Consolidated Financial Statements, Supplementary Information and Report of Independent Certified Public Accountants

TidalHealth, Inc.

June 30, 2022 and 2021

TidalHealth™

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
TidalHealth, Inc.

Opinion
We have audited the consolidated financial statements of TidalHealth, Inc. and subsidiaries, (the "Health System"), which comprise the consolidated balance sheets as of June 30, 2022 and 2021, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for opinion
We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America ("US GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Health 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 Health System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Health 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.

Supplementary Information

The accompanying consolidating balance sheet as of June 30, 2022 and the related consolidating statement of operations for the year then ended are presented for purposes of additional analysis, rather than to present the financial position, results of operations, and cash flows of the individual entities, and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Philadelphia, Pennsylvania
October 5, 2022

TidalHealth, Inc.

CONSOLIDATED BALANCE SHEETS

June 30,

(Dollar amounts in thousands)

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	$ 46,782	$ 181,183
Short-term investments	7,244	7,436
Assets limited as to use	1,214	2,003
Patient accounts receivable	77,423	66,312
Supplies	17,000	15,125
Prepaids and other	22,473	13,407
Total current assets	172,136	285,466
Investments	437,690	513,644
Assets limited as to use		
Under debt agreement	43,918	54,679
Self-insurance fund	36,878	37,088
Donor-restricted fund	56,992	61,591
	137,788	153,358
Property and equipment, net	299,887	323,179
Other assets	46,611	53,609
Total assets	$ 1,094,112	$ 1,329,256

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

TidalHealth, Inc.

CONSOLIDATED BALANCE SHEETS - CONTINUED

June 30,
(Dollar amounts in thousands)

	2022	2021
LIABILITIES AND NET ASSETS		
Current liabilities		
Current portion of long-term debt	$ 5,843	$ 5,597
Current portion of lease liability	1,379	1,779
Current portion of self-insurance liabilities	1,952	2,003
Accounts payable	29,692	40,726
Accrued liabilities	49,417	51,166
Advances from third-party payors	41,831	121,527
Total current liabilities	130,114	222,798
Long-term debt, less current portion	228,685	235,213
Lease liability, less current portion	3,912	5,090
Self-insurance liabilities	37,280	28,636
Accrued retirement benefits	1,098	777
Other liabilities	3,018	5,474
Total liabilities	404,107	497,988
Net assets		
Without donor restrictions	627,388	764,459
With donor restrictions	62,617	66,809
Total net assets	690,005	831,268
Total liabilities and net assets	$ 1,094,112	$ 1,329,256

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

TidalHealth, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

Years ended June 30,
(Dollar amounts in thousands)

	2022	2021
NET ASSET WITHOUT DONOR RESTRICTIONS		
Revenue		
Patient service revenue	$ 727,377	$ 696,019
Other revenue	35,900	33,707
Total revenue	763,277	729,726
Expenses		
Salaries and wages	374,523	296,860
Supplies and other expenses	314,160	320,668
Employee benefits	77,333	80,032
Depreciation and amortization	44,445	40,686
Interest	7,087	8,532
Total expenses	817,548	746,778
Loss from operations before other items	(54,271)	(17,052)
Other items		
Investment return	(81,906)	105,591
Other pension gains	5,861	4,078
Loss on extinguishment of debt	-	(3,660)
Total other items	(76,045)	106,009
(Deficiency in) excess of revenue over expenses	(130,316)	88,957
Non-controlling interest in earnings of controlled subsidiary	-	67
(Deficiency in) excess of revenue over expenses attributable to TidalHealth, Inc.	(130,316)	89,024

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

TidalHealth, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS - CONTINUED

Years ended June 30,
(Dollar amounts in thousands)

	2022	2021
Net assets without donor restrictions - continued		
(Deficiency in) excess of revenue over expenses attributable to TidalHealth, Inc. (*from previous page)*	$ (130,316)	$ 89,024
Other changes in net assets without donor restrictions:		
Net assets released from restrictions	112	44
Other	-	962
Change in non-controlling interest	-	(1,956)
Other changes in accrued retirement benefits	(6,867)	39,863
(Decrease) increase in net assets without donor restrictions	(137,071)	127,937
Net assets with donor restrictions		
Contributions	2,083	2,417
Net realized gains on investments	6,096	6,277
Change in unrealized gains and losses on investments	(11,925)	5,783
Net assets released from restrictions	(446)	(152)
(Decrease) increase in net assets with donor restrictions	(4,192)	14,325
(Decrease) increase in net assets	(141,263)	142,262
Net assets at beginning of year	831,268	689,006
Net assets at end of year	$ 690,005	$ 831,268

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

TidalHealth, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30,
(Dollar amount in thousands)

	2022	2021
Operating activities:		
(Decrease) increase in net assets	$ (141,263)	$ 142,262
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Loss on extinguishment of debt	-	3,660
Depreciation and amortization	44,445	40,686
Other changes in accrued retirement benefits	6,867	(39,863)
Amortization of original issue premium and financing costs	(730)	(502)
Equity in earnings of unconsolidated joint ventures	(2,438)	(2,543)
Losses on sale of property and equipment	4,063	9
Net realized and unrealized gains and losses on investments	92,337	(110,964)
Proceeds from restricted contributions	(2,083)	(2,417)
Changes in operating assets and liabilities:		
Patient accounts receivable	(11,111)	(9,292)
Supplies and other assets	(19,983)	5,350
Distributions from unconsolidated joint ventures	2,474	3,488
Accounts payable and accrued liabilities	(12,783)	24,661
Accrued retirement benefits	8,165	6,666
Other liabilities	6,137	2,485
Lease liability	(1,578)	(1,691)
Advances from third-party payors	198	(250)
Net cash (used in) provided by operating activities	(27,283)	61,745
Investing activities:		
Change in investments and assets limited as to use	168	1,789
Investment in unconsolidated joint ventures	(113)	(409)
Purchases of property and equipment, net	(23,810)	(48,153)
Net cash used in investing activities	(23,755)	(46,773)
Financing activities:		
Proceeds from restricted contributions	2,083	2,417
Advances from third-party payors - Medicare Advances	(79,894)	(11,282)
Debt issuance costs	-	(454)
Proceeds from long-term debt	-	132,462
Repayments of long-term debt	(5,552)	(136,456)
Net cash used in financing activities	(83,363)	(13,313)
Net (decrease) increase in cash and cash equivalents	(134,401)	1,659
Cash and cash equivalents at beginning of year	181,183	179,524
Cash and cash equivalents at end of year	$ 46,782	$ 181,183

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

NOTE 1 - ORGANIZATION AND MISSION

TidalHealth, Inc. (“TidalHealth”) is a not-for-profit Maryland membership corporation, that serves as the parent company to a group of affiliated non-profit and for-profit entities (collectively the “Health System”). The Health System’s mission is to improve the health of communities of the eastern shore of Maryland, southern Delaware, northern Virginia and portions of the Delaware-Maryland-Virginia Peninsula (the “Delmarva Peninsula”). The Health System’s group of affiliated non-profit and for-profit entities are as follows:

TidalHealth Peninsula Regional, Inc. (the “TPR”) is a not-for-profit, nonstock corporation founded in 1897 to serve the health care needs of its region. Service areas include the Maryland counties of Wicomico, Dorchester, Somerset, and Worcester; southern Delaware; and the northern Eastern Shore of Virginia.

TidalHealth Nanticoke, Inc. (the “TN”), a not-for-profit 99-licensed bed hospital in Seaford, Delaware, serving the health care needs of Sussex County.

TidalHealth Medical Partners, LLC (“TMP”), a not-for-profit physician practice organization which operates a physician network providing integrated physician services for the Health System, including the following supporting not-for-profit physician practice organizations: TidalHealth Primary Care, LLC, TidalHealth Specialty Care, LLC and TidalHealth Physician Network (the “TPN”).

McCready Foundation, Inc., a not-for-profit that operates the Alice Byrd Tawes Nursing Home (the “Nursing Home”), a 76-licensed bed skilled nursing home and Chesapeake Cove Assisted Living Center (the “Rehab Center”), a rehabilitation center and assisted living facility.

Peninsula Health Ventures, Inc. (“Health Ventures”) is a for-profit corporation organized for the purpose of owning, developing, operating, and investing in health care enterprises on the Delmarva Peninsula.

Peninsula Women’s Center, LLC d/b/a TidalHealth Surgery Center, operates an ambulatory surgery center.

Peninsula Regional Clinically Integrated Network, LLC participates in the Medicare Shared Savings Program as an Accountable Care Organization (“ACO”), providing Medicare beneficiaries on the Delmarva Peninsula with access to coordinated care.

TidalHealth Foundation, Inc. (the “Foundation”) is a not-for-profit, nonstock corporation organized to raise contributions exclusively for the benefit of charitable, educational, medical, and scientific purposes for the Health System.

Delmarva Peninsula Insurance Company (“DPIC”), a Cayman Island captive insurance company that provides professional and general liability insurance to related TidalHealth affiliates.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Health System and all affiliated non-profit and for-profit entities as described in Note 1, with the exception of joint ventures where there is less than 50% control or where the Health System does not have the ability to exercise significant influence (see Note 9). Joint ventures where the ownership is greater than 50% or are controlled are included in the accompanying consolidated financial statements and the non-controlling interest is recorded equal to the remaining ownership interest, during 2021, this entity ended its operations. All significant intercompany transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions are used in recording patient accounts receivable and patient service revenue, estimated settlements with third-party payors, useful lives of property and equipment, goodwill and other intangibles, actuarial estimates for the accrued retirement benefits, professional and general liabilities and workers' compensation costs, the reported fair value of certain assets and liabilities and the allocation of functional expenses. Actual amounts could differ from those estimates.

Fair Value of Financial Instruments

Financial instruments consist of cash equivalents, patient accounts receivable, investments and assets limited as to use, accounts payable, accrued liabilities, advances from third-party payors and long-term debt. The carrying amounts reported in the consolidated balance sheets for cash equivalents, patient accounts receivable, investments and assets limited as to use, accounts payable, accrued liabilities, advances from third-party payors, approximate fair value. Management's estimate of the fair value of other financial instruments is described elsewhere in the notes to the consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include surplus operating funds invested in money market funds and highly liquid corporate, U.S. government, and agency obligations, all with maturities of less than three months when purchased.

Investments and Assets Limited as to Use

Fair values of all investments, including short-term investments, investments, and assets limited as to use are recorded as described in Notes 7 and 8. Short-term investments represent investments with contractual maturities within one year and current investments in money market funds that have been designated for investment purposes.

Assets limited as to use includes externally held assets held by trustees under a debt agreement and consists of those assets designated for the payments of construction projects, principal and interest due on indebtedness and cost of issuance, externally held assets held by trustees self-insurance programs and assets internally held to meet donor's intentions. Assets limited as to use required to meet current liabilities have been classified as current assets on the consolidated balance sheets.

Investment return, includes interest and dividend, realized gains and losses (the value of securities sold) is based on the specific-identification method and changes in unrealized gains and losses. Investment return on investments of restricted assets are added to or deducted from the appropriate restricted net assets when restricted as to use by the donor.

Patient Accounts Receivable

A receivable is recognized when there is an unconditional right to payment, subject only to the passage of time. Patient accounts receivable, including billed accounts and unbilled accounts, which have the unconditional right to payment, and estimated amounts due from third-party payors for retroactive adjustments, are recorded as receivables since the right to consideration is unconditional and only the passage of time is required before payment of that consideration is due. The estimated uncollectible amounts are generally considered implicit price concessions that are recorded as a direct reduction to patient accounts receivable.

Discounts ranging from 2.0% to 7.7% of charges are given to Medicare, Medicaid, and certain approved commercial health insurance and health maintenance organization programs for regulated services. Discounts in varying percentages are given for certain unregulated services.

Supplies

Supplies are carried at the lower of cost or market, using the first-in, first-out method.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Construction in progress represents amounts expended or incurred toward property and equipment projects that have not been completed. No depreciation or amortization has been recorded for these items. Interest cost incurred, net of investment income earned on borrowed funds, during the period of construction is capitalized as a component of the cost of acquiring those assets.

Software development costs that are incurred in the preliminary project stage for internal use software are expensed as incurred. During the development stage, direct consulting costs and payroll and payroll-related costs for employees that are directly associated with each project are capitalized and amortized over the estimated useful life of the software once the software is ready for its intended use. Capitalized software is amortized using the straight-line method over its estimated useful life, which is generally seven years. Replacements and upgrades and enhancements to existing systems that result in added functionality are capitalized, while maintenance and repairs are charged to expense as incurred.

Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted donations. Absent explicit donor stipulations about how long those assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Leases

Arrangements are determined if they are a lease at inception of the contract. Right of use assets represent the right to use the underlying assets for the lease term and lease liabilities represent the obligation to make lease payments arising from the leases. Right of use assets and lease liabilities are recognized at commencement date based on the present value of lease payments over the lease term. An estimated incremental borrowing rate, which is derived from information available at the lease commencement date, in determining the present value of lease payments. The rate is determined based on information obtained from its bankers, its secured debt fair value and publicly available data for instruments with similar characteristics.

The operating leases are primarily for real estate, including off-campus outpatient facilities, medical office buildings, and corporate and other administrative offices, as well as medical and office equipment. The real estate lease agreements typically have initial terms of 5 to 10 years, and equipment lease agreements typically have initial terms of three to five years. Leases with an initial term of 12 months or less ("short-term leases") are not recorded in the consolidated balance sheets.

Real estate leases may include one or more options to renew, with renewals that typically can extend the lease term from 5 to 10 years. The exercise of lease renewal options is at the Health System's sole discretion. In general, these renewal options are not considered to be reasonably likely to be exercised, therefore, renewal options are generally not recognized as part of right of use assets and lease liabilities. The useful life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The majority of the medical equipment leases have terms of three years with no renewal options or bargain purchase options, so these assets are depreciated over their lease term.

(Dollar amounts in thousands)

Certain lease agreements for real estate include payments based on actual common area maintenance expenses. These variable lease payments are recognized in other operating expenses, net, but are not included in the right-of-use asset or liability balances. The lease agreements do not contain any material residual value guarantees, restrictions or covenants.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If long-lived assets are deemed to be impaired, the impairment to be recognized is the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell. As of June 30, 2022, management believes that no revisions to the remaining useful lives or write-down of long-lived assets are required.

Other Assets

Other assets are comprised of:

	June 30,	
	2022	2021
Investments in unconsolidated joint ventures (Note 9)	$ 17,634	$ 17,557
Right to use assets (Note 12)	5,224	6,788
Accrued retirement asset (Note 13)	1,664	16,375
Reinsurance receivable (Note 14)	12,804	6,796
Contributions receivable, net (Note 15)	2,005	1,595
Other	7,280	4,498
	$ 46,611	$ 53,609

Estimated Self-Insurance Liabilities

The provision for estimated professional liability claims, general liability claims, and workers' compensation claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Net Assets with Donor Restrictions

Certain net assets are temporarily restricted and whose use has been limited by donors to a specific time period or purpose.

Certain net assets have been permanently restricted by donors to be maintained by the Health System in perpetuity.

Performance Indicator

The performance indicator for is the (deficiency in) of excess of revenue over expenses, which excludes net assets released from restrictions for property acquisitions net of transfers to restricted net assets, changes in non-controlling interest, and other changes in accrued retirement benefits.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported on the consolidated statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions in net assets without donor restrictions in the accompanying consolidated financial statements.

Patient Service Revenue

The Health System has the following agreements for patient services: for those provided at the TPR hospital campus, all payors are required to pay the Maryland Health Services Cost Review Commission (“HSCRC”) approved rates; and for all other locations, patient services are based on negotiated agreements with third-party payors, including health insurance companies and rates set by government regulations (for payors such as Medicare and Medicaid) that provide for reimbursement at amounts different from established charges. Reimbursement methodologies include prospectively determined rates per discharge, per diem rates, reimbursed costs, and discounted charges.

Patient service revenues are recorded at the amounts that reflect the consideration to which the Health System expects to be entitled to in exchange for providing patient care for both the hospital and any employed physicians. These amounts are due from patients, third-party payors (including managed care organizations and government programs, i.e., Medicare and Medicaid), and others and they include variable consideration for retroactive adjustments due to settlement of future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Generally, patients and third-party payors are billed several days after the services are performed or shortly after discharge. Patient service revenue is recognized in the period in which the performance obligations are satisfied under contracts by transferring services to patients.

Performance obligations are determined based on the nature of the services provided. Revenues are recognized for performance obligations satisfied over time based on actual charges incurred in relation to total expected charges. This method provides an appropriate depiction of the transfer of services over the term of performance obligations based on the inputs needed to satisfy the obligations. Generally, performance obligations are satisfied over time related to patients receiving inpatient acute care services. Performance obligations are measured from admission to the point when there are no further services required for the patient, which is generally the time of discharge. Revenues are recognized for performance obligations satisfied at a point in time, which generally relate to patients receiving outpatient services, when: (1) services are provided; and (2) when it is believed the patient does not require additional services.

Estimates of contractual adjustments and discounts based on government regulations, contractual agreements, discount policies and historical experience, as applicable. The estimates of implicit price concessions based on historical collection experience within each class of patients using a portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. The consolidated financial statement effects of using this practical expedient are not materially different from an individual contract approach.

Advertising Costs

The Health System expenses advertising costs as incurred. For the years ended June 30, 2022 and 2021, advertising costs were $1,428 and $1,877, respectively, which are included in supplies and other expenses in the accompanying consolidated statements of operations and changes in net assets.

Income Taxes

TidalHealth has been recognized as supporting organizations exempt from federal income tax under Section 501(c)(3) as described in Section 509(a)(3) of the Internal Revenue Code (the "Code"). TPR and TN have been recognized organizations exempt from federal income tax under Section 501(c)(3) as described in Sections 509(a)(1) and Section 170(b)(1)(A)(iii) of the Code. The Foundation has been recognized as an organization exempt from federal income tax under Section 501(c)(3) as described in Sections 509(a)(1) and Section 170(b)(1)(A)(vi) of the Code. TPN and the McCready Foundation, Inc. have been recognized as organizations exempt from federal income tax under Section 501(c)(3) as described in Section 509(a)(2) of the Code. The Health System is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. Each organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions

Peninsula Women's Center, LLC, Peninsula Regional Clinically Integrated Network, LLC, and TMP are limited liability companies with TidalHealth as sole member and are disregarded for income tax purposes. Health Ventures is a for-profit corporation, wholly owned by the Health System. DPIC is a Cayman Island captive insurance company. Under Cayman Islands tax regulations, no tax is imposed on DPIC for premium and investment income.

The Health System follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

The Health System has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements at June 30, 2022 and 2021.

Reclassifications

Certain amounts in the prior-year consolidated financial statements have been reclassified to be consistent with the current-year presentation.

NOTE 3 - IMPACT OF THE COVID-19 PANDEMIC

In March 2020, the World Health Organization declared COVID-19, the disease caused by the novel coronavirus, a pandemic, which started to and continues to spread throughout the United States of America. As a result of the COVID-19 pandemic, the Health System experienced a decline in patient visits, admissions, and medical procedures performed. Elective medical procedures were suspended by state and local governments at varying time periods beginning in mid-March through late May 2020, contributing to a significant decline in patient service revenue due to COVID-19 when compared to historic and forecasted results. Additionally, in response to the pandemic, the Health System incurred additional costs for testing, personal protective equipment, third-party contract services and other operating costs associated with ensuring employee and patient safety while operating during a pandemic. Since late May 2020, the Health System has begun to see increases in its patient visits, admissions, and medical procedures, however, volumes have not returned to pre-pandemic levels. Management is actively monitoring operating revenues, and expenses and based on the continuing uncertainties of COVID-19, it is unable to determine if it will have a material impact on its operations for the year ending June 30, 2023.

(Dollar amounts in thousands)

The Health System received grant payments, which are considered nonexchange transactions, from the federal government distributed under the Coronavirus Aid, Recovery and Economic Security ("CARES") Act. For the years ended June 30, 2022 and 2021, payments received of $14,155 and $24,449, respectively, and are included in other revenue in the consolidated statements of operations and changes in net assets. These payments are subject to audit and compliance with federal regulations. The Health System believes it has met the conditions to retain these funds, and no amounts are reserved for repayment at June 30, 2022 and 2021. Future grant payments are uncertain at this time.

The CARES Act also provided for an expansion of the Medicare Accelerated and Advance Payment Program for patient services. Under the program, the Health System received $123,055 in April 2020, and recorded these payments in advances from third-party payors in the consolidated balance sheet. The recoupment period began in April 2021 and amounts billed to Medicare for services provided are offset against the advanced payments received until the advance is fully recouped by the Medicare program. During the years ended June 30, 2022 and 2021, Medicare recouped $79,894 and $11,282, respectively, which results in a $31,879 and $111,773 of advances from third-party payors in the consolidated balance sheets at June 30, 2022 and 2021, respectively. The Health System repaid the remaining amount in September 2022.

Additionally, the Internal Revenue Service ("IRS") allowed the Health System to defer remittance of payroll taxes. The deferred tax liability of $5,228 and $9,790 at June 30, 2022 and 2021, respectively, is included in accrued liabilities on the consolidated balance sheets. Fifty percent of the deferred payroll taxes was paid by December 31, 2021, with the remaining balance due by December 31, 2022.

NOTE 4 - LIQUIDITY AND AVAILABILITY OF RESOURCES

As of June 30, 2022 and 2021, the adjusted working capital was $479,047 and $574,309, respectively, and the adjusted average days of cash on hand was 229 and 359 days, respectively, both of which include long-term investments.

The financial assets available for general expenditure within one year of the consolidated balance sheet date consist of the following:

	June 30,	
	2022	2021
Cash	$ 46,782	$ 181,183
Short-term investments	7,244	7,436
Patient accounts receivable	77,423	66,312
Investments	437,690	513,644
	$ 569,139	$ 768,575

(Dollar amounts in thousands)

NOTE 5 - CHARITY CARE

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

The Health System maintains records to identify and monitor the level of charity care and community service it provides. These records include the amount of charges foregone based on established rates for services and supplies furnished under its charity care and community service policies and the number of patients receiving services under these policies. The Health System provided $12,659 and $12,512 for the years ended June 30, 2022 and 2021, respectively, of charity care at full cost including direct and indirect costs, based on the actual charity population using its cost to charge ratio. The HSCRC includes components within the rates to partially compensate eligible providers for uncompensated care.

Additionally, the Health System provides a wide range of community services to the general public. These include but are not limited to the following: free health screenings for breast cancer, prostate cancer, skin cancer, diabetes, high blood pressure, high blood cholesterol, hearing loss and glaucoma; free educational programs on a variety of health care topics; health fairs and demonstrations; and networking and coordination of services for the needy, elderly, and disabled. These community services are offered at the Health System and at schools, businesses, and other locations throughout the Health System's service area.

NOTE 6 - PATIENT SERVICE REVENUE

The Health System disaggregates revenues from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenues and cash flows as affected by economic factors. Tables providing details of these factors are presented below.

Patient service revenue recognized from major payer sources based on primary insurance designation, is as follows:

	Years ended June 30,	
	2022	2021
Medicare	51%	52%
Medicaid	20	19
Managed care	3	3
CareFirst Blue Cross Blue Shield	12	12
Other, including self-pay	14	14
	100%	100%

The composition of patient care service revenues by type of service for is as follows:

	Years ended June 30,	
	2022	2021
Inpatient	35%	35%
Outpatient	45	50
Physician services	20	15
	100%	100%

For services provided at the TPR hospital campus, all payors are required to pay the Maryland Health Services Cost Review Commission ("HSCRC") approved rates. Management believes that this program will remain in effect at least through June 30, 2023. The major third-party payors, as recognized by the HSCRC, are allowed discounts of up to 7.7% on approved rates. These charges are subject to review and approval by the HSCRC. The total rate of reimbursement for services to patients under the Medicare and Medicaid programs is based on a waiver arrangement between the Centers for Medicare and Medicaid Service and the HSCRC. This waiver arrangement will be in place as long as Maryland hospitals achieve certain savings and improvements, as defined. TPR has an agreement with the HSCRC to participate in its Global Budgeted Revenue ("GBR") program. GBR methodology encourages hospitals to focus on population health strategies by establishing a fixed annual revenue cap for each GBR hospital. The agreement is evergreen in nature and covers both regulated inpatient and outpatient revenues.

Under GBR, hospital revenue is known at the beginning of each fiscal year, and for the year ending June 30, 2023, is expected to be approximately $554,025. Annual revenue is calculated from a base year and is adjusted annually for inflation, infrastructure requirements, population changes, performance in quality-based programs, and changes in levels of uncompensated care. Revenue may also be adjusted annually for market levels and shifts of services to unregulated services. The HSCRC's rate-setting methodology for hospital service centers that provide both inpatient and outpatient services and only outpatient services, consists of establishing an acceptable unit rate for defined inpatient and outpatient service centers within a hospital. The actual average unit charge for each service center is compared to the approved rate monthly and annually. Overcharges and undercharges due to either patient volume or price variances, adjusted for penalties where applicable, are applied to decrease (in the case of overcharges) or increase (in the case of undercharges) in future approved rates on an annual basis. TPR undercharged for the years ended June 30, 2022 and 2021, within the allowable corridor as specified in the GBR Agreement.

The timing of the HSCRC's rate adjustments for TPR could result in an increase or reduction in rates due to the variances and penalties described above in a year subsequent to the year in which such items occurred, and there is at least a possibility that the amounts may be material. For both the years ended June 30, 2022 and 2021, approximately 45% and 47% of the Health System's patient service revenue was subject to the HSCRC's regulations.

Inpatient acute care and outpatient services not located on the TPR hospital campus, including TN and certain other services not regulated by the HSCRC provided to Medicare and Medicaid program beneficiaries, are paid at prospectively determined rates per discharge or outpatient service. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Additionally, there are certain defined Medicare program pass-through items, and certain other costs provisionally reimbursed by Medicare, are paid based on a cost reimbursement methodology or tentative rate. These are ultimately subjected to certain cost limitations or contingent on actual data for the year, with final settlement determined after submission of annual cost reports by TN and audits thereof, by the programs' fiscal intermediaries.

The TN Medicare cost reports have been audited and finalized through June 30, 2018. Differences between the estimated settlements and the amounts settled are recorded in the year of settlement. Estimated favorable results of appeal items are recorded when realization is reasonably assured. These estimates are included in advances from third-party payors in the consolidated balance sheets. Management uses the expected-value method when determining these amounts. In the opinion of management, adequate provision has been made for any adjustment, which may result from the final settlement of these cost reports, and any appeal issues. For the years ended June 30, 2022 and 2021, patient service revenue includes net losses for settlements and adjustments related to cost reports, audit and appeal items from prior years of $1,000 and $251, respectively.

(Dollar amounts in thousands)

Laws and regulations governing the HSCRC, Medicare and Medicaid programs, which represent a substantial portion of the patient service revenues, are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Health System believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While there are no currently known regulatory inquiries, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action.

The following table sets forth the detail of patient service revenue:

	Years ended June 30, 2022	Years ended June 30, 2021
Gross patient service revenue	$ 1,156,563	$ 1,096,176
Less: revenue deductions:		
Charity care	(17,918)	(20,342)
Contractual and other allowances	(386,523)	(360,733)
Implicit price concessions	(24,745)	(19,082)
	$ 727,377	$ 696,019

NOTE 7 - INVESTMENTS AND ASSETS LIMITED AS TO USE

Fair value of investments and assets limited as to use is summarized as follows:

	June 30, 2022	June 30, 2021
Cash and cash equivalents	$ 22,955	$ 13,640
U.S. Treasury securities	158,293	173,886
Corporate bonds	107,047	117,478
Equity securities	238,456	367,441
Private placement funds		
Hedge	52,242	1,977
Private equity	4,943	1,798
Fixed income	-	221
	583,936	676,441
Less amounts required for current liabilities	(1,214)	(2,003)
	$ 582,722	$ 674,438

(Dollar amounts in thousands)

	Years ended June 30, 2022	Years ended June 30, 2021
Investment return		
Interest and dividend income	$ 5,318	$ 5,992
Realized gains, net	36,064	45,072
Changes in unrealized gains and losses	(122,572)	53,832
Other	(716)	695
	$ (81,906)	$ 105,591

NOTE 8 - FAIR VALUE MEASUREMENTS

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below.

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Health System has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Health System believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(Dollar amounts in thousands)

The fair value of private placement funds has been determined using the net asset value ("NAV") of the funds as provided by the respective fund managers. The NAV is used as a practical expedient to estimate fair value and is excluded from the fair value hierarchy. The underlying investments of these funds consist of securities with readily determinable market values. As of June 30, 2022 and 2021, there were no withdrawal restrictions or unfunded commitments on investments reported at NAV.

The following tables present assets measured at fair value, aggregated by level in the fair value hierarchy within which those measurements fall:

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	$ 22,955	$ 22,955	$ -	$ -
U.S. government securities	158,293	130,597	27,696	-
Corporate bonds	107,047		107,047	-
Equity securities	238,456	238,456	-	-
	526,751	$ 391,008	$ 134,743	$ -
Private placement funds (at NAV):				
Hedge	52,242			
Private equity	4,943			
	57,185			
	$ 583,936			

	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	$ 13,640	$ 13,640	$ -	$ -
U.S. government securities	173,886	148,059	25,827	-
Corporate bonds	117,478	-	117,478	-
Equity securities	367,441	367,441	-	-
	672,445	$ 529,140	$ 143,305	$ -
Private placement funds (at NAV):				
Hedge	1,977			
Private equity	1,798			
Fixed income	221			
	3,996			
	$ 676,441			

(Dollar amounts in thousands)

The fair values of securities are determined by third-party service providers utilizing various methods depending on the specific type of investment. Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Where significant inputs, including benchmark yields, broker-dealer quotes, issuer spreads, bids, offers, the London Interbank Offered Rate curve, and measures of volatility, are used by these third-party dealers or independent pricing services to determine fair values, the securities are classified within Level 2.

NOTE 9 - INVESTMENT IN UNCONSOLIDATED JOINT VENTURES

The Health System and physicians located throughout Maryland and Delaware have joined together, along with other non-related for-profit investors, to expand surgical and certain other services within the local communities through jointly owned ventures, as follows:

	Membership Percentage		Investment in Unconsolidated Joint Ventures		Equity Earnings (Losses) in Unconsolidated Joint Ventures	
	June 30,		June 30,		Years ended June 30,	
	2022	2021	2022	2021	2022	2021
TidalHealth:						
Advanced Health Collaborative II, LLC	-%	25%	$ -	$ 132	$ (245)	$ (76)
			-	132	(245)	(76)
Health Ventures:						
Peninsula Imaging, LLC	50%	50%	5,223	5,014	1,209	1,818
AHP Delmarva, LLP	50%	50%	1,084	1,111	496	214
Genesis Healthcare - Salisbury, LLC	50%	50%	3,608	3,721	(112)	(303)
Peninsula Home Care, LLC	50%	50%	419	498	(28)	583
PHC at Nanticoke, LLC	33%	33%	192	283	(9)	101
YDI, Inc.	50%	50%	383	93	306	(19)
Corelife, Inc.	-%	-%	-	-	-	(466)
Delmarva Endoscopy Center, LLC	-%	-%	-	-	-	(10)
Deerpointe	26.3%	26.3%	6,725	6,705	821	701
			17,634	17,425	2,683	2,619
			$ 17,634	$ 17,557	$ 2,438	$ 2,543

Regardless of the proportionate ownership of capital investment in these ventures, all decisions are made by the respective venture’s operating board. In each case, the operating board is composed equally of members appointed by the TidalHealth/Health Ventures and the other investors as a group. Accordingly, these are accounted for on the equity method of accounting.

Equity for earnings (losses) in unconsolidated joint ventures for TidalHealth are included in investment return and for Health Ventures are included in other revenue on the consolidated statements of operations and changes in net assets, due to the type of operations of the joint venture.

(Dollar amounts in thousands)

NOTE 10 - PROPERTY AND EQUIPMENT

A summary of property and equipment follows:

	Estimated Useful Lives (in Years)	June 30, 2022	June 30, 2021
Land	-	$ 18,512	$ 18,872
Land improvements	20	13,787	13,814
Buildings and improvements	15 - 40	357,287	347,903
Fixed equipment	20	42,071	41,885
Movable equipment	5 - 7	335,107	301,348
		766,764	723,822
Less accumulated depreciation and amortization		(481,600)	(440,683)
		285,164	283,139
Construction in progress		14,723	40,040
		$ 299,887	$ 323,179

Depreciation and amortization expense related to property and equipment for the years ended June 30, 2022 and 2021 was $43,039 and $40,686, respectively.

As of June 30, 2022, the Health System was committed to building and equipment purchases totaling approximately $13,845.

(Dollar amounts in thousands)

NOTE 11 - LONG-TERM DEBT

Long-term debt consists of the following:

	June 30, 2022	June 30, 2021
Maryland Health and Higher Educational Facilities Authority (“MHHEFA”) Revenue Bonds:		
Series 2020A 4.00% to 5.00% serial and term bonds due in annual amounts ranging from $1,105 to $13,130 on July 1 of each year through 2048	$ 93,905	$ 94,965
Series 2015 5.00% serial and term bonds due in annual amounts ranging from $2,665 to $2,800 on July 1 of each year through 2023	5,465	8,005
Bank Taxable Notes:		
Series 2021A 2.40% taxable note due in annual amounts ranging from $1,045 to $6,895 on July 1 of each year through 2045	121,260	122,215
Series 2021B 2.46% taxable note due in annual amounts ranging from $245 to $435 on July 1 of each year through 2045	8,145	8,360
Bank loan due monthly through May 2025 with a 4.60% fixed rate of interest	1,071	1,433
Delaware Economic Development Authority Strategic Fund Loan, maturing in varying annual amounts through 2023, no stated interest rate	594	1,014
	230,440	235,992
Less: current portion of long-term debt	(5,843)	(5,597)
	224,597	230,395
Plus: unamortized original issue premiums, net	6,078	6,917
Less: unamortized debt issue costs, net	(1,990)	(2,099)
Long-term debt, less current portion	$ 228,685	$ 235,213

The premiums and related financing costs on the Bonds are being amortized over the life of the bonds.

Series 2021A Taxable Note

In February 2021, TidalHealth entered into a note agreement with a bank for $123,325. The proceeds of the issue were used primarily to advance refund $104,955 of the Series 2015 Revenue Bonds. The advance refunding generated a loss on extinguishment of debt of $3,660, consisting of the call premium and the write off of the original issue premium and costs of issuance.

(Dollar amounts in thousands)

Series 2021B Taxable Note

In February 2021, TidalHealth entered into a note agreement with a bank for $8,405. The proceeds of the issue were used primarily: (i) to repay in full a USDA second mortgage and a Bank mortgage; and (ii) to pay the cost of issuance.

Series 2020A Revenue Bonds

In May 2020, MHHEFA authorized the issuance of $95,995 aggregate principal amount of Revenue Bonds (Series 2020A Revenue Bonds) at a premium of $5,944. The proceeds of the issue, after payment of financing costs, were used primarily: (i) to advance refund TN's debt obligations with the USDA and the 2013 Delaware Health and Facilities Authority Bonds; and (ii) to finance $58,500 of capital purchases.

Series 2015 Revenue Bonds

In February 2015, MHHEFA authorized the issuance of $126,665 aggregate principal amount of Revenue Bonds (Series 2015 Revenue Bonds) at a premium of $20,770. The proceeds of the issue, after payment of financing costs, were used primarily: (i) to advance TPR's 2006 bonds and (ii) to finance $25,000 of capital purchases.

Covenants

The Obligated Group for the 2020A and 2015 Bonds (collectively the "Bonds") consists of TidalHealth, TPR, TMP and TN and the Obligated Group for the Series 2021A and B Taxable Notes (collectively the "Taxable Notes"), consists of TidalHealth, TPR, TMP, TN, and McCready Foundation, Inc., are required to make semiannual payments to the trustee and the bank sufficient to meet the annual debt service requirements.

As security for the debt service requirements of the Bonds and Taxable Notes, MHHEFA and the bank have a first lien and claim on all receipts of the Obligated Groups. The terms of the indenture agreements restrict the Obligated Groups' ability to create additional indebtedness and its use of the facilities and require the Obligated Groups to maintain stipulated insurance coverage and a rate structure in each year sufficient to meet certain rate covenant requirements. The Obligated Groups have complied with these financial covenants for the years ended June 30, 2022 and 2021.

Scheduled principal repayments on long-term debt for the years ending June 30, are as follows:

2023	$ 5,853
2024	6,066
2025	5,971
2026	6,750
2027	6,925
Thereafter	198,875
	$ 230,440

Fair Value

The Health System uses quoted market prices in estimating the fair value of its long-term debt. The fair value of the long-term debt outstanding as of June 30, 2022 and 2021, was approximately $231,234 and $256,951, respectively.

(Dollar amounts in thousands)

NOTE 12 - LEASES

The following table presents the components of the right of use assets and liabilities related to leases and their classification in the consolidated balance sheets:

Component of Lease Balances	Classification in Consolidated Balance Sheets	June 30, 2022	June 30, 2021
Assets			
Operating lease	Other assets	$ 5,224	$ 6,788
		$ 5,224	$ 6,788
Liabilities			
Operating lease			
Current	Current portion of lease liability	$ 1,379	$ 1,779
Long-term	Lease liability, net of current portion	3,912	5,090
		$ 5,291	$ 6,869

The following table presents the components of lease expense and their classification in the consolidated statements of operations and changes in net assets:

Component of Lease Balances	Classification in Consolidated Statements of Operations and Changes in Net Assets	Years ended June 30, 2022	Years ended June 30, 2021
Operating lease expense	Supplies and other	$ 6,032	$ 5,338
Variable and short-term lease expense	Supplies and other	946	1,841
		$ 6,978	$ 7,179

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

	June 30, 2022	June 30, 2021
Weighted-average remaining lease term (years)		
Operating leases	5.85 years	5.75 years
Weighted-average discount rate		
Operating leases	2.31%	2.84%

(Dollar amounts in thousands)

Cash flow related to leases is as follows:

	Years ended June 30, 2022	Years ended June 30, 2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows related to operating leases	$ 6,898	$ 5,128
Financing cash outflows related to finance leases	-	1,236

There were no right-of-use assets (operating or financing leases) obtained in exchange for lease obligations for the years ended June 30, 2022 or 2021.

The future minimum rental commitments for all noncancelable operating leases are as follows:

Years ending June 30,	
2023	$ 1,504
2024	1,083
2025	815
2026	787
2027	987
Thereafter	738
	5,914
Less: Imputed interest	(623)
	5,291
Less: Current portion	1,379
	$ 3,912

NOTE 13 - RETIREMENT BENEFIT PLANS

The Health System has a cash balance-type defined benefit pension plan, The Peninsula Regional Medical Center Pension Plus Plan (the "Plan"), covering substantially all of its employees. The Plan was remeasured on January 1, 2020, due to the significant number of new participants entering the Plan as a result of the acquisition of TN. Plan benefits are based on years of service and the employees' compensation during the last five years of covered employment. The Health System's funding policy is to make sufficient contributions to the Plan to comply with the minimum funding provisions of the Employee Retirement Income Security Act of 1974. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

The Plan provides annual allocations to a participant's hypothetical account. When a participant retires, the participant has the choice to receive a lump-sum distribution equal to the value of the hypothetical account or to receive an annuity based on the value of the hypothetical account.

The Plan provides three different allocations: (i) a service-related allocation; (ii) an age-related allocation; and (iii) a matching allocation for certain employees. Both the service-related allocation and the age-related allocation are determined by multiplying a participant's annual compensation by a certain percentage. The matching allocation operates to provide an annual allocation in the Plan based on the participant's contribution to the Health System's 403(b) plan.

TN has a qualified noncontributory defined benefit pension plan (the "TN Plan") that was frozen effective January 1, 2009. The funding policy is to make sufficient contributions to comply with the minimum funding requirements of the Employee Retirement Income Security Act (ERISA). The TN Plan was amended and terminated at June 30, 2022.

(Dollar amounts in thousands)

The following provides a reconciliation of the changes in the projected benefit obligations and the fair value of plans assets, and plans funded status:

	June 30,			
	2022 The Plan	2022 TN Plan	2021 The Plan	2021 TN Plan
Accumulated benefit obligation	$ 138,543	$ 17,626	$ 158,021	$ 20,641
Projected benefit obligation, beginning of year	$ 175,775	$ -	$ 169,785	$ 22,200
Service cost	13,408	-	13,826	-
Interest cost	4,270	437	3,875	314
Actuarial gain	(29,408)	(1,800)	(2,014)	(216)
Settlements	(10,519)	(680)	(8,999)	(795)
Benefits paid	(771)	(972)	(698)	(862)
Projected benefit obligation, end of year	152,755	17,626	175,775	20,641
Fair value of plan assets, beginning of year	192,150	20,591	156,685	18,470
Actual (loss)/gain on plan assets	(26,441)	(1,823)	42,162	3,778
Employer contributions	-	-	3,000	-
Settlements	(10,519)	(680)	(8,999)	(795)
Benefits paid	(771)	(972)	(698)	(862)
Fair value of plan assets, end of year	154,419	17,116	192,150	20,591
Funded status	$ 1,664	$ (510)	$ 16,375	$ (50)
Amounts recognized in the consolidated balance sheets:				
Other assets	$ 1,664	$ -	$ 16,375	$ -
Accrued retirement benefits	$ -	$ (510)	$ -	$ (50)
Net amounts recognized in net assets without donor restrictions:				
Net actuarial (gain) loss	$ (3,358)	$ 995	$ (9,774)	$ (108)

(Dollar amounts in thousands)

Components of net periodic benefit cost and changes in net asset without donor restrictions are as follows:

	Year ended June 30,			
	2022	2022	2021	2021
	The Plan	TN Plan	The Plan	TN Plan
Components of net periodic benefit cost recognized in employee benefits:				
Service cost	$ 13,408	$ -	$ 13,826	$ -
Components of net periodic benefit cost (gain) recognized in other items:				
Interest cost	4,270	437	3,875	314
Expected return on plan assets	(9,991)	(1,184)	(9,461)	(1,118)
Recognized net actuarial loss	609	104	2,218	94
	(5,112)	(643)	(3,368)	(710)
Net periodic benefit cost (gain)	8,296	(643)	10,458	(710)
Recognized in net assets without donor restrictions as other changes in other changes in accrued retirement benefits:				
Net actuarial loss (gain)	6,415	1,103	(36,935)	(2,969)
Total recognized in net periodic benefit cost (gain) and change in net assets without donor restrictions	$ 14,711	$ (643)	$ (26,477)	$ (3,679)

The estimated net actuarial loss for the Plan and TN Plan that will be amortized from net assets without donor restrictions into net periodic benefit cost over the next fiscal year is $609 and $104, respectively.

(Dollar amounts in thousands)

Weighted-average assumptions used to determine projected benefit obligations and net periodic benefit costs were as follows:

	June 30,			
	2022	2022	2021	2021
	The Plan	TN Plan	The Plan	TN Plan
Projected benefit obligation:				
Discount rate	4.55%	4.25%	2.50%	2.25%
Rates of increase in compensation levels:				
Service:				
<11	12.00%	N/A	8.00%	N/A
11<21	4.50%	N/A	5.00%	N/A
21=<	2.50%	N/A	3.00%	N/A

	June 30,			
	2022	2022	2021	2021
	The Plan	TN Plan	The Plan	TN Plan
Net periodic benefit cost:				
Discount rate	2.50%	2.25%	2.35%	1.50%
Expected long-term return on plan assets	6.50%	6.12%	6.75%	6.50%
Rate of increase in compensation levels:				
Service:				
<11	8.00%	N/A	8.00%	N/A
11<21	5.00%	N/A	5.00%	N/A
21=<	3.00%	N/A	3.00%	N/A

The defined benefit pension plan asset allocation as of the measurement date and the target asset allocation, presented as a percentage of total plan assets, were as follows:

	June 30,				
	2022	2022	2021	2021	Target
	The Plan	TN Plan	The Plan	TN Plan	Allocations
Debt securities	36%	67%	28%	47%	25% - 50%
Equity securities	46	33	70	53	30% - 65%
Alternative investments	13	-	-	-	20% - 30%
Cash and cash equivalents	5	-	2	-	-% - 5%
Total	100%	100%	100%	100%	

The Health System's defined benefit plan invests in a diversified mix of traditional asset classes. Investments in U.S. equity securities and fixed income securities are made to maximize long-term results while recognizing the need for adequate liquidity to meet ongoing benefit and administrative obligations. Risk tolerance of unexpected investment and actuarial outcomes is continually evaluated by understanding the pension plan's liability characteristics. This is performed through forecasting and assessing ranges of investment outcomes over short-term and long-term horizons, and by assessing the Health System's financial condition and its future potential obligations from both the pension and general operational requirements. Complementary investment styles, such as growth and value equity investing techniques, are utilized by the Health System's investment advisors to further improve portfolio and operational risk characteristics. Equity investments, both actively and passively managed, are used primarily to increase overall plan returns. Fixed income investments provide diversification benefits and liability hedging attributes that are desirable, especially in falling interest rate environments.

(Dollar amounts in thousands)

Asset allocations and investment performance are formally reviewed at regularly scheduled meetings of the Health System's Financial Resources Committee.

The overall rate of expected return on assets assumption was based on historical returns, with adjustments made to reflect expectations of future returns. The extent to which the future expectations were recognized included the target rates of return for the future, which have not historically changed.

The fair values of assets as of June 30, by asset category (see Note 8 for a description of the asset categories), are as follows:

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Assets - The Plan investments at fair value:				
Cash and cash equivalents	$ 7,492	$ 7,492	$ -	$ -
U.S. Treasuries	24,331	24,331	-	-
Government-sponsored mortgage-backed securities	3,898	-	3,898	-
Corporate debt securities	27,469	-	27,469	-
Publicly traded equity securities	71,224	70,828	396	-
Total	134,414	$ 102,651	$ 31,763	$ -
Private placement funds (at NAV):				
Hedge funds	20,005			
Total	$ 154,419			

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Assets - TN Plan				
Investments at fair value:				
Cash and cash equivalents	$ 121	$ 121	$ -	$ -
Bond mutual funds	11,319	11,319	-	-
Equity mutual funds	5,676	5,676	-	-
Total	$ 17,116	$ 17,116	$ -	$ -

(Dollar amounts in thousands)

	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Assets - The Plan investments at fair value:				
Cash and cash equivalents	$ 2,987	$ 2,987	$ -	$ -
U.S. Treasuries	27,178	27,178	-	-
Government-sponsored mortgage-backed securities	2,909	-	2,909	-
Corporate debt securities	22,536	-	22,536	-
Publicly traded equity securities	136,037	136,037	-	-
Other	503	-	503	-
Total	$ 192,150	$ 166,202	$ 25,948	$ -

	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Assets - TN Plan				
Investments at fair value:				
Cash and cash equivalents	$ 66	$ 66	$ -	$ -
Bond mutual funds	9,673	9,673	-	-
Equity mutual funds	10,852	10,852	-	-
Total	$ 20,591	$ 20,591	$ -	$ -

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

U.S. Treasuries: The fair value is determined by an active price for an identical security in an observable market.

Corporate debt securities and government-sponsored mortgage-backed securities: The fair value is estimated using quoted prices for similar assets in active markets or quoted prices for identical or similar assets in non-active markets (few transactions, limited information, noncurrent prices, and high variability over time).

Money market funds: The carrying value of these money market funds approximates fair value as the maturities are less than three months.

Publicly traded equity securities: The fair value is determined by market quotes for an identical security in an observable market.

Hedge Funds: The fair value of private placement funds has been determined using the net asset value ("NAV") of the funds as provided by the respective fund managers. The NAV is used as a practical expedient to estimate fair value and is excluded from the fair value hierarchy. The underlying investments of these funds consist of securities with readily determinable market value and other hedge funds and private placement funds.

(Dollar amounts in thousands)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Health System believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Cash Flows

The Health System does not expect to make voluntary contributions to the Plan or the TN Plan, for the year ending June 30, 2023. This funding level exceeds any regulatory requirements. The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as follows for the years ending June 30:

	The Plan	TN Plan
2023	$ 8,411	$ 18,226
2024	8,686	-
2025	10,061	-
2026	10,414	-
2027	10,958	-
2028 - 2032	60,039	-

Defined Contribution Plans

The Health System has a 403(b) defined contribution savings plan that includes all full-time and part-time employees. The Health System matches participant contributions for active participants as of December 31 who have completed at least 975 hours of service during the calendar year. The match is 25% of the first 1% of compensation for participants with 1 - 15 years of service and 50% of the first 2% for participants with more than 15 years of service. The Health System's contribution expense for the years ended June 30, 2022 and 2021 was $2,219 and $1,663, respectively.

During the year ended June 30, 2022, the Health System and a key executive entered into a jointly owned split dollar agreement through an insurance company. Total funding as of June 30, 2022 was $4,283, which is recorded in other assets on the consolidated balance sheet. The value held by the insurance company along with additional security on the policy is collateral held to secure the return on the Health System's funding plus interest. The agreements allow for the key executives to borrow specified amounts to be repaid by the proceeds of the life insurance policies. Any remaining death proceeds are distrusted to the executive's beneficiary as agreed upon by the parties.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Self-Insurance Liabilities and Litigation

DPIC provides Primary Medical Professional Liability ("MPL") and Primary General Liability ("GL") coverage to the Health System and its employed physicians on a mature claims-made basis. The primary MPL policy provides limits of liability of $2,000 per occurrence with an $8,000 annual aggregate. The primary GL policy provides limits of liability of $1,000 per occurrence with a $3,000 annual aggregate. The employed physicians are covered with retro dates consistent with their date of hire. This policy is retrospectively rated.

DPIC provides excess umbrella liability coverage on a mature claims-made basis with a retroactive date of March 1, 2005. The excess MPL coverage follows the form of the underlying MPL coverage providing a total of $30,000 limits of liability. The umbrella liability coverage provides $30,000 limits of liability in excess of scheduled underlying coverages. The excess umbrella liability coverage is 100% reinsured with an unrelated commercial insurance company for the first $10,000 limit and another unrelated commercial insurance company for the second $20,000 limit.

DPIC assumed the MPL and GL coverage previously included under the Health System's self-insurance plan (the "LPT"), for incidents occurring between March 1, 1986 and June 30, 2013 for MPL and for occurrences between March 1, 2004 and June 30, 2013 for GL, that were reported to the Hospital prior to June 30, 2013. The policy provides MPL coverage limits varying from $1,000 to $2,000 per occurrence, with policy aggregates varying from $3,000 to $8,000. The policy provides GL coverage limits of $1,000 per occurrence and $3,000 annual aggregates.

DPIC also provides employee benefit plan stop loss coverage to the Health System on a claims-made basis. DPIC covers liability in excess of $350 per covered person with a $100 deductible. DPIC's liability above $250 is fully reinsured with an unrelated commercial reinsurance company.

The reserve for reported professional liability claims and claims incurred but not reported ("IBNR") are reported gross of expected insurance recoveries. The reserves for reported claims and claims IBNR are reported within the self-insured liabilities in the consolidated balance sheets. In addition, the expected insurance recoveries are reported as reinsurance receivable in other assets in the consolidated balance sheets.

The loss reserves are management's best estimate based on actuarial estimates of the ultimate net cost of settling losses on incurred claims. The estimates are reviewed and adjusted, as necessary, as experience develops or new information becomes known. Management believes that the loss reserves are adequate; however, the ultimate settlement of losses may vary significantly from the amounts recorded in the accompanying consolidated financial statements.

(Dollar amounts in thousands)

Accrued claims activity related to MPL, GL and employee benefit plan, is as follows:

	Years ended June 30, 2022	Years ended June 30, 2021
Accrued claims and IBNR - beginning of the year	$ 25,109	$ 25,329
Less: reinsurance receivable	(6,796)	(10,408)
Accrued claims and IBNR, net - beginning of the year	18,313	14,921
Incurred related to:		
Current year	4,700	5,506
Prior year	(231)	8,324
Total incurred	4,469	13,830
Paid related to:		
Current year	(23)	(83)
Prior year	(1,652)	(10,355)
Total paid	(1,675)	(10,438)
Accrued claims and IBNR, net - end of the year	21,107	18,313
Add: reinsurance receivable	12,804	6,796
Accrued claims and IBNR - end of the year	$ 33,911	$ 25,109

The Health System is also self-insured for workers' compensation up to an annual limit of $500 per occurrence. The Health System carries an excess liability insurance policy for workers' compensation claims above this limit. As of June 30, 2022 and 2021, $4,314 and $3,496, respectively, have been reserved for workers' compensation loss contingencies.

The Health System has been named as a defendant in various lawsuits arising from the performance of its normal activities. In the opinion of the Health System's management, after discussion with legal counsel, the amount, if any, of the Health System's ultimate liability under these lawsuits will not have a material adverse effect on the consolidated financial statements.

A portion of the Health System's revenues is received from health maintenance organizations and other managed care payors. Managed care payors generally use case management activities to control utilization. These payors also have the ability to select providers offering the most cost-effective care. Management does not believe that the Health System has undue exposure to any one managed care payor.

(Dollar amounts in thousands)

NOTE 15 - NET ASSETS WITH DONOR RESTRICTIONS

Restricted net assets are available for the following purposes:

	June 30, 2022	June 30, 2021
Subject to expenditure for specific purpose or time:		
Capital purposes	$ 27,767	$ 31,514
Patient services	20,608	20,542
Educational purposes	6,698	6,188
	54,073	58,244
Investments to be held in perpetuity, the income from which is expendable to support health care services	8,544	8,565
Total	$ 62,617	$ 66,809

The Foundation has ongoing fundraising campaigns, which include pledges and contributions receivable included in other assets on the consolidated balance sheets. Scheduled payments on pledges receivable are as follows:

	June 30, 2022	June 30, 2021
Due:		
Within one year	$ 917	$ 680
2 to 5 years	1,418	1,102
Greater than 5 years	-	47
	2,335	1,829
Less:		
Impact of discounting of pledges receivable to net present value	(47)	(32)
Allowance for uncollectible pledges	(283)	(202)
Net pledges receivable, for capital purposes	$ 2,005	$ 1,595

(Dollar amounts in thousands)

NOTE 16 - CONCENTRATIONS OF CREDIT RISK

The Health System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of accounts receivable from patients and third-party payors is as follows:

	Years ended June 30,	
	2022	2021
Medicare	52%	52%
Medicaid	19	19
Managed care	14	13
CareFirst Blue Cross Blue Shield	12	12
Other, including self-pay	3	4
	100%	100%

NOTE 17 - FUNCTIONAL EXPENSES

The Health System considers health care services and general and administrative to be its primary functional categories for purposes of expense classification. The operating expenses by functional classification:

	Year ended June 30, 2022		
	Health Care Services	General and Administrative	Total
Salaries and wages	$ 333,890	$ 40,633	$ 374,523
Supplies and other expenses	280,759	33,401	314,160
Employee benefits	68,917	8,416	77,333
Depreciation and amortization	39,667	4,778	44,445
Interest	6,326	761	7,087
	$ 729,559	$ 87,989	$ 817,548

	Year ended June 30, 2021		
	Health Care Services	General and Administrative	Total
Salaries and wages	$ 266,304	$ 30,556	$ 296,860
Supplies and other expenses	288,227	32,441	320,668
Employee benefits	71,917	8,115	80,032
Depreciation and amortization	36,585	4,101	40,686
Interest	7,677	855	8,532
	$ 670,710	$ 76,068	$ 746,778

NOTE 18 - SUBSEQUENT EVENTS

The Health System has evaluated its June 30, 2022 consolidated financial statements for subsequent events through October 5, 2022, the date the consolidated financial statements were issued. Management is not aware of any subsequent events which require recognition or disclosure in the consolidated financial statements.

SUPPLEMENTAL INFORMATION

TidalHealth, Inc.

CONSOLIDATING BALANCE SHEET

June 30, 2022
(Dollar amounts in thousands)

	TidalHealth	TidalHealth Peninsula Regional	TidalHealth Nanticoke	Combined TidalHealth Medical Partners	McCready Foundation	Peninsula Health Ventures	TidalHealth Surgery Center	Peninsula Regional Clinically Integrated Network	TidalHealth Foundation	Delmarva Peninsula Insurance Company	Eliminations	Consolidated
ASSETS												
CURRENT ASSETS												
Cash and cash equivalents	$ 697	$ 27,535	$ 1,555	$ 1,704	$ 826	$ 7,466	$ 114	$ 4,250	$ 1,918	$ 717	$ -	$ 46,782
Short-term investments	-	6,617	-	-	-	-	-	-	-	627	-	7,244
Assets limited as to use	-	1,119	-	-	-	-	-	-	-	95	-	1,214
Intercompany receivables	-	312	119	-	-	-	-	-	-	-	(431)	-
Patient accounts receivable	-	49,903	16,686	9,256	732	143	703	-	-	-	-	77,423
Supplies	-	12,023	4,661	-	39	-	277	-	-	-	-	17,000
Prepaids and other	400	11,068	937	2,440	24	19	-	-	-	7,585	-	22,473
Total current assets	1,097	108,577	23,958	13,400	1,621	7,628	1,094	4,250	1,918	9,024	(431)	172,136
INVESTMENTS	502	396,151	41,037	-	-	-	-	-	-	-	-	437,690
INVESTMENTS IN SUBSIDIARIES	737,257	-	-	-	-	-	-	-	-	-	(737,257)	-
ASSETS LIMITED AS TO USE:												
Under debt agreement	43,918	-	-	-	-	-	-	-	-	-	-	43,918
Self-insurance fund	-	5,557	-	-	-	-	-	-	-	31,321	-	36,878
Donor-restricted fund	-	47,687	-	-	-	-	-	-	9,305	-	-	56,992
	43,918	53,244	-	-	-	-	-	-	9,305	31,321	-	137,788
PROPERTY AND EQUIPMENT, net	-	185,715	83,482	14,896	10,815	4,478	501	-	-	-	-	299,887
OTHER ASSETS	6,114	6,654	207	1,192	-	17,635	-	-	2,005	12,804	-	46,611
Total assets	$ 788,888	$ 750,341	$ 148,684	$ 29,488	$ 12,436	$ 29,741	$ 1,595	$ 4,250	$ 13,228	$ 53,149	$ (737,688)	$ 1,094,112

TidalHealth, Inc.

CONSOLIDATING BALANCE SHEET - CONTINUED

June 30, 2022
(Dollar amounts in thousands)

	TidalHealth	TidalHealth Peninsula Regional	TidalHealth Nanticoke	Combined TidalHealth Medical Partners	McCready Foundation	Peninsula Health Ventures	TidalHealth Surgery Center	Peninsula Regional Clinically Integrated Network	TidalHealth Foundation	Delmarva Peninsula Insurance Company	Eliminations	Consolidated
LIABILITIES AND NET ASSETS												
CURRENT LIABILITIES												
Current portion of long-term debt	$ 1,105	$ 3,685	$ 419	$ -	$ 255	$ 379	$ -	$ -	$ -	$ -	$ -	$ 5,843
Current portion of lease liability	-	815	116	448	-	-	-	-	-	-	-	1,379
Current portion self-insurance liabilities	-	946	173	-	-	-	-	-	-	833	-	1,952
Intercompany payables	85	-	-	-	-	-	-	-	346	-	(431)	-
Accounts payable	6,305	16,335	3,411	1,526	866	861	-	47	-	341	-	29,692
Accrued liabilities	12,998	17,475	4,328	14,161	305	36	114	-	-	-	-	49,417
Advances from third-party payors	-	35,781	5,871	121	58	-	-	-	-	-	-	41,831
Total current liabilities	20,493	75,037	14,318	16,256	1,484	1,276	114	47	346	1,174	(431)	130,114
Long-term debt, less current portion	96,455	123,499	175	-	7,863	693	-	-	-	-	-	228,685
Lease liability, less current portion	-	3,070	75	767	-	-	-	-	-	-	-	3,912
Self-insured liabilities	-	2,496	873	-	-	-	-	-	-	33,911	-	37,280
Accrued retirement benefits	-	-	1,098	-	-	-	-	-	-	-	-	1,098
Other liabilities	56	1,988	-	-	-	1,098	-	-	35	17,964	(18,123)	3,018
Total liabilities	117,004	206,090	16,539	17,023	9,347	3,067	114	47	381	53,049	(18,554)	404,107
NET ASSETS												
Without donor restrictions:	609,267	492,944	132,145	12,465	3,089	26,674	1,481	4,203	1,537	100	(656,517)	627,388
With donor restrictions	62,617	51,307	-	-	-	-	-	-	11,310	-	(62,617)	62,617
Total net assets	671,884	544,251	132,145	12,465	3,089	26,674	1,481	4,203	12,847	100	(719,134)	690,005
Total liabilities and net assets	$ 788,888	$ 750,341	$ 148,684	$ 29,488	$ 12,436	$ 29,741	$ 1,595	$ 4,250	$ 13,228	$ 53,149	$ (737,688)	$ 1,094,112

TidalHealth, Inc.

CONSOLIDATING STATEMENT OF OPERATIONS

Year ended June 30, 2022
(Dollar amounts in thousands)

NET ASSETS WITHOUT DONOR RESTRICTIONS	TidalHealth	TidalHealth Peninsula Regional	TidalHealth Nanticoke	Combined TidalHealth Medical Partners	McCready Foundation	Peninsula Health Ventures	TidalHealth Surgery Center	Peninsula Regional Clinically Integrated Network	TidalHealth Foundation	Delmarva Peninsula Insurance Company	Eliminations	Consolidated
Revenue												
Patient service revenue	$ -	$ 472,128	$ 136,681	$ 105,573	$ 7,413	$ 1,270	$ 4,312	$ -	$ -	$ -	$ -	$ 727,377
Other revenue	16	5,692	8,538	9,471	1,946	3,008	-	1,827	-	5,402	-	35,900
Net assets released from restrictions	-	-	-	-	-	-	-	-	412	-	(412)	-
Total revenue	16	477,820	145,219	115,044	9,359	4,278	4,312	1,827	412	5,402	(412)	763,277
Expenses												
Salaries and wages	-	190,790	64,251	108,380	7,077	823	2,022	1,180	-	-	-	374,523
Supplies and other expenses	23	185,736	67,996	50,505	3,443	2,576	3,238	400	4	239	-	314,160
Employee benefits	2	42,296	14,876	17,356	1,783	196	566	258	-	-	-	77,333
Depreciation and amortization	-	30,822	10,033	1,911	845	353	481	-	-	-	-	44,445
Interest	-	4,601	2,228	-	200	58	-	-	-	-	-	7,087
Contributions to Hospital	-	-	-	-	-	-	-	-	412	-	(412)	-
Total expenses	25	454,245	159,384	178,152	13,348	4,006	6,307	1,838	416	239	(412)	817,548
Income (loss) from operations before other iten	(9)	23,575	(14,165)	(63,108)	(3,989)	272	(1,995)	(11)	(4)	5,163	-	(54,271)
Other items												
Investment return	(1,092)	(70,635)	(5,031)	-	(35)	64	-	-	(14)	(5,163)	-	(81,906)
Other pension gains	-	4,461	908	481	11	-	-	-	-	-	-	5,861
Total other items	(1,092)	(66,174)	(4,123)	481	(24)	64	-	-	(14)	(5,163)	-	(76,045)
(Deficiency in) excess of revenue over expenses	$ (1,101)	$ (42,599)	$ (18,288)	$ (62,627)	$ (4,013)	$ 336	$ (1,995)	$ (11)	$ (18)	$ -	$ -	$ (130,316)