease Patient Assistance Program Subtotal			—	131,959
National Institute of Justice Research:				
Rhode Island Department of Justice	16.560	Direct	—	7,627
Crime Victim Assistance:				
Rhode Island Department of Justice	16.575	15-419-VOCA/15-420-VOCA	—	16,700
State of Rhode Island	16.575	15POVC-21-GG-00596-ASSI	—	99,693
Crime Victim Assistance Subtotal			—	116,393
Department of Justice Total			—	255,979
Department of Labor:				
Rhode Island Department of Labor & Training	17.255	IG2-11 ADDENDUM 10	—	(1)
Rhode Island Department of Labor & Training	17.255	IG2-11 PITCH #5 Addend#6	—	(3,648)
Rhode Island Department of Labor & Training	17.255	IG2-11-CON18-B2W	—	(2,375)
Rhode Island Department of Labor & Training	17.255	IG2-11-CON19	—	75,919
Rhode Island Department of Labor & Training	17.255	IG2-11-CON20	—	95,090
Rhode Island Department of Labor & Training	17.255	IG2-11-CON21	—	175,539
Rhode Island Department of Labor & Training	17.255	IGS-11 ADDENDUM #13	600	161,393
Department of Labor Total			600	501,917
Department of the Treasury:				
Coronavirus Relief Fund- COVID-19:				
State of Rhode Island	21.019	EPBH-CRF	—	1,354,000
State of Rhode Island	21.019	NH-CRF	—	545,528
Coronavirus Relief Fund- COVID-19 Total			—	1,899,528
Department of the Treasury Total			—	1,899,528
National Endowment for the Humanities:				
Rhode Island State Council On The Arts	45.024	2019-19706	—	2,500
National Endowment for the Humanities Total			—	2,500
AmeriCorps:				
VISTA:				
Corporation For National and Community Service	94.013	18VSARI003	—	2,400
AmeriCorps Total			—	2,400
Department of Health and Human Services:				
Administration for Children and Families:				
Special Programs for the Aging:				
Administration For Community Living	93.044	17AARIT3SS	—	34,052
Child Care and Development Block Grant:				
Rhode Island Department of Health	93.575	2101RICDC6	—	138,584
Rhode Island Department of Education	93.575	7127589	—	165,151
Child Care and Development Block Grant Subtotal			—	303,735
Administration for Children and Families Subtotal			—	337,787
Administration for Community Living:				
Rhode Island Department of Mental Health	93.047	1H79FG000292	—	216,991
Administration for Community Living Subtotal			—	216,991
Centers for Disease Control and Prevention:				
Environmental Public Health and Emergency Response:				
Rhode Island Department of Health	93.070	1NEU1EH001375	—	70,591
Injury Prevention and Control Research:				
Rhode Island Department of Health	93.136	NU17CE924967	—	81,859
Injury Prevention and Control Research Subtotal			—	81,859
Viral Hepatitis Prevention and Control:				
Rhode Island Department of Health	93.270	NU51P2005182	—	574
HIV Prevention Activities Health Department Based:				
Rhode Island Department of Health	93.940	NU62PS924548	—	145,536
Sexually Transmitted Diseases (STD) Prevention and Control Grants:				
Rhode Island Department of Health	93.977	6NH25PS005160	—	22,672
Rhode Island Department of Health	93.977	NH25PS005160	—	9,616
Sexually Transmitted Diseases (STD) Prevention and Control Grants Subtotal			—	32,288
Centers for Disease Control and Prevention Subtotal			—	330,848

LIFESPAN CORPORATION AND AFFILIATES

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2022

Federal grantor/pass-through grantor/program or cluster title	Assistance listing number	Direct award of pass-through entity identifying number	Passed through to subrecipients	Total federal expenditures
Community Programs to Improve Minority Health:			\$	
City of Providence	93.137	7CPIMP221328-01-00	—	31,121
Community Programs to Improve Minority Health Subtotal			—	31,121
Health Resources and Services Administration:				
Maternal and Child Health Federal Consolidated Programs	93.110	Direct	—	228,342
Brown University	93.110	GR5235385	—	45,759
Maternal and Child Health Federal Consolidated Programs Subtotal			—	274,101
HRSA COVID-19 Claims Reimbursement for the Uninsured Program and the COVID-19 Coverage Assistance Fund- COVID-19	93.461	Direct	—	1,009,320
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution- COVID-19	93.498	Direct	—	60,089,693
Outpatient Early Intervention Services with Respect to HIV Disease	93.918	Direct	—	209,358
Special Projects of National Significance:				
Aids United	93.928	U90HA42153	—	27,901
Health Resources and Services Administration Subtotal			—	61,610,373
Substance Abuse and Mental Health Service Administration:				
Substance Abuse and Mental Health Services Projects:				
Rhode Island Department of Health	93.243	7,127,490	—	200,796
State of Rhode Island	93.243	H79SM080253	—	667,651
Substance Abuse and Mental Health Services Projects Subtotal			—	868,447
Opioid STR:				
State of Rhode Island	93.788	H79T1081701	—	390,286
Rhode Island Department of Health and Human Services	93.788	RI-EOHHS	—	302,557
Rhode Island Department of Health and Human Services	93.788	RI-EOHHS	—	39,676
Rhode Island Department of Health and Human Services	93.788	RI-EOHHS	—	32,068
Opioid STR Subtotal			—	764,587
Rhode Island Department of Health and Human Services	93.958	RI-EOHHS	—	273,862
Substance Abuse and Mental Health Service Administration Subtotal			—	1,906,896
National Institute on Alcohol Abuse and Alcoholism:				
Live Inspired, LLC	93.273	1R42AA026788	—	1,288
National Institute on Alcohol Abuse and Alcoholism Subtotal			—	1,288
National Institutes of Health Other:				
Commonwealth of Massachusetts	93.U01	VC6000196659	—	8,490
National Institutes of Health Other Subtotal			—	8,490
National Institutes of Health Total			—	64,443,794
Total Expenditures of Other Federal Awards			600	68,735,112
Total Expenditures of All Federal Awards			15,419,655	140,264,507

LIFESPAN CORPORATION AND AFFILIATES
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2022

(1) Definition of Reporting Entity

The Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal awards of Rhode Island Hospital (RIH), The Miriam Hospital (TMH), Emma Pendleton Bradley Hospital (EPBH), and Gateway Healthcare, Inc. (Gateway), which are included in Lifespan Corporation and Affiliates (Lifespan). All federal awards received directly from federal agencies, as well as federal awards passed through other agencies, are included on the Schedule.

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

(3) Indirect Costs

Indirect costs are charged to federal grants and contracts at federally approved predetermined rates for each applicable Lifespan affiliate. The predetermined rates for the year ended September 30, 2022, were 64.0%, 49.0%, and 31.4% for RIH, TMH, and EPBH, respectively. Indirect costs are included in reported federal expenditures. Lifespan has elected to not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.