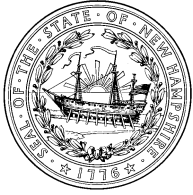


102 - 6/3/26



STATE OF NEW HAMPSHIRE

DEPARTMENT OF HEALTH AND HUMAN SERVICES

*DIVISION FOR BEHAVIORAL HEALTH*

129 PLEASANT STREET, CONCORD, NH 03301  
603-271-9544 1-800-852-3345 Ext. 9544

Fax: 603-271-4332 TDD Access: 1-800-735-2964 www.dhhs.nh.gov

Lori A. Weaver  
Commissioner

Katja S. Fox  
Director

May 4, 2026

Her Excellency, Governor Kelly A. Ayotte  
and the Honorable Council  
State House  
Concord, New Hampshire 03301

**REQUESTED ACTION**

Authorize the Department of Health and Human Services, Division for Behavioral Health, to enter into a **Sole Source** amendment to an existing contract with Concord Hospital – Laconia (VC#355356), Laconia, NH to continue operating a single point of entry Doorway for individuals seeking access to substance use-related services and supports, by exercising a contract renewal option increasing the total price limitation by \$6,508,094 from \$7,363,000 to \$13,871,094, which includes increasing the individual price limitation by \$1,569,110 from \$2,100,000 to \$3,669,110 and increasing the shared price limitation by \$4,938,984, from \$5,263,000 to \$10,201,984 for unmet and flexible needs funding among all nine (9) Doorway Contractors and extending the completion date from September 29, 2026 to September 29, 2027, effective upon Governor and Council approval. 91.55% Federal Funds. 8.45% General Funds.

The original contract was approved by Governor and Council on March 12, 2025, Item #19 and amended on September 17, 2025, Item #117.

Funds are available in the following accounts for State Fiscal Years 2026 and 2027, and are anticipated to be available in State Fiscal Year 2028, upon the availability and continued appropriation of funds in the future operating budget, with the authority to adjust budget line items within the price limitation and encumbrances between state fiscal years through the Budget Office, if needed and justified.

**See attached fiscal details.**

**EXPLANATION**

This request is **Sole Source** because MOP 150 requires all amendments to agreements originally approved as sole source to be identified as sole source. The Contractor serves as a long-standing critical access point for substance use disorder services and related health supports within the region. They have established effective partnerships with key community-based providers, possess the administrative and operational infrastructure necessary to meet the Department's expectations for Doorway services, and are positioned to provide these services without interruption. Transitioning these responsibilities to another entity would cause significant disruption to service delivery, jeopardize continuity of care for individuals seeking treatment and support, and reduce coordination across the provider network.

The Contractor will continue to provide the resources and supports necessary to strengthen existing prevention, treatment, and recovery services. This includes promoting sustained engagement in the recovery process and ensuring individuals have timely access and

Her Excellency, Governor Kelly A. Ayotte  
and the Honorable Council  
Page 2 of 2

referral to critical services that reduce substance use disorders, opioid- and stimulant-related harms, overdoses, and deaths. The Contractor will also continue delivering immediate screening and assessment services to determine the appropriate level of care; maintaining mechanisms for the rapid transport of individuals to safe interim housing when treatment is not immediately available; and administering facilitated referrals and case management to help individuals navigate the prevention, treatment, and recovery system. Third-party billing will continue to be used whenever allowable, while grant funds will remain the payor of last resort to support non-billable but essential services.

Shared pool funding will continue to address and remove barriers that often prevent individuals from accessing needed care. This funding supports emergent needs such as resources for individuals awaiting treatment or recovery services when capacity is limited; peer recovery support services; expenses associated with securing or maintaining safe housing; childcare that enables parents and caregivers to participate in treatment and recovery programming; and coordination of transportation to and from recovery-related medical appointments. These supports are critical to maintaining continuity of care and ensuring individuals can fully engage in treatment and recovery services.

Approximately 686 individuals will be served annually.

The Department will monitor services through the review of monthly data reports and federal reporting requirements submitted by the Contractor, and through regularly scheduled meetings with the Contractor to ensure deliverables are being met and to determine quality improvement needs.

As referenced in Exhibit A, Revisions to Standard Agreement Provisions of the original agreement, the parties have the option to extend the agreement for up to five (5) additional years, contingent upon satisfactory delivery of services, available funding, agreement of the parties and Governor and Council approval. The Department is exercising its option to renew services for one (1) of the four (4) remaining years available.

Should the Governor and Council not authorize this request individuals seeking substance-use-related supports and services may experience difficulty navigating the complex treatment and recovery system, may not receive the needed supports and services, and may experience delays in receiving care.

Area served: Statewide.

Source of Federal Funds: Assistance Listing Number 93.788, FAIN H79TI087843.

Respectfully submitted,



For:

Lori A. Weaver  
Commissioner

Fiscal Details

**05-95-92-920510-70400000 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT, HHS: BEHAVIORAL HEALTH DIV, BUREAU OF DRUG AND ALCOHOL SERVICES, SOR GRANT (100% Federal Funds)**

State Fiscal Year	Class / Account	Class Title	Job Number	Current Budget	Increased (Decreased) Amount	Revised Budget
2025	074-500589	Welfare Assistance	92057066	\$787,500.00	\$0	\$787,500.00
2026	074-500589	Welfare Assistance	92057066	\$262,500.00	\$0	\$262,500.00
2026	074-500589	Welfare Assistance	92057076	\$787,500.00	\$176,555.00	\$964,055.00
2026	074-500589	Welfare Assistance	92057072	\$0	\$50,000.00	\$50,000.00
2027	074-500589	Welfare Assistance	92057076	\$262,500.00	\$12,000.00	\$274,500.00
2027	074-500589	Welfare Assistance	92057072	\$0	\$50,000.00	\$50,000.00
2027	074-500589	Welfare Assistance	TBD	\$0	\$968,055.00	\$968,055.00
2028	074-500589	Welfare Assistance	TBD	\$0	\$312,500.00	\$312,500.00
			<b>Subtotal</b>	<b>\$2,100,000.00</b>	<b>\$1,569,110.00</b>	<b>\$3,669,110.00</b>

**05-95-92-920510-33820000 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT OF, HHS:DIV FOR BEHAVIORAL HEALTH, BUREAU OF DRUG & ALCOHOL SVCS, GOVERNOR COMMISSION FUNDS**

State Fiscal Year	Class / Account	Class Title	Job Number	Current Budget	Increased (Decreased) Amount	Revised Budget
2025	102-500731	Contracts for Prog Svc	92058501	\$413,000.00	\$0	\$413,000.00
2026	102-500731	Contracts for Prog Svc	92058501	\$162,000.00	\$0	\$162,000.00
2026	102-500731	Contracts for Prog Svc	92058501	\$488,000.00	\$0	\$488,000.00
2027	102-500731	Contracts for Prog Svc	92058511	\$0	\$137,500.00	\$137,500.00
2027	102-500731	Contracts for Prog Svc	92058511	\$0	\$412,500.00	\$412,500.00
			<b>Subtotal</b>	<b>\$1,063,000.00</b>	<b>\$550,000.00</b>	<b>\$1,613,000.00</b>

**05-95-92-920510-70400000 HEALTH AND SOCIAL SERVICES, HEALTH AND HUMAN SVCS DEPT, HHS: BEHAVIORAL HEALTH DIV, BUREAU OF DRUG AND ALCOHOL SERVICES, SOR GRANT (100% Federal Funds)**

State Fiscal Year	Class / Account	Class Title	Job Number	Current Budget	Increased (Decreased) Amount	Revised Budget
2025	074-500589	Welfare Assistance	92057066	\$200,000.00	\$0	\$200,000.00
2025	074-500589	Welfare Assistance	92057070	\$1,500,000.00	\$0	\$1,500,000.00
2026	074-500589	Welfare Assistance	92057070	\$500,000.00	\$0	\$500,000.00
2026	074-500589	Welfare Assistance	92057076	\$1,500,000.00	\$500,000.00	\$2,000,000.00
2027	074-500589	Welfare Assistance	92057076	\$500,000.00	\$444,492.00	\$944,492.00
2027	074-500589	Welfare Assistance	TBD	\$0	\$2,583,369.00	\$2,583,369.00
2028	074-500589	Welfare Assistance	TBD	\$0	\$861,123.00	\$861,123.00
			<b>Subtotal</b>	<b>\$4,200,000.00</b>	<b>\$4,388,984.00</b>	<b>\$8,588,984.00</b>

<b>Overall Total</b>	<b>\$7,363,000.00</b>	<b>\$6,508,094.00</b>	<b>\$13,871,094.00</b>
----------------------	-----------------------	-----------------------	------------------------

**State of New Hampshire  
Department of Health and Human Services  
Amendment #2**

This Amendment to the Doorway for Substance Use-Related Supports and Services contract is by and between the State of New Hampshire, Department of Health and Human Services ("State" or "Department") and Concord Hospital - Laconia ("the Contractor").

WHEREAS, pursuant to an agreement (the "Contract") approved by the Governor and Executive Council on March 12, 2025 (Item #19) and amended on September 17, 2025 (Item #117), the Contractor agreed to perform certain services based upon the terms and conditions specified in the Contract and in consideration of certain sums specified; and

WHEREAS, pursuant to Form P-37, General Provisions, the Contract may be amended upon written agreement of the parties and approval from the Governor and Executive Council; and

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained in the Contract and set forth herein, the parties hereto agree to amend as follows:

1. Form P-37 General Provisions, Block 1.7., Completion Date, to read:  
September 29, 2027
2. Form P-37, General Provisions, Block 1.8., Price Limitation, to read:  
\$13,871,094
3. Modify Exhibit B, Scope of Services, Section 1.1.3. through Section 1.1.5., to read:
  - 1.1.3. SAMHSA Unified Performance Reporting Tool (SUPRT), or other reporting tool as identified and required by SAMHSA;
  - 1.1.4. American Society of Addiction Medicine (ASAM) Criteria. The Contractor must:
    - 1.1.4.1. Transition from ASAM Criteria, 3rd Edition to ASAM Criteria, 4th Edition and ensure services are provided in accordance with ASAM Criteria, 4th Edition no later than January 1, 2026; and
    - 1.1.4.2. Transition to, and ensure services are, provided in accordance with updated ASAM Criteria Editions within timeframes as specified and notified by the Department.
  - 1.1.5. Reserved;
4. Modify Exhibit B, Scope of Services, Section 1.2.2., to read:
  - 1.2.2. A minimum of one (1) physical location for individuals to receive face-to-face services, ensuring any request for a change in location is submitted to the Department for approval, no later than 30 business days prior to the requested move. The Contractor may:
    - 1.2.2.1. Operate additional physical locations, as approved by the Department, based on demand for services and community need. The operation of additional physical location must be within the price limitation as identified on Form P-37, General Provisions, Block 1.8.
5. Modify Exhibit B, Scope of Services, Section 1.4.2.3., to read:
  - 1.4.2.3. Treatment options, including same day access to medications for substance use disorders. The Contractor may:
    - 1.4.2.3.1. Implement and operate a Recovery Enhancement Program (REP) to enhance current outpatient Substance Use Disorder (SUD) treatment services; with the goal of reducing substance use and improving engagement in treatment, as approved by the Department, based on demand for services and community need. The operation of a REP must be within the price limitation as identified

on Form P-37, General Provisions, Block 1.8.

6. Modify Exhibit B, Scope of Services, Section 1.4.2.11.4., to read:
  - 1.4.2.11.4. Ongoing follow-up and support of individuals engaged in services, in collaboration or consultation with the individual's external service provider(s), until a discharge SUPRT interview, detailed in Section 1.24 is completed;
7. Modify Exhibit B, Scope of Services, Section 1.4.3.1., to read:
  - 1.4.3.1. Is person-centered, based on the clinical evaluation identified above, meets the specific needs of individuals described in Section 1.3., and is written in simple, easy to understand language.
8. Modify Exhibit B, Scope of Services, Section 1.23., by adding Section 1.23.11., to read:
  - 1.23.11. The Contractor must conduct a comprehensive review of Doorway billing processes, procedures, and service designations by September 29, 2026. This review must include an assessment of alignment across the organization's health system to ensure consistency, accuracy, and compliance with program requirements. The assessment must identify opportunities to optimize the use of grant funding and enhance overall operational efficiency.
9. Modify Exhibit B, Scope of Services, Section 1.24., to read:
  - 1.24. SAMHSA Unified Performance Reporting Tool (SUPRT), or other reporting tool as identified and required by SAMHSA
    - 1.24.1. The Contractor must administer or coordinate the completion of SUPRT A and C baseline tool entries and associated re-assessments at six (6) months, one year, and discharge for all individuals receiving program services.
    - 1.24.2. The Contractor must provide individuals served with clear guidance about the uses and disclosures of the information provided to complete the SUPRT, the tools required to complete the SUPRT-C, and the use and disclosure of the Part 2 information or other PHI required in order to complete the SUPRT. The Contractor must also provide staff training regarding the confidentiality of the identifiable information included in the SUPRT.
    - 1.24.3. The Contractor must ensure the SUPRT reporting tools are attempted at a minimum of the following intervals:
      - 1.24.3.1. Baseline: Within 30 days of initial grant-covered service;
      - 1.24.3.2. Six Month Re-assessment: Six months post baseline. The window for this tool entry opens five (5) months after the baseline tool entry and closes seven (7) months after the baseline for individuals still receiving services;
      - 1.24.3.3. Annual Re-Assessment: One year post baseline. The window for this tool entry opens eleven (11) months after the baseline tool entry and closes thirteen (13) months after the baseline for individuals still receiving services; and
      - 1.24.3.4. Closeout: Upon discharge from the initially referred service.
    - 1.24.4. The Contractor must ensure completed SUPRT data is entered into the Department-approved system, at a minimum of the following intervals:
      - 1.24.4.1. Baseline: Within 30 days of initial grant-covered service;
      - 1.24.4.2. Six Month Re-assessment: Six months post baseline. The window for this tool entry opens five (5) months after the baseline tool entry and

closes seven (7) months after the baseline for individuals still receiving services;

1.24.4.3. Annual Re-Assessment: One year post baseline. The window for this tool entry opens eleven (11) months after the baseline tool entry and closes thirteen (13) months after the baseline for individuals still receiving services; and

1.24.4.4. Closeout: Upon discharge from the initially referred service. The Contractor must document any loss of contact with participants in the Department-approved system using the appropriate process and protocols as defined by SAMHSA and through technical assistance provided under the SOR grant.

10. Modify Exhibit B, Scope of Services, Section 1.25.8., to read:

1.25.8. The Contractor must collaborate with the Department and other SOR funded vendors, as requested and directed by the Department, to improve SUPRT data collection.

11. Modify Exhibit C, Payment Terms; Section 1., to read:

1. This Agreement is funded by:

1.1. 88.37% Federal funds, Federal funds, State Opioid Response (SOR), awarded by the DHHS Substance Abuse and Mental Health Services Administration (SAMHSA), ALN 93.788, as awarded on:

1.1.1. September 24, 2024, FAIN H79TI087843.

1.1.2. September 29, 2024, FAIN H79TI085759.

1.1.3. September 20, 2025, FAIN H79TI087843.

1.1.4. Date TBD, FAIN H79TI087843.

1.2. 7.66% Other funds (Governor's Commission).

1.3. 3.97% General funds

12. Modify Exhibit C, Payment Terms, Section 3., to read:

3. Payment shall be on a cost reimbursement basis for actual expenditures incurred in the fulfillment of this Agreement, and shall be in accordance with the approved line items, as specified in Exhibits C-1, Doorway Services Budget through Exhibit C-5, Doorway Services Budget, Amendment #2.

13. Modify Exhibit C, Payment Terms, Section 5. through Section 5.1.2. only, to read:

5. The Contractor may be eligible to receive reimbursement for expenses incurred in the fulfillment of this Agreement and in accordance with Exhibit B, Scope of Services, Sections 1.9., 1.10., and 1.11. This Agreement is one of multiple individual Agreements with Contractors providing Doorway services with a total shared price limitation that shall not exceed \$10,201,984. No maximum or minimum funding amount per Contractor is guaranteed.

5.1. The statewide total shared price limitation across all individual Doorway Agreements is:

5.1.1. \$8,588,984 Flexible Needs Funds, as funded by SOR. SOR funding is available only for individuals with a history, current diagnosis, or who are at risk of developing an opioid and/or stimulant use disorder (O/StimUD), as follows:

5.1.1.1. \$2,200,000 from September 30, 2024 through September 29, 2025;

5.1.1.2. \$2,944,492 from September 30, 2025 through September 29, 2026; and

5.1.1.3. \$3,444,492 from September 30, 2026 through September 29, 2027; and

5.1.2. \$1,613,000 Unmet Needs Funds, as funded by the Governor's Commission on Addiction, Treatment, and Prevention, are available only for individuals with a history, current diagnosis, or who are at risk of developing substance use disorders, including alcohol use disorder, and excluding O/StimUD and is not available for services otherwise covered through SOR federal grant funding administered through SAMHSA, as follows:

5.1.2.1. \$575,000 from September 30, 2024 through September 29, 2025;

5.1.2.2. \$625,500 from September 30, 2025 through September 29, 2026; and

5.1.2.3. \$412,500 from September 30, 2026 through June 30, 2027.

14. Modify Exhibit C-3, Doorway Services Budget – Amendment #1, by replacing it in its entirety with Exhibit C-3, Doorway Services Budget – Amendment #2, which is attached hereto and incorporated by reference herein.

15. Add Exhibit C-5, Doorway Services Budget – Amendment #2, which is attached hereto and incorporated by reference herein.

DS  
RS

All terms and conditions of the Contract and prior amendments not modified by this Amendment remain in full force and effect. This Amendment shall be effective upon Governor and Council approval.

IN WITNESS WHEREOF, the parties have set their hands as of the date written below,

State of New Hampshire  
Department of Health and Human Services

5/8/2026  
\_\_\_\_\_  
Date

DocuSigned by:  
*Katja S. Fox*  
\_\_\_\_\_  
Name: Katja S. Fox  
Title: Director

Concord Hospital - Laconia

5/7/2026  
\_\_\_\_\_  
Date

DocuSigned by:  
*Robert Steigmeyer*  
\_\_\_\_\_  
Name: Robert Steigmeyer  
Title: President and CEO

The preceding Amendment, having been reviewed by this office, is approved as to form, substance, and execution.

OFFICE OF THE ATTORNEY GENERAL

5/8/2026

Date

DocuSigned by:  
*Robyn Guarino*

Name: Robyn Guarino

Title: Attorney

I hereby certify that the foregoing Amendment was approved by the Governor and Executive Council of the State of New Hampshire at the Meeting on: \_\_\_\_\_ (date of meeting)

OFFICE OF THE SECRETARY OF STATE

Date

Name:

Title:

New Hampshire Department of Health and Human Services						
Contractor Name: <i>Concord Hospital - Laconia</i>						
Budget Request for: <i>DOORWAY SERVICES: September 30, 2025 through September 29, 2026</i>						
Indirect Cost Rate (if applicable) <i>9.27%</i>						
Line Item	9/30/25-6/30/26			7/1/26-9/29/26		
	Total Program Cost	Program Cost - Contractor Share/ Match	Program Cost - Funded by DHHS	Total Program Cost	Program Cost - Contractor Share/ Match	Program Cost - Funded by DHHS
1. Salary & Wages	\$244,638	\$24,967	\$219,671	\$79,311	\$15,000	\$64,311
2. Fringe Benefits	\$110,023	\$0	\$110,023	\$36,540	\$0	\$36,540
3. Consultants	\$0	\$0	\$0	\$0	\$0	\$0
4. Equipment						
Indirect cost rate cannot be applied to equipment costs per 2 CFR 200.1 and Appendix IV to 2 CFR 200.	\$1,872	\$0	\$1,872	\$2,000	\$0	\$2,000
5.(a) Supplies - Educational	\$0	\$0	\$0	\$0	\$0	\$0
5.(b) Supplies - Lab	\$0	\$0	\$0	\$0	\$0	\$0
5.(c) Supplies - Pharmacy	\$0	\$0	\$0	\$0	\$0	\$0
5.(d) Supplies - Medical	\$0	\$0	\$0	\$1,500	\$0	\$1,500
5.(e) Supplies - Office	\$3,032	\$0	\$3,032	\$1,500	\$0	\$1,500
6. Travel	\$11,363	\$0	\$11,363	\$4,050	\$0	\$4,050
7. Software	\$34,919	\$0	\$34,919	\$1,528	\$0	\$1,528
8. (a) Other - Marketing/Communications	\$2,500	\$0	\$2,500	\$833	\$0	\$833
8. (b) Other - Education and Training	\$18,750	\$0	\$18,750	\$4,000	\$0	\$4,000
8. (c) Other - Other (specify below)	\$0	\$0	\$0	\$0	\$0	\$0
<i>Other (location space)</i>	\$39,063	\$0	\$39,063	\$13,395	\$0	\$13,395
<i>Other - Sustainability review - Do NOT Move</i>	\$50,000	\$0	\$50,000	\$50,000	\$0	\$50,000
<i>Other (please specify)</i>	\$0	\$0	\$0	\$0	\$0	\$0
<i>Other (please specify)</i>	\$0	\$0	\$0	\$0	\$0	\$0
<i>Other (please specify)</i>	\$0	\$0	\$0	\$0	\$0	\$0
<i>Other (please specify)</i>	\$0	\$0	\$0	\$0	\$0	\$0
<i>Other (please specify)</i>	\$0	\$0	\$0	\$0	\$0	\$0
9. Subrecipient Contracts	\$304,609	\$0	\$304,609	\$69,000	\$0	\$69,000
<b>Total Direct Costs</b>	<b>\$820,769</b>	<b>\$24,967</b>	<b>\$795,802</b>	<b>\$263,657</b>	<b>\$15,000</b>	<b>\$248,657</b>
<b>Total Indirect Costs</b>	<b>\$68,253</b>	<b>\$0</b>	<b>\$68,253</b>	<b>\$25,843</b>	<b>\$0</b>	<b>\$25,843</b>
<b>Subtotals</b>	<b>\$889,022</b>	<b>\$24,967</b>	<b>\$864,055</b>	<b>\$289,500</b>	<b>\$15,000</b>	<b>\$274,500</b>
				<b>TOTAL</b>		<b>\$1,138,555</b>

DS  
RS

Contractor Initials: \_\_\_\_\_  
Date: 5/7/2026

New Hampshire Department of Health and Human Services Contractor Name: <i>Concord Hospital - Laconia</i> Budget Request for: <i>DOORWAY SERVICES: September 30, 2026 - September 29, 2027</i> Indirect Cost Rate (if applicable) 11.79%						
Line Item	Total Program Cost	9/30/26-6/30/27			7/1/27-9/29/27	
		Program Cost - Contractor Share/ Match	Program Cost - Funded by DHHS	Total Program Cost	Program Cost - Contractor Share/ Match	Program Cost - Funded by DHHS
1. Salary & Wages	\$386,000	\$25,000	\$361,000	\$128,667	\$9,000	\$119,667
2. Fringe Benefits	\$162,120	\$0	\$162,120	\$54,040	\$0	\$54,040
3. Consultants	\$0	\$0	\$0	\$0	\$0	\$0
4. Equipment						
Indirect cost rate cannot be applied to equipment costs per 2 CFR 200.1 and Appendix IV to 2 CFR 200.	\$10,000	\$0	\$10,000	\$3,000	\$0	\$3,000
5.(a) Supplies - Educational	\$1,500	\$0	\$1,500	\$333	\$0	\$333
5.(b) Supplies - Lab	\$0	\$0	\$0	\$0	\$0	\$0
5.(c) Supplies - Pharmacy	\$0	\$0	\$0	\$0	\$0	\$0
5.(d) Supplies - Medical	\$10,000	\$0	\$10,000	\$4,000	\$0	\$4,000
5.(e) Supplies - Office	\$8,000	\$0	\$8,000	\$3,333	\$0	\$3,333
6. Travel	\$16,000	\$0	\$16,000	\$5,333	\$0	\$5,333
7. Software	\$44,975	\$0	\$44,975	\$2,230	\$0	\$2,230
8. (a) Other - Marketing/Communications	\$1,500	\$0	\$1,500	\$3,000	\$0	\$3,000
8. (b) Other - Education and Training	\$4,000	\$0	\$4,000	\$4,232	\$0	\$4,232
8. (c) Other - Other (specify below)	\$0	\$0	\$0	\$0	\$0	\$0
<i>Other- (location space)</i>	\$88,764	\$0	\$88,764	\$27,347	\$0	\$27,347
<i>Other- (please specify)</i>	\$0	\$0	\$0	\$0	\$0	\$0
<i>Other- (please specify)</i>	\$0	\$0	\$0	\$0	\$0	\$0
<i>Other - (please specify)</i>	\$0	\$0	\$0	\$0	\$0	\$0
<i>Other (please specify)</i>	\$0	\$0	\$0	\$0	\$0	\$0
<i>Other (please specify)</i>	\$0	\$0	\$0	\$0	\$0	\$0
9. Subrecipient Contracts-	\$159,073	\$0	\$159,073	\$53,024	\$0	\$53,024
0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Direct Costs</b>	<b>\$891,932</b>	<b>\$25,000</b>	<b>\$866,932</b>	<b>\$288,539</b>	<b>\$9,000</b>	<b>\$279,539</b>
<b>Total Indirect Costs</b>	<b>\$101,123</b>	<b>\$0</b>	<b>\$101,123</b>	<b>\$32,961</b>	<b>\$0</b>	<b>\$32,961</b>
<b>Subtotals</b>	<b>\$993,055</b>	<b>\$25,000</b>	<b>\$968,055</b>	<b>\$321,500</b>	<b>\$9,000</b>	<b>\$312,500</b>
<b>TOTAL</b>					<b>\$</b>	<b>1,280,555</b>

Contractor Initials: RS

Date: 5/7/2026

# State of New Hampshire

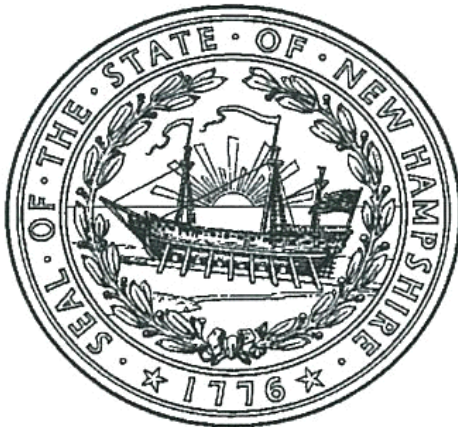
## Department of State

### CERTIFICATE

I, David M. Scanlan, Secretary of State of the State of New Hampshire, do hereby certify that CONCORD HOSPITAL - LACONIA is a New Hampshire Nonprofit Corporation registered to transact business in New Hampshire on May 18, 2020. I further certify that all fees and documents required by the Secretary of State's office have been received and is in good standing as far as this office is concerned.

Business ID: **842949**

Certificate Number: **0007855670**



IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed  
the Seal of the State of New Hampshire,  
this 20th day of March A.D. 2026.

A handwritten signature in black ink, appearing to read "D. Scanlan", is written over a faint circular outline.

David M. Scanlan  
Secretary of State

**CERTIFICATE OF AUTHORITY**

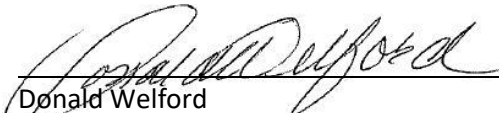
I, Donald Welford, hereby certify that:

1. I am a duly elected Secretary of Concord Hospital, Inc.
2. The following is a true copy of a vote taken at a meeting of the Board of Trustees, duly called and held on March 23, 2026, at which a quorum of the Trustees were present and voting.

**VOTED:** That Robert Steigmeyer, President and CEO, is duly authorized on behalf of Concord Hospital, Inc. and Concord Hospital - Laconia to enter into contracts or agreements with the State of New Hampshire and any of its agencies or departments and further is authorized to execute any and all documents, agreements and other instruments, and any amendments, revisions, or modifications thereto, which may in his/her judgment be desirable or necessary to effect the purpose of this vote.

3. I hereby certify that said vote has not been amended or repealed and remains in full force and effect as of the date of the contract/contract amendment to which this certificate is attached. This authority was valid thirty (30) days prior to and remains valid for thirty (30) days from the date of this Certificate of Authority. I further certify that it is understood that the State of New Hampshire will rely on this certificate as evidence that the person(s) listed above currently occupy the position(s) indicated and that they have full authority to bind the corporation. To the extent that there are any limits on the authority of any listed individual to bind the corporation in contracts with the State of New Hampshire, all such limitations are expressly stated herein.

DATED: April 23, 2026

  
\_\_\_\_\_  
Donald Welford  
Concord Hospital, Secretary of the Board



# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
04/21/2026

**THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.**

**IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).**

<b>PRODUCER</b> MARSH USA, LLC. 99 HIGH STREET BOSTON, MA 02110 Attn: Boston.certrequest@Marsh.com  CN142100133-CORP-GAWP-25-26	<b>CONTACT NAME:</b> <b>PHONE (A/C. No. Ext):</b> _____ <b>FAX (A/C. No):</b> _____ <b>E-MAIL ADDRESS:</b> _____  <table style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 80%; text-align: center;">INSURER(S) AFFORDING COVERAGE</th> <th style="width: 20%; text-align: center;">NAIC #</th> </tr> <tr> <td><b>INSURER A:</b> Concord Hospital Insurance Group, LLC</td> <td></td> </tr> <tr> <td><b>INSURER B:</b> Liberty Mutual Fire Insurance Company</td> <td style="text-align: center;">23035</td> </tr> <tr> <td><b>INSURER C:</b></td> <td></td> </tr> <tr> <td><b>INSURER D:</b></td> <td></td> </tr> <tr> <td><b>INSURER E:</b></td> <td></td> </tr> <tr> <td><b>INSURER F:</b></td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	<b>INSURER A:</b> Concord Hospital Insurance Group, LLC		<b>INSURER B:</b> Liberty Mutual Fire Insurance Company	23035	<b>INSURER C:</b>		<b>INSURER D:</b>		<b>INSURER E:</b>		<b>INSURER F:</b>	
INSURER(S) AFFORDING COVERAGE	NAIC #														
<b>INSURER A:</b> Concord Hospital Insurance Group, LLC															
<b>INSURER B:</b> Liberty Mutual Fire Insurance Company	23035														
<b>INSURER C:</b>															
<b>INSURER D:</b>															
<b>INSURER E:</b>															
<b>INSURER F:</b>															
<b>INSURED</b> Concord Hospital, Inc. 250 Pleasant Street Concord, NH 03301															

**COVERAGES** **CERTIFICATE NUMBER:** NYC-012201758-04 **REVISION NUMBER:** 5

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Healthcare Professional Liab (Claims Made) GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			CHIG-Primary-2025  General And Professional Liability Share A Combined Limit Of \$3M/\$14M. Hospital Professional Liability	10/01/2025	10/01/2026	EACH OCCURRENCE \$ 3,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ 14,000,000 PRODUCTS - COMP/OP AGG \$ \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<input type="checkbox"/> <b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
B	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y <input checked="" type="checkbox"/> N <b>(Mandatory in NH)</b> If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	EW2-61N-252276-025 SIR \$450,000	10/01/2025	10/01/2026	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)**  
 Re: Grant for the CHL Doorway  
 Insured includes Concord Hospital - Laconia

<b>CERTIFICATE HOLDER</b>  State of NH Department of Health & Human Services 129 Pleasant Street Concord, NH 03301	<b>CANCELLATION</b>  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE  <p style="text-align: right;"><i>Marsh USA LLC</i></p>
---	--

# NONPROFIT COVER SHEET

**A. Entity Name: Concord Hospital - Laconia**

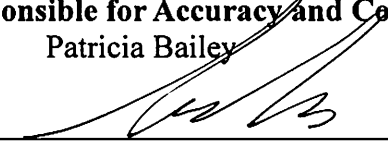
**B. Entity's Contact Information:**

**For Records Requests (e.g., resumes of key personnel; audited financial statements):**

Name / Phone / Email: Patricia Bailey, 603-230-7454, pbailey@crhc.org

**Person responsible for Accuracy and Completeness of information provided:**

Name: Patricia Bailey Title: Director of Accounting

Signature: 

**C. List Board of Directors and Affiliations**

<u>Name (Identify any additional role(s) in Parentheses)</u> E.g., John Doe (President)	<u>Affiliations</u>
Charles Fanaras, Chair	The Prescription Center
Lucy Hodder, Esq., Vice Chair	UNH School of Law
Manisha Patel, DDS	Laurie A. Rosato, DMD
Robert Segal	Sanel Auto Parts
Robert Steigmeyer, President/CEO ex-officio	CH Employee
Donald Welford, Secretary	Retired

**D. List Key Personnel (Resumes must be available upon request to the person(s) listed in section B or may be attached):**

<u>Name</u>	<u>Role</u>	<u>Annual Salary</u>	<u>Amount Paid From This Contract</u>
Corey Gately	Director Substance Use Services	\$131,554	\$118,399

**DISCLOSURE OF LEGAL ACTIVITIES INVOLVING THE STATE OF NEW HAMPSHIRE OR ANOTHER GOVERNMENT ENTITY**

**E. Check one of the following:**

- The entity is **not currently or has not been** party to any legal proceeding involving the State of New Hampshire (or any agency or subdivision thereof) or any other state/federal government entity before any adjudicative body in any jurisdiction **OR**
- The entity is or has been party to one or more legal proceedings as set forth above. Identify the jurisdiction, court or other adjudicative body, case number, and briefly describe the nature of the proceeding (Attached extra sheet if necessary).

---

On October 20, 2023, Concord Hospital initiated litigation against DHHS and other defendants related to 2011 – 2017 DSH Redistributions by filing a Verified Complaint in the US District Court for the District of New Hampshire; Concord Hospital, Inc v. Weaver, Civil Action No. 1:23-CV-00486. A Settlement Agreement and Mutual Release were signed on March 27, 2026 by DHHS, Concord Hospital, along with its members including Concord Hospital – Laconia and Concord Hospital – Franklin and all settlement payments have been made as of April 10, 2026.

---

**CHARITABLE TRUSTS UNIT COMPLIANCE CERTIFICATION**

**F. Check one of the following:**

- is registered and in good standing with the New Hampshire Department of Justice Charitable Trusts Unit (\*\* see note below) **or** has submitted a complete application for registration to the Charitable Trusts Unit and is awaiting a registration determination **OR**
- is not required to register with the Charitable Trusts Unit because it is neither tax-exempt under section 501(c)(3) of the Internal Revenue Code nor engages in charitable solicitations in the State of New Hampshire **OR**
- is exempt from registration with the Charitable Trusts Unit because it is a federal or state government, agency, or subdivision or is a religious organization, an integrated auxiliary of a religious organization, or is a convention or association of churches.

\*\* Note: Attached screen shot from the DOJ Registered Charities List found at:

<https://mm.nh.gov/files/uploads/doj/remote-docs/registered-charities.pdf>

33103	Concord Hospital - Laconia	250 Pleasant Street	Concord	NH	03301	G	8/14/2026
-------	----------------------------	---------------------	---------	----	-------	---	-----------

**FINANCIAL DISCLOSURES**

**G. Check one the following:**

- [ X ] The organization hired an outside firm to audit its financial statements or to prepare GAAP-compliant financial statements for its most recently completed fiscal year. If so, please ensure that the financial statements and audit results are available to be requested from the contact listed on Page 1 (audited financials may be attached) **OR**
- [ ] The above does not apply, but the organization filed an IRS Form 990 or Form 990-EZ for its most recently completed fiscal year. Please attach that IRS Form 990 or Form 990-EZ to the submission. (Form 990 Schedule B is not required) **OR**
- [ ] *If neither of the above apply*, complete the Income Statement and Balance Sheet below with the following basic financial information from the organization's most recently completed fiscal year:

**1. INCOME STATEMENT**

<u>Revenue</u>		<u>Expenses</u>	
<i>Grants</i>	\$	<i>Compensation of officers, directors, and key personnel</i>	\$
<i>Donations</i>	\$	<i>Other salaries &amp; wages</i>	\$
<i>Program Services Revenue</i>	\$	<i>Payroll taxes &amp; employee benefits</i>	\$
<i>Interest &amp; Dividends</i>	\$	<i>Occupancy, rent, utilities, and insurance</i>	\$
<i>All other Revenue</i>	\$	<i>Printing, publications, postage, office supplies, and IT</i>	\$
<u>Total Revenue</u>	\$	<i>All other expenses</i>	\$
		<u>Total Expenses</u>	\$

## 2. BALANCE SHEET

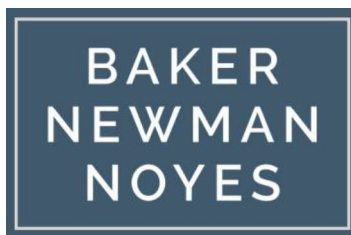
<u>Assets</u>	<u>Liabilities</u>
<i>Cash &amp; Equivalents</i>	<i>Accounts Payable</i>
<i>Investments</i>	<i>Loans Payable</i>
<i>Real Estate (less any depreciation)</i>	<i>All other liabilities</i>
<i>Other Property &amp; Equipment (less any depreciation)</i>	<u><i>Total Liabilities</i></u>
<i>Pledges, grants, accounts receivable</i>	
<i>All other assets</i>	
<u><i>Total Assets</i></u>	

# Concord Hospital Mission Statement

Concord Hospital Health System is a charitable organization which exists to meet the health needs of individuals within the communities it serves.

It is the established policy of Concord Hospital Health System to provide services on the sole basis of the medical necessity of such services as determined by the medical staff without reference to race, color, ethnicity, national origin, sexual orientation, marital status, religion, age, gender, disability, or inability to pay for such services.

Approved	10/21/02; 01/27/25
Affirmed	11/23/03; 11/15/04; 11/21/05; 11/20/06; 11/19/07; 11/17/08; 11/16/09; 10/18/10; 09/19/11; 09/24/12; 09/23/13; 09/22/14; 09/28/15; 09/26/16; 09/25/17; 09/24/18; 09/23/19; 09/28/20; 09/27/21; 09/26/22; 04/17/23



# **Concord Hospital, Inc. and Subsidiaries**

**Consolidated Financial Statements**

*Years Ended September 30, 2024 and 2023  
With Independent Auditors' Report*

Baker Newman & Noyes LLC  
MAINE | MASSACHUSETTS | NEW HAMPSHIRE  
800.244.7444 | [www.bnn CPA.com](http://www.bnn CPA.com)



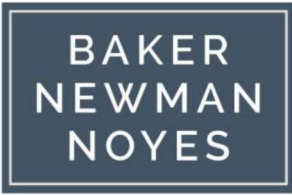
# CONCORD HOSPITAL, INC. AND SUBSIDIARIES

## Consolidated Financial Statements

Years Ended September 30, 2024 and 2023

### CONTENTS

Independent Auditors' Report	1
Consolidated Financial Statements:	
Consolidated Balance Sheets	3
Consolidated Statements of Operations	5
Consolidated Statements of Changes in Net Assets	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8



## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Concord Hospital, Inc. and Subsidiaries

### Opinion

We have audited the consolidated financial statements of Concord Hospital, Inc. and Subsidiaries (the System), which comprise the consolidated balance sheets as of September 30, 2024 and 2023, 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, 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, 2024 and 2023, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### 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 Auditors' 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 System's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

The Board of Trustees  
Concord Hospital, Inc. and Subsidiaries

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

In performing an audit in accordance with GAAS, we:

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

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

*Baker Newman & Noyes LLC*

Manchester, New Hampshire  
December 11, 2024

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

September 30, 2024 and 2023

ASSETS  
(In thousands)

	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 52,551	\$ 79,917
Short-term investments	88,627	46,394
Accounts receivable	90,064	91,318
Due from affiliates	249	1,443
Supplies	5,624	4,744
Prepaid expenses and other current assets	<u>13,128</u>	<u>11,247</u>
Total current assets	250,243	235,063
Assets whose use is limited or restricted:		
Board designated	493,697	388,305
Funds held by trustee for insurance reserves, escrows and construction funds	42,723	34,960
Donor-restricted funds and restricted grants	<u>52,133</u>	<u>44,094</u>
Total assets whose use is limited or restricted	588,553	467,359
Other noncurrent assets:		
Due from affiliates, net of current portion	396	467
Prepaid pension and other assets	<u>75,549</u>	<u>43,662</u>
Total other noncurrent assets	75,945	44,129
Property and equipment:		
Land and land improvements	9,455	8,435
Buildings	270,502	267,179
Equipment	293,716	278,585
Construction in progress	<u>7,145</u>	<u>10,620</u>
	580,818	564,819
Less accumulated depreciation	<u>(387,165)</u>	<u>(363,709)</u>
Net property and equipment	193,653	201,110
Operating lease right-of-use assets	<u>29,468</u>	<u>26,252</u>
	<u>\$1,137,862</u>	<u>\$ 973,913</u>

LIABILITIES AND NET ASSETS

(In thousands)

	<u>2024</u>	<u>2023</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 49,136	\$ 49,982
Accrued compensation and related expenses	54,333	46,827
Accrual for estimated third-party payor settlements	74,220	68,589
Current portion of long-term debt and finance lease liabilities	4,676	6,144
Current portion of operating lease liabilities	<u>4,979</u>	<u>5,406</u>
Total current liabilities	187,344	176,948
Long-term debt and finance lease liabilities, net of current portion	140,874	145,525
Operating lease liabilities, less current portion	24,813	21,091
Reserve for insurance	23,304	20,759
Other long-term liabilities	<u>24,316</u>	<u>18,278</u>
Total liabilities	400,651	382,601
Net assets:		
Without donor restrictions	685,078	544,486
With donor restrictions	<u>52,133</u>	<u>44,094</u>
Total Concord Hospital net assets	737,211	588,580
Noncontrolling interest in consolidated subsidiary	<u>—</u>	<u>2,732</u>
Total net assets	737,211	591,312
	<u>—————</u>	<u>—————</u>
	<u>\$1,137,862</u>	<u>\$ 973,913</u>

See accompanying notes.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS**

Years Ended September 30, 2024 and 2023

(In thousands)

	<u>2024</u>	<u>2023</u>
Revenue and other support without donor restrictions:		
Patient service revenue	\$773,394	\$705,758
Other revenue	30,559	29,373
Disproportionate share revenue	28,788	30,212
Net assets released from restrictions for operations	<u>1,369</u>	<u>5,105</u>
Total revenue and other support without donor restrictions	834,110	770,448
Operating expenses:		
Salaries and wages	406,141	377,209
Employee benefits	94,832	81,591
Supplies and other	165,925	152,635
Purchased services	61,666	57,796
Professional fees	7,836	17,021
Depreciation and amortization	29,167	27,291
Medicaid enhancement tax	34,152	32,647
Interest	<u>4,328</u>	<u>4,275</u>
Total operating expenses	<u>804,047</u>	<u>750,465</u>
Income from operations	30,063	19,983
Nonoperating income (loss):		
Gifts and bequests without donor restrictions	402	346
Investment income and other	84,909	49,961
Other nonoperating expense	(855)	(856)
Net periodic benefit gain, other than service cost	<u>6,138</u>	<u>4,733</u>
Total nonoperating income	<u>90,594</u>	<u>54,184</u>
Consolidated excess of revenues and nonoperating income over expenses	120,657	74,167
Excess of revenues and nonoperating income over expenses attributable to noncontrolling interest in consolidated subsidiary	<u>(199)</u>	<u>(181)</u>
Excess of revenues and nonoperating income over expenses attributable to the System	<u>\$120,458</u>	<u>\$ 73,986</u>

See accompanying notes.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

Years Ended September 30, 2024 and 2023

(In thousands)

	<u>2024</u>	<u>2023</u>
System net assets without donor restrictions:		
Excess of revenues and nonoperating income over expenses attributable to the System	\$120,458	\$ 73,986
Net transfers from affiliates	173	97
Other changes	—	(339)
Unrealized gains on debt securities	698	—
Net assets released from restrictions used for purchases of property and equipment	118	753
Pension adjustment	17,796	26,489
Acquisition of noncontrolling interest in consolidated subsidiary	<u>1,349</u>	<u>—</u>
Increase in System net assets without donor restrictions	140,592	100,986
System net assets with donor restrictions:		
Contributions and pledges with donor restrictions	2,356	2,704
Net investment gain	5,761	3,664
Contributions to affiliates and other community organizations	(207)	(302)
Unrealized gains on trusts administered by others	1,616	372
Net assets released from restrictions for operations	(1,369)	(5,105)
Net assets released from restrictions used for purchases of property and equipment	<u>(118)</u>	<u>(753)</u>
Increase in System net assets with donor restrictions	<u>8,039</u>	<u>580</u>
Increase in System net assets	148,631	101,566
Noncontrolling interest in consolidated subsidiary:		
Distributions to noncontrolling interest in consolidated subsidiary	(57)	(140)
Excess of revenues and nonoperating income over expenses attributable to noncontrolling interest in consolidated subsidiary	199	181
Acquisition of noncontrolling interest in consolidated subsidiary	<u>(2,874)</u>	<u>—</u>
(Decrease) increase in noncontrolling interest in consolidated subsidiary	<u>(2,732)</u>	<u>41</u>
Increase in total net assets	145,899	101,607
Net assets, beginning of year	<u>591,312</u>	<u>489,705</u>
Net assets, end of year	<u>\$737,211</u>	<u>\$591,312</u>

See accompanying notes.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years Ended September 30, 2024 and 2023  
(In thousands)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Increase in total net assets	\$ 145,899	\$ 101,607
Adjustments to reconcile increase in total net assets to net cash provided by operating activities:		
Contributions and pledges with donor restrictions	(2,355)	(2,704)
Depreciation and amortization	29,167	27,291
Net realized and unrealized gains on investments	(80,279)	(46,446)
Bond premium and issuance cost amortization	(738)	(940)
Equity in earnings of affiliates, net	(5,120)	(5,012)
Distributions to noncontrolling interest in consolidated subsidiary	57	140
Pension adjustment	17,796	(26,489)
Acquisition of noncontrolling interest in consolidated subsidiary	1,525	-
Noncash lease expense	79	245
Changes in operating assets and liabilities:		
Accounts receivable	1,254	19,207
Supplies, prepaid expenses and other current assets	(2,761)	2,389
Prepaid pension and other assets	(49,211)	1,900
Due from affiliates	1,265	(278)
Accounts payable and accrued expenses	(846)	(379)
Accrued compensation and related expenses	7,506	(2,280)
Accrual for estimated third-party payor settlements	5,631	5,981
Other long-term liabilities	6,038	(5,665)
Reserve for insurance	<u>2,545</u>	<u>(2,842)</u>
Net cash provided by operating activities	77,452	65,725
Cash flows from investing activities:		
Purchases of property and equipment	(20,789)	(25,078)
Purchases of investments	(190,014)	(99,562)
Proceeds from sales of investments	106,866	81,450
Equity distributions from affiliates	<u>4,648</u>	<u>4,518</u>
Net cash used by investing activities	(99,289)	(38,672)
Cash flows from financing activities:		
Payments on long-term debt and finance lease liabilities	(6,302)	(4,147)
Payment on acquisition of noncontrolling interest in consolidated subsidiary	(1,525)	-
Distributions to noncontrolling interest in consolidated subsidiary	(57)	(140)
Contributions and pledges with donor restrictions	<u>2,355</u>	<u>2,521</u>
Net cash used by financing activities	<u>(5,529)</u>	<u>(1,766)</u>
Net (decrease) increase in cash and cash equivalents	(27,366)	25,287
Cash and cash equivalents at beginning of year	<u>79,917</u>	<u>54,630</u>
Cash and cash equivalents at end of year	<u>\$ 52,551</u>	<u>\$ 79,917</u>

## Supplemental disclosure of noncash transactions:

During 2024, the System entered into a finance lease liability to finance certain equipment totaling \$921. See Note 16 with respect to certain additional noncash activities related to leases.

See accompanying notes.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023  
(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies**Organization

Concord Hospital, Inc. (the Hospital), located in Concord, New Hampshire, is a not-for-profit acute care hospital. The Hospital provides inpatient, outpatient, emergency care and physician services for residents within its geographic region. Admitting physicians are primarily practitioners in the local area. The Hospital is controlled by Capital Region Health Care Corporation (CRHC).

In 1985, the then Concord Hospital underwent a corporate reorganization in which it was renamed and became CRHC. At the same time, the Hospital was formed as a new entity. All assets and liabilities of the former hospital, now CRHC, with the exception of its endowments and restricted funds, were conveyed to the new entity. The endowments were held by CRHC for the benefit of the Hospital, which is the true party in interest. Effective October 1, 1999, CRHC transferred these funds to the Hospital.

In March 2009, the Hospital created The Concord Hospital Trust (the Trust), a separately incorporated, not-for-profit organization to serve as the Hospital's philanthropic arm. In establishing the Trust, the Hospital transferred philanthropic funds with donor restrictions, including board designated funds, endowments, indigent care funds and specific purpose funds, to the newly formed organization together with the stewardship responsibility to direct monies available to support the Hospital's charitable mission and reflect the specific intentions of the donors who made these gifts.

Subsidiaries of the Hospital are as follows:

Capital Region Health Care Development Corporation (CRHCDC) is a not-for-profit real estate corporation that owns and operates medical office buildings and other properties.

Capital Region Health Ventures Corporation (CRHVC) is a not-for-profit corporation that engages in health care delivery partnerships and joint ventures. It operates ambulatory surgery and diagnostic facilities independently and in cooperation with other entities.

Concord Hospital ACO (CH-ACO) is a single member limited liability company that engages in providing medical services to Medicare beneficiaries as accountable care organizations. CH-ACO has a perpetual life and is subject to termination in certain events. CH-ACO had minimal activity during fiscal years 2024 and 2023.

Concord Hospital – Laconia (CH-Laconia) is a not-for-profit corporation formed to operate a licensed hospital providing inpatient, outpatient, emergency care and physician services for residents within its geographic region of Laconia, New Hampshire. The CH-Laconia facility includes 137 acute care beds and was designated a Rural Referral Center in 1986, and a Sole Community Hospital in 2009. Admitting physicians are primarily practitioners in the local area.

Concord Hospital – Franklin (CH-Franklin) is a not-for-profit corporation formed to operate a licensed hospital providing inpatient, outpatient, emergency care and physician services for residents within its geographic region of Franklin, New Hampshire. The CH-Franklin facility was designated a Critical Access Hospital effective July 1, 2004, and includes 25 acute care beds. CH-Franklin also operates a 10 bed designated psychiatric receiving facility. Admitting physicians are primarily practitioners in the local area.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023  
(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies (Continued)**

Granite Shield Insurance Exchange and Subsidiaries (GSIE) was formed on December 20, 2010, in the State of Vermont as an industrial insured reciprocal insurance entity and unincorporated association. GSIE commenced underwriting activities on January 1, 2011. GSIE was formed to provide healthcare professional liability, general liability and medical stop loss insurance to its subscribers through GSI Services, LLC (GSI), the attorney-in-fact. GSI was formed in the State of Vermont as a limited liability company on December 14, 2010, and acts as an agent to enable the subscribers of GSIE to exchange insurance contracts. Through December 31, 2020, GSI was equally controlled by each of the subscribers of GSIE, all of which were health systems located in the State of New Hampshire, inclusive of the Hospital. Effective January 1, 2021, the Hospital became the sole voting member of GSIE, resulting in all activity of GSIE being recorded within the accompanying consolidated financial statements.

GSIE discontinued writing coverages effective October 1, 2022, and its current operations consist of runoff claims for a previously withdrawn subscriber, as well as the current subscriber, CRHC.

Concord Hospital Insurance Group, LLC (CHIG) is a Vermont domiciled single parent captive entity and operates in a manner and conducts activities similar to GSIE, as described above. CHIG began operations in late 2022. GSIE entered into a loss portfolio transfer agreement with CHIG in September 2022, whereas GSIE would transfer all of its existing and future claims to CHIG, with the exception of acts prior to CRHC. This transfer was completed prior to September 30, 2023.

Concord Endoscopy Center, LLC (CEC) is a New Hampshire limited liability company that engages in providing gastrointestinal services, including the diagnosis and treatment of digestive and liver diseases. CEC has a perpetual life and is subject to termination in certain events. At September 30, 2023, CRHVC held a majority interest and control of CEC. As further discussed below, during 2024, the System acquired the remaining noncontrolling interest in CEC, increasing its ownership to 100%.

Capital Region Healthcare Services Corporation (CRHSC) is a for-profit provider of health care services, including an eye surgery center and assisted living facility. CRHSC became a subsidiary of the Hospital effective October 1, 2022.

The Hospital, its subsidiaries and the Trust are collectively referred to as the System. The consolidated financial statements include the accounts of the Hospital, the Trust, CRHCDC, CRHVC, CH-ACO, CH-LaConia, CH-Franklin, GSIE, CHIG, CEC and CRHSC. All significant intercompany balances and transactions have been eliminated in consolidation. The Hospital, the Trust, CH-LaConia and CH-Franklin constitute the Obligated Group at September 30, 2024 and 2023 to certain debt described in Note 7.

**Principles of Consolidation**

Noncontrolling interests in less-than-wholly-owned consolidated subsidiaries of the System are presented as a component of total net assets to distinguish between the interests of the System and the interests of the noncontrolling owners. Revenues, expenses and nonoperating income from these subsidiaries are included in the consolidated amounts presented on the consolidated statements of operations. Excess of revenues and nonoperating income over expenses attributable to the System separately presents the amounts attributable to the controlling interest.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023  
(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies (Continued)***Noncontrolling Interests*

Noncontrolling interests represent the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. The System's accompanying consolidated financial statements include all assets, liabilities, revenues and expenses at their consolidated amounts, which include the amounts attributable to the System and the noncontrolling interest. The System recognizes as a separate component of net assets and earnings the portion of income or loss attributable to noncontrolling interests based on the portion of the entity not owned by the System.

As previously discussed, during 2024, the System acquired the remaining noncontrolling interest in CEC, increasing its ownership to 100%. The transaction was accounted for as a net asset transaction as the System already had control of CEC. The total consideration paid to acquire the noncontrolling interest was \$1,525. The carrying amount of the noncontrolling interest as of the acquisition date was \$2,874. The difference between the consideration paid and the carrying amount of the noncontrolling interest totaling \$1,349 is reflected as an increase in net assets without donor restriction in the accompanying 2024 consolidated statement of changes in net assets.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Concentration of Credit Risk*

Financial instruments which subject the System to credit risk consist primarily of cash equivalents, accounts receivable and investments. The risk with respect to cash equivalents is minimized by the System's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions. The System's accounts receivable are primarily due from third-party payors and amounts are presented net of expected explicit and implicit price concessions, including estimated implicit price concessions from uninsured patients. The System's investment portfolio consists of diversified investments, which are subject to market risk. The System's investment in one fund, the Vanguard Institutional Index Fund, exceeds 10% of total System investments as of September 30, 2024 and 2023.

*Cash and Cash Equivalents*

Cash and cash equivalents include money market funds with original maturities of three months or less, excluding assets whose use is limited or restricted. The System maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The System has not experienced any losses on such accounts.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023  
(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies (Continued)***Supplies*

Supplies are carried at the lower of cost, determined on a weighted-average method, or net realizable value.

*Assets Whose Use is Limited or Restricted*

Assets whose use is limited or restricted include assets held by trustees for insurance reserves, escrows, construction funds, designated assets set aside by the Board of Trustees (over which the Board retains control and may, at its discretion, subsequently use for other purposes), and donor-restricted investments.

*Investments and Investment Income*

Investments are carried at fair value in the accompanying consolidated balance sheets. Investment income (including realized gains and losses on investments, interest and dividends) and the net change in unrealized gains and losses on investments are included in the excess of revenues and nonoperating income over expenses in the accompanying consolidated statements of operations, unless the income or loss is restricted by donor or law. The change in net unrealized gains and losses on debt securities is reported as a separate component of the change in net assets without donor restrictions, except declines that are determined by management to be other than temporary, which are reported as an impairment charge (included in the excess of revenues and nonoperating income over expenses). No such losses were recorded in 2024 or 2023.

*Beneficial Interest in Perpetual Trusts*

The System has an irrevocable right to receive income earned on certain trust assets established for its benefit. Distributions received by the System are without donor restrictions. The System's interest in the fair value of the trust assets is included in assets whose use is limited or restricted and as net assets with donor restrictions. Changes in the fair value of beneficial trust assets are reported as increases or decreases to net assets with donor restrictions.

*Investment Policies*

The System's investment policies provide guidance for the prudent and skillful management of invested assets with the objective of preserving capital and maximizing returns. The invested assets include endowment, specific purpose and board designated funds.

Endowment funds are identified as perpetual in nature, intended to provide support for current or future operations and other purposes identified by the donor. These funds are managed with disciplined longer-term investment objectives and strategies designed to accommodate relevant, reasonable, or probable events.

Specific purpose funds are temporary in nature, restricted as to time or purpose as identified by the donor or grantor. These funds have various intermediate/long-term time horizons associated with specific identified spending objectives.

Board designated funds have various intermediate/long-term time horizons associated with specific spending objectives as determined by the Board of Trustees.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023  
(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies (Continued)**

Management of these assets is designed to increase, with minimum risk, the inflation adjusted principal and income of the endowment funds over the long term. The System targets a diversified asset allocation that places emphasis on achieving its long-term return objectives within prudent risk constraints.

*Spending Policy for Appropriation of Assets for Expenditure*

In accordance with the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA), the System considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the fund; (b) the purpose of the organization and the donor-restricted endowment fund; (c) general economic conditions; (d) the possible effect of inflation and deflation; (e) the expected total return from income and the appreciation of investments; (f) other resources of the organization; and (g) the investment policies of the organization.

Spending policies may be adopted by the System, from time to time, to provide a stream of funding for the support of key programs. The spending policies are structured in a manner to ensure that the purchasing power of the assets is maintained while providing the desired level of annual funding to the programs. The System has a current spending policy on various funds currently equivalent to 5% of twelve-quarter moving average of the funds' total market value.

*Accounts Receivable*

Patient accounts receivable for which the unconditional right to payment exists are receivables if the right to consideration is unconditional and only the passage of time is required before payment of that consideration is due. Accounts receivable at September 30, 2024 and 2023 reflect the fact that any estimated uncollectible amounts are generally considered implicit price concessions that are a direct reduction to accounts receivable rather than allowance for doubtful accounts. At September 30, 2024 and 2023, estimated implicit price concessions of \$25,767 and \$26,391, respectively, had been recorded as reductions to accounts receivable balances to enable the System to record revenues and accounts receivable at the estimated amounts expected to be collected.

Accounts receivable as of September 30, 2024, 2023 and 2022 are \$90,064, \$91,318 and \$110,525, respectively.

*Property and Equipment*

Property and equipment is stated at cost at time of purchase, or at fair value at time of donation for assets contributed, less any reductions in carrying value for impairment and less accumulated depreciation. The System's policy is to capitalize expenditures for major improvements and charge maintenance and repairs currently for expenditures which do not extend the lives of the related assets. Depreciation is computed using the straight-line method in a manner intended to amortize the cost of the related assets over their estimated useful lives. For the years ended September 30, 2024 and 2023, depreciation and amortization expense was \$29,167 and \$27,291, respectively.

The System has also capitalized certain costs associated with property and equipment not yet in service. Construction in progress includes amounts incurred related to major construction projects, other renovations, and other capital equipment purchased but not yet placed in service. Capitalized interest was not significant for the years ended September 30, 2024 and 2023.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2024 and 2023

(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies (Continued)**

Gifts of long-lived assets such as land, buildings or equipment are reported as support without donor restrictions, and are excluded from the excess of revenues and nonoperating income 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 support 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.

Intangible Assets

The System reviews its intangible and other long-lived assets annually to determine whether the carrying amount of such assets is impaired. Upon determination that an impairment has occurred, these assets are reduced to fair value. There were no impairments recorded for the years ended September 30, 2024 or 2023.

Intangible assets are included within other noncurrent assets in the accompanying consolidated balance sheets at cost less accumulated amortization. Amortizable intangible assets consist of the following at September 30:

	<u>2024</u>	<u>2023</u>
Cost	\$ 8,556	\$ 8,556
Accumulated amortization	<u>(2,996)</u>	<u>(2,140)</u>
Amortizable intangible assets, net	\$ <u>5,560</u>	\$ <u>6,416</u>

Amortization expense was \$856 during the years ended September 30, 2024 and 2023 and is recorded within other nonoperating expense in the accompanying consolidated statements of operations.

Expected amortization of intangible assets through their useful lives is as follows:

2025	\$ 856
2026	856
2027	856
2028	856
2029	856
Thereafter	<u>1,280</u>
	<u>\$ 5,560</u>

Federal Grant Revenue and Expenditures

Revenues and expenses under federal grant programs are recognized as the grant expenditures are incurred.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023  
(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies (Continued)***Bond Issuance Costs/Original Issue Discount or Premium*

Bond issuance costs incurred to obtain financing for construction and renovation projects and the original issue discount or premium are amortized to interest expense using the straight-line method, which approximates the effective interest method, over the life of the respective bonds. The original issue discount or premium and bond issuance costs are presented as a component of bonds payable.

*Charity Care*

The System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates (Note 12). Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The System uses an industry standard approach in calculating the costs associated with providing charity care. Funds received from gifts and grants to subsidize charity services provided for the years ended September 30, 2024 and 2023 were approximately \$134 and \$130, respectively.

*Net Assets With Donor Restrictions*

Gifts are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. Donated investments, supplies and equipment are reported at fair value at the date of receipt. Unconditional promises to give cash and other assets are reported at fair value at the date of receipt of the promise. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of operations as either net assets released from restrictions for operations (for noncapital related items) or as net assets released from restrictions used for purchases of property and equipment (capital related items). Some net assets with donor restrictions have been restricted by donors to be maintained by the System in perpetuity.

*Patient Service Revenue*

Revenues generally relate to contracts with patients in which the System's performance obligations are to provide health care services to patients. Revenues are recorded during the period obligations to provide health care services are satisfied. Performance obligations for inpatient services are generally satisfied over a period of days. Performance obligations for outpatient services are generally satisfied over a period of less than one day. The contractual relationships with patients, in most cases, also involve a third-party payor (Medicare, Medicaid, managed care health plans and commercial insurance companies, including plans offered through the health insurance exchanges) and the transaction prices for the services provided are dependent upon the terms provided by Medicare and Medicaid or negotiated with managed care health plans and commercial insurance companies, the third-party payors. The payment arrangements with third-party payors for the services provided to related patients typically specify payments at amounts less than standard charges. Medicare generally pays for inpatient and outpatient services at prospectively determined rates based on clinical, diagnostic and other factors. Services provided to patients having Medicaid coverage are generally paid at prospectively determined rates per discharge, per identified service or per covered member. Agreements with commercial insurance carriers, managed care and preferred provider organizations generally provide for payments based upon predetermined rates per diagnosis, per diem rates or discounted fee-for-service rates. Management continually reviews the revenue recognition process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms resulting from contract renegotiations and renewals.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023  
(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies (Continued)**

The collection of outstanding receivables for Medicare, Medicaid, managed care payors, other third-party payors and patients is the System's primary source of cash and is critical to its operating performance. The primary collection risks relate to uninsured patient accounts, including patient accounts for which the primary insurance carrier has paid the amounts covered by the applicable agreement, but patient responsibility amounts (deductibles and copayments) remain outstanding. Implicit price concessions relate primarily to amounts due directly from patients. Estimated implicit price concessions are recorded for all uninsured accounts, regardless of the aging of those accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed. The estimates for implicit price concessions are based upon management's assessment of historical write-offs and expected net collections, business and economic conditions, trends in federal, state and private employer health care coverage and other collection indicators. Management relies on the results of detailed reviews of historical write-offs and collections at facilities that represent a majority of hospital revenues and accounts receivable (the "hindsight analysis") as a primary source of information in estimating the collectability of accounts receivable. Management performs the hindsight analysis regularly, utilizing rolling twelve-months accounts receivable collection and write-off data. Management believes its regular updates to the estimated implicit price concession amounts provide reasonable estimates of revenues and valuations of accounts receivable. These routine, regular changes in estimates have not resulted in material adjustments to the valuations of accounts receivable or period-to-period comparisons of operations.

The System receives payment for other Medicaid outpatient services on a reasonable cost basis which are settled with retroactive adjustments upon completion and audit of related cost reports. Differences between amounts previously estimated and amounts subsequently determined to be recoverable or payable are included in patient service revenues in the year that such amounts become known. For the years ended September 30, 2024 and 2023, patient service revenue in the accompanying consolidated statements of operations increased by approximately \$10,400 and \$4,700, respectively, due to actual settlements and changes in assumptions underlying estimated future third-party settlements.

Revenues from the Medicare and Medicaid programs accounted for approximately 39% and 4% and 40% and 5% of the System's patient service revenue for the years ended September 30, 2024 and 2023, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation.

**Excess of Revenues and Nonoperating Income Over Expenses**

The System has deemed all activities as ongoing, major or central to the provision of health care services and, accordingly, they are reported as operating revenue and expenses, except for contributions and pledges without donor restrictions, the related philanthropy expenses and investment income which are recorded as nonoperating income.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023  
(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies (Continued)**

The consolidated statements of operations also include excess of revenues and nonoperating income over expenses. Changes in net assets without donor restrictions which are excluded from excess of revenues and nonoperating income over expenses, consistent with industry practice, include the permanent transfers of assets to and from affiliates for other than goods and services, unrealized gains on debt securities, pension adjustments and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

*Estimated Workers' Compensation, Malpractice and Health Care Claims*

The provision for estimated workers' compensation, malpractice and health care claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

*Functional Expense Allocation*

The costs of providing program services and other activities have been summarized on a functional basis in Note 11. Accordingly, costs have been allocated among program services and supporting services benefitted.

*Income Taxes*

The Hospital, CH-Laonia, CH-Franklin, CRHCDC, CRHVC, and the Trust are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code, and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. CH-ACO was organized as a single member limited liability company and has elected to be treated as a disregarded entity for federal and state income tax reporting purposes. Accordingly, all income or losses and applicable tax credits are reported on the member's income tax returns, with the exception of taxes due to the State of New Hampshire. Management evaluated the System's tax positions and concluded the System has maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment to or disclosure in the accompanying consolidated financial statements. GSIE, CHIG, CH-ACO, CEC and CRHSC account for income taxes in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*. FASB ASC 740 is an asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the tax and financial reporting basis of certain assets and liabilities. Resulting income tax expense and the temporary differences between the tax and financial reporting basis are not material.

*Advertising Costs*

The System expenses advertising costs as incurred, and such costs totaled \$326 and \$247 for the years ended September 30, 2024 and 2023, respectively.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023  
(In thousands)

**1. Description of Organization and Summary of Significant Accounting Policies (Continued)***Leases*

At the inception of an arrangement, the System determines whether the arrangement is, or contains, a lease based on the unique facts and circumstances present in the arrangement. A lease is a contract, or part of a contract, that conveys the right to control the use of identified property or equipment (an identified asset) for a period of time in exchange for consideration. The System determines if the contract conveys the right to control the use of an identified asset for a period of time. The System assesses throughout the period of use whether the System has both of the following: (1) the right to obtain substantially all of the economic benefits from use of the identified asset, and (2) the right to direct the use of the identified asset. This determination is reassessed if the terms of the contract are changed.

Leases are classified as operating or finance leases based on the terms of the lease agreement and certain characteristics of the identified asset. Leases with a term greater than one year are recognized on the balance sheet as right-of-use assets and lease obligations, as applicable.

The interest rate implicit in lease contracts is typically not readily determinable. As a result, the System has elected to utilize a risk-free rate as the rate to discount lease payments.

Lease liabilities are initially recorded based on the present value of lease payments over the expected remaining lease term. Lease payments are comprised of fixed and in-substance fixed contract consideration. The System has made a policy election not to separate lease components, nonlease components, and noncomponents. The right-of-use asset is based on the lease liability, adjusted for certain items such as lease prepayments or lease incentives received. Finance lease assets are amortized on a straight-line basis, with interest costs reported separately, over the lesser of the useful life of the leased asset or lease term. Operating lease expense is recognized on a straight-line basis. Variable lease payments are expensed as incurred.

The System assesses at the commencement of a lease any options to extend or terminate the lease agreement, and will include in the lease term any extensions or renewals which it determines it is reasonably certain to exercise. Assumptions made at the lease commencement date are re-evaluated upon the occurrence of certain events, including a lease modification. A lease modification results in a separate contract when the modification grants the lessee an additional right-of-use not included in the original lease and when lease payments increase commensurate with the standalone price for the additional right-of-use. When a lease modification results in a separate contract, it is accounted for in the same manner as a new lease.

*Subsequent Events*

Management of the System evaluated events occurring between the end of the System's fiscal year and December 11, 2024, the date the consolidated financial statements were available to be issued.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2024 and 2023  
(In thousands)

**2. Transactions With Affiliates**

The System provides funds to CRHC and its affiliates which are used for a variety of purposes. The System records the transfer of funds to CRHC and the other affiliates as either receivables or directly against net assets, depending on the intended use and repayment requirements of the funds. Generally, funds transferred for start-up costs of new ventures or capital related expenditures are recorded as charges against net assets. For the years ended September 30, 2024 and 2023, transfers received from affiliates were \$173 and \$97, respectively.

Amounts due the System, primarily from joint ventures, totaled \$645 and \$1,910 at September 30, 2024 and 2023, respectively. Amounts have been classified as current or long-term depending on the intentions of the parties involved. Beginning in 1999, the Hospital began charging interest on a portion of the receivables (\$395 and \$467 at September 30, 2024 and 2023, respectively) with principal and interest (6.75% at September 30, 2024) payments due monthly. Interest income amounted to \$29 and \$34 for the years ended September 30, 2024 and 2023, respectively.

A brief description of CRHC's affiliated entities is as follows:

- Granite VNA (formerly Concord Regional Visiting Nurse Association, Inc. and Subsidiary) provides home health care services.
- Riverbend Community Mental Health, Inc. provides behavioral health services.

Contributions to affiliates and other community organizations from net assets with donor restrictions were \$207 and \$302 in 2024 and 2023, respectively.

**3. Financial Assets and Liquidity Resources**

Financial assets and liquidity resources available within one year for general expenditure consisted of the following at September 30, 2024:

Cash and cash equivalents	\$ 52,551
Short-term investments	88,627
Accounts receivable	90,064
Funds held by trustee for insurance reserves	<u>20,257</u>
	<u>\$251,499</u>

To manage liquidity, the System maintains sufficient cash and cash equivalent balances to support daily operations throughout the year. Cash and cash equivalents and short-term investments include bank deposits, money market funds, and other similar vehicles that generate a return on cash and provide daily liquidity to the System. In addition, the System has board-designated assets without donor restrictions that can be utilized at the discretion of management to help fund both operational needs and/or capital projects. As of September 30, 2024, the balance of liquid investments in board-designated assets was \$445,853.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2024 and 2023

(In thousands)

**4. Investments and Assets Whose Use is Limited or Restricted**

Short-term investments totaling \$88,627 and \$46,394 at September 30, 2024 and 2023, respectively, are comprised primarily of cash and cash equivalents. Assets whose use is limited or restricted are carried at fair value and consist of the following at September 30:

	<u>2024</u>	<u>2023</u>
Board designated funds:		
Cash and cash equivalents	\$ 16,132	\$ 25,295
Fixed income securities	54,733	22,124
Marketable equity and other securities	406,948	326,500
Inflation-protected securities	<u>15,884</u>	<u>14,386</u>
	493,697	388,305
Held by trustee for workers' compensation reserves:		
Fixed income securities	3,259	2,967
Self-insurance escrows and construction funds:		
Cash and cash equivalents	2,954	1,255
Fixed income securities	13,911	13,357
Marketable equity securities	<u>22,599</u>	<u>17,381</u>
	39,464	31,993
Donor-restricted funds and restricted grants:		
Cash and cash equivalents	6,446	5,857
Fixed income securities	3,547	1,372
Marketable equity securities	28,602	24,965
Inflation-protected securities	1,122	1,100
Trust funds administered by others	11,824	10,208
Other	<u>592</u>	<u>592</u>
	<u>52,133</u>	<u>44,094</u>
	<u>\$588,553</u>	<u>\$467,359</u>

Included in marketable equity and other securities above are \$220,662 and \$205,295 at September 30, 2024 and 2023, respectively, in so called alternative investments and collective trust funds. See also Note 15.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2024 and 2023

(In thousands)

**4. Investments and Assets Whose Use is Limited or Restricted (Continued)**

Investment income, net realized gains and losses and net unrealized gains and losses on assets whose use is limited or restricted, cash and cash equivalents, and other investments are as follows at September 30:

	<u>2024</u>	<u>2023</u>
Net assets without donor restrictions:		
Interest and dividends	\$ 13,022	\$ 7,904
Investment income from trust funds administered by others	495	541
Net realized gains on sales of investments	11,226	5,383
Net unrealized gains on investments	<u>62,270</u>	<u>37,459</u>
	87,013	51,287
Net assets with donor restrictions:		
Interest and dividends	594	432
Net realized gains on sales of investments	821	395
Net unrealized gains on investments	<u>5,962</u>	<u>3,209</u>
	<u>7,377</u>	<u>4,036</u>
	<u>\$ 94,390</u>	<u>\$ 55,323</u>

In compliance with the System's spending policy, portions of investment income and related fees are recognized in other operating revenue on the accompanying consolidated statements of operations. Investment income reflected in other operating revenue was \$1,797 and \$1,767 in 2024 and 2023, respectively.

Investment management fees expensed and reflected in investment income and other were \$1,010 and \$857 for the years ended September 30, 2024 and 2023, respectively.

**5. Retirement Plans**

The System sponsors a defined contribution plan qualified under Section 403(b) of the U.S. Internal Revenue Code (IRC) covering eligible employees of the System. Participants are allowed to make pre-tax or post-tax Roth 403(b) contributions, or a combination of the two. The System does not make matching contributions. Effective January 1, 2024, the System elected to amend this plan to institute employer nonelective and matching contributions, based on certain eligibility requirements, as well as implementing an automatic deferral arrangement equal to 3% of eligible compensation, as further defined in the amendment.

The System sponsored two noncontributory defined benefit retirement plans (the Retirement Plan for Employees of Concord Hospital (CH Plan) and the Retirement Plan for Employees of Concord Hospital – Laconia (CH-Laconia Plan)), (collectively, the Plans), which covered substantially all employees of the System. The Plans provided benefits based on an employee's years of service, age and compensation over those years.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2024 and 2023

(In thousands)

**5. Retirement Plans (Continued)**

On October 24, 2022, the Board of Trustees approved a merger of the CH Plan into the CH-Laconia Plan. The merger of the Plans was effective December 31, 2022 and the surviving plan was named the Retirement Plan for Employees of Concord Hospital (Concord Hospital Plan).

Effective January 1, 2024, the Board of Trustees elected to amend the Concord Hospital Plan to discontinue future participation in the Plan by any employees who are hired or rehired after December 31, 2023, as further defined in the amendment.

The System accounts for its defined benefit pension plans under ASC 715, *Compensation Retirement Benefits*, which requires entities to recognize an asset or liability for the overfunded or underfunded status of their benefit plans in their financial statements. The System's funding policy for the plans is to contribute annually the amount needed to meet or exceed actuarially determined minimum funding requirements of the *Employee Retirement Income Security Act of 1974* (ERISA).

The following table summarizes the Plans' funded status at September 30:

	<u>2024</u>	<u>2023</u>
Funded status:		
Fair value of plan assets	\$ 416,191	\$ 343,471
Projected benefit obligation	<u>(363,099)</u>	<u>(319,529)</u>
	<u>\$ 53,092</u>	<u>\$ 23,942</u>
Activities for the year consist of:		
Benefit payments and administrative expenses paid	\$ 19,256	\$ 33,965
Net periodic benefit cost	4,647	8,565

The table below presents details about the Plans, including the funded status, components of net periodic benefit cost, and certain assumptions used in determining the funded status and cost:

	<u>2024</u>	<u>2023</u>
Change in benefit obligation:		
Projected benefit obligation at beginning of year	\$319,529	\$329,477
Service cost	10,785	13,298
Interest cost	19,364	18,596
Actuarial loss (gain)	32,677	(7,877)
Benefit payments and administrative expenses paid	<u>(19,256)</u>	<u>(33,965)</u>
Projected benefit obligation at end of year	<u>\$363,099</u>	<u>\$319,529</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023

(In thousands)

**5. Retirement Plans (Continued)**

	<u>2024</u>	<u>2023</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$343,471	\$319,496
Actual gain on plan assets	75,976	41,940
Employer contributions	16,000	16,000
Benefit payments and administrative expenses	<u>(19,256)</u>	<u>(33,965)</u>
Fair value of plan assets at end of year	<u>\$416,191</u>	<u>\$343,471</u>
Funded status and amount recognized in noncurrent assets at September 30	<u>\$ 53,092</u>	<u>\$ 23,942</u>

Amounts recognized as a change in net assets without donor restrictions during the years ended September 30, 2024 and 2023 consist of:

	<u>2024</u>	<u>2023</u>
Net actuarial gain	\$ (14,596)	\$ (23,273)
Net amortized loss	(3,356)	(3,372)
Prior service credit amortization	<u>156</u>	<u>156</u>
Total amount recognized	<u>\$ (17,796)</u>	<u>\$ (26,489)</u>

Pension Plan Assets

The fair values of the Plans' assets as of September 30, 2024 and 2023, by asset category are as follows (see Note 15 for level definitions). In accordance with ASC 820, *Fair Value Measurements*, certain investments that are measured using the net value per share practical expedient have not been classified in the fair value hierarchy.

	<u>2024</u>	<u>2023</u>
Short-term investments (Level 1):		
Money market funds	\$ 12,498	\$ 12,804
Equity securities (Level 1):		
Mutual funds – domestic	191,355	145,825
Mutual funds – international	10,328	–
Fixed income securities (Level 1):		
Mutual funds – inflation hedge	14,214	12,946
Mutual funds – fixed income	<u>49,304</u>	<u>37,877</u>
	<u>277,699</u>	<u>209,452</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2024 and 2023

(In thousands)

**5. Retirement Plans (Continued)**

	<u>2024</u>	<u>2023</u>
Funds measured at net asset value:		
Equity securities:		
Funds-of-funds	\$ 93,308	\$ 81,170
Collective trust funds:		
Equities	45,184	46,327
Fixed income	<u>—</u>	<u>6,522</u>
	<u>45,184</u>	<u>52,849</u>
 Total investments at fair value	 <u>\$416,191</u>	 <u>\$343,471</u>

The Concord Hospital Plan's target asset policy guidelines include total short-term investments between 0% and 20%, total equity securities between 40%-80%, total fixed income securities between 5% and 80%, and other strategies between 0% and 30%. The CH Plan's target asset policy guidelines, prior to the merger of the Plans described above, included total short-term investments between 0% and 20%, total equity securities between 40%-80%, total fixed income securities between 5% and 80%, and other strategies between 0% and 30%. The CH-Laonia Plan's target asset policy guidelines, prior to the merger of the Plans described above, included total equity securities of 50% and total fixed income securities of 50%.

The Plans' asset allocations by asset category are as follows as of September 30:

	<u>2024</u>	<u>2023</u>
Short-term investments	3%	4%
Equity securities	71%	66%
Fixed income securities	15%	17%
Other	11%	13%

The funds-of-funds in the Concord Hospital Plan are invested with various investment managers and have various restrictions on redemptions. One manager holding amounts totaling approximately \$23.7 million at September 30, 2024 allows for semi-monthly redemptions, with 5 days' notice. One manager holding approximately \$10.5 million at September 30, 2024 allows for monthly redemptions, with 15 days' notice. Four managers holding amounts totaling approximately \$39.1 million at September 30, 2024 allow for quarterly redemptions, with notices ranging from 45 to 65 days. Two managers holding amounts totaling approximately \$20.0 million at September 30, 2024 allow for annual redemptions, with notices ranging from 60 to 90 days. The collective trust funds allow for monthly redemptions, with notices ranging from 6 to 10 days. Certain funds also may include a fee estimated to be equal to the cost the fund incurs in converting investments to cash, limit the percent of the investment that can be redeemed each redemption period, or are subject to certain lock periods.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2024 and 2023

(In thousands)

**5. Retirement Plans (Continued)**

The System considers various factors in estimating the expected long-term rate of return on plan assets. Among the factors considered include the historical long-term returns on plan assets, the current and expected allocation of plan assets, input from the System's actuaries and investment consultants, and long-term inflation assumptions. The System's expected allocation of plan assets is based on a diversified portfolio consisting of domestic and international equity securities, fixed income securities, and real estate.

The System's investment policy for its pension plans is to balance risk and returns using a diversified portfolio consisting primarily of high quality equity and fixed income securities. To accomplish this goal, plan assets are actively managed by outside investment managers with the objective of optimizing long-term return while maintaining a high standard of portfolio quality and proper diversification. The System monitors the maturities of fixed income securities so that there is sufficient liquidity to meet current benefit payment obligations. The System's Investment Committee provides oversight of the Plans' investments and the performance of the investment managers.

Amounts included in expense consist of the following for the years ended September 30:

	<u>2024</u>	<u>2023</u>
Components of net periodic benefit cost:		
Service cost	\$ 10,785	\$ 13,298
Interest cost	19,364	18,596
Expected return on plan assets	(28,702)	(26,545)
Amortization of prior service credit and loss	<u>3,200</u>	<u>3,216</u>
Net periodic benefit cost	<u>\$ 4,647</u>	<u>\$ 8,565</u>

The accumulated benefit obligation for the Plans at September 30, 2024 and 2023 was \$354,327 and \$313,562, respectively.

	<u>2024</u>	<u>2023</u>
Weighted average assumptions to determine benefit obligation:		
Discount rate	5.38%	6.11%
Rate of compensation increase	3.00%	3.00%
Weighted average assumptions to determine net periodic benefit cost:		
Discount rate	6.11%	5.63%
Expected return on plan assets	8.50%	7.60%
Cash balance credit rate	3.00% - 5.00%	3.00% - 5.00%
Rate of compensation increase	3.00%	3.00%

In selecting the long-term rate of return on plan assets, the System considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of the plans. This included considering the plans' asset allocation and the expected returns likely to be earned over the life of the plans, as well as the historical returns on the types of assets held and the current economic environment.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2024 and 2023  
(In thousands)

**5. Retirement Plans (Continued)**

The System funds the pension plans and no contributions are made by employees. The System funds the plans annually by making a contribution of at least the minimum amount required by applicable regulations and as recommended by the System's actuary. However, the System may also fund the plans in excess of the minimum required amount.

Cash contributions in subsequent years will depend on a number of factors including performance of plan assets. However, the System expects to fund \$5,000 in cash contributions to the Concord Hospital Plan in 2025.

Benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows:

Year Ended September 30

2025	\$ 25,929
2026	24,465
2027	33,327
2028	30,120
2029	28,170
2030 – 2034	152,052

**6. Estimated Third-Party Payor Settlements**

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

Medicare

Inpatient and outpatient services rendered to Medicare program beneficiaries are primarily paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical diagnosis and other factors. In addition to this, the System is also reimbursed for medical education and other items which require cost settlement and retrospective review by the fiscal intermediary. Accordingly, the System files an annual cost report with the Medicare program after the completion of each fiscal year to report activity applicable to the Medicare program and to determine any final settlements.

The physician practices are reimbursed on a fee schedule basis.

Medicaid Enhancement Tax and Disproportionate Share Payment

Under the State of New Hampshire's (the State) tax code, the State imposes a Medicaid Enhancement Tax (MET) equal to 5.40% of net patient service revenues in State fiscal years 2024 and 2023. The amount of tax incurred by the System for 2024 and 2023 was \$34,152 and \$32,647, respectively.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023  
(In thousands)

**6. Estimated Third-Party Payor Settlements (Continued)**

In the fall of 2010, in order to remain in compliance with stated federal regulations, the State of New Hampshire adopted a new approach related to Medicaid disproportionate share funding (DSH) retroactive to July 1, 2010. Unlike the former funding method, the State's approach led to a payment that was not directly based on, and did not equate to, the level of tax imposed. As a result, the legislation created some level of losses at certain New Hampshire hospitals, while other hospitals realized gains. DSH payments from the State are recorded within revenue without donor restrictions and other support and amounted to \$28,788 in 2024 and \$30,212 in 2023, net of reserves referenced below.

The Centers for Medicare and Medicaid Services (CMS) has completed audits of the State's program and the disproportionate share payments made by the State from 2011 to 2020, the first years that those payments reflected the amount of uncompensated care provided by New Hampshire hospitals. It is possible that subsequent years will also be audited by CMS. The System has recorded reserves to address its potential exposure based on the audit results to date or any future redistributions.

During fiscal year 2024, the Hospital filed suit against the NH Department of Health and Human Services over their plan for the redistribution of DSH payments from 2011 to 2017. All amounts related to the redistribution plan have been fully reserved for as of September 30, 2024.

**Medicaid**

Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. Outpatient services rendered to Medicaid program beneficiaries are reimbursed under fee schedules and cost reimbursement methodologies subject to various limitations or discounts. The System is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicaid program.

The physician practices are reimbursed on a fee schedule basis.

**Other**

The System has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the System under these agreements includes prospectively determined rates per discharge, discounts from established charges, fee schedules, and prospectively determined rates.

The accrual for estimated third-party payor settlements reflected on the accompanying consolidated balance sheets represents the estimated net amounts to be paid under reimbursement contracts with the Centers for Medicare and Medicaid Services (Medicare), the New Hampshire Department of Welfare (Medicaid) and any commercial payors with settlement provision. Settlements for the Hospital have been finalized through 2018 for Medicare and Medicaid. Settlements for CH-Laconia have been finalized through 2020 for Medicare and Medicaid. Settlements for CH-Franklin have been finalized through 2022 for Medicare and 2021 for Medicaid.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023

(In thousands)

**7. Long-Term Debt and Finance Lease Liabilities**

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

	<u>2024</u>	<u>2023</u>
New Hampshire Health and Education Facilities Authority (NHHEFA) Revenue bonds, Concord Hospital Issue, Series 2021A; interest ranging from 3.0% to 5.0% per year and principal payable in annual installments ranging from \$1,685 to \$3,095 through October 2042, including unamortized original issue premium of \$5,730 in 2024 and \$6,219 in 2023	\$ 43,911	\$ 46,280
2020A note payable to a bank, due October 1, 2026, interest at 1.57% per annum, payable in monthly and annual principal payments ranging from \$2,500 to \$2,580	7,624	10,093
2020B note payable to a bank, due October 1, 2035 (lender has the option to extend the maturity date through October 1, 2043), interest at 2.26% per annum, payable in monthly and annual principal payments ranging from \$991 to \$2,942 beginning October 2023. Final balloon payment of \$10,157 due October 1, 2035, if the maturity date is not extended by the lender. This note converted into tax-exempt revenue bonds effective July 6, 2022. As a result of the conversion, the interest rate was reduced to 1.84%	34,667	36,582
NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2017; interest of 5.0% per year and principal payable in annual installments. Installments ranging from \$2,010 to \$5,965 beginning October 2032, including unamortized original issue premium of \$5,598 in 2024 and \$5,923 in 2023	<u>59,808</u>	<u>60,012</u>
	146,010	152,967
Less unamortized bond issuance costs	(1,222)	(1,298)
Finance lease liabilities (see Note 16)	762	-
Less current portion	<u>(4,676)</u>	<u>(6,144)</u>
	<u>\$140,874</u>	<u>\$145,525</u>

In June 2021, \$51,498 (including an original issue premium of \$7,728) of NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2021A, were issued to assist in funding capital and facility projects, and to refund the Series 2013B NHHEFA Hospital Revenue Bonds.

In March 2020, the Hospital entered into a \$36,582 note payable agreement (2020B note) with a lender to advance refund the Series 2013A NHHEFA Hospital Revenue Bonds. No amounts of the Series 2013A advance refunded bonds remained outstanding as of September 30, 2024 and 2023. In conjunction with the issuance of the 2020B note, in order to further reduce debt service obligations, the Hospital, NHHEFA and the lender entered into a forward purchase agreement. Under the forward purchase agreement, the Hospital had the option to request NHHEFA to issue tax-exempt revenue bonds on or after July 3, 2022 to refinance the 2020B note. The Hospital exercised this option on July 6, 2022, which resulted in the interest rate decreasing from 2.26% to 1.84%.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2024 and 2023

(In thousands)

**7. Long-Term Debt and Finance Lease Liabilities (Continued)**

In December 2017, \$62,004 (including an original issue premium of \$7,794) of NHHEFA Revenue Bonds, Concord Hospital Issue, Series 2017, were issued to pay for the construction of a new medical office building. In addition, the Series 2017 Revenue Bonds reimbursed the Hospital for capital expenditures incurred in association with the construction of a parking garage and the construction of a medical office building, as well as routine capital expenditures.

Substantially all the property and equipment relating to the aforementioned construction and renovation projects, as well as subsequent property and equipment additions thereto, are pledged as collateral for all outstanding long-term debt. In addition, the gross receipts of the Hospital, CH-Laconia and CH-Franklin are also pledged as collateral for all outstanding long-term debt. CH-Laconia and CH-Franklin also pledge gross receipts as collateral for the outstanding Series 2021A Revenue Bonds. The most restrictive financial covenants require a 1.10 to 1.0 ratio of aggregate income available for debt service to total annual debt service and a day's cash on hand ratio of 75 days. The System was in compliance with its debt covenants at September 30, 2024 and 2023.

The obligations of the Hospital under the above bond indentures are guaranteed by the Hospital, CH-Laconia and CH-Franklin and are not guaranteed by any of the subsidiaries or affiliated entities.

Interest paid on long-term debt amounted to \$5,064 and \$5,215 for the years ended September 30, 2024 and 2023, respectively.

The aggregate principal payments on long-term debt and finance lease liabilities for the next five fiscal years ending September 30 and thereafter are as follows:

2025	\$ 4,676
2026	5,414
2027	7,194
2028	4,579
2029	4,648
Thereafter	<u>108,933</u>
	<u>\$135,444</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023  
(In thousands)

**8. Commitments and Contingencies****Malpractice Loss Contingencies**

The System insures its medical malpractice risks through GSIE, a multiprovider captive insurance company. As discussed in Note 1, during 2022, GSIE began the process of winding down operations and was replaced with CHIG.

GSIE and CHIG provide claims-made medical stop loss coverage to their subscriber health systems. Subsequent to December 31, 2020, the System is the sole remaining subscriber of GSIE. The System is also the only subscriber of CHIG. GSIE and CHIG purchase reinsurance from three reinsurers to limit potential exposure to the System. The reinsurance policies in place are subject to renewal on January 1, 2025, and, after the System's primary retained layer of \$2 million (GSIE) and \$3 million (CHIG) per occurrence and \$12 million aggregate, cover up to \$25 million per occurrence and aggregate per annum. The failure of reinsurers to honor their obligations could result in additional losses to GSIE and CHIG, and those losses could be significant to GSIE, CHIG and the System.

The reserve for unpaid losses and loss adjustment expenses and the related reinsurance recoverables includes case basis estimates of reported losses, plus supplemental reserves for incurred but not reported losses (IBNR) calculated based upon loss projections utilizing historical and industry data. An independent consulting actuary is involved in establishing this reserve and the related reinsurance recoverables. Management of the System believes that GSIE's and CHIG's aggregate reserve for unpaid losses and loss adjustment expenses and related reinsurance recoverables at year-end represent its best estimate, based on the available data, of the amount necessary to cover the ultimate cost of losses; however, because of the nature of the insured risks and limited historical experience, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability and corresponding asset at the consolidated balance sheet date. Accordingly, the ultimate liability and corresponding asset could be significantly in excess of or less than the amount indicated in these consolidated financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current year operations. Amounts recoverable from reinsurers have been reduced to their net realizable value.

At September 30, 2024, there were no known malpractice claims outstanding for the System, which, in the opinion of management will be settled for amounts in excess of insurance coverage, nor were there any unasserted claims or incidents which require loss accruals. The System has established reserves for unpaid claim amounts for Hospital and Physician Professional Liability and General Liability reported claims and for unreported claims for incidents that have been incurred but not reported. The amounts of the reserves total \$19,428 and \$17,690 at September 30, 2024 and 2023, respectively, and are reflected in the accompanying consolidated balance sheets within reserves for insurance. The possibility exists, as a normal risk of doing business, that malpractice claims in excess of insurance coverage may be asserted against the System.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023  
(In thousands)

**8. Commitments and Contingencies (Continued)**

In accordance with ASU No. 2010-24, "*Health Care Entities*" (Topic 954): *Presentation of Insurance Claims and Related Insurance Recoveries*, at September 30, 2024 and 2023, the System recorded a liability of approximately \$3,900 and \$3,100, respectively related to estimated professional liability losses. At September 30, 2024 and 2023, the System also recorded a receivable of \$3,900 and \$3,100, respectively, related to estimated recoveries under insurance coverage for recoveries of the potential losses. These amounts are included in reserve for insurance (\$3,900 at September 30, 2024 and \$3,100 at September 30, 2023), and other assets (\$3,900 at September 30, 2024 and \$3,100 at September 30, 2023), respectively, in the accompanying consolidated balance sheets.

**Workers' Compensation**

The System maintains workers' compensation insurance under a self-insurance plan. The plan offers, among other provisions, certain specific and aggregate stop-loss coverage to protect the System against excessive losses. The System has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Accrued workers' compensation losses of \$3,451 and \$4,061 at September 30, 2024 and 2023, respectively, are recorded within accounts payable and accrued expenses in the accompanying consolidated balance sheets and have been discounted at 3% and, in management's opinion, provide an adequate reserve for loss contingencies. A trustee held fund has been established as a reserve under the plan. Assets held in trust totaled \$3,259 and \$2,967 at September 30, 2024 and 2023, respectively, and are included in assets whose use is limited or restricted in the accompanying consolidated balance sheets.

**Litigation**

The System is involved in litigation and regulatory investigations arising in the ordinary course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the System's financial position, results of operations or cash flows.

**Health Insurance**

The System has a self-funded health insurance plan. The plan is administered by an insurance company which assists in determining the current funding requirements of participants under the terms of the plan and the liability for claims and assessments that would be payable at any given point in time. The System recognizes revenue for services provided to employees of the System during the year. The System is insured above a stop-loss amount of \$550 on individual claims. Estimated unpaid claims, and those claims incurred but not reported at September 30, 2024 and 2023, have been recorded as a liability of \$13,616 and \$13,631, respectively, and are reflected in the accompanying consolidated balance sheets within accounts payable and accrued expenses.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2024 and 2023

(In thousands)

**9. Net Assets With Donor Restrictions**

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

	<u>2024</u>	<u>2023</u>
Purpose restriction:		
Health education and program services	\$ 24,801	\$ 18,770
Capital acquisitions	617	441
Indigent care	80	83
Pledges receivable with stipulated purpose and/or time restrictions	<u>575</u>	<u>575</u>
	<u>26,073</u>	<u>19,869</u>
Perpetual in nature:		
Health education and program services	22,590	20,859
Capital acquisitions	803	803
Indigent care	2,113	2,105
Annuities to be held in perpetuity	<u>554</u>	<u>458</u>
	<u>26,060</u>	<u>24,225</u>
Total net assets with donor restrictions	<u>\$ 52,133</u>	<u>\$ 44,094</u>

**10. Patient Service Revenue**

An estimated breakdown of patient service revenue for the System by major payor sources is as follows for the years ended September 30:

	<u>2024</u>	<u>2023</u>
Private payor (includes coinsurance and deductibles)	\$434,421	\$388,492
Medicare	302,298	282,111
Medicaid	33,110	34,880
Self-pay	<u>3,565</u>	<u>275</u>
	<u>\$773,394</u>	<u>\$705,758</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023

(In thousands)

**11. Functional Expenses**

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

	<u>Health Services</u>	<u>General and Administrative</u>	<u>Fund- raising</u>	<u>Total</u>
<u>2024</u>				
Salaries and wages	\$340,034	\$ 65,471	\$ 636	\$406,141
Employee benefits	79,395	15,289	148	94,832
Supplies and other	141,137	24,597	191	165,925
Purchased services	43,322	18,213	131	61,666
Professional fees	7,836	–	–	7,836
Depreciation and amortization	19,568	9,290	309	29,167
Medicaid enhancement tax	34,152	–	–	34,152
Interest	<u>2,904</u>	<u>1,378</u>	<u>46</u>	<u>4,328</u>
	<u>\$668,348</u>	<u>\$134,238</u>	<u>\$ 1,461</u>	<u>\$804,047</u>
<u>2023</u>				
Salaries and wages	\$316,143	\$ 60,492	\$ 574	\$377,209
Employee benefits	68,381	13,086	124	81,591
Supplies and other	131,206	21,241	188	152,635
Purchased services	37,677	19,896	223	57,796
Professional fees	17,021	–	–	17,021
Depreciation and amortization	18,310	8,692	289	27,291
Medicaid enhancement tax	32,647	–	–	32,647
Interest	<u>2,868</u>	<u>1,362</u>	<u>45</u>	<u>4,275</u>
	<u>\$624,253</u>	<u>\$124,769</u>	<u>\$ 1,443</u>	<u>\$750,465</u>

The consolidated financial statements report certain expense categories that are attributable to more than one healthcare service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, such as depreciation and interest, are allocated to a function based on square footage. Supporting activities that are not directly identifiable with one or more healthcare programs are classified as general and administrative. If it is impossible or impractical to make a direct identification, allocation of the expenses were made according to management's estimates. Employee benefits are allocated in accordance with the ratio of salaries and wages of the functional classes. Specifically identifiable costs are assigned to the function which they are identified to.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2024 and 2023

(In thousands)

**12. Charity Care and Community Benefits (Unaudited)**

The System maintains records to identify and monitor the level of charity care it provides. The System provides traditional charity care, as well as other forms of community benefits. The estimated cost of all such benefits provided is as follows for the years ended September 30:

	<u>2024</u>	<u>2023</u>
Government sponsored healthcare	\$ 39,057	\$35,353
Community health services	1,618	1,507
Health professions education	2,443	2,801
Subsidized health services	56,664	52,622
Research	298	306
Financial contributions	453	1,405
Community benefit operations	59	68
Community building activities	285	786
Charity care costs (see Note 1)	<u>4,069</u>	<u>3,465</u>
	<u>\$104,946</u>	<u>\$98,313</u>

The System incurred estimated costs for services to Medicare patients in excess of the payment from this program of \$81,429 and \$82,230 in 2024 and 2023, respectively.

**13. Concentration of Credit Risk**

The System grants credit without collateral to its patients, most of whom are local residents of southern New Hampshire and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors as of September 30 is as follows:

	<u>2024</u>	<u>2023</u>
Patients	11%	9%
Medicare	39	38
Anthem Blue Cross	16	19
Cigna	3	3
Medicaid	9	10
Commercial	20	19
Workers' compensation	<u>2</u>	<u>2</u>
	<u>100%</u>	<u>100%</u>

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023  
(In thousands)

**14. Volunteer Services (Unaudited)**

Total volunteer service hours received by the System were approximately 25,500 and 25,000 in 2024 and 2023, respectively. The volunteers provide various nonspecialized services to the System, none of which has been recognized as revenue or expense in the accompanying consolidated statements of operations.

**15. Fair Value Measurements**

Fair value of a financial instrument is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the System uses various methods including market, income and cost approaches. Based on these approaches, the System often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The System utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the System is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, the System performs a detailed analysis of the assets and liabilities. There have been no changes in the methodologies used at September 30, 2024 and 2023. In accordance with ASC 820, *Fair Value Measurements*, certain investments that are measured using the net value per share practical expedient have not been classified in the fair value hierarchy.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023

(In thousands)

**15. Fair Value Measurements (Continued)**

The following presents the balances of assets measured at fair value on a recurring basis at September 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2024</u>				
Cash and cash equivalents	\$114,159	\$ —	\$ —	\$114,159
Fixed income securities	59,373	11,800	—	71,173
Marketable equity and other securities	237,487	—	—	237,487
Inflation-protected securities and other	17,598	—	—	17,598
Trust funds administered by others	<u>—</u>	<u>—</u>	<u>11,824</u>	<u>11,824</u>
	<u>\$428,617</u>	<u>\$11,800</u>	<u>\$11,824</u>	452,241
Funds measured at net asset value:				
Marketable equity and other securities				<u>220,662</u>
				<u>\$672,903</u>
<u>2023</u>				
Cash and cash equivalents	\$ 78,801	\$ —	\$ —	\$ 78,801
Fixed income securities	25,471	10,177	—	35,648
Marketable equity and other securities	163,551	—	—	163,551
Inflation-protected securities and other	16,078	—	—	16,078
Trust funds administered by others	<u>—</u>	<u>—</u>	<u>10,208</u>	<u>10,208</u>
	<u>\$283,901</u>	<u>\$10,177</u>	<u>\$10,208</u>	304,286
Funds measured at net asset value:				
Marketable equity and other securities				<u>205,295</u>
				<u>\$509,581</u>

In addition, for the years ended September 30, 2024 and 2023, there are certain investments totaling \$4,277 and \$4,172, respectively, which are appropriately being carried at cost.

The System's Level 3 investments consist of funds administered by others. The fair value measurement is based on significant unobservable inputs.

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

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023

(In thousands)

**15. Fair Value Measurements (Continued)**

A reconciliation of the fair value measurements using significant unobservable inputs (Level 3) is as follows for 2024 and 2023:

	<u>Trust Funds Administered by Others</u>
Balance at September 30, 2022	\$ 9,836
Net realized and unrealized gains	<u>372</u>
Balance at September 30, 2023	10,208
Net realized and unrealized gains	<u>1,616</u>
Balance at September 30, 2024	\$ <u>11,824</u>

The table below sets forth additional disclosures for investment funds (other than mutual funds) valued based on net asset value to further understand the nature and risk of the investments by category:

	<u>Fair Value</u>	<u>Unfunded Commit- ments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
September 30, 2024:				
Funds-of-funds	\$28,867	\$ —	Semi-monthly	5 days
Funds-of-funds	14,471	—	Monthly	15 days
Funds-of-funds	50,300	—	Quarterly	45 – 65 days**
Funds-of-funds	20,891	—	Annual	60 - 90 days
Funds-of-funds	51,207	39,889	Illiquid	N/A
Collective trust funds	54,926	—	Monthly	6 – 10 days
September 30, 2023:				
Funds-of-funds	\$22,628	\$ —	Semi-monthly	5 days
Funds-of-funds	12,007	—	Monthly	15 days
Funds-of-funds	44,264	—	Quarterly	45 – 65 days**
Funds-of-funds	13,621	—	Annual	60 - 90 days
Funds-of-funds	4,657	—	Semi-annual	60 days*
Funds-of-funds	47,870	32,327	Illiquid	N/A
Collective trust funds	7,032	—	Daily	10 days
Collective trust funds	7,641	—	Weekly	10 days
Collective trust funds	45,575	—	Monthly	6 – 10 days

\* Limited to 25% of the investment balance at each redemption. A full redemption of this fund occurred during 2024.

\*\* Certain investments have a one-year lock period (all expired) and redemption of one investment is limited to 12.5% of the investment balance at each redemption.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023  
(In thousands)

**15. Fair Value Measurements (Continued)****Fixed Income Securities**

The primary purpose of fixed income investments is to provide a highly predictable and dependable source of income, preserve capital, and reduce the volatility of the total portfolio and hedge against the risk of deflation or protracted economic contraction.

**Marketable Equity and Other Securities**

The primary purpose of marketable equity investments is to provide appreciation of principal and growth of income with the recognition that this requires the assumption of greater market volatility and risk of loss. The total marketable equity portion of the portfolio will be broadly diversified according to economic sector, industry, number of holdings and other characteristics including style and capitalization. The System may employ multiple equity investment managers, each of whom may have distinct investment styles. Accordingly, while each manager's portfolio may not be fully diversified, it is expected that the combined equity portfolio will be broadly diversified.

The System invests in other securities that are considered alternative investments that consist of limited partnership interests in investment funds, which, in turn, invest in diversified portfolios predominantly comprised of equity and fixed income securities, as well as options, futures contracts, and some other less liquid investments. Management has approved procedures pursuant to the methods in which the System values these investments at fair value, which ordinarily will be the amount equal to the pro-rata interest in the net assets of the limited partnership, as such value is supplied by, or on behalf of, each investment from time to time, usually monthly and/or quarterly by the investment manager. Collective trust funds are generally valued based on the proportionate share of total fund net assets.

System management is responsible for the fair value measurements of investments reported in the consolidated financial statements. Such amounts are generally determined using audited financial statements of the funds and/or recently settled transactions and is estimated using the net asset value per share of the fund. Because of inherent uncertainty of valuation of certain alternative investments, the estimate of the fund manager or general partner may differ from actual values, and differences could be significant. Management believes that reported fair values of its alternative investments at the balance sheet dates are reasonable.

The System has committed to invest up to \$92,670 with various investment managers, and had funded \$45,140 of that commitment as of September 30, 2024. As these investments are made, the System reallocates resources from its current investments resulting in an asset allocation shift within the investment pool.

**Inflation-Protected Securities**

The primary purpose of inflation-protected securities is to provide protection against the negative effects of inflation.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 and 2023

(In thousands)

**15. Fair Value Measurements (Continued)**Fair Value of Other Financial Instruments

Other financial instruments consist of accounts and pledges receivable, accounts payable and accrued expenses, estimated third-party payor settlements, and long-term debt and notes payable. The fair value of all financial instruments other than long-term debt and notes payable approximates their relative book values as these financial instruments have short-term maturities or are recorded at amounts that approximate fair value.

**16. Leases**

The System has various leases relative to its office and offsite locations, as well as equipment under finance leases. Lease right-of-use assets and lease liabilities are reported in the System's consolidated balance sheets as follows at September 30:

	<u>2024</u>	<u>2023</u>
Operating leases:		
Operating lease right-of-use assets	\$ <u>29,468</u>	\$ <u>26,252</u>
Current portion of operating lease liabilities	\$ 4,979	\$ 5,406
Operating lease liabilities, less current portion	<u>24,813</u>	<u>21,091</u>
Total operating lease liabilities	\$ <u>29,792</u>	\$ <u>26,497</u>
Finance leases:		
Property and equipment	\$ <u>761</u>	\$ <u>—</u>
Current portion of finance lease liabilities	\$ 221	\$ —
Finance lease liabilities, less current portion	<u>541</u>	<u>—</u>
Total finance lease liabilities	\$ <u>762</u>	\$ <u>—</u>

During the years ended September 30, 2024 and 2023, the total lease cost associated with the System's operating leases was \$6,540 and \$6,319, respectively.

During the year ended September 30, 2024, the System recognized \$173 in amortization expense related to finance lease right-of-use assets and \$34 in interest expense related to finance leases.

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2024 and 2023

(In thousands)

**16. Leases (Continued)**

*Supplemental Cash Flow Information*

Supplemental cash flow information is as follows for the fiscal years ended September 30:

	<u>2024</u>	<u>2023</u>
Operating leases – operating cash flows (fixed payments)	\$ 6,356	\$ 6,073
Operating cash flows for finance leases (interest payments)	34	–
Finance cash flows for finance leases (liability reduction)	159	–
Noncash lease activity:		
Operating leases - right-of-use assets and operating lease liabilities recorded upon adoption of ASU 842	N/A	28,636
Operating leases - right-of-use assets obtained in exchange for new operating lease liabilities	8,700	2,876
Finance leases – right-of-use assets obtained in exchange for new finance lease liabilities	921	–

*Lease Term and Discount Rate*

Lease term and discount rate are as follows for the fiscal years ended September 30:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term (in years):		
Operating leases	7.97	6.97
Finance leases	3.25	N/A
Weighted-average discount rate:		
Operating leases	3.84%	3.91%
Finance leases	5.14%	N/A

**CONCORD HOSPITAL, INC. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2024 and 2023  
(In thousands)

**16. Leases (Continued)**

As of September 30, 2024, maturities of operating and finance lease liabilities for each of the following five years were as follows:

	<u>Operating Leases</u>	<u>Finance Leases</u>
2025	\$ 5,929	\$ 256
2026	5,077	256
2027	4,159	256
2028	4,090	64
2029	3,750	—
Thereafter	<u>11,699</u>	<u>—</u>
Total minimum future lease payments	34,704	832
Less imputed interest	<u>(4,912)</u>	<u>(70)</u>
Total lease liabilities	<u>\$29,792</u>	<u>\$ 762</u>

**Corey E. Gately**

**Education**

Springfield College School for Human Services, Manchester, NH  
Master's of Science in Human Services, concentration in Community Psychology  
Graduated May 1995 GPA: 3.9

Keene State College, Keene, NH  
Bachelor of Arts in Psychology/Bachelor of Arts in Sociology  
Associate's in Chemical Dependency  
Psychology Honor Society  
Graduated May 1993

**Experience**

May 2021 – present  
Concord Hospital – Laconia and Franklin (formerly LRGHealthcare)  
Full Time - Director of Substance Use Services  
Master's Licensed Alcohol and Drug Counselor  
DOT Substance Abuse Professional

July 2021 – October 2025  
Dartmouth Health  
Per Diem/On Call - Master's Licensed Alcohol and Drug Counselor

May 2019 – present  
Juggernaut Fitness  
Part Time - Crossfit L2 Coach, Drug and Alcohol Fitness Specialist

May 2015 – May 2021  
LRGHealthcare – Laconia NH  
Director of Substance Use Services  
Full Time - Master's Licensed Alcohol and Drug Counselor

September 2012 – May 2015  
Horizons Counseling Center, Gilford, NH  
Intensive Outpatient Program - Master's Licensed Alcohol and Drug Counselor  
DOT Substance Abuse Professional

June 2001 - August 2012  
Lakes Region General Healthcare, Laconia, NH  
Intensive Outpatient Program - Master's Licensed Alcohol and Drug Counselor  
DOT Substance Abuse Professional

**Current Activities**

NAADAC Member  
NHADACA Member  
2011 New Hampshire 40 under 40 Award  
2012 NHADACA Counselor of the Year  
2016 Leadership Lakes Region Participant  
2023 Level 2 Crossfit Coaching Certification  
Rotary International Member 2019 – present