

# Tufts Medicine Inc. (formerly Wellforce, Inc.) and Consolidated Affiliates

EIN#: 47-2250732

Consolidated Financial Statements as of and for the Years Ended September 30, 2022 and 2021, Supplemental Consolidating Information as of and for the Year Ended September 30, 2022, Financial Responsibility Ratio Supplemental Schedule for the Year Ended September 30, 2022, Schedule of Expenditures of Federal Awards for the Year Ended September 30, 2022, Supplemental Schedules (Unaudited) to the Uniform Financial Statements as of and for the Year Ended September 30, 2022, and Independent Auditor's Reports

# TUFTS MEDICINE, INC. (FORMERLY WELLFORCE, INC.) AND CONSOLIDATED AFFILIATES

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of  
Tufts Medicine, Inc.  
Burlington, Massachusetts

### **Opinion**

We have audited the consolidated financial statements of Tufts Medicine, Inc. (formerly Wellforce, Inc.) and affiliates (the "System"), which comprise the consolidated balance sheets as of September 30, 2022 and 2021, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the System as of September 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System 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 Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

#### **Report on Supplemental Consolidating Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. The supplemental consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, such information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2023, on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 the System'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 the System's internal control over financial reporting and compliance.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The accompanying information included in the supplemental schedules (unaudited) to the uniform financial statements for the year ended September 30, 2022, is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. Such information is the responsibility of the System's management. Such information has not been subjected to the auditing procedures applied in our audit of the basic 2022 consolidated financial statements and accordingly, we express no opinion on it.

The logo for Deloitte & Touche LLP, featuring the company name in a cursive script with a small star symbol between the two names.

January 13, 2023

## TUFTS MEDICINE, INC. (FORMERLY WELLFORCE, INC.) AND CONSOLIDATED AFFILIATES

### CONSOLIDATED BALANCE SHEETS AS OF SEPTEMBER 30, 2022 AND 2021 (Amounts in thousands)

	2022	2021
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	111,181	158,703
Investments	15,527	126,282
Patient accounts receivable	321,903	232,342
Prepaid expenses and other current assets	28,477	24,506
Other receivables—net	144,772	120,698
Current portion of assets limited as to use	12,842	13,933
Supplies	28,624	27,903
Estimated third-party payor settlements—current	<u>3,017</u>	<u>9,627</u>
Total current assets	666,343	713,994
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	7,884	3,588
INVESTMENTS	458,416	926,538
ASSETS LIMITED AS TO USE—Noncurrent portion:		
Held by trustees under bond indenture agreements	69,608	214,677
Deferred compensation and other	10,287	13,254
Funds held for self-insurance reserves	91,885	104,134
Donor-restricted assets	<u>42,745</u>	<u>49,788</u>
Total assets limited as to use—noncurrent portion	214,525	381,853
PROPERTY AND EQUIPMENT—Net	763,889	610,649
RIGHT OF USE ASSETS	110,397	127,241
INVESTMENTS IN UNCONSOLIDATED AFFILIATES	41,078	38,882
OTHER ASSETS—Net	<u>36,403</u>	<u>40,675</u>
TOTAL	<u>\$ 2,298,935</u>	<u>\$ 2,843,420</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 532,272	\$ 416,763
Self-insurance reserves—current	15,084	19,698
Estimated third-party payor settlements—current	10,384	18,448
Contract liabilities	18,722	161,226
Lines of credit	100,398	11,759
Current portion of lease liability	24,178	24,020
Current portion of finance lease obligations	2,189	6,363
Current portion of long-term debt	<u>19,399</u>	<u>18,891</u>
Total current liabilities	722,626	677,168
OTHER LIABILITIES:		
Finance lease obligations—net of current portion	9,759	4,438
Lease liability—net of current portion	100,054	118,450
Long-term debt—net of current portion	826,391	846,715
Estimated third-party payor settlements	20,562	22,499
Self-insurance reserves—net of current portion	80,879	87,392
Accrued pension liability	53,471	51,264
Other long-term liabilities	<u>64,748</u>	<u>68,617</u>
Total liabilities	<u>1,878,490</u>	<u>1,876,543</u>
CONTINGENCIES (Note 16)		
NET ASSETS:		
Net assets without donor restrictions	377,477	916,636
Net assets with donor restrictions	<u>42,968</u>	<u>50,241</u>
Total net assets	420,445	966,877
TOTAL	<u>\$ 2,298,935</u>	<u>\$ 2,843,420</u>

See notes to consolidated financial statements.

**TUFTS MEDICINE, INC. (FORMERLY WELLFORCE, INC.) AND CONSOLIDATED AFFILIATES**

**CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021  
(Amounts in thousands)**

	<b>2022</b>	<b>2021</b>
OPERATING REVENUE:		
Net patient service revenue	\$ 1,801,801	\$ 1,859,047
Other operating revenue	342,782	338,387
Grant revenue	119,087	78,242
Net assets released from restrictions	<u>4,359</u>	<u>3,347</u>
Total operating revenue	<u>2,268,029</u>	<u>2,279,023</u>
OPERATING EXPENSES:		
Salaries and wages	1,195,380	1,100,840
Employee benefits	245,653	220,087
Purchased services	445,729	250,535
Supplies and other	662,919	604,136
Depreciation and amortization	83,635	66,546
Interest	<u>33,264</u>	<u>35,247</u>
Total operating expenses	<u>2,666,580</u>	<u>2,277,391</u>
(LOSS) INCOME FROM OPERATIONS	<u>(398,551)</u>	<u>1,632</u>
NONOPERATING REVENUE AND EXPENSES:		
Investment income	6,853	10,055
Realized and unrealized (losses) and gains and on investments	(135,415)	142,457
Unrestricted gifts—net of expenses	(6,214)	7,729
Other components of net periodic pension costs	4,095	(8,644)
Inherent contribution from acquisition		2,261
Gain on sale of surgical center		9,850
Other	<u>(1,125)</u>	<u>(113)</u>
Total nonoperating revenue and expenses—net	<u>(131,806)</u>	<u>163,595</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	<u>(530,357)</u>	<u>165,227</u>
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Net assets released from restrictions for purchase of equipment	913	2,549
Pension-related adjustments	(9,715)	68,529
Change in net unrealized gains and losses on investments	<u></u>	<u>(1,739)</u>
(DECREASE) INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ (539,159)</u>	<u>\$ 234,566</u>

See notes to consolidated financial statements.



**TUFTS MEDICINE, INC. (FORMERLY WELLFORCE, INC.) AND CONSOLIDATED AFFILIATE**

**CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021  
(Amounts in thousands)**

	<b>2022</b>	<b>2021</b>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Excess of revenue over expenses	\$(530,357)	\$ 165,227
Net assets released from restrictions for purchase of equipment	913	2,549
Pension-related adjustments	(9,715)	68,529
Change in net unrealized gains and losses on investments	<u>                    </u>	<u>(1,739)</u>
(Decrease) Increase in net assets without donor restrictions	<u>(539,159)</u>	<u>234,566</u>
NET ASSETS WITH DONOR RESTRICTIONS:		
(Expense) income from restricted investments	(111)	1,575
Contributions	5,036	5,439
Net assets released from restrictions for purchase of equipment	(913)	(2,549)
Net assets released from restrictions	(4,359)	(3,347)
Net realized (losses) gains on investments	(14)	1,160
Change in beneficial interest in perpetual trusts	(3,926)	2,296
Change in net unrealized (losses) and gains on investments	<u>(2,986)</u>	<u>399</u>
(Decrease) Increase in net assets with donor restrictions	<u>(7,273)</u>	<u>4,973</u>
(DECREASE) INCREASE IN NET ASSETS	(546,432)	239,539
NET ASSETS—Beginning of year	<u>966,877</u>	<u>727,338</u>
NET ASSETS—End of year	<u>\$ 420,445</u>	<u>\$ 966,877</u>

See notes to consolidated financial statements.

**TUFTS MEDICINE, INC. (FORMERLY WELLFORCE, INC.) AND CONSOLIDATED AFFILIATES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021  
(Amounts in thousands)**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
(Decrease) Increase in net assets	\$ (546,432)	\$ 239,539
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Inherent contribution from acquisition		(2,261)
Depreciation and amortization	83,635	66,546
Noncash interest expense	(1,650)	(1,916)
Noncash lease expense	17,002	13,853
Loss on disposal of equipment	3,567	
Gain on sale of surgical center		(9,850)
Net realized and unrealized gains (losses) on investments	142,114	(144,573)
Restricted contributions	(5,036)	(5,439)
Pension-related adjustments	9,715	(68,529)
Equity interest in earnings of unconsolidated affiliates	(7,754)	(17,217)
(Decrease) increase in cash resulting from changes in:		
Patient accounts receivable	(89,561)	(46,899)
Prepaid expenses and other current assets	(3,971)	(5,674)
Other receivables	(24,074)	(44,450)
Supplies	(721)	(228)
Estimated third-party payor settlements	(7,687)	(30,069)
Other assets	1,439	7,717
Accounts payable and accrued liabilities	104,338	56,677
Lease liability	(18,396)	(14,853)
Self-insurance reserves	(11,127)	7,579
Contract liabilities	(142,504)	(51,751)
Accrued pension and other long-term liabilities	(11,377)	(9,875)
Net cash used in operating activities	<u>(508,480)</u>	<u>(61,673)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash acquired from acquisition		1,193
Purchases of property and equipment	(219,743)	(137,943)
Proceeds from distributions of equity interest in unconsolidated affiliates	8,005	6,382
Purchase of equity interest in unconsolidated affiliates	(2,447)	(394)
Purchases of securities	(1,261,763)	(1,217,834)
Proceeds from sales and maturities of securities	<u>1,869,903</u>	<u>1,404,879</u>
Net cash provided by investing activities	<u>393,955</u>	<u>56,283</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt	(18,166)	(13,991)
Payments on finance lease obligations	(8,381)	(657)
Proceeds from lines of credit	89,000	11,000
Payments on lines of credit	(361)	(12,903)
Investment income and realized gains (losses) on restricted investments	(125)	2,735
Restricted contributions	<u>5,036</u>	<u>5,439</u>
Net cash provided by (used in) financing activities	<u>67,003</u>	<u>(8,377)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(47,522)	(13,767)
CASH AND CASH EQUIVALENTS—Beginning of year	<u>158,703</u>	<u>172,470</u>
CASH AND CASH EQUIVALENTS—End of year	<u>\$ 111,181</u>	<u>\$ 158,703</u>
SUPPLEMENTAL CASH FLOW INFORMATION—Cash paid for interest	<u>\$ 32,139</u>	<u>\$ 31,045</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Fixed asset additions included in accounts payable and accrued expenses	<u>\$ 34,791</u>	<u>\$ 23,621</u>
Property and equipment acquired through financing leases	<u>\$ 9,528</u>	<u>\$ 1,698</u>
Right of use assets acquired in exchange for operating lease liabilities	<u>\$ 496</u>	<u>\$ 7,340</u>

See notes to consolidated financial statements.

# TUFTS MEDICINE, INC. (FORMERLY WELLFORCE, INC.) AND CONSOLIDATED AFFILIATES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

(Amounts in thousands)

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### 1. DESCRIPTION OF THE ORGANIZATION

**Organization**—Tufts Medicine, Inc. (“Tufts Medicine”), formerly Wellforce, Inc., which is hereinafter referred to as the “System”, represents a unique model that serves the health needs of communities while enhancing the affordability of care. The System focuses on care integration, population health management, patient access, and operational performance. Tufts Medicine is the sole corporate member of Tufts Medical Center Parent, Inc. and consolidated affiliates (“Tufts MC”), Circle Health, Inc. and consolidated affiliates (“Circle Health”), MelroseWakefield Healthcare, Inc. and consolidated affiliates (“MelroseWakefield”), Wellforce Care Plan, LLC (“WCP LLC”), Tufts Medicine Care at Home Parent (“TMCAH”), formerly Home Health Foundation, Inc (“HHF”), Tufts Medicine Integrated Network, Inc. (“TMIN”), formerly Wellforce Clinically Integrated Network, and Tufts Medicine Pharmacy, LLC. (“TM Pharmacy”).

Tufts MC is a Massachusetts nonprofit corporation that oversees and coordinates a series of affiliated corporations that provide a broad range of health care and related services primarily in the greater Boston area. The affiliated entities of Tufts MC are Tufts Medical Center, Inc., a nonprofit acute care hospital; Wellforce Indemnity Company, Ltd (“WIC”), a for-profit Cayman Islands captive insurance company that provides professional and general liability, excess general liability, medical professional liability, provider excess loss insurance coverage, and medical stop loss coverage to Tufts Medicine; The Cameron M. Neely Foundation for Cancer Care, Inc. (“Neely Foundation”), a nonprofit entity that helps cancer patients and their families during and after cancer treatment; New England Long-Term Care, Inc. (“NELTC”), a nonprofit entity that operates an 80 bed nursing home; and Tufts Medical Center Physicians Organization, Inc. (“TMCPO”); which is the sole corporate member of a number of physician practices.

Circle Health is a Massachusetts nonprofit corporation that oversees and coordinates a series of affiliated corporations that provide a broad range of health care and related services in Lowell, Massachusetts. The consolidated affiliated entities of Circle Health include The Lowell General Hospital, a nonprofit general acute care hospital; LGH Services, Inc. and Consolidated affiliates, a for-profit entity and sole shareholder of LGH Management Service, Inc., LGH Medical Building Services (“LGH Medical Building”), and LGH Medical Services, Inc.; and Circle Health Physicians, a nonprofit entity and sole shareholder of a number of physician practices and Circle Health Pharmacy LLC.

MelroseWakefield is a Massachusetts nonprofit corporation that oversees and coordinates a series of affiliated corporations north of Boston, Massachusetts. The consolidated affiliated entities of MelroseWakefield are MelroseWakefield Healthcare, Inc., which operates two acute care hospitals; Hallmark Health Medical Associates, Inc. (“HHMA”), a nonprofit entity including a number of physician practices; LM Long-Term Care Services, Inc. and Savin Long-Term Care Corporation, both nonprofit entities providing long term care services; Hallmark Health Properties, Inc. (“HHP”), a nonprofit providing real estate management functions; and Hallmark Health Enterprises, Inc. (“HHCLC”), a for profit entity providing various health related services.

WCP LLC is an accountable care organization formed for the purpose of entering into an agreement with a managed care organization to participate collectively in the MassHealth accountable care organization program.

TMCAH is a nonprofit corporation organized in Massachusetts and acts as a holding company and provides management services to affiliated home care and hospice providers serving patients in Massachusetts and southern New Hampshire. The consolidated affiliates of TMCAH include Home Health VNA, Inc., a nonprofit entity that provides home health care services in southern New Hampshire; Tufts Medicine Care at Home, Inc. (formerly Merrimack Valley Hospice, Inc.) a nonprofit entity that provides hospice care services to terminally ill patients and home health services in Massachusetts; and CNS Nursing Home Care, Inc., a nonprofit entity that provides home health care and homemaker services in Massachusetts and southern New Hampshire.

TMIN is a nonprofit dedicated to improving the health of patients and cost of care through integrated care coordination, shared savings, and quality incentives, and is the sole corporate member of New England Quality Care Alliance, Inc. (“NEQCA”); New England Quality Care Alliance Accountable Care, Inc. (“NEQCA ACO”); Circle Health Alliance, LLC “Alliance”, and the Lowell General Physician Hospital Organization (“Lowell PHO”).

In July 2021, Tufts Medicine acquired Heart Center of MetroWest, Inc. (HCMW) and no consideration was transferred. HCMW is a wholly owned subsidiary of TMCPO. The System has not disclosed the fair value of the assets and liabilities acquired because the amounts are immaterial to the consolidated financial statements. The System has also not disclosed the amount of revenue or income from operations of HCMW since acquisition, nor proforma information or acquisition costs, because these amounts are not significant to the System’s consolidated financial statements.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Principles of Consolidation**—The consolidated financial statements include the accounts of all wholly owned and consolidated organizations of Tufts Medicine. Investments in which the System holds less than a 20% ownership interest and does not exercise significant influence are accounted for on the cost method of accounting. All other investments in which the System holds an ownership interest and exercises significant influence are accounted for using the equity method of accounting. The assets of certain members of the System may not be available to meet the obligations of other members of the System, except as disclosed in Note 11.

**Basis of Presentation**—The consolidated financial statements have been presented in conformity with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”) consistent with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 954, *Health Care Entities*, and other pronouncements applicable to health care organizations.

**Use of Estimates**—The preparation of consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Significant estimates include recognition of net patient service revenue, which includes explicit and implicit price concessions, estimated third-party payor settlements, self-insurance reserves, pension costs and the related obligations, contingencies, the

valuation of certain investments, the fair value of assets acquired and liabilities assumed in acquisition and the recognition of grant revenue. Actual results could differ from those estimates.

**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 classified as assets limited as to use. The carrying amounts reported in the consolidated balance sheets approximate their fair value.

**Prepaid Expenses and Other Current Assets**—Prepaid expenses and other current assets consist primarily of various insurance policies, as well as consulting, technology and software agreements that range over a period of time.

**Other Receivables**—Other receivables consist of amounts due from grants and other sponsored activities, contracted services, and retail pharmacy.

**Supplies**—Supplies, consisting primarily of medical/surgical supplies and pharmaceuticals, are stated at the lower of cost, based upon the first-in, first-out method, or market. Obsolete and unusable items are written off.

**Investments**—Investments recorded as current assets include investments that management intends to use for current operations or capital purchases in the next 12 months.

Investments, inclusive of assets limited as to use, include marketable debt and equity securities.

Effective October 1, 2020, the System classifies all newly purchased investments as trading securities. Prior to that date, certain investments were classified as available for sale securities. For all investment purchases subsequent to October 1, 2020, all unrealized gains and losses are recognized in the nonoperating revenue and expenses. Any unrealized gains and losses on previously held available for sale securities are recognized in changes in net assets.

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

**Assets Limited as to Use**—Assets limited as to use include assets held in trusts under bond indenture agreements, deferred compensation, funds held for self-insurance reserves, assets that are restricted by donors, amounts receivable from students for student loans funded from federal loan programs, and beneficial interests in perpetual trusts. Amounts required to meet the current liabilities of the System are reported as current portion of assets limited as to use in the accompanying consolidated balance sheets.

**Beneficial Interests in Perpetual Trusts**—The System is the beneficiary of several trust funds administered by trustees or other third parties. Trusts in which the System has the irrevocable right to receive the income earned on trust assets in perpetuity are recorded as net assets with donor restrictions at the fair values of the trusts on the date of receipt. The assets held in trusts consist primarily of cash equivalents and marketable securities. The fair values of perpetual trusts are measured using the fair values of the assets contributed to the trusts. Income distributions from the trusts are reported as unrestricted investment income, unless restricted by the donor. Changes in the fair values of the trusts are recorded as increases or decreases to net assets with donor restrictions.

**Contributions and Promises to Give**—Unconditional promises to give that are expected to be collected within one year are recorded at estimated net realizable value and are included in current portion of assets limited as to use in the accompanying consolidated balance sheets. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows and are included in assets limited as to use noncurrent in the accompanying consolidated balance sheet. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in restricted contributions in the accompanying consolidated statements of operations. Conditional promises to give are not included as support until the conditions are substantially met. Unrestricted contributions are reported as unrestricted gifts—net of expenses.

**Property and Equipment**—Property, software and equipment acquisitions are recorded at cost or, if received by gift or donation, at fair market value on the date of the gift. Depreciation is computed over the estimated useful life of each class of depreciable asset using the straight-line method. The estimated useful lives of buildings and building improvements range from 3 to 50 years. The lives of major movable and fixed equipment range from 3 to 20 years. The estimated useful life of software ranges from 3 to 15 years.

Construction in progress represents the amount expended toward property and equipment projects that have not been completed. No provision for depreciation has been recorded for these items.

**Gifts of Long-Lived Assets**—Gifts of long-lived assets, such as property or equipment, are recorded directly to net assets with donor restrictions and are excluded from the excess of revenue over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as an increase in net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

**Impairment of Long-Lived Assets**—Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets to be disposed of are reported at the lower of their carrying amounts or fair values, less cost to sell.

**Investments in Unconsolidated Affiliates**—Investments in unconsolidated affiliates are accounted for using the cost or equity method of accounting, as appropriate. The System utilizes the equity method of accounting for its investments in unconsolidated affiliates over which it exercises significant influence. The System evaluates these investments for other-than-temporary impairments in accordance with accounting standards for equity method investments. There were no impairments identified during the years ended September 30, 2022 and 2021.

**Other Assets**—Other assets consist primarily of the System’s interest in life insurance policies (stated at the lower of the policies’ cash values or the discounted values of expected cash flows), reinsurance recoverables, and intangible assets. Intangible assets are comprised of agency relationships, amortized over 5 years, licenses and certificates, amortized over 10 years, and an indefinite-lived trade name.

**Cost of Borrowing**—Interest costs incurred on borrowed funds during the period of construction of capital assets, net of investment income on assets held in trusts under debt agreements, are capitalized as a component of the cost of acquiring those assets. Approximately \$4,904 and \$2,084 was capitalized

for the years ended September 30, 2022 and 2021, respectively. Deferred financing costs are amortized over the periods the related obligations are outstanding. As of September 30, 2022 and 2021, net deferred financing costs totaled \$14,950 and \$16,119, respectively, and were classified in long-term debt in the accompanying consolidated balance sheets. Accumulated amortization of deferred financing costs totaled \$3,931 and \$2,717 as of September 30, 2022 and 2021, respectively.

**Accounting for Defined Benefit Pension Plans**—The System recognizes the overfunded or underfunded status of its defined benefit plans as an asset or liability in its consolidated balance sheets. Changes in the funded status of the plans are reported as a change in net assets without donor restrictions presented below the excess of revenue over expenses in the consolidated statements of operations and changes in net assets in the year in which the changes occur.

**Leases**—The System leases medical buildings, office space, warehouse space and equipment under both financing and operating lease agreements that expire at various dates through 2034. The System's leases generally have a fixed annual rent as defined within the agreement.

The System recognizes operating and finance lease right of use assets and lease liabilities at lease commencement date, based on the present value of unpaid lease payments over the expected lease term. The right of use asset balance is initially measured as the present value of the future minimum lease payments adjusted for any initial direct costs incurred and lease incentives received. The lease liability is initially measured as the present value of unpaid lease payments and is subsequently measured at amortized cost using the effective interest method. Certain leases include one or more renewal options. The exercise of lease renewal options is generally at the System's discretion and as such, management typically determines that exercise of the renewal options is not reasonably certain. As a result, management does not include the renewal option period in the expected lease term and the associated lease payments are not included in the measurement of the right of use asset and lease liability. The System recognizes operating lease expense on a straight-line basis over the lease term. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet.

Leases generally provide for payments of non-lease components, such as common area maintenance, real estate taxes and other costs associated with the leased property. Management accounts for lease and non-lease components of its real estate leases together as a single lease component and, as such, includes fixed payments of non-lease components in the measurement of the right of use assets and lease liabilities. Variable lease payments, such as periodic adjustments for inflation, reimbursement of real estate taxes, and variable common area maintenance are expensed as incurred as variable lease costs and are not recorded on the consolidated balance sheets.

**Net Assets with Donor Restrictions**—Assets whose use by the System has been limited by donors to specific time periods or purposes, or are restricted by donors to be maintained by the System in perpetuity, are recorded as net assets with donor restrictions in the consolidated balance sheets.

**Excess of Revenue over Expenses**—The consolidated statements of operations include excess of revenue over expenses. Changes in net assets without donor restrictions that are excluded from excess of revenue over expenses, consistent with industry practice, include changes in unrealized gains and losses on certain debt security investments, contributions of long-lived assets (including assets acquired using contributions that due to donor restriction were to be used for the purposes of acquiring such assets), and pension-related adjustments.

**Nonoperating Revenue and Expenses**—The System has elected to report transactions deemed by management to be ongoing, major, or central to the provision of acute care hospital services as

operating revenue and expenses and peripheral or incidental transactions as nonoperating revenue and expenses. Accordingly, investment income, the change in fair value of investments other than certain debt securities, realized gains and losses on sales of investments, unrestricted gifts—net of expenses, loss on extinguishment of debt, other components of net periodic pension cost, and inherent contribution from acquisition are reported as nonoperating revenue and expenses.

**Revenue Recognition**—Patient care service revenue is reported at the amount that reflects the consideration to which the System expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. The System elected to use a portfolio approach as a practical expedient to account for patient contracts as a collective group, rather than individually. Generally, the System bills the patients and third-party payors several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

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

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

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



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

**Medicare**—Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic, and other factors. Certain services are paid based on cost-reimbursement methodologies subject to certain limits. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates.

The System is subject to a federal prospective payment system for most Medicare inpatient hospital services and outpatient services. Under this prospective payment methodology, Medicare pays a prospectively determined per-discharge or per-visit rate for nonphysician services. These rates vary according to the diagnosis related group (DRG) or ambulatory payment classification (APC) of each patient. The System also receives Medicare reimbursement for the program's share of direct and indirect costs of medical education. The System is reimbursed for certain reimbursable items at an interim rate, with final settlement determined after submission of annual cost reports and audits thereon by the Medicare fiscal intermediary. Limited outpatient services are reimbursed according to fee screens.

**Medicaid**—Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member.

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

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements.

Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the System's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the System. In addition, the contracts the System has with commercial payors also provide for retroactive audit and review of claims.

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

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The System also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The System estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. For the years ended September 30, 2022 and 2021, additional revenue of \$10,569 and \$22,224, respectively, was recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

**Investment Income**—Investment income includes interest and dividends. All investment income is included in nonoperating investment income, unless the income or loss is restricted by donor or law.

**Other Operating Revenue**—The System has other operating revenue that consists of non-patient service revenue, including retail pharmacy, tuition, infrastructure payments, risk-based efficiency payments, earnings in unconsolidated affiliates, and management services. Retail pharmacy revenue, tuition, infrastructure payments and risk-based efficiency payments are recognized upon delivery of goods and services under ASC 606. Other revenue recognized under ASC 606 totaled \$326,801 and \$316,058 for the years ended September 30, 2022 and 2021, respectively.

**Income Taxes**—With the exception of the System's captive insurance company, the System and its consolidated affiliates have been recognized by the Internal Revenue Service (IRS) as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the "Code") and, accordingly, are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The captive insurance company is registered under the laws of the Cayman Islands and is exempt from local income, profit, and capital gains taxes until 2023.

The System has approximately \$14,726 and \$20,711 of net operating losses from unrelated business activities resulting in a deferred tax asset of approximately \$5,890 and \$8,284 as of September 30, 2022 and 2021 respectively, which is offset by a valuation allowance of the same amount. Due to the presence of the net operating loss carryforwards and an expected loss for one of the System's subsidiaries in the current year, no provision for income taxes has been recorded in the accompanying consolidated financial statements.

The System is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**Grant Revenue**—Revenue related to research grants and contracts is recognized as the related costs are incurred. Indirect costs related to certain government grants and contracts are reimbursed at fixed rates negotiated with government agencies. Amounts received in advance of incurring the related expenditures are recorded as unexpended research grants and included within accounts payable and accrued liabilities and other long-term liabilities in the accompanying consolidated balance sheets. In accordance with ASC 958, management has concluded that for the year ended September 30, 2022, \$112,719 of grant revenue qualifies as a contribution, and \$6,368 meets the qualifications of an exchange transaction and therefore is recorded in accordance with ASC 606. For the year ended

September 30, 2021, \$71,208 of grant revenue qualifies as a contribution, and \$7,034 meets the qualifications of an exchange transaction.

**Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”)**—The CARES Act authorized \$100 billion in funding to hospitals and other health care providers to be distributed through the Public Health and Social Services Emergency Fund (“Provider Relief Fund”). Furthermore, the Paycheck Protection Program and Health Care Enhancement Act (“PPHCE Act”, collectively the “Acts”) enacted on April 24, 2020, provides an additional \$75 billion in emergency appropriations to the Provider Relief Fund. During 2022, the System applied and received \$13,447 of cash payments from the Provider Relief Fund grants and Rural payments under the American Rescue Plan Act (“ARP Act”) of 2021, which was recorded as grant revenue in the consolidated statement of operations for the year ended September 30, 2022. During 2021, the System received \$5,944 of cash payments from the Provider Relief Fund and the ARP Act, which was recorded as grant revenue in the consolidated statement of operations for the year ended September 30, 2021. In the year ending September 30, 2021, the system also recognized \$12,038 of grant revenue from funds received in the prior year. Payments from the Provider Relief Fund and the ARP Act are intended to compensate health care providers for lost revenues and qualified expenses incurred in response to the COVID-19 pandemic and are not required to be repaid; provided that the recipients attest to and comply with certain terms and conditions, including limitations on balance billing and not using the funding to reimburse expenses or losses that other sources are obligated to reimburse.

In 2021, the Commonwealth of Massachusetts established the COVID-19 Public Health Emergency Hospital Relief Trust, which provided payments to eligible hospitals and affiliates hospital health care providers through grants. During 2022, the System received \$19,587 of cash payments through the stabilization funds, which were recognized in grant revenue in the consolidated statement of operations for the year ended September 30, 2022.

Additionally, under the CARES Act, the System received \$212,977 in advanced payments from Medicare. After receipt of the advance payments, claims for services provided to Medicare beneficiaries will be applied against these cash advances. Any unapplied advance payment amounts must be paid in full within 27 months from receipt of the advance payment. Recoupment of these advance payments began during 2021. The balance of the advance payments totaled \$17,695 and \$162,606 as of September 30, 2022 and 2021, respectively, and is recorded in contract liabilities in the accompanying consolidated balance sheets. The system has applied, and received approval for an extended repayment term, with the balance due July 2023.

For the years ended September 30, 2022 and 2021, the System received \$31,114 and \$1,392, respectively, in grants from the Federal Emergency Management Agency (“FEMA”) related to emergency medical care COVID-19 expenses, which was recorded in grant revenue in the consolidated statements of operations.

**Recently Adopted Accounting Pronouncements**—In August 2018, the FASB issued ASU No. 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans*, which modifies the disclosure requirements for entities with defined benefit plans. This guidance is effective for the System for the annual reporting period ended September 30, 2022. The System has determined that the impact of the adoption of the standard did not have a material impact on its consolidated financial statements.

**New Accounting Pronouncements**—In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which

amends guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For assets held at amortized cost basis, Topic 326 eliminates the probable initial recognition threshold in current GAAP and, instead, requires an entity to reflect its current estimate of all expected credit losses. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial assets to present the net amount expected to be collected. For available for sale debt securities, credit losses should be measured in a manner similar to current GAAP, however Topic 326 will require that credit losses be presented as an allowance rather than as a write-down. This guidance is effective for the System for the annual reporting period ending September 30, 2023. The System has not determined the impact the adoption of this standard will have on its consolidated financial statements.

### 3. CHARITY CARE AND COMMUNITY BENEFITS

**Charity Care**—The System’s commitment to community service is evidenced by services provided to the poor and benefits provided to the patients that it serves. The System provides health care services to patients who meet certain criteria under its charity care policy. These patients may receive full assistance or may be subject to partial liability based on income and family size. Because the System does not pursue collection of amounts determined to qualify as charity care, such amounts are not reported as net patient service revenue.

The System provided charity care, based on charges forgone and the estimated cost of the charity care provided, of \$26,475 and \$12,518, for the year ended September 30, 2022, respectively, and \$43,554 and \$18,294, for the year ended September 30, 2021, respectively. The estimated cost of charity care is based on the relationship of patient care service charges to the related costs applied to charity care charges recognized during the years ended September 30, 2022 and 2021. The System has not changed its charity care or uninsured discount policies during 2022.

**Health Safety Net Fund (HSN)**—The Commonwealth of Massachusetts (the “Commonwealth”) operates the HSN, which was created by the Commonwealth’s Health Care Reform Act to replace the state’s uncompensated care pool. The HSN allocates the cost of uncompensated care among the hospitals in the Commonwealth. Hospitals have been assessed a uniform allowance based on estimates of the statewide cost of uncompensated care and reimbursed for a portion of the cost of uncompensated care, subject to certain limitations. Reimbursable uncompensated care includes net charity care and certain uncollectible accounts related to emergency services. Hospitals’ recoveries from the HSN are based on a claims-based payment method that uses Medicare principles. Reimbursement from the HSN for uncompensated care is recorded in net patient service revenue in the consolidated statement of operations. The Commonwealth has determined final settlements with respect to the HSN for all years prior to 2014.

**Community Benefit**—In furthering its charitable purpose, the System provides a wide variety of health care services to the community in order to provide access to appropriate care for populations in need. The System has developed a formal community benefit plan that responds to the comprehensive assessment of health care needs in the community. The community benefit plan supports services that target not only the general population in the System’s service area, but also particular populations with special health care needs, including the poor, elderly, children, and minority populations. Supported services include various clinics, health screening programs, health education programs, and support groups operated in the System’s service area. The System works actively with other area service

providers to facilitate the development of an effective community health network. The System also participates in activities designed to foster and enhance the economic and civic environment of its service areas.

	<b>2022</b>	<b>2021</b>
Provision for charity care (at cost)	\$ 12,144	\$ 17,347
Implicit price concessions	28,950	10,387
HSN (assessment net of reimbursement)	23,747	19,263
Internal financial assistance program	<u>365</u>	<u>944</u>
Total uncompensated care	<u>\$ 65,206</u>	<u>\$ 47,941</u>

#### 4. NET PATIENT SERVICE REVENUE AND CONCENTRATION OF CREDIT RISK

The composition of patient service revenue by primary payor for the years ended September 30, 2022 and 2021, is as follows:

	<b>2022</b>	<b>2021</b>
Medicare	\$ 636,017	\$ 638,920
Medicaid	348,777	350,009
Other third-party payors	133,733	150,125
Managed care	631,205	670,914
Self-pay	<u>52,069</u>	<u>49,079</u>
Total	<u>\$ 1,801,801</u>	<u>\$ 1,859,047</u>

The composition of patient service revenue based on the type of service for the years ended September 30, 2022 and 2021, is as follows:

	<b>2022</b>	<b>2021</b>
Hospital—inpatient	\$ 784,720	\$ 815,075
Hospital—outpatient	691,290	697,849
Physician services	266,278	279,249
Home health and hospice	42,876	52,247
Other	<u>16,637</u>	<u>14,627</u>
Total	<u>\$ 1,801,801</u>	<u>\$ 1,859,047</u>

The System receives a significant portion of its payments for services rendered to patients from a limited number of government and commercial third-party payors, including Medicare, Medicaid, and various managed care organizations. A significant portion of the accounts receivable from managed care organizations is derived from three Massachusetts companies. Although the System's management expects amounts recorded as net accounts receivable as of September 30, 2022 and 2021, to be collectible, this concentration of credit risk is expected to continue in the near term.

The System grants credit to patients, most of whom are local residents. The System 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, managed care organizations, and commercial insurance policies). Net patient accounts receivable as of September 30, 2022 and 2021, consisted of the following:

	<b>2022</b>	<b>2021</b>
Medicare	\$ 99,196	\$ 49,045
Medicaid	45,055	27,918
Other third-party payors	17,018	17,093
Managed care	149,647	128,218
Self-pay	<u>10,987</u>	<u>10,068</u>
 Total	 <u>\$ 321,903</u>	 <u>\$ 232,342</u>

**Financing Component**—The System has elected the practical expedient allowed under ASC 606 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the System’s expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will generally be one year or less. However, the System does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

**Contract Costs**—The System has elected the practical expedient provided by ASC 340 and all incremental customer contract acquisition costs are expensed as they are incurred, as the amortization period of the asset that the System otherwise would have recognized is one year or less in duration.

**Accountable Care Organizations**—In 2017, the System formed WCP LLC, who partnered with an unaffiliated third-party payor to create the Wellforce Care Plan (WCP ACO), an ACO serving Medicaid members in eastern Massachusetts. An ACO is a group of providers willing and capable of accepting accountability for the cost and quality of care for a defined population. In August 2017, the third-party payor and WCP LLC executed agreements to participate in a major restructuring of the MassHealth Medicaid program through WCP ACO. Under this arrangement, WCP ACO contracts with NEQCA and The Lowell General Hospital as well as an unrelated entity to provide health care services and care coordination for enrolled members effective March 1, 2018, through December 31, 2022. The System is subject to certain risk-sharing provisions under this agreement that will be calculated annually. As of September 30, 2022 and 2021, the System did not record any estimated risk-sharing settlement balances in the accompanying consolidated balance sheets.

WCP ACO also receives Delivery System Reform Incentive Payments (DSRIP) from the Commonwealth of Massachusetts to support infrastructure creation. DSRIP funds are disbursed to the System as ACO infrastructure initiatives and transformation activities are incurred. For the years ended September 30, 2022 and 2021, the System has recognized approximately \$3,320 and \$3,661, respectively, of DSRIP funding in other operating revenue in the accompanying consolidated statements of operations. Under certain termination provisions, the System may be required to repay some or all of the DSRIP funding received.

Effective January 1, 2018, through NEQCA ACO, certain System providers participate in the Medicare Next Generation ACO model. Under this arrangement, NEQCA ACO contracts with certain employed providers as well as unrelated entities to provide health care services and care coordination to Medicare members. Through its contract with NEQCA ACO, the System is subject to certain risk-sharing

provisions under this agreement that will be calculated annually. As of September 30, 2022 and 2021, the System has accrued \$4,753 and \$3,800 in estimated third-party payor settlements—current in the accompanying consolidated balance sheets, respectively, related to this contract.

## 5. OTHER RECEIVABLES

Other receivables as of September 30, 2022 and 2021, consisted of the following:

	<b>2022</b>	<b>2021</b>
Grants and other sponsored activities	\$ 24,812	\$ 15,554
Contracted services	57,855	34,117
Retail pharmacy	22,566	11,569
Other receivables	<u>39,539</u>	<u>59,458</u>
 Total	 <u>\$ 144,772</u>	 <u>\$ 120,698</u>

## 6. PLEDGES RECEIVABLE

Pledges receivable include donor contributions that are not expected to be collected within one year. These amounts were reported at their present values and discounted at 1.0%–3.0% as of September 30, 2022 and 2021. Pledges receivable as of September 30, 2022 and 2021, were as follows:

	<b>2022</b>	<b>2021</b>
Due in less than one year	\$ 1,030	\$ 1,261
Due thereafter	638	777
Present value discount	<u>(11)</u>	<u>(12)</u>
 Total	 <u>\$ 1,657</u>	 <u>\$ 2,026</u>

Pledges due within one year are reported in current assets limited as to use in the accompanying consolidated balance sheets. Amounts due thereafter are reported in assets limited as to use-noncurrent portion.

## 7. AVAILABILITY AND LIQUIDITY

The following financial assets are not subject to donor or other contractual restrictions and are available for expenditure generally within one year of the balance sheet date.

As described in Note 13, the System has general purpose lines of credit of \$100,000.

Additionally, during April 2020, the System requested and received \$212,977 of cash advances from accelerated Medicare payment requests under the CARES Act. The balance of the advance payments totaled \$17,695 and \$162,606 at September 30, 2022 and 2021, respectively, and is recorded in contract liabilities in the accompanying consolidated balance sheets.

Lastly, the CARES Act provides for deferred payment of the employer portion of social security taxes between March 27, 2020, and December 31, 2020, with 50% of the deferred amount due no later than December 31, 2021, and the remaining 50% due no later than December 31, 2022. The Company began

deferring the employer portion of social security taxes in April 2020, with \$16,892 and \$30,956 recorded in accounts payable and accrued liabilities in the accompanying consolidated balance sheet as of September 30, 2022 and 2021, respectively.

The System monitors liquidity position through days cash on hand, which is defined as total unrestricted cash and investments without donor or contractual restrictions, divided by total operating expenses minus depreciation and amortization, divided by the number of days in the period.

The following represents the System's liquidity position as of September 30, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 111,181	\$ 158,703
Short-term investments	15,527	126,282
Investments	<u>458,416</u>	<u>926,538</u>
Total unrestricted cash and investments	<u>\$ 585,124</u>	<u>\$ 1,211,523</u>
Days cash on hand	<u>82.7</u>	<u>200.0</u>

For the year ended September 30, 2022, days cash on hand decreased 117.3 days related to operating losses and the repayment of Medicare cash advances. For the year ended September 30, 2021, days cash on hand decreased 14.3 days related to the repayment of Medicare cash advances.

The System has other assets limited or restricted as to use for donor-restricted purposes, debt service and for future capital improvements. These assets limited to use are not available for general expenditure within the next year.



## 8. INVESTMENTS AND ASSETS LIMITED AS TO USE

Investments and assets limited as to use as of September 30, 2022 and 2021, consisted of the following:

	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 107,500	\$ 433,010
Certificates of deposit	3,967	6,005
Equities	59	27,596
US government and agency obligations	72,570	167,213
Corporate debt securities and other fixed income	31,223	63,954
Mutual funds	173,022	277,332
Exchange traded funds	20,424	73,680
Hedge funds	74,071	98,138
Investment trusts	25,564	24,160
Limited partnerships	130,697	146,618
Limited liability companies	49,483	113,899
Beneficial interest in perpetual trusts	<u>11,073</u>	<u>14,975</u>
	699,653	1,446,580
Pledges and other	<u>1,657</u>	<u>2,026</u>
	<u>\$ 701,310</u>	<u>\$ 1,448,606</u>

## 9. PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2022 and 2021, consisted of the following:

	<b>2022</b>	<b>2021</b>
Land and land improvements	\$ 36,980	\$ 36,511
Buildings and building improvements	897,827	848,456
Major movable and fixed equipment	624,483	574,446
Leasehold improvements	53,780	52,853
Equipment under finance leases	35,405	27,151
Capitalized software	<u>292,191</u>	<u>115,393</u>
Total property and equipment	1,940,666	1,654,810
Less accumulated depreciation and amortization	(1,242,976)	(1,164,254)
Construction and projects in progress	<u>66,199</u>	<u>120,093</u>
Property and equipment—net	<u>\$ 763,889</u>	<u>\$ 610,649</u>

Commitments for costs related to construction and projects in progress approximated \$100,340 and \$210,229 as of September 30, 2022 and 2021, respectively.

Depreciation expense for the years ended September 30, 2022 and 2021 was \$83,005 and \$65,891, respectively.

During 2022, the System implemented an electronic health records system, incurring significant capital expenses during the period and contributing to the increase in major movable and fixed equipment, and capitalized software. The costs are recognized by category; major movable and fixed equipment is being depreciated over the appropriate useful life in accordance with the policy in Note 2, and the capitalized software component is being depreciated over a useful life of 15 years.

**10. INTANGIBLE ASSETS**

Intangible assets as of September 30, 2022 consisted of the following:

	<b>Gross Carrying Value</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Value</b>
Agency relationships	\$ 2,160	\$ (1,728)	\$ 432
Licenses and certificates	1,980	(792)	1,188
Trade name	<u>3,531</u>	<u>          </u>	<u>3,531</u>
	<u>\$ 7,671</u>	<u>\$ (2,520)</u>	<u>\$ 5,151</u>

Intangible assets as of September 30, 2021 consisted of the following:

	<b>Gross Carrying Value</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Value</b>
Agency relationships	\$ 2,160	\$ (1,296)	\$ 864
Licenses and certificates	1,980	(594)	1,386
Trade name	<u>3,531</u>	<u>          </u>	<u>3,531</u>
	<u>\$ 7,671</u>	<u>\$ (1,890)</u>	<u>\$ 5,781</u>

Amortization expense was \$630 for each of the years ended September 30, 2022 and 2021.

The System estimates that it will record amortization expense related to these intangible assets for each of the next five years as follows:

2023	\$ 630
2024	198
2025	198
2026	198
2027	198
2028 and thereafter	<u>198</u>
	<u>\$ 1,620</u>

## 11. INVESTMENTS IN UNCONSOLIDATED AFFILIATES

The System's investments in unconsolidated affiliates totaled \$41,078 and \$38,882 as of September 30, 2022 and 2021, respectively, and are reported as investments in unconsolidated affiliates in the accompanying consolidated balance sheets. The following investments are recorded as investments in unconsolidated affiliates:

	<b>Ownership Percentage</b>	
	<b>2022</b>	<b>2021</b>
Chelmsford Surgical Center, LLC	66.0 %	66.0 %
Shields-Tufts Medical Center Imaging Management, LLC	65.0	65.0
Montvale PET/CT, LLC	50.0	50.0
Hallmark Health PHO (PHO)	50.0	50.0
Shields Imaging of Lowell General Hospital	50.0	50.0
Medford Surgery Center, LLC	45.0	45.0
Copley Health Care Partnership	33.3	33.3
Courtyard Nursing Care Center Partnership	33.3	33.3
NE Pet of Greater Lowell Management	30.0	30.0
Shields Imaging II of Lowell General Hospital	30.0	30.0
Yankee Alliance LLC	25.0	20.0
Yankee Alliance Supply Chain	24.0	21.0
Boston Image Reading Center, LLC	29.0	29.0
PROP, LLC	23.6	25.0
W. Suburban Eye Surgery Center	20.0	20.0
Medford Lawrence Real Estate, LLC		10.0
New England Life Care	1.1	1.1

Summary information on the System's investments in unconsolidated affiliates as of September 30, 2022 and 2021, consists of the following:

	<b>2022</b>	<b>2021</b>
Total assets	294,688	302,670
Long-term debt	27,352	36,404
Total net assets	168,579	165,694
Share of net assets	41,078	38,882
Share of earnings	7,754	17,217

The System's share of earnings in its unconsolidated affiliates totaled approximately \$7,754 and \$17,217, respectively, for the years ended September 30, 2022 and 2021. The System's share of its earnings in its unconsolidated affiliates is reported as other operating revenue in the accompanying consolidated statements of operations. Distributions from the above unconsolidated affiliates to the System totaled \$8,005 and \$6,382, respectively, for the years ended September 30, 2022 and 2021.

In September 2021, The Lowell General Hospital sold the Drum Hill surgical center in connection with the formation of a new joint venture, Chelmsford Surgery Center, LLC. The surgical center was sold for a purchase price of \$10,000. With the sale, the System received a \$6,600 investment in the joint venture and will receive \$3,400 in cash, which is recorded within other receivables—net in the consolidated

balance sheets as of September 30, 2021. The System recorded a gain on sale of the surgical center of \$9,850 for the year ended September 30, 2021, which is recorded within nonoperating revenue and expenses in the consolidated statements of operations.

In 2022, the System entered into a new joint venture with a 29.8% ownership in Acadia – Tufts Medicine JV, LLC in 2022. The regulatory approvals for the facility under the joint venture are not yet finalized, therefore no investment or income (loss) has been recognized as of September 30, 2022.

## 12. PENSION AND OTHER BENEFIT PLANS

**Deferred Compensation**—The System has nonqualified deferred compensation plans that permit eligible employees to defer a portion of their compensation. The deferred amounts are distributable in cash after retirement or termination of employment. As of September 30, 2022 and 2021, the assets and liabilities under these plans totaled \$9,652 and \$12,489, respectively, which are included in assets limited as to use and other long-term liabilities in the consolidated balance sheets.

**Defined Contribution Plans**—The System sponsors defined contribution plans covering substantially all of its employees. These programs are funded by voluntary employee contributions, subject to legal limitations. Employer contributions to these plans include nonelective contributions as a percentage of eligible compensation and varying levels of matching contributions based on employee service. The employees direct their voluntary contributions and employer contributions among a variety of investment options. Contribution expense under the defined contribution plans totaled \$28,481 and \$26,938, respectively, for the years ended September 30, 2022 and 2021.

**Noncontributory Defined Benefit Pension Plans**—The System maintains qualified, noncontributory defined benefit pension plans (“Pension Plans”) under which benefit accruals are frozen for the majority of employees. Certain nonqualified, supplemental plan arrangements also provide retirement benefits to specified groups of participants.

The Pension Plans and the defined contribution plans are subject to the provisions of the Employee Retirement Income Security Act of 1974.

In September 2021, the Pension Plans purchased group annuity contracts for 940 retirees for \$37,479. The group annuity contract purchase is reflected as a settlement in the change in benefit obligation and change in plan assets.

MelroseWakefield terminated its Pension Plan effective December 31, 2021. Plan obligations were settled through the purchase of an annuity of \$14,736 in September 2022, a lump sum payment of \$8,642 during the year, and the refund for the group annuity contract previously held by AETNA.

The funded status of the Pension Plans as of September 30, 2022 and 2021, based on September 30, 2022 and 2021 asset values, as well as the amounts recognized in the accompanying consolidated balance sheets as of September 30, 2022 and 2021, was as follows:

	<b>2022</b>	<b>2021</b>
Change in benefit obligation:		
Benefit obligation—beginning of period	\$ 381,414	\$ 450,793
Transfers in	1,979	1,189
Settlements	(24,370)	(40,237)
Interest cost	7,782	8,927
Benefits paid	(19,103)	(18,226)
Actuarial loss	<u>(69,355)</u>	<u>(21,032)</u>
Benefit obligation—end of period	<u>278,347</u>	<u>381,414</u>
Change in plan assets:		
Fair value of plan assets—beginning of period	330,199	319,827
Actual return on plan assets	(63,228)	46,973
Transfers in	(1,383)	1,189
Settlements	(24,370)	(40,237)
Benefits paid	(19,103)	(18,226)
Employer contributions	<u>2,803</u>	<u>20,673</u>
Fair value of plan assets—end of period	<u>224,918</u>	<u>330,199</u>
Accrued pension liability	<u>(53,429)</u>	<u>(51,215)</u>
Accumulated benefit obligation	<u>\$ 278,347</u>	<u>\$ 381,414</u>

Tufts MC also maintains a smaller pension plan for former employees. The accrued pension liability for the plan was \$42 and \$49 as of September 30, 2022 and 2021, respectively.

Net assets without donor restrictions as of September 30, 2022 and 2021, include unrecognized actuarial losses of \$82,954 and \$85,830, respectively. Approximately \$2,736 of the unrecognized loss as of September 30, 2022, is expected to be recognized in net periodic pension costs in 2023.

Components of the Pension Plans' net periodic pension cost for the years ended September 30, 2022 and 2021, were as follows:

	<b>2022</b>	<b>2021</b>
Interest cost on projected benefit obligation	\$ 7,184	\$ 8,927
Expected return on plan assets	(14,620)	(16,170)
Settlement		10,420
Amortization of net loss	<u>3,341</u>	<u>5,467</u>
Net periodic pension cost	<u>\$ (4,095)</u>	<u>\$ 8,644</u>

The assumptions used to measure the projected benefit obligation and net periodic pension cost for the years ended September 30, 2022 and 2021, were as follows:

	<b>2022</b>	<b>2021</b>
Weighted-average assumptions to determine benefit obligations:		
Discount rate	5.69-5.71%	2.30-2.83%
Rate of compensation increase	N/A	N/A
Assumptions to determine net cost:		
Discount rate	2.08-2.83	2.08-2.82%
Rate of compensation increase	N/A	N/A
Expected return on plan assets	5.10-5.70%	2.30-5.80%

**Mortality Assumptions**—The Pension Plans’ projected benefit obligation and net period pension cost used the PRI-2012, and MP-2020 as the mortality improvement scale for the year ended September 30, 2022 and 2021.

The Pension Plans’ asset allocations as of September 30, 2022 and 2021, were as follows:

<b>Asset Class</b>	<b>Target Range Allocation</b>	<b>Percentage of Plan Assets</b>	
		<b>2022</b>	<b>2021</b>
Domestic equity	8-27%	14.1 %	16.1 %
International equity	0-10	4.3	7.9
Emerging markets equity	0-10	4.1	4.6
Global asset allocation	5-20	10.5	5.5
Fixed income	35-80	51.5	38.2
Absolute return and hedge funds	0-20	11.4	18.1
Other	0-10	1.6	1.2
Cash and cash equivalents	0-10	2.5	8.4
<b>Total</b>		<u>100.0 %</u>	<u>100.0 %</u>

The investment policy and strategy, as established by the System’s finance committee, is to provide for capital growth with a moderate level of volatility by investing assets based on the target allocations stated above. The System plans to reallocate its investments periodically to meet these target allocations. The System also plans to review its investment policy periodically to determine if the policy should be changed.

The expected long-term rate of return for the Pension Plans’ total assets is based on the expected return of each of the above categories, weighted based on the median of the target allocation for each class. Equity securities are expected to return between 7% and 10% over the long term, while cash and fixed income are expected to return between 2% and 5%, and alternative investments are expected to return between 4% and 10%.

The System expects to make contributions of \$1,000 for fiscal year ending September 30, 2023.

Estimated future benefit payments reflecting expected future service for the fiscal years ending September 30:

2023	\$ 34,500
2024	23,840
2025	24,065
2026	24,111
2027	24,004
2028–2032	113,174

### 13. DEBT

Long-term debt as of September 30, 2022 and 2021, consisted of the following:

Bond	Maturity Date	Rate	2022	2021
MDFA Series A Bonds (Tufts Medicine Obligated Group)	Due 2020-2044	4.00–5.00 %	\$329,510	\$336,149
MDFA Series B Bonds (Tufts Medicine Obligated Group)	Due 2020-2041	3.52–4.84	72,560	75,490
MDFA Series C Bonds (Tufts Medicine Obligated Group)	Due 2021–2046	3.00–5.00	177,564	181,020
MDFA Series D Bonds (Tufts Medicine Obligated Group)	Due 2045–2046	3.52	53,315	53,315
Series 2013—10 year note (Tufts MC)	Due 2013–2023	5.37	2,383	4,640
Series 2013—15 year note (Tufts MC)	Due 2013–2028	6.32	14,398	14,398
Series 2013—25 year note (Tufts MC)	Due 2013–2038	7	60,000	60,000
MDFA Series G Bonds (Circle Health)	Due 2029–2044	5	61,005	61,005
MDFA Series 2015 A Bonds (MelroseWakefield)	Due 2015–2025	2.99	22,846	24,296
MDFA capital equipment financing (MelroseWakefield)	Through 2023	1.82–2.13	310	920
MDFA Series A Bonds (MelroseWakefield)	Through 2026	3.25	<u>14,318</u>	<u>14,681</u>
			808,209	825,914
Notes payable			<u>11,020</u>	<u>11,481</u>
			819,229	837,395
Unaccreted premium			42,054	44,908
Unamortized discount			(543)	(578)
Less deferred financing costs			<u>(14,950)</u>	<u>(16,119)</u>
Total long-term debt			845,790	865,606
Less current portion			<u>19,399</u>	<u>18,891</u>
Long-term debt—net			<u>\$826,391</u>	<u>\$846,715</u>

**Principal Payments and Sinking Fund Requirements**—The System’s aggregate principal payments and sinking fund requirements on long-term debt for the next five years and thereafter are as follows:

**Years Ending  
September 30**

2023	\$ 18,771
2024	19,298
2025	38,454
2026	19,579
2027	20,568
Thereafter	<u>702,559</u>
Total	<u>\$ 819,229</u>

**Obligated Groups**—In February 2019, the obligated groups of Circle Health, MelroseWakefield, and Tufts MC were combined to create the Tufts Medicine Obligated Group (“TMOG”), formerly known as Wellforce Obligated Group, comprised of The Lowell General Hospital, MelroseWakefield Healthcare, Inc., Tufts Medical Center, Inc., and Tufts Medicine Care at Home, Inc. Prior to February 2019, the obligated group of Circle Health was The Lowell General Hospital, the obligated group for MelroseWakefield was MelroseWakefield Healthcare, Inc., and the obligated group of Tufts MC was Tufts Medical Center, Inc. and Real Estate. The TMOG, through a legal cross obligation process, assumed all rights and obligations of the predecessor obligated groups.

**Loan Covenants**—Under the terms of certain debt agreements, the TMOG and the System are required to meet certain covenant requirements. In addition, the agreements provide for restrictions on, among other things, additional indebtedness and dispositions of property, as well as require that the System satisfy certain measures of financial performance and comply with certain other covenants.

For the year ending September 30, 2022, TMOG fell below the required 1.10:1.00 debt service coverage ratio (DSCR) for the fiscal year. This is not an event of default as that shall occur only if the TMOG falls below the DSCR for any two consecutive fiscal years. However, per the Master Trust Indenture, if the DSCR for the TMOG falls below 1.10:1.00 for any single fiscal year the TMOG will be required to retain an independent consultant to make recommendations to increase income available for debt service for the subsequent fiscal year. Currently TMOG has engaged in an independent consultant to perform this review and will transmit a copy of these recommendations to the bondholders for public consumption when completed.

**Massachusetts Development Finance Agency (“MDFA”) Series A and Series B Bonds (Obligated Group)**—In 2019, the Obligated Group issued a tax exempt bond offering for \$349 million named “MDFA Revenue Bonds—Tufts Medicine Issue Series A” (“the Series A Bonds”), and a taxable bond offering for \$81 million named “MDFA Revenue Bonds—Tufts Medicine Issue Series B” (“the Series B Bonds”). The Series A Bonds and Series B Bonds are payable under a Bond Indenture dated February 1, 2019, between the Obligated Group and US Bank, N.A. acting as bond trustee.

**MDFA Series C and Series D (Obligated Group)**—In 2020, the Obligated Group issued a tax exempt bond offering for \$201 million named “MDFA Revenue Bonds—Tufts Medicine Issue Series C” (“the Series C Bonds”), and a taxable bond offering for \$53 million named “MDFA Revenue Bonds—Tufts Medicine Issue Series D” (“the Series D Bonds”).



**Series 2013 10/15/25 Year Bonds (Tufts MC)**—In 2013, the Tufts MC Obligated Group issued a taxable bond offering for \$100 million named the “Tufts Medical Center Taxable Bond, Series 2013” (the “Series 2013 Bonds”). The Series 2013 Bonds are payable under a bond indenture dated August 1, 2013, between the Tufts MC Obligated Group and US Bank, N.A. acting as bond trustee. The Series 2013 Bonds were secured by Obligation No. 3 issued under the Master Trust Indenture and Mortgage and Security Agreement dated April 1, 2011.

**MDFA Series G Bond (Circle Health)**—In 2013, The Lowell General Hospital entered into an agreement with MDFA to issue MDFA Revenue Bonds, Lowell General Hospital Issue, Series G (2013) (“Series G Bonds”) in the amount of \$61 million. The proceeds from the Series G Bonds were used for new capital projects and equipment costs, as well as to refund outstanding Series D Bonds and terminate the interest rate swap agreement entered into in conjunction with the issuance of the Series D Bonds in 2012.

**MDFA Series 2015 A Bonds (MelroseWakefield)**—MelroseWakefield Healthcare, Inc. in connection with MDFA, issued tax-exempt fixed rate revenue bonds in the amount of \$30 million (the “Series 2015 A Bonds”). Proceeds from the Series 2015 A Bonds were used to purchase capital equipment. The Series 2015 A Bonds were purchased by one commercial lender. The Series 2015 A Bonds bear interest of 2.99% through June 1, 2025.

**MDFA Series 2016 A Bonds (MelroseWakefield)**—HHP, in connection with MDFA, issued tax-exempt fixed-rate revenue bonds in the amount of \$15.7 million (the “Series 2016 A Bonds”). Proceeds from the Series 2016 A Bonds are to be used to build a medical office building. The Series 2016 A Bonds were purchased by one commercial lender. The Series 2016 A Bonds bear interest of 3.25% through November 21, 2026.

**MDFA Capital Equipment Financing (MelroseWakefield)**—MelroseWakefield has entered into a borrowing arrangement for capital equipment financing. Such borrowings are collateralized by the related equipment. The proceeds from these borrowings were held by trustees for the purchase of certain capital equipment and were included in assets held by trustee under bond indenture agreements in the accompanying consolidated balance sheets.

**Notes Payable**—In 2011, LGH Medical Building entered into a 16-year \$15.4 million construction note payable with a bank, the proceeds of which were to be used for the construction of a medical office building and to refinance an existing commercial banking obligation. The note bore interest at 4.99% per annum for the initial five years and thereafter was adjusted to 2.5% per annum over the daily high Federal Home Loan Bank Boston Classic Advance five-year rate (5.71% as of September 30, 2022). Installments of principal and interest are payable monthly. The amount outstanding under the note payable was \$11,020 and \$11,481 as of September 30, 2022 and 2021, respectively. The Lowell General Hospital has guaranteed \$6 million of the note, and the remaining balance is secured by the real estate assets owned by LGH Medical Building.

**Lines of Credit**—The Lowell General Hospital’s first line of credit is a \$2 million revolving line of credit with a bank that provides for borrowings at the prime rate, as published by The Wall Street Journal. The rate as of September 30, 2022 is 6.25%. The balance outstanding on the line of credit totaled \$0 as of September 30, 2022 and 2021. The line of credit is unsecured and is payable on demand. The line of credit remains in effect until the parties agree, in writing, to terminate the agreements.

The LGH Medical Building has a \$3.2 million nonrevolving line of credit to finance the tenant fit-out of a medical office building. The balance is payable on demand. The line of credit bears interest that is

adjusted every five years to the daily high Federal Home Loan Bank Boston Classic Advance five-year rate (2.99% as of September 30, 2022). The line of credit expires in July 2024. The balance outstanding on the line of credit totaled \$499 and \$759 as of September 30, 2022 and 2021, respectively. The line of credit is secured by The Lowell General Hospital’s unrestricted investments and is guaranteed by The Lowell General Hospital.

TMOG maintains two unsecured lines of credit totaling \$100 million, maturing on November 30, 2022. The first line of credit is a \$75 million revolving line of credit bearing an interest rate at the London InterBank Offered Rate (LIBOR) (3.14% as of September 30, 2022) plus 40 basis points, plus a quarterly nonusage fee of 0.10% per annum. The second line of credit is a \$25 million revolving line of credit bearing an interest rate at the Secured Overnight Financing Rate (SOFR) (2.98% as of September 30, 2022) plus 60 basis points. The balance outstanding on the lines of credit totaled \$99,899 and \$11,000 at September 30, 2022 and 2021, respectively.

**Letter of Credit**— WFC ACO is the guarantor of a letter of credit to the beneficiary of CMS Next Generation ACO Model in the amount of \$530, expiring on February 28, 2023.

**Collateral**—The Tufts MC Obligated group has pledged its gross receipts and a mortgage on certain property as collateral under the MDFA bond issues. The Tufts MC obligated group is jointly and severally liable for repayment of the MDFA revenue bonds. The loan agreements require that the Tufts MC obligated group maintain certain debt service funds and debt service reserve funds, which amounted to \$3,097 and \$3,033 as of September 30, 2022 and 2021, respectively. Such amounts are included in assets limited as to use in the accompanying consolidated balance sheets.

The Circle Health Series G Bonds are collateralized by a pledge of The Lowell General Hospital’s gross receipts and certain properties owned by The Lowell General Hospital.

Under the master trust indentures of MelroseWakefield, the trustee has been granted a lien on all gross receipts, as defined, as security for the bonds.

#### 14. NET ASSETS

**Net Assets with Donor Restrictions**—Net assets with donor restrictions include accumulated net gains on restricted net assets that are available for appropriation by the board of trustees (the “Board of Trustees”) in accordance with state law. Net assets with donor restrictions were as follows for the years ended September 30, 2022 and 2021:

	2022	2021
Charity care	\$ 881	\$ 1,194
Research and general activities	14,454	13,945
Purchase of capital equipment	355	1,135
Accumulated net gains on investments	78	3,184
Beneficial interest in perpetual trusts	11,073	14,975
Permanent restrictions	<u>16,127</u>	<u>15,808</u>
Total	<u>\$ 42,968</u>	<u>\$ 50,241</u>

**Endowment Funds**—The System’s endowment funds are established for a variety of purposes and include donor-restricted endowment funds. As required by generally accepted accounting principles,

net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**—The System has interpreted state law as requiring realized and unrealized gains of net assets with donor restrictions to be retained in a net assets with donor restrictions classification until appropriated by the Board of Trustees and expended. State law allows the Board of Trustees to appropriate so much of the net appreciation of assets with donor restrictions as is prudent considering the System’s long- and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions. During the years ended September 30, 2022 and 2021, the Board of Trustees appropriated \$732 and \$736, respectively, which has been included in net assets released from restrictions in the accompanying consolidated statements of operations and changes in net assets.

**Endowment Net Asset Composition and Changes in Endowment Net Assets**—A summary of the endowment net asset composition by type of fund as of September 30, 2022 and 2021, and the changes therein for the years ended September 30, 2022 and 2021, is as follows:

	<b>Total</b>
Endowment net assets—October 1, 2020	\$ 29,849
Investment return—net appreciation	2,165
Change in beneficial interest in perpetual trusts	2,296
Appropriation of assets for expenditure	(736)
Contributions	<u>394</u>
Endowment net assets—September 30, 2021	33,968
Investment return—net appreciation	(2,381)
Change in beneficial interest in perpetual trusts	(3,902)
Appropriation of assets for expenditure	(732)
Contributions	<u>439</u>
Endowment net assets—September 30, 2022	<u>\$ 27,392</u>

**Funds with Deficiencies**—From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that donors require the System to retain as funds of perpetual duration. There was no deficiency of this nature as of September 30, 2022 and 2021.

**Investment Return Objectives and Spending Policy**—The System has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by such endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the System must hold in perpetuity or for a donor-specified period. Under this policy, the endowment assets are invested in a manner to generate returns at least equal to and preferably more than the consumer price index. To satisfy its long-term rate-of-return objectives, the System targets a diversified asset allocation that places emphasis on equity-based investments within prudent risk constraints.

## 15. LEASES

The following table presents the components of right of use assets and liabilities related to leases and their classification in the consolidated balance sheets as of September 30, 2022 and 2021:

	Classification in Consolidated Balance Sheet	2022	2021
Assets:			
Operating leases assets	Right of use assets	\$ 110,397	\$ 127,241
Finance lease assets	Property and equipment—net	35,405	27,151
Liabilities:			
Current:			
Operating lease liabilities	Current portion of lease liability	24,178	24,020
Finance lease liabilities	Current portion of finance lease obligation	2,189	6,363
Non-current:			
Operating lease liabilities	Lease liability—net of current portion	100,054	118,450
Finance lease liabilities	Finance lease obligations—net of current portion	9,759	4,438

The following table presents the components of lease expense and their classification in the consolidated statements of operations for the years ended September 30, 2022 and 2021:

	Classification in Consolidated Statement of Operations	2022	2021
Operating lease expense	Supplies and other	<u>\$ 26,107</u>	<u>\$ 25,797</u>
Finance lease expense:			
Amortization of leased assets	Depreciation and amortization	2,684	2,462
Interest on lease liabilities	Interest expense	<u>165</u>	<u>84</u>
Total finance lease expense		2,849	2,546
Variable and short-term lease expense	Supplies and other	9,002	9,442
Sublease income	Other operating revenue	<u>(2,351)</u>	<u>(1,261)</u>
Total lease expense		<u>\$ 35,607</u>	<u>\$ 36,524</u>

The weighted average lease terms and discount rates for operating and finance leases are as follows:

<b>Weighted-Average Remaining Lease Term (Years)</b>	<b>2022</b>	<b>2021</b>
Operating leases	5.89 yrs	6.53 yrs
Finance leases	4.41 yrs	2.71 yrs
 <b>Weighted-Average Discount Rate</b>		
Operating leases	1.5 %	1.5 %
Finance leases	1.3	0.5

Future minimum lease payments under the terms of these noncancelable operating lease agreements as of September 30, 2022, are as follows:

**Years Ending  
September 30**

2023	\$ 25,830
2024	23,657
2025	22,525
2026	21,488
2027	17,847
Thereafter	<u>18,523</u>
 Total lease payments	 129,870
 Less amount representing interest	 <u>5,638</u>
 Total lease liability	 124,232
 Current portion	 <u>24,178</u>
 Long-term portion of lease liability	 <u><u>\$ 100,054</u></u>

Future minimum payments under finance lease agreements as of September 30, 2022 are as follows:

**Years Ending  
September 30**

2023	\$ 2,189
2024	2,083
2025	1,808
2026	1,808
2027	1,808
Thereafter	<u>3,004</u>
 Total lease payments	 12,700
 Less amount representing interest	 <u>(752)</u>
 Total minimum finance lease payments	 11,948
 Current portion	 <u>2,189</u>
 Long term portion of finance lease obligations	 <u><u>\$ 9,759</u></u>

Future minimum sublease income under the terms of these noncancelable operating lease agreements as of September 30, 2022, are as follows:

**Years Ending  
September 30**

2023	\$ 1,782
2024	1,074
2025	1,000
2026	821
2027	397
Thereafter	<u>7,221</u>
Total sublease income	<u>\$ 12,295</u>

Total rental expense incurred under operating leases for the years ended September 30, 2022 and 2021, was \$35,110 and \$35,239, respectively, and is included in supplies and other expenses in the accompanying consolidated statements of operations.

**16. SELF-INSURED RESERVES, COMMITMENTS, AND OTHER CONTINGENCIES**

**Workers' Compensation Insurance**—The System is self-insured for workers' compensation and, with the assistance of an actuary, has estimated the cost of incidents incurred but not yet reported. The System has recorded total liabilities related to workers compensation of \$11,054 and \$11,562 as of September 30, 2022 and 2021, respectively, which is included in self-insurance reserves in the accompanying consolidated balance sheets. The System has reinsurance receivables related to these outstanding liabilities of \$3,641 and \$4,608, which are recorded in other receivables as of September 30, 2022 and 2021, respectively, in the accompanying consolidated balance sheets.

The System maintains a surety bond in connection with its workers' compensation program. As of September 30, 2022 and 2021, the surety bond was in the amount of \$9,750 and \$7,830, respectively.

**Employee Health Insurance**—Tufts MC, MelroseWakefield, and Circle Health established a self-insurance plan to provide medical benefits to their employees and their dependents. Each of these Tufts Medicine entities are responsible for the administration of their plans and for paying eligible claims. In addition, the Tufts Medicine organization purchased stop loss coverage to limit the exposure for each of these entities for the term January 1, 2022, through January 1, 2023. The stop loss deductible for each of these entities is as follows: Tufts MC—\$350 per insured member per year; MelroseWakefield—\$250 per insured member per year and Circle Health—\$400 per insured member per year. Home Health Foundation was fully insured during this period.

As of September 30, 2022 and 2021, the System has recorded a liability of approximately \$6,139 and \$5,467, respectively, to provide for claims made and claims incurred but not reported. The liability is included in self-insurance reserves in the accompanying consolidated balance sheets.

**Professional and General Liability**—The System records an estimated liability for asserted and unasserted claims and for claims incurred but not yet reported based on consideration of its prior experience, the advice of legal counsel, valuations of such estimates prepared by consulting actuaries, and other factors. The System also records a liability for excess loss insurance coverage for NEQCA, a

portion of which is reinsured. A liability for such claims of \$82,513 and \$92,172 has been recorded in self-insurance reserves and other long-term liabilities in the accompanying consolidated balance sheets as of September 30, 2022 and 2021, respectively.

Reinsurance recoverables are based on actuarial reports prepared by independent consulting actuaries. As of September 30, 2022 and 2021, reinsurance recoverables of \$9,287 and \$8,138, respectively, were recorded as other assets in the accompanying consolidated balance sheets. There were no specifically identified claims subject to reinsurance recoverables as of September 30, 2022 and 2021, or deducted from losses incurred and paid during the years ended September 30, 2022 and 2021.

**Collective Bargaining Agreement**—the System is subject to two collective bargaining agreements. The first agreement, which covers approximately 1,200 registered nurses, was amended and ratified as of October 1, 2021 and will be in place until September 30, 2023. The second agreement, which covers approximately 300 technical staff at MelroseWakefield Hospital, was amended and ratified as of November 18, 2020, for a term through July 31, 2022, which has been extended without a specific termination date while the parties negotiate a successor agreement.

**Contingencies**—The System and its consolidated subsidiaries are parties in various legal proceedings and potential claims arising in the ordinary course of its business, including a number of pending actions seeking damages for alleged medical malpractice. In addition, the health care industry as a whole is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those related to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Recently, federal government activity has increased with respect to investigations and allegations concerning possible violations of regulations by health care providers, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue for patient services. Management believes that the System individually and collectively is in compliance with laws and regulations and does not believe that these matters will have a material adverse effect on the System's consolidated financial statements. Both the CARES Act and the PPPHCE Act terms and conditions require attestation to accept the related funding. In addition, requirements to earn the funds are numerous and guidance as to the requirements have been continually updated, and continue to be updated, by the Department of Health and Human Services. Laws and regulations concerning government programs, including Medicare, Medicaid, CARES Act and PPPHCE Act, are subject to varying interpretation. Compliance with such laws and regulations is complex and can be subject to future government review and interpretation as well as significant regulatory enforcement actions, including fines, penalties and potential exclusion from government health care programs such as Medicare and Medicaid. Amounts recorded in the consolidated financial statements are estimates based on the best available information and future changes to the requirements could have a material impact on the amounts recorded.

**Commitments**—In July 2012 (as amended in July 2015 and July 2018), the System entered into an agreement under which a vendor will provide information technology support to the System over a period of 10 years. The July 2018 amendment extended the term an additional 6 years, ending in June 2028. In addition to system support and maintenance, the agreement provides for the continuous upgrade of software and equipment that is being capitalized and depreciated over the contract term. The title to the software and equipment transfers to the System at the end of the contract term. In July 2021, the System entered into an amendment, terminating information technology support effective as of December 31, 2022. In connection with this amendment, the System recorded \$12,500 of fees,

which is included in supplies and other expenses in the accompanying consolidated statement of operations for the year ended September 30, 2021.

As a result of differences in the timing of the delivery of the software and equipment and the related capital contract payments, the agreement contains an embedded financing arrangement. As of September 30, 2022 and 2021, \$35,122 was capitalized in property and equipment under this arrangement, and an obligation of \$0 and \$2,603, respectively, was recorded within other long-term liabilities in the accompanying consolidated balance sheets, representing the discounted value of the related capital payments to be made.

## 17. FAIR VALUE MEASUREMENTS

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

Investments for which fair values are measured using the NAV per share practical expedient are not categorized within the fair value hierarchy.

The System uses the following fair value hierarchy to present its fair value disclosures:

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

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

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in nonactive markets (i.e., few transactions, limited information, noncurrent prices, high variability over time)
- Inputs other than quoted prices that are observable for the asset (e.g., interest rates, yield curves, volatilities, default rates)
- Inputs derived principally from or corroborated by other observable market data

**Level 3**—Unobservable inputs that cannot be corroborated by observable market data.

**Asset Valuation Techniques**—Valuation technologies maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used during the year ended September 30, 2022 and 2021.

The valuation of investments is reviewed quarterly by the Tufts Medicine investment committees. The investment committee is appointed by the Tufts Medicine board and are responsible for the administration and oversight of investment valuation policies and procedures. The fair values of investments are determined in accordance with the current fair value guidance described below.

**Cash and Cash Equivalents**—The carrying values of cash and cash equivalents investments approximate their fair values as maturities for these financial instruments are less than three months and/or include



money market funds that are based on quoted prices and actively traded. Cash and cash equivalents are classified as Level 1.

**Certificates of Deposit**—The carrying values of certificates of deposit approximate their fair values as maturities for these financial instruments are less than one year, but are not traded on an active market. Certificates of deposit are classified as Level 2.

**Equities**—Equities are valued at the closing price reported on the applicable exchange on which the fund is traded, and are classified as Level 1.

**US Government and Agency Obligations and Corporate Debt Securities and Other Fixed Income**—The fair values of debt securities are estimated based on observable market prices for similar securities that are traded in less active markets. When observable market prices for identical securities are not available, marketable debt instruments are priced using nonbinding market consensus prices that are corroborated with observable market data; quoted market prices for similar instruments; or pricing models, such as a discounted cash flow model; with all significant inputs derived from or corroborated with observable market data. These securities are classified as Level 1 and Level 2.

**Mutual Funds**—The fair values of mutual funds are based on quoted market prices or NAV. Mutual funds that publish a daily NAV, transact at that price, and are actively traded are classified as Level 1. The System also holds private mutual funds that do not publish quoted market prices; these funds are valued using NAV as a practical expedient to determine fair value.

**Exchange Traded Funds (ETFs)**—Exchange traded funds are valued at the closing price reported on the applicable exchange on which the fund is traded, or estimated using quoted market prices using similar securities. These investments are classified as Level 1 and Level 2.

**Investment Trusts, Limited Partnerships, Limited Liability Companies and Hedge Funds**—The estimated fair values of investment trusts, limited partnerships and limited liability companies, and hedge funds for which no quoted market prices are readily available, are determined based upon information provided by the fund managers. Such information is generally based on the pro rata interest in the net assets of the underlying investments, as a practical expedient to approximate fair value.

**Guaranteed Investment Contract**—The System's investment contract is valued based on discounted cash flows using the current yields of similar instruments with comparable durations, therefore, classified as Level 2.

**Beneficial Interest in Perpetual Trusts**—The estimated fair values of the System's beneficial interests in perpetual trusts are determined based upon information provided by the trustees. Such information is generally based on the pro rata interest in the net assets of the underlying investments. The assets held in trust consist primarily of cash equivalents and marketable securities. The fair values of perpetual trusts are measured using the fair values of the assets contributed to the trusts. The measurement for a beneficial interest in a perpetual trust is categorized as a Level 3 fair value measurement because the System will never receive the trusts' assets.

The System's financial assets that are measured at fair value on a recurring basis as of September 30, 2022, are as follows:

	<b>2022</b>			
	<b>Prices in Active Markets (Level 1)</b>	<b>Other Observable Inputs (Level 2)</b>	<b>Unobservable Inputs (Level 3)</b>	<b>Total</b>
Cash and cash equivalents	\$107,500	\$ -	\$ -	\$107,500
Certificates of deposit		3,967		3,967
Equities	59			59
U.S. government and agency obligations	21,854	50,716		72,570
Corporate debt securities and other fixed income		31,223		31,223
Mutual funds	62,089			62,089
Exchange traded funds	3,264	17,160		20,424
Beneficial interest in perpetual trusts			11,073	11,073
<b>Total assets at fair value</b>	<b><u>\$194,766</u></b>	<b><u>\$103,066</u></b>	<b><u>\$11,073</u></b>	<b><u>308,905</u></b>
Investments measured at NAV:				
Mutual funds				110,933
Investment trusts				25,564
Hedge funds				74,071
Limited liability companies				49,483
Limited partnerships				<u>130,697</u>
Total investments measured at NAV				<u>390,748</u>
Total investments				699,653
Pledges receivable and other (not at fair value)				<u>1,657</u>
<b>Total</b>				<b><u>\$701,310</u></b>

The System's financial assets that are measured at fair value on a recurring basis as of September 30, 2021, are as follows:

	<b>2021</b>			
	<b>Prices in Active Markets (Level 1)</b>	<b>Other Observable Inputs (Level 2)</b>	<b>Unobservable Inputs (Level 3)</b>	<b>Total</b>
Cash and cash equivalents	\$ 433,010	\$ -	\$ -	\$ 433,010
Certificates of deposit		6,005		6,005
Equities	27,596			27,596
U.S. government and agency obligations		167,214		167,214
Corporate debt securities and other fixed income		63,954		63,954
Mutual funds	193,241			193,241
Exchange traded funds	55,930	17,750		73,680
Beneficial interest in perpetual trusts			14,975	14,975
<b>Total assets at fair value</b>	<b><u>\$ 709,777</u></b>	<b><u>\$ 254,923</u></b>	<b><u>\$ 14,975</u></b>	<b><u>979,675</u></b>
Investments measured at NAV:				
Mutual funds				84,090
Investment trusts				24,160
Hedge funds				98,137
Limited liability companies				113,900
Limited partnerships				146,618
<b>Total investments measured at NAV</b>				<b><u>466,905</u></b>
<b>Total investments</b>				<b>1,446,580</b>
Pledges receivable and other (not at fair value)				<u>2,026</u>
<b>Total</b>				<b><u>\$ 1,448,606</u></b>

The following table reconciles the information about the fair value of the System’s financial instruments measure at fair value on a recurring basis presented in the table above to amounts presented in the consolidated balance sheets as of September 30, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
Current assets:		
Investments	<u>\$ 15,527</u>	<u>\$ 126,282</u>
Current portion of assets limited as to use	<u>12,842</u>	<u>13,933</u>
Investments	<u>458,416</u>	<u>926,538</u>
Assets limited as to use—noncurrent portion:		
Held by trustees under bond indenture agreements	69,608	214,677
Deferred compensation and other	10,287	13,254
Funds held for self insurance reserves	91,885	104,134
Donor-restricted assets	<u>42,745</u>	<u>49,788</u>
Total assets limited as to use—noncurrent portion	<u>214,525</u>	<u>381,853</u>
Total	<u>\$ 701,310</u>	<u>\$ 1,448,606</u>

The following table summarizes the changes in Level 3 assets for the years ended September 30, 2022 and 2021:

	<b>Beneficial Interest in Perpetual Trusts</b>
Balance—October 1, 2020	\$ 12,679
Change in fair value	<u>2,296</u>
Balance—September 30, 2021	14,975
Change in fair value	<u>(3,902)</u>
Balance—September 30, 2022	<u>\$ 11,073</u>

The System’s policy is to recognize transfers between all levels as of the beginning of the reporting period. There were no significant transfers to or from Levels 1 and 2 during the years ended September 30, 2022 and 2021.

A summary of the Pension Plans' assets measured at fair value as of September 30, 2022, is as follows:

	2022			Total
	Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Cash and cash equivalents	\$ 6,868	\$	\$	\$ 6,868
Mutual funds	18,372			18,372
Exchange traded funds	<u>6,083</u>			<u>6,083</u>
Total assets at fair value	<u>\$31,323</u>	<u>\$</u>	<u>\$</u>	<u>31,323</u>
Investments measured at NAV:				
Mutual funds				27,097
Limited partnerships				84,926
Limited liability companies				54,167
Hedge funds				<u>27,405</u>
Total investments measured at NAV				<u>193,595</u>
Total				<u>\$224,918</u>

A summary of the Pension Plans' assets measured at fair value as of September 30, 2021, is as follows:

	2021			Total
	Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
Cash and cash equivalents	\$ 26,257	\$ -	\$ -	\$ 26,257
Guaranteed investment contract		1,878		1,878
Mutual funds	22,219	1,311		23,530
Exchange traded funds	<u>14,870</u>			<u>14,870</u>
Total assets at fair value	<u>\$ 63,346</u>	<u>\$ 3,189</u>	<u>\$ -</u>	<u>66,535</u>
Investments measured at NAV:				
Mutual funds				30,767
Investment trusts				11,755
Limited partnerships				96,409
Limited liability companies				68,874
Hedge funds				<u>55,859</u>
Total investments measured at NAV				<u>263,664</u>
Total				<u>\$ 330,199</u>

The following methods and assumptions were used by the System to estimate the fair values of its financial instruments that are not measured at fair value on a recurring basis:

**Receivables and Payables**—The carrying values of the System’s current receivables and payables approximates their fair values, as maturities for these financial instruments are very short term.

#### 18. INVESTMENTS IN ENTITIES THAT CALCULATE NET ASSET VALUE PER SHARE

A summary of the System’s financial assets with reported NAVs as of September 30, 2022 and 2021, is as follows:

2022	Redemptions			
	Fair Value	Frequency	Restrictions	Notice Period
Mutual funds <sup>(1)</sup>	\$ 110,933	Daily	None	1–2 days
Investment trusts <sup>(2)</sup>	25,564	Semi-Monthly	None	9–30 days
Hedge funds <sup>(3)</sup>	74,071	Mthly/Qtrly/Annu.	(A)	5–95 days
Limited liability companies <sup>(4)</sup>	49,483	Daily/Mthly	None	1–45 days
Limited partnerships <sup>(5)</sup>	<u>130,697</u>	Mthly/Qtrly/Annu.	(B)	10–95 days
Total	<u>\$ 390,748</u>			

  

2021	Redemptions			
	Fair Value	Frequency	Restrictions	Notice Period
Mutual funds <sup>(1)</sup>	\$ 84,090	Daily	None	1–2 days
Investment trusts <sup>(2)</sup>	24,160	Semi-Monthly	None	9–30 days
Hedge funds <sup>(3)</sup>	98,137	Mthly/Qtrly/Annu.	(A)	5–95 days
Limited liability companies <sup>(4)</sup>	113,900	Daily/Mthly	None	1–45 days
Limited partnerships <sup>(5)</sup>	<u>146,618</u>	Mthly/Qtrly/Annu.	(B)	10–95 days
Total	<u>\$ 466,905</u>			

A summary of the Pension Plans' financial assets with reported NAVs as of September 30, 2022 and 2021, is as follows:

2022 Pension	Redemptions			
	Fair Value	Frequency	Restrictions	Notice Period
Mutual funds <sup>(1)</sup>	\$ 27,097	Daily	None	1–2 days
Hedge funds <sup>(3)</sup>	27,405	Mthly/Qtrly/Annu.	(A)	5–95 days
Limited liability companies <sup>(4)</sup>	54,167	Daily/Mthly	None	1–45 days
Limited partnerships <sup>(5)</sup>	<u>84,926</u>	Mthly/Qtrly/Annu.	(B)	10–95 days
Total	<u>\$ 193,595</u>			

2021 Pension	Redemptions			
	Fair Value	Frequency	Restrictions	Notice Period
Mutual funds <sup>(1)</sup>	\$ 30,767	Daily	None	1–2 days
Investment trusts <sup>(2)</sup>	11,755	Daily	None	1–2 days
Hedge funds <sup>(3)</sup>	55,859	Mthly/Qtrly/Annu.	(A)	5–95 days
Limited liability companies <sup>(4)</sup>	68,874	Daily/Mthly	None	1–45 days
Limited partnerships <sup>(5)</sup>	<u>96,409</u>	Mthly/Qtrly/Annu.	(B)	10–95 days
Total	<u>\$ 263,664</u>			

\* The fair value of these investments has been estimated using the NAVs of the investments. Such fair values are determined based on information provided by the fund managers. Because of the inherent uncertainty of valuation, the values for the investments may differ significantly from the values that would have been used had a ready market for these investments existed, and the differences could be material.

(1) *Mutual funds*—The goal of these funds is to outperform the Barclays U.S. Aggregate Index, through investing primarily in investment-grade fixed income securities, including obligations issued or guaranteed by U.S. Government, its agencies, or instrumentalities; corporate securities; municipal securities; etc.

(2) *Investment trusts*—Collective investments that are close-end funded with fixed number of shares to distribute. The investment gives the fund manager high level of control and flexibility to build long-term strategy

(3) *Hedge funds*—These include absolute return and equity hedge fund managers. The goal of these funds is to provide protection to the respective asset pools for both the corporate and retirement plan assets against extreme market lows and market highs. The funds mainly take long/short positions in publicly traded securities both within and outside the US market.

(4) *Limited liability companies*—is a corporate structure whereby the members of the company are not held personally liable for the company's debts or liabilities. The goal of the company includes investment in emerging markets, energy, fixed income, etc.

<sup>(5)</sup> *Limited partnerships*—The primary purpose of these investments is to make venture capital investments, principally by investing in equity or equity-oriented securities of privately held companies

<sup>(A)</sup> Hedge funds restrictions include any of the following:

- Redemption gate of 25%
- One to three-year hard or soft lockup
- Rolling two to three-year lockup
- 2% to 5% early withdrawal fee

<sup>(B)</sup> Limited partnerships restrictions can include any of the following

- Redemption gate of 25%
- Full redemption with next 12 months
- Rolling two to three-year lockup

## 19. FUNCTIONAL EXPENSES

The System provides general health care services to residents within its geographic location. Expenses related to providing these services for the years ended September 30, 2022 and 2021, are as follows:

<b>2022</b>	<b>Health Care Services</b>	<b>Research</b>	<b>General and Administrative Fundraising</b>		<b>Total</b>
Salaries and wages	\$ 991,671	\$12,216	\$189,274	\$2,219	\$ 1,195,380
Employee benefits	211,944	3,066	30,062	581	245,653
Purchased services	244,108	19,718	180,893	1,010	445,729
Supplies and other	549,106	3,501	108,717	1,595	662,919
Depreciation and amortization	56,514		27,065	56	83,635
Interest	<u>10,138</u>		<u>23,126</u>		<u>33,264</u>
<b>Total</b>	<b><u>\$ 2,063,481</u></b>	<b><u>\$38,501</u></b>	<b><u>\$559,137</u></b>	<b><u>\$5,461</u></b>	<b><u>\$ 2,666,580</u></b>
<b>2021</b>	<b>Health Care Services</b>	<b>Research</b>	<b>General and Administrative Fundraising</b>		<b>Total</b>
Salaries and wages	\$ 917,782	\$ 11,413	\$ 169,886	\$ 1,759	\$ 1,100,840
Employee benefits	192,728	2,908	23,996	455	220,087
Purchased services	104,956	19,770	125,118	691	250,535
Supplies and other	510,410	5,150	87,438	1,138	604,136
Depreciation and amortization	46,787		19,706	53	66,546
Interest	<u>10,151</u>		<u>25,096</u>		<u>35,247</u>
<b>Total</b>	<b><u>\$ 1,782,814</u></b>	<b><u>\$ 39,241</u></b>	<b><u>\$ 451,240</u></b>	<b><u>\$ 4,096</u></b>	<b><u>\$ 2,277,391</u></b>



Certain costs have been allocated among health care services and supporting services. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<b>Expense</b>	<b>Method of Allocation</b>
Salaries and benefits	Time and effort
Purchased services	Time and effort
Supplies	Purpose of use
Depreciation	Purpose of asset use

Fund-raising expenses of \$5,455 and \$4,096 for the years ended September 30, 2022 and 2021, respectively, have been recorded in unrestricted gifts—net of expenses in the accompanying consolidated statements of operations.

## **20. COVID-19 PANDEMIC**

In March 2020, the global COVID-19 pandemic began to significantly affect the System’s patients, communities, employees and business operations. In March 2020, the System stopped all elective and non-emergency procedures and visits thru May 2020, resulting in a material reduction in volume and corresponding net patient service revenue. Additionally, to prepare for and treat the expected COVID-19 surge, the System incurred significant costs for supplies, equipment and facility modifications. If more COVID-19 surges were to occur, some of the System’s facilities could experience workforce disruptions. Supply chain disruptions, including shortages, delays and significant price increases in medical supplies, pharmaceuticals and personal protective equipment, have impacted and are expected to continue to impact the System’s operations. In addition, broad economic factors resulting from the COVID-19 pandemic, including increased continuing unemployment rates and reduced consumer spending, are impacting service mix, revenue mix and patient volumes.

While nonessential medical services have resumed at the System’s facilities, it expects consolidated patient volumes and revenue will continue to be negatively impacted by the continuing presence of COVID-19 in our markets. The System has taken and continues to take various actions to increase its liquidity and mitigate the impact on operations from the COVID-19 pandemic. Known and unknown risks and uncertainties caused by the COVID-19 pandemic, including those described above, are having, and will likely continue to have, a material impact on the System’s business, financial condition, results of operations and cash flows.

As described in Note 2, the System received federal CARES Act and state funding to offset the lost revenues and increased expenses, recognizing \$33,034 and \$17,981 in grant revenue during the years ended September 30, 2022 and 2021, respectively. Additionally, the System has submitted reimbursement applications with the Federal Emergency Management Agency (“FEMA”) for the emergency period. The System received obligation for payment in connection with the FEMA applications of \$31,114 and \$1,392 during the years ended September 30, 2022 and 2021, respectively, which is recorded in grant revenue in the accompanying consolidated statements of operations.

## **21. INFORMATION USED IN THE DETERMINING DEPARTMENT OF EDUCATION’S FINANCIAL RESPONSIBILITY COMPOSITE SCORE**

Section 498(c) of the Higher Education Act of 1965, as amended, requires for-profit and non-profit institutions to annually submit audited financial statements to the Department of Education (ED) to demonstrate they are maintaining the standards of financial responsibility necessary to participate in

the Title IV programs. One of the many standards which ED utilizes to gauge the financial responsibility of an institution is a composite of three ratios derived from an institution's audited financial statements.

The financial information below provides the correspondence between certain values presented in the System's consolidated financial statements and the values as they are included in the determination of the ratios used by the ED to gauge the System's financial responsibility at September 30, 2022.

Expendable net assets:	
Net assets with donor restriction: restricted in perpetuity	\$ 27,200
Net assets with donor restriction: other for purpose or time	15,768
Property, plant and equipment pre-implementation (includes capital leases)	443,156
Property, plant and equipment post-implementation with outstanding debt for original purchase (includes capital leases)	189,388
Property, plant and equipment post-implementation without outstanding debt for original purchase	65,146
Construction in progress	66,199
Long-term debt—for long term purposes:	
Long-term debt—for long term purposes post-implementation	189,388
Lease right-of-use asset liability:	
Post-implementation right-of-use lease liabilities	134,232
Total expenses and losses:	
Non-operating and net investment (loss)	(11,587)
Other losses	(14,557)
Total revenues and gains—non-operating revenue and other gains	
	(120,219)

## 22. SUBSEQUENT EVENTS

On November 30, 2022, Tufts Medicine amended the line of credit agreement with JP Morgan Chase Bank N.A. to extend the maturity date from November 30, 2022 to November 29, 2023.

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**SUPPLEMENTAL CONSOLIDATING INFORMATION**

**TUFTS MEDICINE, INC. (FORMERLY WELLFORCE INC.) AND CONSOLIDATED AFFILIATES**

**SUPPLEMENTAL CONSOLIDATING BALANCE SHEET INFORMATION  
AS OF SEPTEMBER 30, 2022  
(Amounts in thousands)**

	Tufts Medicine Obligated Group	All Other Entities	Eliminations	Consolidated
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 31,300	\$ 79,881	\$ -	\$ 111,181
Short-term investments		15,527		15,527
Patient accounts receivable	269,651	52,252		321,903
Prepaid expenses and other current assets	18,707	9,770		28,477
Other receivables—net	58,480	90,218	(3,926)	144,772
Current portion of assets limited as to use	12,842			12,842
Supplies	26,864	1,760		28,624
Estimated third-party payor settlements—current	3,017			3,017
Due from affiliates	<u>104,640</u>	<u>107,908</u>	<u>(212,548)</u>	<u>-</u>
Total current assets	<u>525,501</u>	<u>357,316</u>	<u>(216,474)</u>	<u>666,343</u>
ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	<u>7,884</u>			<u>7,884</u>
INVESTMENTS	<u>404,168</u>	<u>54,248</u>		<u>458,416</u>
<b>ASSETS LIMITED AS TO USE—Noncurrent portion:</b>				
Held by trustees under bond indenture agreements	69,608			69,608
Deferred compensation and other	8,639	1,648		10,287
Funds held for self-insurance liability		91,885		91,885
Donor-restricted assets	<u>42,464</u>	<u>281</u>		<u>42,745</u>
Total assets limited as to use—noncurrent portion	<u>120,711</u>	<u>93,814</u>	<u>-</u>	<u>214,525</u>
PROPERTY AND EQUIPMENT—Net	<u>701,714</u>	<u>62,175</u>		<u>763,889</u>
RIGHT OF USE ASSETS—Net	<u>74,497</u>	<u>35,900</u>		<u>110,397</u>
INVESTMENTS IN UNCONSOLIDATED AFFILIATES	<u>18,535</u>	<u>22,543</u>		<u>41,078</u>
OTHER ASSETS—Net	<u>36,184</u>	<u>133,536</u>	<u>(133,317)</u>	<u>36,403</u>
<b>TOTAL</b>	<u>\$ 1,889,194</u>	<u>\$ 759,532</u>	<u>\$ (349,791)</u>	<u>\$ 2,298,935</u>

(Continued)

**TUFTS MEDICINE, INC. (FORMERLY WELLFORCE INC.) AND CONSOLIDATED AFFILIATES**

**SUPPLEMENTAL CONSOLIDATING BALANCE SHEET INFORMATION  
AS OF SEPTEMBER 30, 2022  
(Amounts in thousands)**

	Tufts Medicine Obligated Group	All Other Entities	Eliminations	Consolidated
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES:</b>				
Accounts payable and accrued liabilities	\$ 229,079	\$ 302,906	\$ 287	\$ 532,272
Self-insurance reserves—current	13,162	1,922		15,084
Estimated third-party payor settlements—current	10,121	263		10,384
Contract liability	18,722			18,722
Lines of credit	81,500	18,898		100,398
Current portion of finance lease obligations	2,189			2,189
Current portion of lease liability	17,598	6,580		24,178
Current portion of long-term debt	18,489	910		19,399
Due to affiliates	<u>111,412</u>	<u>101,038</u>	<u>(212,450)</u>	<u>-</u>
Total current liabilities	<u>502,272</u>	<u>432,517</u>	<u>(212,163)</u>	<u>722,626</u>
<b>OTHER LIABILITIES:</b>				
Finance lease obligations—net of current portion	9,759			9,759
Lease liability—net of current portion	68,043	32,011		100,054
Long-term debt—net of current portion	802,302	24,089		826,391
Estimated third-party payor settlements	20,562			20,562
Self-insurance reserves—net of current portion	13,497	72,347	(4,965)	80,879
Accrued pension liability	52,046	1,425		53,471
Other long-term liabilities	<u>37,713</u>	<u>39,692</u>	<u>(12,657)</u>	<u>64,748</u>
Total liabilities	<u>1,506,194</u>	<u>602,081</u>	<u>(229,785)</u>	<u>1,878,490</u>
<b>NET ASSETS:</b>				
Net assets without donor restrictions	340,431	157,052	(120,006)	377,477
Net assets with donor restrictions	<u>42,569</u>	<u>399</u>		<u>42,968</u>
Total net assets	<u>383,000</u>	<u>157,451</u>	<u>(120,006)</u>	<u>420,445</u>
<b>TOTAL</b>	<u>\$ 1,889,194</u>	<u>\$ 759,532</u>	<u>\$ (349,791)</u>	<u>\$ 2,298,935</u>

(Concluded)

**TUFTS MEDICINE, INC. (FORMERLY WELLFORCE INC.) AND CONSOLIDATED AFFILIATES**

**SUPPLEMENTAL CONSOLIDATING STATEMENT OF OPERATIONS INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2022  
(Amounts in thousands)**

	Tufts Medicine Obligated Group	All Other Entities	Eliminations	Consolidated
<b>OPERATING REVENUES:</b>				
Net patient service revenue	\$ 1,518,887	\$ 282,914	\$ -	\$ 1,801,801
Other operating revenue	228,403	255,582	(141,203)	342,782
Grant revenue	113,965	5,122		119,087
Net assets released from restrictions	<u>4,181</u>	<u>178</u>		<u>4,359</u>
Total operating revenue	<u>1,865,436</u>	<u>543,796</u>	<u>(141,203)</u>	<u>2,268,029</u>
<b>OPERATING EXPENSES:</b>				
Salaries and wages	810,098	385,282		1,195,380
Employee benefits	178,300	67,929	(576)	245,653
Purchased services	502,427	61,547	(118,245)	445,729
Supplies and other expenses	577,258	108,043	(22,382)	662,919
Depreciation and amortization	78,394	5,241		83,635
Interest	<u>32,035</u>	<u>1,229</u>		<u>33,264</u>
Total operating expenses	<u>2,178,512</u>	<u>629,271</u>	<u>(141,203)</u>	<u>2,666,580</u>
<b>LOSS FROM OPERATIONS</b>	<u>(313,076)</u>	<u>(85,475)</u>	<u>-</u>	<u>(398,551)</u>
<b>NONOPERATING REVENUE AND EXPENSES:</b>				
Investment income	6,311	542		6,853
Realized and unrealized gain (loss) on investments	(121,009)	(14,406)		(135,415)
Unrestricted gifts—net of expenses	(6,542)	328		(6,214)
Other components of net periodic pension costs	4,046	49		4,095
Other		<u>(1,125)</u>		<u>(1,125)</u>
Total nonoperating revenue and expenses	<u>(117,194)</u>	<u>(14,612)</u>	<u>-</u>	<u>(131,806)</u>
<b>DEFICIENCY OF REVENUE AND EXPENSES</b>	(430,270)	(100,087)	-	(530,357)
<b>OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>				
Net assets released from restrictions for purchase of equipment	913			913
Interentity net asset transfers	(42,242)	42,242		-
Pension-related adjustments	<u>(10,164)</u>	<u>449</u>		<u>(9,715)</u>
<b>DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>\$ (481,763)</u>	<u>\$ (57,396)</u>	<u>\$ -</u>	<u>\$ (539,159)</u>

**TUFTS MEDICINE, INC. (FORMERLY WELLFORCE, INC. AND AFFILIATES)**  
**FINANCIAL RESPONSIBILITY RATIO SUPPLEMENTAL SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(Amounts in thousands)**

	Financial Statement & Financial Statement Line Item or Footnote Disclosure	Financial Statement Line Item Amount	Amount Used for Ratio
<b>PRIMARY RESERVE RATIO</b>			
<b>EXPENDABLE NET ASSETS:</b>			
Net assets without donor restrictions	Consolidated balance sheets — net assets without donor restrictions		377,477
Net assets with donor restrictions:	Consolidated balance sheets — net assets with donor restrictions		42,968
Annuities with donor restrictions	N/A		
Term endowments with donor restrictions	N/A		
Life income funds with donor restrictions	N/A		
Net assets with donor restrictions: restricted in perpetuity	Note 21 to the financial statements		27,200
Net assets with donor restrictions: other for purpose or time	Note 21 to the financial statements	15,768	
Secured and unsecured related party receivables	N/A		
Unsecured related party receivables	N/A		
Unsecured other related party assets	N/A		
Property, plant and equipment, net (includes construction in progress and capital leases):	Consolidated balance sheets — property and equipment — net	763,889	
Property, plant and equipment pre-implementation (includes capital leases)	Note 21 to the financial statements		443,156
Property, plant and equipment post-implementation with outstanding debt for original purchase (includes capital leases)	Note 21 to the financial statements		189,388
Property, plant and equipment post-implementation without outstanding debt for original purchase	Note 21 to the financial statements		65,146
Construction in progress	Note 9 to the financial statements		66,199
Lease right-of-use asset, net:	Consolidated balance sheets — right of use assets	110,397	
Lease right-of-use asset, pre-implementation	N/A		
Lease right-of-use asset, post-implementation	Consolidated balance sheets — right of use assets		110,397
Intangible assets	Note 10 to the financial statements		5,151
Post-employment and pension liabilities	Consolidated balance sheets — accrued pension liability		53,471
Long-term debt - for long term purposes:	N/A		
Long-term debt - for long term purposes pre-implementation <sup>1</sup>	N/A		
Long-term debt - for long term purposes post-implementation	Note 21 to the financial statements		189,388
Line of credit for construction in progress	N/A		
Lease right-of-use asset liability:	N/A		
Pre-implementation right-of-use lease liabilities	N/A		
Post-implementation right-of-use lease liabilities	Note 21 to the financial statements		134,232
<b>TOTAL EXPENSES AND LOSSES:</b>			
Total expenses without donor restrictions	Consolidated statements of operations — total operating expenses		2,666,580
Non-operating and net investment (loss)	Note 21 to the financial statements		(11,587)
Other components of net periodic pension costs	Consolidated statements of operations — other components of net periodic pension costs		4,095
Change in value of split-interest agreements	N/A		
Other losses	Note 21 to the financial statements	(14,557)	
Net investment losses	N/A		
Pension-related changes other than net periodic costs	N/A		

<sup>1</sup> Long-term debt – for long term purposes pre-implementation has been capped at the amount of property, plant and equipment pre-implementation (includes capital leases), and is therefore equal to the amount disclosed in Note 21 for property, plant and equipment pre-implementation (includes capital leases).

**TUFTS MEDICINE, INC. AND AFFILIATES**  
**FINANCIAL RESPONSIBILITY RATIO SUPPLEMENTAL SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**  
**(Amounts in thousands)**

	Financial Statement & Financial Statement Line Item or Footnote Disclosure	Financial Statement Line Item Amount	Amount Used for Ratio
<b>EQUITY RATIO</b>			
<b>MODIFIED NET ASSETS:</b>			
Net assets without donor restrictions	Consolidated balance sheets — net assets without donor restrictions		377,477
Net assets with donor restrictions	Consolidated balance sheets — net assets with donor restrictions		42,968
Lease right-of-use asset pre-implementation	N/A		
Pre-implementation right-of-use lease liabilities	N/A		
Intangible assets	Note 10 to the financial statements		5,151
Unsecured related party receivables	N/A		
Unsecured related party other assets	N/A		
<b>MODIFIED ASSETS:</b>			
Total assets	Consolidated balance sheets — total assets		2,298,935
Lease right-of-use asset pre-implementation	N/A		
Intangible assets	Note 10 to the financial statements		5,151
Unsecured related party receivables	N/A		
Unsecured related party other assets	N/A		
<b>NET INCOME RATIO</b>			
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>			
Change in net assets without donor restrictions	Consolidated statements of changes in net assets — increase in net assets without donor restrictions		(539,159)
<b>TOTAL REVENUES AND GAINS:</b>			
Total operating revenue and other additions (gains)	Consolidated statements of operations — total operating revenue		2,268,029
Investment return appropriated for spending	N/A		
Non-operating revenue and other gains	Note 21 to the financial statements		(120,219)

(Concluded)



## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of  
Tufts Medicine, Inc.  
Burlington, Massachusetts

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 Tufts Medicine, Inc. (formerly Wellforce, Inc.) and affiliates (the "System"), as of and for the year ended September 30, 2022, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 13, 2023.

### **Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the System's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have

a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

The logo for Deloitte & Touche LLP, featuring the company name in a cursive script font.

January 13, 2023

## **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**

### **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees of  
Tufts Medicine, Inc.  
Burlington, Massachusetts

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Tufts Medicine, Inc. and affiliates' (the "System") (formerly Wellforce, Inc.) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the System's major federal programs for the year ended September 30, 2022. The System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the System complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 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 (*Government Auditing Standards*); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

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

#### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the System's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the System's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over compliance. Accordingly, no such opinion is expressed.

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-01. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the System's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The System's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The System is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The System's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

### **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 Auditor's 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 Tufts Medicine, Inc. as of and for the year ended September 30, 2022, and have issued our report thereon dated January 13, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Deloitte & Touche LLP*

February 15, 2023

**TUFTS MEDICINE, INC. (FORMERLY WELFORCE, INC.) AND CONSOLIDATED AFFILIATES**

**SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Federal Grantor/Passed-Through Grantor/Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>RESEARCH AND DEVELOPMENT:</b>				
Direct:				
Department of Health & Human Services:				
National Institutes of Health:				
Research and Training in Complementary and Integrative Health	93.213		\$	\$ 230,708
Cardiovascular Diseases Research	93.837		479,748	5,890,053
Lung Diseases Research	93.838			(1)
Blood Diseases and Resources Research	93.839			290,259
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		223,693	888,393
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		440,768	1,999,336
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		184,850	782,396
Child Health and Human Development Extramural Research	93.865		732,164	1,685,920
Aging Research	93.866		467,850	2,192,156
Vision Research	93.867		165,545	1,357,552
Minority Health and Health Disparities Research	93.307			163,045
Maternal and Child Health Federal Consolidated Programs	93.110			215,769
National Center for Advancing Translational Sciences	93.350		1,220,796	2,154,979
Cancer Cause and Prevention Research	93.393		77,844	317,095
Cancer Treatment Research	93.395			566,329
Food and Drug Administration_Research	93.103			265,154
Cancer Biology Research	93.396		<u>289,169</u>	<u>603,747</u>
Total National Institutes of Health			<u>4,282,427</u>	<u>19,602,890</u>
Department of Defense:				
Military Medical Research and Development	12.420			<u>514,200</u>
Research on Healthcare Costs, Quality and Outcomes	93.226			<u>153,362</u>
Department of Veterans Affairs:				
Research and Development	64.054			<u>92,256</u>
Total Direct Research and Development			<u>4,282,427</u>	<u>20,362,708</u>
<b>RESEARCH AND DEVELOPMENT:</b>				
Passthrough:				
Department of Health & Human Services:				
Food and Drug Administration Research				
Passed Through—Critical Path Institute—Advancing Standards and Methodologies to Generate Real World Evidence From Real World Data Through a Neonatal Pilot Project	93.103	UFD007220A		94,691
Maternal and Child Health Federal Consolidated Programs				
Passed Through—University of Massachusetts Worcester—Training Long Term—LEND Neurodevelopmental Disabilities	93.110	TMC00056		64,757
Discovery and Applied Research for Technological Innovations to Improve Human Health				
Passed Through—Tufts University—Injectable Gels for Tissue Augmentation	93.286	REB021264A		(9,784)
Passed Through—Tufts University—Probe-based Two Photon Microscopy for Functional, Label-Free Early Cancer Diagnosis	93.286	REB030061A		124,513
Passed Through—Raydiant Oximetry—Maternal-fetal Optical Signals Assessed With Frequency-domain Near-infrared Spectroscopy (FD-NIRS)	93.286	REB030625A		5,403
Passed Through—Boston Children’s Hospital—Measuring Cortical Plate and Subplate Thickness in the Human Fetal Brain From Magnetic Resonance Images	93.286	REB031170A		<u>13,831</u>
Total Discovery and Applied Research for Technological Innovations to Improve Human Health				<u>133,963</u>
Alcohol Research Programs				
Passed Through—Kaiser Permanente—2/3 COMpAAAS Tripartite: ART-CC, KP, and VA National Center for Advancing Translational Sciences	93.273	UAA026230A		19,226
Passed Through—Tufts University—CTSA Institutional Mentored Career Development Program (KL2)	93.350	KTR002545A		502,820

(Continued)

**TUFTS MEDICINE, INC. (FORMERLY WELLFORCE, INC.) AND CONSOLIDATED AFFILIATES**

**SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Federal Grantor/Passed-Through Grantor/Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Passed Through—Trustees of Dartmouth College—Pathway Hypotheses Knowledge-base: A Knowledge Source for the Biomedical Data Translator	93.350	OTR003436A	\$	\$ 183,678
Passed Through—Tufts University—CTSA Graduate Program	93.350	TTR002546A		523,507
Passed Through—Johns Hopkins University—Tufts Trial Innovation Center	93.350	UTR001609A	76,401	1,077,417
Passed Through—Johns Hopkins University—Integrated Treatment for Veterans with Co-Occurring Chronic Pain and Opioid Use Disorder	93.350	UTR001609A		122,668
Passed Through—Boston Medical Center—Translating Research into Practice (TRIP): A Regional Collaborative to Reduce Disparities in Breast Cancer Care	93.350	UTR002070A		156,721
Passed Through—University of Colorado—A National Center for Digital Health Informatics Innovation	93.350	UTR002306B		230,837
Passed Through—Tufts University—Tufts Clinical and Translational Science Institute	93.350	UTR002544A		8,126,876
Passed Through—Northwestern University—CRITICAL: Collaborative Resource for Intensive Care Translational Sciences, Informatics, Comprehensive Analytics, and Learning	93.350	UTR003528A		<u>303,196</u>
Total National Cancer for Advancing Translational Sciences			<u>76,401</u>	<u>11,227,720</u>
<b>Cancer Treatment Research</b>				
Passed Through—The Children’s Hospital of Philadelphia—Children’s Oncology Group Chair’s Grant	93.395	UCA095861		15,762
Passed Through—Children’s Hospital of Philadelphia—NCORP CCDEI Supplement	93.395	UCA189955B		(13,920)
Passed Through—University of Michigan—Social Genomic Mechanisms of Health Disparities Among Adolescent and Young Adult (AYA) Cancer Survivors	93.395	RCA261752A		31,095
Passed Through—Public Health Institute—NCORP CCDEI Supplement	93.395	UCA189955B		83,329
Passed Through—Alliance Foundation Trials	93.395	UCA180821A		<u>150</u>
Total Cancer Treatment Research				<u>116,416</u>
<b>Cardiovascular Diseases Research</b>				
Passed Through—The Ohio State University—Precision Medicine for Dilated Cardiomyopathy in European and African Ancestry	93.837	RHL128857		12,755
Passed Through—Massachusetts General Hospital—A5332: Randomized Trial to Prevent Vascular Events in HIV-REPRIEVE (Study)	93.837	UHL123336A		2,399
Passed Through—University of Missouri—Mineralocorticoid Receptor-Dependent Coronary Vascular Dysfunction in Obesity	93.837	RHL136386A		52,744
Passed Through—Tufts University—Mechanisms of T Cell Activation in Cardiac Fibrosis and Non-ischemic Heart Failure	93.837	RHL144477A		35,489
Passed Through—Columbia University—Familial Hypercholesterolemia Screening in Children: Population Impact of Phenotype, Genotype, and Cascade Approaches	93.837	RHL141823A		53,519
Passed Through—Medstar Health Research Institute—HCMR.2—Hypertrophic Cardiomyopathy Registry	93.837	RHL117006B		671
Passed Through—Tufts University—Cost Effectiveness of Health System and State-Level Strategies to Improve Diet and Reduce Cardiometabolic Diseases	93.837	RHL115189C		119,507
Passed Through—University of Michigan—Clinical Study: 1/2 ICECAP: Influence of Colling Duration on Efficacy in Cardiac Arrest Patients (ICECAP)	93.837	UHL145269A		(17,000)
Passed Through—Beth Israel Deaconess Medical Center—Gadolinium Free Cardiac MR Imaging of Scar and Fibrosis	93.837	RHL154744A		37,906
Passed Through—Beth Israel Deaconess Medical Center—Cardiac MR-Based Risk Stratification for Heart Failure and Atrial Fibrillation in HCM	93.837	RHL158098A		77,420
Passed Through—Oasis Pharmaceuticals—Lipid Receptor GPR31 as a Target for Anti-Thrombotic and Stoke Therapy	93.837	RHL160429A		111,718
Passed Through—Indiana University—Tafazzin and Metabolic Reprogramming During Cardiomyopathy	93.837	RHL159436A		<u>196,891</u>
Total Cardiovascular Diseases Research				<u>684,019</u>
Passed Through—University of Michigan—Clinical Study: COVID-C3PO: Clinical Trial of COVID-19 Convalescent Plasma in Outpatients (C3PO) CSPR Number: SUBK0013632-005	93.838	10THL156812	6,000	6,000

(Continued)



**TUFTS MEDICINE, INC. (FORMERLY WELFORCE, INC.) AND CONSOLIDATED AFFILIATES**

**SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Federal Grantor/Passed-Through Grantor/Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Passed Through—University of Colorado—Post-Acute Sequelae of SARS-CoV-2 Infection Initiative: NYU Langones Health Clinical Science Core, Data Resource Center	93.838	OTHL161847A	\$	\$ 84,416
Passed Through—Brigham & Women’s Hospital—Post-Acute Sequelae of SARS-CoV-2 Infection Initiative: NYU Langones Health Clinical Science Core, Data Resource Center and PASC Biorepository Core	93.838	OTHL161847A		139,987
Passed Through—Kaiser Foundation Research—Pediatric Respiratory Illness Measurement System (PRIMES) Implementation in Community Hospital Settings	93.838	RHL121067B		<u>31,612</u>
Total Lung Diseases Research			<u>6,000</u>	<u>262,015</u>
Arthritis, Musculoskeletal and Skin Diseases Research				
Passed Through—Baylor College—A Pilot Randomized Controlled Trial of Hand Traction for Nodal Osteoarthritis	93.846	RAR072358A		221
Passed Through—Brigham & Women’s Hospital—Metabolites of Dietary Intake and Risk of Knee Osteoarthritis	93.846	RAR074447A		41,644
Passed Through—University of Connecticut—Metabolites of Dietary Intake and Risk of Knee Osteoarthritis	93.846	RAR074447B		<u>103,083</u>
Total Arthritis, Musculoskeletal and Skin Diseases Research				<u>144,948</u>
Diabetes, Digestive, and Kidney Diseases Extramural Research				
Passed Through—Johns Hopkins University—CDK Biomarkers Consortium-Phase 2: Risk Markers in Blood	93.847	UDK085689B		
Passed Through—Johns Hopkins University—Chronic Kidney Disease Prognosis Consortium	93.847	RDK100446B		49,757
Passed Through—Johns Hopkins University—Medication Use and Adverse Events in CKD	93.847	RDK115534A		50,352
Passed Through—Cincinnati Childrens’ Hospital—Level and Timing of Diabetic Hyperglycemia in Utero: The Transgenerational Effect on Adult Morbidity (TEAM Study)	93.847	RDK109956A		18,080
Passed Through—Massachusetts General Hospital—Measuring Early Pregnancy Glycemia and Its Impact on Adverse Outcomes	93.847	UDK123795A		256,577
Passed Through—Northeastern University—Quantitative Renal Imaging for Chronic Kidney Disease	93.847	RDK118449A		1,218
Passed Through—University of California San Francisco—Acute Declines in Kidney Function During Blood Pressure Interventions in CKD	93.847	RDK121904A		212,175
Passed Through—University of Virginia—Integrated Mineral Metabolism Treatment Strategies in Patients on Dialysis	93.847	RDK111952B		2,472
Passed Through—City University—Health Literacy as a Vehicle to Reduce Obesogenic Behaviors Among Adolescents: A Pilot Intervention	93.847	RDK117345A		15,001
Passed Through—Massachusetts General Hospital—Reducing Chronic Pain and Opioid Use in Hemodialysis Patients	93.847	UDK123818A		39,808
Passed Through—Duke University—Predictive Analytics in Hemodialysis: Enabling Precision Care for Patient with ESKD	93.847	RDK123062A		35,718
Passed Through—Joslin Diabetes Center—APOL1 Long-Term Kidney Transplantation Outcomes Network (APOLLO)	93.847	UDK116102A		2,441
Passed Through—Women’s & Infant Hospital—Comparing Glycemic Profiles in Pregnancy and Maternal and Child Health Outcomes	93.847	UDK123783A		<u>99,869</u>
Total Diabetes, Digestive, & Kidney Diseases Extramural Research				<u>783,468</u>
Extramural Research Programs in the Neurosciences and Neurological Diseases				
Passed Through—Emory University—Siren Network	93.853	UNS100673A		9,598
Passed Through—University of Cincinnati—Atrial Cardiopathy and Antithrombotic Drugs in Prevention After Cryptogenicstroke (ARCADIA) “Study”	93.853	UNS095869		14,559
Passed Through—Massachusetts General Hospital—New England Regional Coordination Center for the NINDS Stroke Trials Network	93.853	UNS107243A		5,806
Passed Through—Tufts University—Coherent Hemodynamics Spectroscopy for Cerebral Autoregulation and Blood Flow	93.853	RNS095334		24,954
Passed Through—University of Cincinnati—Sleep for Stroke Management and Recovery Trial (Sleep Smart) Stroke Trial	93.853	UNS099043A		<u>71</u>
Total Extramural Research Programs in the Neurosciences & Neurological Diseases				<u>54,988</u>

(Continued)

## TUFTS MEDICINE, INC. (FORMERLY WELFORCE, INC.) AND CONSOLIDATED AFFILIATES

### SCHEDULE OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Passed-Through Grantor/Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Allergy, Immunology and Transplantation Research				
Passed Through—Duke University—Antibacterial Resistance Leadership Group (ARLG)	93.855	UAI104681C	\$	\$ 38,898
Passed Through—Benaroya Research Institute—Immune Tolerance Network	93.855	UAI109565A		(5,355)
Passed Through—Children’s Hospital Medical Center—Consortium of Eosinophilic Gastrointestinal Disease Research (Clinical Trial # 2)	93.855	UAI117804B		2,293
Passed Through—Children’s Hospital Medical Center—Consortium of Eosinophilic Gastrointestinal Disease Research (Clinical Trial # 1)	93.855	UAI117804B		364
Passed Through—Tufts University—Center for Enteric Diseases in Engineered Tissues	93.855	UAI131126A		174,268
Passed Through—Tufts University—Diversity Supplement—Center for Enteric Diseases in Engineered Tissues	93.855	UAI131126A		36,667
Passed Through—Massachusetts General Hospital—Targeting Inflammation and Alloimmunity in Heart Transplant Recipients with Tocilizumab	93.855	UAI136816A		3,470
Passed Through—The Broad Institute—Innovative Technologies to Transform Antibiotic Discovery	93.855	UAI142780A		47,876
Total Allergy, Immunology and Transplantation Research				<u>298,481</u>
Child Health and Human Development Extramural Research				
Passed Through—Tufts University—Tufts BIRWCH Program	93.865	KHD092535A		317,993
Passed Through—RTI International—HEAL Initiative: Antenatal Opioid Exposure Longitudinal Study Consortium	93.865	PLHD101059		25,447
Passed Through—University of Nebraska Lincoln—Somatosensory Modulation of Salivary Gene Expression and Oral Feeding in Preterm Infants	93.865	RHD086088A		(36,928)
Passed Through—Children’s Research Institute—Unresolved Issues in Newborn Screening: Quantifying the Harms of a False Positive Result	93.865	RHD095068A		21,643
Passed Through—Cx Therapeutics—A Novel Device for Cervical Insufficiency in Pregnant Women	93.865	RHD102268A		(15,814)
Passed Through—Columbia University—Obesogenic origins of Maternal and Child Metabolic Health Involving Dolutegravir (ORCHID)	93.865	RHD104599A		67,642
Passed Through—RTI International—DCC for Buprenorphine Trial in NOWS (NOWS PhaCET)	93.865	UHD107621A		24,372
Passed Through—Women’s & Infants Hospital—Salivary Diagnostics for Sepsis Screening in the Neonate	93.865	RHD097081B		56,475
Total Child Health and Human Development Extramural Research				<u>460,830</u>
Trans-NIH Research Support				
Passed Through—University of North Carolina—Environment, Epigenetics, Neurodevelopment & Health of Extremely Preterm Children	93.310	UOD023348B		119,278
Passed Through—University of North Carolina—RACE, COVID-19, AND Health Outcomes Among Individuals Born Preterm	93.310	UOD023348B		9,046
Passed Through—University of North Carolina—COVID-19 Testing and Prevention in Correctional Setting	93.310	UDA050072A		102,872
Passed Through—University of Kansas—Localized mHealth Approach to Boosting COVID-19 Testing and Vaccine Literacy, Access, and Uptake Among Women With Criminal Legal System Involvement	93.310	UMD017415A		12,030
Total Trans-NIH Research Support				<u>243,226</u>
Vision Research				
Passed Through—Medchem Partners—Dynasore Analogues for Ocular Surface Protection	93.867	REY030811		57,019
Passed Through—Massachusetts Institute of Technology—Advance Novel Optical Diagnostics with Optical Coherence Tomography	93.867	REY011289F		112,107
Passed Through—New York University—Long-term Suppressive Valacyclovir Treatment for Herpes Zoster Ophthalmicus (ZEDS)	93.867	UEY026869		3,185
Total Vision Research				<u>172,311</u>

(Continued)

**TUFTS MEDICINE, INC. (FORMERLY WELFORCE, INC.) AND CONSOLIDATED AFFILIATES**

**SCHEDULE OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Federal Grantor/Passed-Through Grantor/Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
National Institute of Health				
Passed Through—ECOG—Eastern Cooperative Oncology Group—ECOG	93.RD	UCA021115	\$	\$ 2,224
Passed Through—Duke University—Randomized Master Protocol for Immune Modulators for Treating COVID-19	93.RD	HHSO100201400002I		<u>64,750</u>
Total National Institute of Health				<u>66,974</u>
Aging Research				
Passed Through—Brigham & Women’s Hospital—Boston OAIC: A Translational Approach to Function Promoting Therapies	93.866	PAG031679C		5,364
Passed Through—Northern California Institute of Research & Education—Role of Mitochondrial Health in Acute and Chronic Kidney Disease in Older Adults	93.866	RAG027002C		59,189
Passed Through—Northeastern University—Clarifying the Relationship Between Delirium and Alzheimer’s Disease and Related Dementias	93.866	RAG057979B		99,050
Passed Through—Columbia University—Analysis of Lumbar Spine Stenosis Specimens for Early Identification of TTR Cardiac Amyloidosis	93.866	RAG058348A		10,083
Passed Through—Tufts University—Aging Comprises Neutrophil-mediated Innate Protection Against HIV in the Human Female Genital Tract	93.866	RAG060801B		2,904
Passed Through—Mayo Clinic—Optimizing Stroke Prevention For Older Adults With Atrial Fibrillation: Towards Rigorous Evaluation and Judicious Application of A New Device	93.866	RAG062436A		18,690
Passed Through—Boston College—Taking Care of Us: A Dyadic Intervention for Health Failure	93.866	RAG068715A		6,136
Passed Through—California Pacific Medical Center—Longevity Consortium	93.866	UAG023122D		108,868
Passed Through—Washington University—The Long Life Family Study	93.866	UAG063893A		183,449
Passed Through—Boston University—Identifying Protective Omics Profiles in Centenarians and Translating These into Preventive and Therapeutic Strategie	93.866	UAG064704A		359,848
Passed Through—Boston University—Identifying Protective Omics Profiles in Centenarians and Translating These into Preventive and Therapeutic Strategie	93.866	UAG064704B		<u>77,506</u>
Total Aging Research				<u>931,087</u>
Cancer Control				
Passed Through—Children’s Oncology Group—Cancer Care Delivery Research Scientific Leadership	93.399	UCA189955B		(10,026)
Passed Through—Public Health Institute—Children’s Oncology Group NCI Community Oncology Research Program (NCORP) Research Base Grant	93.399	UCA189955C		57,089
Passed Through—Dana Farber LAPS	93.399	1UG1CA233280-01		<u>12,802</u>
Total Cancer Control				<u>59,865</u>
Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nations Health				
Passed Through—Department of Public Health—Preventing ACEs Data to Action	93.421	CDC-RFA-CE20-2006		120,935
Passed Through—American Academy of Pediatrics—Improving Services for Violence Against Children and Women during a Pandemic	93.421	NU380T000282		(791)
Passed Through—American Academy of Pediatrics—Measuring the Impact of Violence Against Children and Women during a Pandemic Part 2	93.421	NU380T000282		139,623
Passed Through—American Public Health Association—Uniform Definitions and Measures for Adverse Childhood Experiences (ACEs) and Positive Child Experiences (PCEs)	93.421	NU380T000294		<u>226,187</u>
Total Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation’s Health				<u>485,954</u>
National Center for Advancing Translational Sciences				
Passed Through—Tufts University—Characterization of SARS-CoV-2 Aerosols and Surface Contamination Produced During Respiratory Support Therapy of COVID-19 Patients	93.999	HHSN272201400008C		28,549
Chronic Disease: Research, Control and Prevention				
Passed Through—University of Massachusetts Worcester—PRISM	93.068	006093DP15		1,618

(Continued)

## TUFTS MEDICINE, INC. (FORMERLY WELFORCE, INC.) AND CONSOLIDATED AFFILIATES

### SCHEDULE OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Passed-Through Grantor/Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>Drug Abuse and Addiction Research Programs</b>				
Passed Through—Prapela Inc.—Prapela SVS: A Cost-effective Stochastic Vibrotactile Stimulation Device to Improve the Clinical Course of Infants with Neonatal Abstinence Syndrome	93.279	RDA049300B		517,253
Passed Through—Miriam Hospital—Electronic Cigarettes During Pregnancy: Impact on Fetal Development	93.279	RDA045492A		17,947
Passed Through—Emory University—SARS-CoV-2 in Correctional Populations: A Collaborative, Ethical Approach to Application of Wastewater-based Surveillance	93.279	UDAUDA056000AC6		35,565
Total Drug Abuse and Addiction Research Program				570,765
<b>Oral Diseases and Disorders Research</b>				
Passed Through—Boston Medical Center—Validation of Light Scattering Spectroscopy for Intra-operative Margin Guidance During Oral Cancer Resection	93.121	RDE029862A		3,239
<b>Cancer Cause and Prevention Research</b>				
Passed Through—Brown University—Population Modeling of Bladder Cancer Detection and Control Coordinating Center	93.393	UCA265750A		21,442
Passed Through—Brown University—Population Modeling of Bladder Cancer Detection and Control Modeling Group	93.393	UCA265750A		21,442
Total Cancer Cause and Prevention Research				42,884
<b>Environmental Health</b>				
Passed Through—Northeastern University—Cardiopulmonary Risk Assessment From Smoke Exposure at the Wildland Urban Interface	93.113	RES033792A		5,944
<b>Research and Training in Complementary and Integrative Health</b>				
Passed Through—Boston University—Feasibility of Remote-Delivery Interventions: Tai Chi and Wellness for PTSD and Pain in Veterans	93.213	RAT011547A		3,421
<b>Nursing Research</b>				
Passed Through—Geneva Foundation—Turnover and Metabolism Greater than One Year After Traumatic Knee Joint Injury and Signs of Early Post-Traumatic Osteoarthritis	12.420	W81-XWH-16-2-0053		(717)
Total Passthrough Research and Development			82,401	16,960,642
Total Research and Development			4,364,828	37,323,350
<b>STUDENT FINANCIAL AID:</b>				
<b>Direct:</b>				
<b>U.S. Department of Educations:</b>				
Federal Supplemental Educational Opportunity Grants	84.007			40,000
Federal Pell Grant Program	84.063			385,557
Federal Direct Student Loans	84.268			1,977,610
Total Stafford Loans, Unsubsidized Stafford Loans & Federal PLUS Loans				2,403,167
Federal Work-Study Program	84.033			5,053
				2,408,220

(Continued)

## TUFTS MEDICINE, INC. (FORMERLY WELLFORCE, INC.) AND CONSOLIDATED AFFILIATES

### SCHEDULE OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Passed-Through Grantor/Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
HIGHER EDUCATION EMERGENCY RELIEF FUND:				
Direct:				
U.S. Department of Educations:				
COVID-19 - Education Stabilization Fund- Student Aid Portion	84.425E		\$	\$ 443,971
COVID-19 - Education Stabilization Fund- Institutional Portion	84.425F			<u>514,612</u>
				<u>958,583</u>
OTHER PROGRAMS:				
Direct:				
Department of Health and Human Services:				
COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498		\$	\$ 87,832,143
COVID-19 - Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036			<u>34,261,888</u>
Total Direct Other				<u>122,094,031</u>
Passthrough:				
Department of Agriculture-Special Supplemental Nutrition Program for Women, Infants and Children				
Passed Through—Commonwealth of Massachusetts Department of Public Health	10.557	INTF3502M03162726107		475,181
Passed Through—Commonwealth of Massachusetts Department of Public Health	10.557	INTF3500J10200717294		<u>1,445,971</u>
Total Special Supplemental Nutrition Program for Women, Infants and Children				<u>1,921,152</u>
Maternal, Infant and Early Childhood Home Visiting Grant Program				
Passed Through—Commonwealth of Massachusetts Department of Public Health	93.870	INTF3617MM3220226214		<u>93,687</u>
U.S. Department of Treasury				
Coronavirus Relief Fund				
COVID-19 - Passed Through—Boston Public Health—COB CARES Vaccine Equity Grant	21.019			<u>91,921</u>
Total Passthrough Other				<u>2,106,760</u>
Total Other Programs			\$	<u>\$ 124,200,791</u>
TOTAL EXPENDITURES			\$	<u>\$ 4,364,828</u> <u>\$ 164,890,944</u>
Total Department of Health and Human Services Expenditures				159,417,381
Total Other Expenditures				5,473,563

# TUFTS MEDICINE, INC. (FORMERLY WELLFORCE, INC.) AND CONSOLIDATED AFFILIATES

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of federal financial assistance and federal cost-reimbursement contracts of Tufts Medicine, Inc. and affiliates (the "System").

Operations related to the System's federal grant programs are included in the scope of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The federal oversight agency for the System is the Department of Health and Human Services (DHHS).

Expenditures related to federal grant funds are recorded on the accrual basis of accounting.

**Program Clusters**—For the year ended September 30, 2022, the following program clusters were identified:

- Research and Development
- Student Financial Assistance

**Major Programs**—Major programs are identified in the summary of auditor's results section of the schedule of findings and questioned costs.

### 2. SUMMARY OF FACILITIES AND ADMINISTRATIVE COST RECOVERIES

The System has elected not to use the 10% indirect cost rate allowed under the Uniform Guidance, and instead uses the modified total direct cost basis to determine the facilities and administrative rate. The rates used during 2022 were based on approved rates as received from DHHS.

### 3. FEDERAL STUDENT LOAN PROGRAMS

Loans outstanding to students under federal programs at September 30, 2022, are summarized as follows:

Nursing Student Loan Program	163,382
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Federal Family Education loans are administered by outside financial institutions, and balances and transactions relating to these programs are not included in the System's consolidated financial statements.

### 4. AUDITED ENTITIES FOR SINGLE AUDIT REPORTING

During the year ended September 30, 2022, all entities under the System who received federal funding from the Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution with periods of

availability from July 1, 2020, through June 30, 2021 are summarized, by tax identification number (TIN), as follows:

<b>TIN</b>	<b>Entity Name</b>
82-3315703	Cardiovascular Center at Tufts Medical Center
26-2057970	Circle Health OB/GYN, LLC
47-1122696	Circle Health Urgent Care, LLC
04-2103812	Circle Home, Inc.
04-3140938	Hallmark Health Medical Associates
04-2437064	Hallmark Health Visting Nurse Association, Inc.
04-2435675	Home Health VNA, Inc.
20-5671277	LGH Medical Group, LLC
45-2014433	LGH Merrimack Valley Cardiology Associates, LLC
61-1844933	LGH Professional Services, LLC
04-2767880	MelroseWakefield Healthcare, Inc.
04-3024278	Merrimack Valley Hospice, Inc.
04-3148395	Pratt Anesthesiology Associates, Inc.
04-3148397	Pratt Medical and Surgical Dermatology Associates, Inc.
04-2743894	Pratt Medical Group, Inc.
04-3148384	Pratt Neurology Associates, Inc.
04-3096445	Pratt Neurosurgical Associates, Inc.
04-3148385	Pratt OB/GYN Associates, Inc.
04-3148392	Pratt Ophthalmology Associates, Inc.
20-5129051	Pratt Orthopedic Associates, Inc.
04-3148381	Pratt Otolaryngology - Head and Neck Surgery Associates, Inc.
04-3148393	Pratt Pathology Associates, Inc.
04-3148394	Pratt Pediatric Associates, Inc.
04-3148387	Pratt Psychiatric Associates, Inc.
13-4340840	Pratt Radiation Oncology Associates of Rhode Island, Inc.
04-3148389	Pratt Radiation Oncology Associates, Inc.
04-3148388	Pratt Radiology Associates, Inc.
04-3148378	Pratt Rehabilitation Medicine Associates, Inc.
04-3148376	Pratt Surgical Associates, Inc.
04-3148379	Pratt Urology Associates, Inc.
04-2103590	The Lowell General Hospital
04-3400617	Tufts Medical Center, Inc.
47-3046563	Tufts Medical Center Community Care Inc.

#### **5. DONATED MEDICAL EQUIPMENT (UNAUDITED)**

During the year ended September 30, 2022, the System did not receive any donated medical equipment from a federal awarding agency.

## **6. FEDERAL PERKINS LOAN PROGRAM CLOSEOUT**

As of September 23, 2021, the System began the process of liquidating their Federal Perkins Loan Program participation. As part of that process, all loans were assigned as of September 20, 2022.

The last time that the System returned funds to the Department of Education for the Federal Perkins Loan Program was on January 13, 2022 in the amount of \$7,095. When all accounts were assigned in September 2022, there was no cash on hand related to the program. All required liquidation and closeout procedures have been completed.



# TUFTS MEDICINE, INC. (FORMERLY WELLFORCE, INC.) AND CONSOLIDATED AFFILIATES

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED SEPTEMBER 30, 2022

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### I. SUMMARY OF AUDITOR'S RESULTS

#### Consolidated Financial Statements:

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

No

Significant deficiencies identified?

None reported

Noncompliance material to the consolidated financial statements noted?

No

#### Federal Awards:

Internal control over major federal programs:

Material weaknesses identified?

No

Significant deficiencies identified?

None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?

Yes

Identification of major federal programs:

#### CFDA Number

#### Name of Federal Program

CFDA 93.498

Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution

CFDA 97.036

Disaster Grants-Public Assistance (Presidentially Declared Disasters)

CFDA 84.425E & 84.425F

Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$3,000,000

Auditee qualifies as a low-risk auditee?

Yes

(Continued)

## **II. CONSOLIDATED FINANCIAL STATEMENT FINDINGS SECTION**

No matters were considered reportable.

## **III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION**

### **FINDING 2022-001 – LOST REVENUE REPORTING**

#### ***Criteria***

As published in the June 11, 2021 Post-Payment Notice of Reporting Requirements, Health and Human Services (HHS) guidelines require that recipients of Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution Program funding select from one of three approved options to determine their methodology for calculating their lost revenue reimbursement. The data utilized and submitted to HHS must follow the selected approved option.

#### ***Condition***

The System selected Option 3 for calculating their lost revenue reimbursement. HHS defined lost revenue under Option 3 to be calculated by any reasonable method of estimating revenues. In addition to providing patient care revenues, alternative methodology for calculating lost revenues attributable to coronavirus Reporting Entities must submit: 1) a narrative document describing methodology, an explanation of why the methodology is reasonable, and a description establishing how lost revenues were attributable to coronavirus, as opposed to a loss caused by any other source; and 2) A calculation of lost revenues attributable to coronavirus using the methodology described in the narrative document. The System has incorrectly entered the lost revenue data (2020 Q1, 2020 Q2, 2020 Q3, and 2022 Q2) within the Reporting Period 3 HHS portal submission.

#### ***Cause***

Personnel responsible for preparation and review of the System's portal submission failed to perform a detail review of the lost revenue calculation prior to submitting it to the HHS portal.

#### ***Effect***

The lost revenue calculations submitted in the HHS portal for Period 3 did not agree with the underlying data, which resulted in lost revenue calculation being understated by approximately \$3 million.

#### ***Recommendation***

The Company should ensure the underlying data used to calculate lost revenue agrees to amounts submitted within in the HHS portal. This calculation and the submission should be reviewed by an individual with the appropriate knowledge of the HHS requirements.

#### ***Management Response***

We agree with the auditor's finding that the lost revenue calculation for reporting period 3 did not agree with the underlying data, which resulted in an immaterial error. The following corrective actions have been taken to remediate this finding: For reporting period 3, we appropriately identified and maintained

supporting documentation for the population of revenues to be reported in the HHS portal. Going forward we will prepare, maintain and review reconciliations of COVID-related revenues to the amounts used in the lost revenue calculation, and subsequently entered into the HHS portal for reporting periods to be commensurate with the filings.

# **TUFTS MEDICINE, INC. (FORMERLY WELLFORCE, INC.) AND CONSOLIDATED AFFILIATES**

## **SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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### **1. CONSOLIDATED FINANCIAL STATEMENT FINDINGS**

No findings have been reported.

### **2. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings have been reported.





ORGANIZATION: Tufts Medicine, Inc. and Consolidated Affiliates

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2022

FEIN: 472250732

UFR Program Number: 01 Program Name: NELTC Pediatric Nursing Residence Description: Residential Intense Medical Catalog of Federal Domestic Assistance #: B
http://www.cfda.gov/default.htm
\*Program Type: 22 Program Address: 78 Boston Road Billerica MA 01862 # Weeks operated during audit period (e.g., 52): 52.00 # operating hours/week (e.g., 40): 168.00

Note to Readers: This schedule should be read in context with F.S. Notes and all other UFR information. In many instances the presence of significant planned to actual variances or non-reimbursable expenses (e.g., In-Kind donations) may be appropriate and desirable.

\* Program Type codes: 21 = SPED; 22 = HCFP/Medicaid Class Rate; 23 = Negotiated Unit Rate; 24 = Negotiated Accommodations Rate; 25 = Non-negotiated Accommodations Rate; 26 = Other Non-negotiated Unit Rate; 27 = Cost Reimbursement; NA = Not Applicable

Table with columns: REVENUE, EXPENSE - ACTUAL/PLANNED, FTE, Actual, Planned, % Var. Includes rows for STAFFING # hours/yr = 1.00 FTE: 2080, Total Direct Program Staff = 39S, Total Admin Employee, Total FTE/Salary/Wages, Total Other Program Expense, Total Reimbursable Expense, Total Expense, Total Revenue = 53R, OPERATING RESULTS.

SUBCONTRACTED DIRECT CARE EXPENSE DETAIL table with columns: Subcontractor Name, FEIN, Expense Amt. Includes rows for 1SDC, 2SDC, 3SDC, 4SDC, 5SDC.

MASSACHUSETTS CONTRACT INFORMATION table with columns: Dept, Contract ID - 11 Characters, MMARS Code. Includes rows for 1C, 2C, 3C, 4C, 5C.

POS SUBCONTRACT INFORMATION table with columns: State Dept, Payor Name, Payor's FEIN. Includes rows for 1PS, 2PS, 3PS.

NON-REIMBURSABLE EXPENSE DETAIL table with columns: Description, Salary over cap. Includes rows for 1N Direct Employee Compensation & Related Exp., 2N Direct Occupancy, 3N Direct Other Program/Operating, 4N Direct Subcontract Expense, 5N Direct Administrative Expense, 6N Direct Other Expense, 7N Direct Depreciation, 8N Total Direct Non-Reimbursable (Tie to 54E), 9N Total Direct and Allocated Non-Reimb. (54E+55E), 10N Eligible Non-Reimbursable Exp. Revenue Offsets, 11N Capital Budget Revenue Adjustment, 12N Excess of Non-Reimbursable Expense Over Offsets.

PREPARER COMMENTS:

ORGANIZATION: Tufts Medicine, Inc. and Consolidated Affiliates

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2022

FEIN: 472250732

UFR Program Number: 02

Program Name: NELTC Day Program

Description: Day Treatment and Education

Catalog of Federal Domestic Assistance #: B

http://www.cfda.gov/default.htm

\*Program Type: 21

Program Address: 78 Boston Road

Billerica

MA

01862

# Weeks operated during audit period (e.g., 52): 52.00

# operating hours/week (e.g., 40): 40.00

Note to Readers: This schedule should be read in context with F.S. Notes and all other UFR information. In many instances the presence of significant planned to actual variances or non-reimbursable expenses (e.g., In-Kind donations) may be appropriate and desirable.

\* Program Type codes: 21 = SPED; 22 = HCFP/Medicaid Class Rate; 23 = Negotiated Unit Rate; 24 = Negotiated Accommodations Rate; 25 = Non-negotiated Accommodations Rate; 26 = Other Non-negotiated Unit Rate; 27 = Cost Reimbursement; NA = Not Applicable

Table with columns: REVENUE, STAFFING # hours/yr = 1.00 FTE: 2080, FTE, Salary/Wage, EXPENSE - ACTUAL/PLANNED, FTE, Actual, Planned, % Var. Rows include 1R Contrib., Gifts, Leg., Bequests, Spec. Ev., 2R Gov. In-Kind/Capital Budget, 3R Private IN-Kind, 4R Total Contribution and In-Kind, 5R Mass Gov. Grant, 6R Other Grant (exclud. Fed.Direct), 7R Total Grants, 8R Dept. of Mental Health (DMH), 9R Dept.of Developmental Services(DDS/DMR), 10R Dept. of Public Health (DPH), 11R Dept.of Children and Families (DCF/DSS), 12R Dept. of Transitional Assist (DTA/WEL), 13R Dept. of Youth Services (DYS), 14R Health Care Fin & Policy (HCF)-Contract, 15R Health Care Fin & Policy (HCF)-UCP, 16R MA. Comm. For the Blind (MCB), 17R MA. Comm. for Deaf & H H (MCD), 18R MA. Rehabilitation Commission (MRC), 19R MA. Off. for Refugees & Immigr.(ORI), 20R Dept.of Early Educ. & Care (EEC)-Contract, 21R Dept.of Early Educ. & Care (EEC)-Voucher, 22R Dept. of Correction (DOC), 23R Dept. of Elementary & Secondary Educ. (DOE), 24R Parole Board (PAR), 25R Veteran's Services (VET), 26R Ex. Off. of Elder Affairs (ELD), 27R Div.of Housing & Community Develop(OC), 28R POS Subcontract, 29R Other Mass. State Agency POS, 30R Mass State Agency Non - POS, 31R Mass. Local Govt/Quasi-Govt. Entities, 32R Non-Mass. State/Local Government, 33R Direct Federal Grants/Contracts, 34R Medicaid - Direct Payments, 35R Medicaid - MBHP Subcontract, 36R Medicare, 37R Mass. Govt. Client Stipends, 38R Client Resources, 39R Mass. spon.client SF/3rd Pty offsets, 40R Other Publicly sponsored client offsets, 41R Private Client Fees (excluding 3rd Pty), 42R Private Client 3rd Pty/other offsets, 43R Total Assistance and Fees, 44R Federated Fundraising, 45R Commercial Activities, 46R Non-Charitable Revenue, 47R Investment Revenue, 48R Other Revenue, 49R Allocated Admin (M&G) Revenue, 50R Released Net Assets-Program, 51R Released Net Assets-Equipment, 52R Released Net Assets-Time, 53R Total Revenue = 57E

SERVICE STATISTICS

Table with columns: 1SS Enter defined unit of service: days, 2SS Enter total unit capacity: 18,250

Undup # # service units Clients delivered

Table with columns: 3SS OSD's Program Publicly sponsored clients: 6,257, 4SS Performance Report (D-1 Privately sponsored clients: 6,257, 5SS Internet filing system) Free Care clients: 6,257, 6SS suspended for FY '08 Total: 6,257, 7SS filings.

MASSACHUSETTS CONTRACT INFORMATION

Table with columns: 1C Dept, Contract ID -11 Characters, MMARS Code, 2C, 3C, 4C, 5C

POS SUBCONTRACT INFORMATION

Table with columns: 1PS State Dept, Payor Name, Payor's FEIN, 2PS, 3PS

Table with columns: SUBCONTRACTED DIRECT CARE EXPENSE DETAIL, Subcontractor Name, FEIN, Expense Amt. Rows include 1SDC, 2SDC, 3SDC, 4SDC, 5SDC

Comm. Of MA Surplus Rev. Retention Share (147,648)

PREPARER COMMENTS:

NON-REIMBURSABLE EXPENSE DETAIL

Table with columns: 1N Direct Employee Compensation & Related Exp. 20,387, 2N Direct Occupancy, 3N Direct Other Program/Operating, 4N Direct Subcontract Expense, 5N Direct Administrative Expense, 6N Direct Other Expense, 7N Direct Depreciation, 8N Total Direct Non-Reimbursable (Tie to 54E) 20,387, 9N Total Direct and Allocated Non-Reimb. (54E+55E) 20,387, 10N Eligible Non-Reimbursable Exp. Revenue Offsets 20,387, 11N Capital Budget Revenue Adjustment, 12N Excess of Non-Reimbursable Expense Over Offsets

Description

Table with columns: Salary over cap, (Any Excess of Non-Reimbursable Expense over Eligible Revenue Offsets is subject to recoupment where the program is purchased by the Commonwealth and must be recognized as a liability on the Financial Statements.)



ORGANIZATION: Tufts Medicine, Inc. and Consolidated Affiliates

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2022

FEIN: 472250732

UFR Program Number: 03

Program Name: NELTC Young Adult Program

Description: Over 22 Day Rehabilitation Program

Catalog of Federal Domestic Assistance #: B

http://www.cfda.gov/default.htm

\*Program Type: 22

Program Address: 78 Boston Road

Billerica

MA

01862

# Weeks operated during audit period (e.g., 52): 52.00

# operating hours/week (e.g., 40): 168.00

Note to Readers: This schedule should be read in context with F.S. Notes and all other UFR information. In many instances the presence of significant planned to actual variances or non-reimbursable expenses (e.g., In-Kind donations) may be appropriate and desirable.

Table with columns: REVENUE, STAFFING # hours/yr = 1.00 FTE: 2080, FTE, Salary/Wage, EXPENSE - ACTUAL/PLANNED, FTE, Actual, Planned, % Var. Rows include 1R-39S and 1SS-7SS.

Table with columns: Subcontractor Name, FEIN, Expense Amt. Rows include 1SDC, 2SDC, 3SDC, 4SDC, 5SDC.

Table with columns: MASSACHUSETTS CONTRACT INFORMATION (Dept, Contract ID, MMARS Code) and POS SUBCONTRACT INFORMATION (State Dept, Payor Name, Payor's FEIN).

Table with columns: NON-REIMBURSABLE EXPENSE DETAIL (1N-12N) and Description.

(Any Excess of Non-Reimbursable Expense over Eligible Revenue Offsets is subject to recoupment where the program is purchased by the Commonwealth and must be recognized as a liability on the Financial Statements.)

PREPARER COMMENTS:

ORGANIZATION: Tufts Medicine, Inc. and Consolidated Affiliates

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2022

FEIN: 472250732

UFR Program Number: 04

Program Name: MWH Healthy Families

Description: Home Visiting

Catalog of Federal Domestic Assistance #: B

http://www.cfda.gov/default.htm

\*Program Type: 27

Program Address: 170 Governors Ave.

Medford

MA

0215

# Weeks operated during audit period (e.g., 52): 52.00

# operating hours/week (e.g., 40): 37.50

(Number/Street)

(City)

(State)

(Zipcode)

Note to Readers: This schedule should be read in context with F.S. Notes and all other UFR information. In many instances the presence of significant planned to actual variances or non-reimbursable expenses (e.g., In-Kind donations) may be appropriate and desirable. \* Program Type codes: 21 = SPED; 22 = HCFP/Medicaid Class Rate; 23 = Negotiated Unit Rate; 24 = Negotiated Accommodations Rate; 25 = Non-negotiated Accommodations Rate; 26 = Other Non-negotiated Unit Rate; 27 = Cost Reimbursement; NA = Not Applicable

Table with columns: REVENUE, STAFFING # hours/yr = 1.00 FTE: 1950, FTE, Salary/Wage, EXPENSE - ACTUAL/PLANNED, FTE, Actual, Planned, % Var. Rows include 1R Contrib., Gifts, Leg., Bequests, Spec. Ev., 2R Gov. In-Kind/Capital Budget, 3R Private IN-Kind, 4R Total Contribution and In-Kind, 5R Mass Gov. Grant, 6R Other Grant (exclud. Fed.Direct), 7R Total Grants, 8R Dept. of Mental Health (DMH), 9R Dept.of Developmental Services(DDS/DMR), 10R Dept. of Public Health (DPH), 11R Dept.of Children and Families (DCF/DSS), 12R Dept. of Transitional Assist (DTA/WEL), 13R Dept. of Youth Services (DYS), 14R Health Care Fin & Policy (HCF)-Contract, 15R Health Care Fin & Policy (HCF)-UCP, 16R MA. Comm. For the Blind (MCB), 17R MA. Comm. for Deaf & H H (MCD), 18R MA. Rehabilitation Commission (MRC), 19R MA. Off. for Refugees & Immigr.(ORI), 20R Dept.of Early Educ. & Care (EEC)-Contract, 21R Dept.of Early Educ. & Care (EEC)-Voucher, 22R Dept. of Correction (DOC), 23R Dept. of Elementary & Secondary Educ. (DOE), 24R Parole Board (PAR), 25R Veteran's Services (VET), 26R Ex. Off. of Elder Affairs (ELD), 27R Div.of Housing & Community Develop(OC), 28R POS Subcontract, 29R Other Mass. State Agency POS, 30R Mass State Agency Non - POS, 31R Mass. Local Govt/Quasi-Govt. Entities, 32R Non-Mass. State/Local Government, 33R Direct Federal Grants/Contracts, 34R Medicaid - Direct Payments, 35R Medicaid - MBHP Subcontract, 36R Medicare, 37R Mass. Govt. Client Stipends, 38R Client Resources, 39R Mass. spon.client SF/3rd Pty offsets, 40R Other Publicly sponsored client offsets, 41R Private Client Fees (excluding 3rd Pty), 42R Private Client 3rd Pty/other offsets, 43R Total Assistance and Fees, 44R Federated Fundraising, 45R Commercial Activities, 46R Non-Charitable Revenue, 47R Investment Revenue, 48R Other Revenue, 49R Allocated Admin (M&G) Revenue, 50R Released Net Assets-Program, 51R Released Net Assets-Equipment, 52R Released Net Assets-Time, 53R Total Revenue = 57E

SERVICE STATISTICS

Table with columns: 1SS Enter defined unit of service: Per Family, 2SS Enter total unit capacity: 60

Undup # # service units Clients delivered

Table with columns: 3SS OSD's Program Publicly sponsored clients: 35, 4SS Performance Report (D-1 Privately sponsored clients: 35, 5SS Internet filing system) Free Care clients: 35, 6SS suspended for FY '08 Total: 35, 7SS filings.

CRE Preliminary Calculation of Cost Reimb. Excess Rev. \* (subject to OSD adjustment)

MASSACHUSETTS CHARACTER INFORMATION

Table with columns: Dept, Contract ID -11 Characters, MMARS Code. Rows: 1C EEC 752117HALLM M03, 2C, 3C, 4C, 5C

POS SUBCONTRACT INFORMATION

Table with columns: State Dept, Payor Name, Payor's FEIN. Rows: 1PS, 2PS, 3PS

NON-REIMBURSABLE EXPENSE DETAIL

Table with columns: Description, Expense Amt. Rows: 1N Direct Employee Compensation & Related Exp., 2N Direct Occupancy, 3N Direct Other Program/Operating, 4N Direct Subcontract Expense, 5N Direct Administrative Expense, 6N Direct Other Expense, 7N Direct Depreciation, 8N Total Direct Non-Reimbursable (Tie to 54E), 9N Total Direct and Allocated Non-Reimb. (54E+55E), 10N Eligible Non-Reimbursable Exp. Revenue Offsets, 11N Capital Budget Revenue Adjustment, 12N Excess of Non-Reimbursable Expense Over Offsets

(Any Excess of Non-Reimbursable Expense over Eligible Revenue Offsets is subject to recoupment where the program is purchased by the Commonwealth and must be recognized as a liability on the Financial Statements.)

PREPARER COMMENTS:

ORGANIZATION: Tufts Medicine, Inc. and Consolidated Affiliates

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2022

FEIN: 472250732

UFR Program Number: 05

Program Name: MWH Mass Home Visiting

Description: Home Visiting Maternal Child Evidence Based

Catalog of Federal Domestic Assistance #: 93.870

B

http://www.cfda.gov/default.htm

\*Program Type: 27

Program Address: 170 Governors Ave.

Medford

MA

02155

# Weeks operated during audit period (e.g., 52): 52.00

# operating hours/week (e.g., 40): 37.50

(Number/Street)

(City)

(State)

(Zipcode)

Note to Readers: This schedule should be read in context with F.S. Notes and all other UFR information. In many instances the presence of significant planned to actual variances or non-reimbursable expenses (e.g., In-Kind donations) may be appropriate and desirable. \* Program Type codes: 21 = SPED; 22 = HCFP/Medicaid Class Rate; 23 = Negotiated Unit Rate; 24 = Negotiated Accommodations Rate; 25 = Non-negotiated Accommodations Rate; 26 = Other Non-negotiated Unit Rate; 27 = Cost Reimbursement; NA = Not Applicable

Table with columns: REVENUE, STAFFING # hours/yr = 1.00 FTE: 1950, FTE, Salary/Wage, EXPENSE - ACTUAL/PLANNED, FTE, Actual, Planned, % Var. Rows include 1R-53R revenue items and 1E-58E expense items.

SERVICE STATISTICS

Table with columns: 1SS Enter defined unit of service: Per Family, 2SS Enter total unit capacity: 12, 3SS OSD's Program, 4SS Performance Report (D-1), 5SS Internet filing system, 6SS suspended for FY '08, 7SS filings.

Undup # # service units Clients delivered

Table with columns: Clients, delivered. Values: 12, 22,050, 0.40, 0.84, 30,900, 0.00, 278, 1.54, 79,729.

MASSACHUSETTS CONTRACT INFORMATION

Table with columns: Dept, Contract ID -11 Characters, MMARS Code. Row 1C: DPH, INTF3617M03, 4954.

POS SUBCONTRACT INFORMATION

Table with columns: State Dept, Payor Name, Payor's FEIN. Rows 1PS, 2PS, 3PS.

NON-REIMBURSABLE EXPENSE DETAIL

Table with columns: Description, Expense Amt. Rows 1N-12N detailing non-reimbursable expenses.

(Any Excess of Non-Reimbursable Expense over Eligible Revenue Offsets is subject to recoupment where the program is purchased by the Commonwealth and must be recognized as a liability on the Financial Statements.)

PREPARER COMMENTS:

ORGANIZATION: Tufts Medicine, Inc. and Consolidated Affiliates

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2022

FEIN: 472250732

UFR Program Number: 06

Program Name: MWH Women Infants and Children Nutrition Program

Description: Supplemental Nutritional Education Program

Catalog of Federal Domestic Assistance #: 10.557

B

http://www.cfda.gov/default.htm

\*Program Type: 27

Program Address: 239 Commercial Street

Malden

MA

02148

# Weeks operated during audit period (e.g., 52): 52.00

# operating hours/week (e.g., 40): 37.50

Note to Readers: This schedule should be read in context with F.S. Notes and all other UFR information. In many instances the presence of significant planned to actual variances or non-reimbursable expenses (e.g., In-Kind donations) may be appropriate and desirable.

Table with columns: REVENUE, STAFFING # hours/yr = 1.00 FTE: 1950, FTE, Salary/Wage, EXPENSE - ACTUAL/PLANNED, FTE, Actual, Planned, % Var. Rows include 1R Contrib., Gifts, Leg., Bequests, Spec. Ev., 2R Gov. In-Kind/Capital Budget, 3R Private IN-Kind, 4R Total Contribution and In-Kind, 5R Mass Gov. Grant, 6R Other Grant (exclud. Fed.Direct), 7R Total Grants, 8R Dept. of Mental Health (DMH), 9R Dept.of Developmental Services(DDS/DMR), 10R Dept. of Public Health (DPH), 11R Dept.of Children and Families (DCF/DSS), 12R Dept. of Transitional Assist (DTA/WEL), 13R Dept. of Youth Services (DYS), 14R Health Care Fin & Policy (HCF)-Contract, 15R Health Care Fin & Policy (HCF)-UCP, 16R MA. Comm. For the Blind (MCB), 17R MA. Comm. for Deaf & H H (MCD), 18R MA. Rehabilitation Commission (MRC), 19R MA. Off. for Refugees & Immigr.(ORI), 20R Dept.of Early Educ. & Care (EEC)-Contract, 21R Dept.of Early Educ. & Care (EEC)-Voucher, 22R Dept. of Correction (DOC), 23R Dept. of Elementary & Secondary Educ. (DOE), 24R Parole Board (PAR), 25R Veteran's Services (VET), 26R Ex. Off. of Elder Affairs (ELD), 27R Div.of Housing & Community Develop(OC), 28R POS Subcontract, 29R Other Mass. State Agency POS, 30R Mass State Agency Non - POS, 31R Mass. Local Govt/Quasi-Govt. Entities, 32R Non-Mass. State/Local Government, 33R Direct Federal Grants/Contracts, 34R Medicaid - Direct Payments, 35R Medicaid - MBHP Subcontract, 36R Medicare, 37R Mass. Govt. Client Stipends, 38R Client Resources, 39R Mass. spon.client SF/3rd Pty offsets, 40R Other Publicly sponsored client offsets, 41R Private Client Fees (excluding 3rd Pty), 42R Private Client 3rd Pty/other offsets, 43R Total Assistance and Fees, 44R Federated Fundraising, 45R Commercial Activities, 46R Non-Charitable Revenue, 47R Investment Revenue, 48R Other Revenue, 49R Allocated Admin (M&G) Revenue, 50R Released Net Assets-Program, 51R Released Net Assets-Equipment, 52R Released Net Assets-Time, 53R Total Revenue = 57E.

SERVICE STATISTICS

Table with columns: 1SS Enter defined unit of service: Per Family, 2SS Enter total unit capacity: 3,000, 3SS OSD's Program Publicly sponsored clients:, 4SS Performance Report (D-1 Privately sponsored clients:, 5SS Internet filing system) Free Care clients:, 6SS suspended for FY '08 Total:, 7SS filings.

Table with columns: Undup # Clients, # service units delivered, 2,900, 2,900.

MASSACHUSETTS CONTRACT INFORMATION

Table with columns: Dept, Contract ID -11 Characters, MMARS Code, 1C DPH INTF3502M03 3375, 2C, 3C, 4C, 5C.

POS SUBCONTRACT INFORMATION

Table with columns: State Dept, Payor Name, Payor's FEIN, 1PS, 2PS, 3PS.

NON-REIMBURSABLE EXPENSE DETAIL

Table with columns: Description, 1N Direct Employee Compensation & Related Exp., 2N Direct Occupancy, 3N Direct Other Program/Operating, 4N Direct Subcontract Expense, 5N Direct Administrative Expense, 6N Direct Other Expense, 7N Direct Depreciation, 8N Total Direct Non-Reimbursable (Tie to 54E), 9N Total Direct and Allocated Non-Reimb. (54E+55E), 10N Eligible Non-Reimbursable Exp. Revenue Offsets, 11N Capital Budget Revenue Adjustment, 12N Excess of Non-Reimbursable Expense Over Offsets.

(Any Excess of Non-Reimbursable Expense over Eligible Revenue Offsets is subject to recoupment where the program is purchased by the Commonwealth and must be recognized as a liability on the Financial Statements.)

PREPARER COMMENTS:



ORGANIZATION: Tufts Medicine, Inc. and Consolidated Affiliates

PROGRAM SUPPLEMENTAL INFORMATION SCHEDULE B - Unaudited

FY END: 9/30/2022

FEIN: 472250732

UFR Program Number: 07

Program Name: Non-Grant System Activity

Description: Non-Grant System Activity

Catalog of Federal Domestic Assistance #: B

http://www.cfda.gov/default.htm

\*Program Type: NA

Program Address: Various

(Number/Street)

(City)

(State)

(Zipcode)

# Weeks operated during audit period (e.g., 52): 52.00

# operating hours/week (e.g., 40): 168.00

Note to Readers: This schedule should be read in context with F.S. Notes and all other UFR information. In many instances the presence of significant planned to actual variances or non-reimbursable expenses (e.g., In-Kind donations) may be appropriate and desirable.

\* Program Type codes: 21 = SPED; 22 = HCFP/Medicaid Class Rate; 23 = Negotiated Unit Rate; 24 = Negotiated Accommodations Rate; 25 = Non-negotiated Accommodations Rate; 26 = Other Non-negotiated Unit Rate; 27 = Cost Reimbursement; NA = Not Applicable

Table with columns: REVENUE, STAFFING # hours/yr = 1.00 FTE, FTE, Salary/Wage, EXPENSE - ACTUAL/PLANNED, FTE, Actual, Planned, % Var. Rows include 1R-53R revenue items and 1E-58E expense items.

Table with columns: SUBCONTRACTED DIRECT CARE EXPENSE DETAIL, POS SUBCONTRACT INFORMATION. Includes sub-contractor names, FEIN, and expense amounts.

Table with columns: NON-REIMBURSABLE EXPENSE DETAIL, Description. Lists various non-reimbursable expenses and their descriptions.

PREPARER COMMENTS: