



Lori A. Weaver
Interim Commissioner

Katja S. Fox
Director

STATE OF NEW HAMPSHIRE

DEPARTMENT OF HEALTH AND HUMAN SERVICES

DIVISION FOR BEHAVIORAL HEALTH

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March 15, 2023

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Contingent upon Governor and Council approval of the corresponding companion accept and expend request approved by Fiscal Committee on September 9, 2022 (FIS 22-305), authorize the Department of Health and Human Services, Division for Behavioral Health, to award a **Sole Source** grant agreement with SolutionHealth (VC# TBD), Bedford, NH, in the amount of \$15,000,000 to defray capital costs for the construction of a consolidated behavioral health facility with approximately 120 inpatient behavioral health beds, effective upon Governor and Council approval through the Completion Date as specified in Exhibit A, Subsection 1.1, of the attached agreement. 100% Federal Funds (American Rescue Plan Act).

Expenses must be incurred by the Grantee no later than December 31, 2024, and upon completion of construction of the facility, the Grantee must provide behavioral health services for a minimum period of ten (10) years, as specified in the attached agreement.

Funds are available in the following account for State Fiscal Year 2023, 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.

05-095-094-940010-24650000 HEALTH AND SOCIAL SERVICES, DEPT OF HEALTH AND HUMAN SERVICES, HHS: NEW HAMPSHIRE HOSPITAL, NEW HAMPSHIRE HOSPITAL, ARPA DHHS FISCAL RECOVERY FUNDS

State Fiscal Year	Class / Account	Class Title	Job Number	Total Amount
2023	102-500731	Contracts for Prog Svc	00FRF602PH9528A	\$15,000,000
			Total	\$15,000,000

EXPLANATION

This request is **Sole Source** because the Grantee is ready and able to build a stand-alone consolidated behavioral health facility to address the state's needs and commence providing behavioral health services within the timeframes as required in the attached agreement.

The Department has undertaken multiple actions to address the state's behavioral health bed shortage, including offering every hospital in the state funding to stand up designated receiving facility (DRF) beds for a minimum of one year. The payments were intended to offset costs associated with psychiatric evaluation, medical monitoring, clinical supervision, therapeutic activity for short-term stabilization of psychiatric crisis, and family support. However, the Department did not enter into any agreements for DRF beds due to ongoing capacity challenges experienced by the

The Department of Health and Human Services' Mission is to join communities and families in providing opportunities for citizens to achieve health and independence.

hospitals. The Department subsequently held conversations with New Hampshire-based hospitals to identify willing partners to establish sustainable and long-term solutions to address the state's mental health crisis. This Grantee is the only organization identified to date that could immediately move forward with constructing a behavioral health facility of this type.

The purpose of this request is to provide funding to the Grantee to defray capital costs associated with the construction of a consolidated behavioral health facility, which is expected to be completed in Calendar Year 2024, with approximately 120 inpatient behavioral health beds and to increase statewide capacity for behavioral health services. The Grantee plans to build the facility in southern New Hampshire at a total estimated cost of approximately \$55 to \$60 million and agrees to maintain the following services for a minimum period of ten (10) years following the opening of the facility:

- Designated Receiving Facility Unit (72 beds, representing an approximate net increase of 44 beds of this type provided by the Grantee across all their NH facilities) - Individuals 18 years of age or older and admitted on either a voluntary or an involuntary basis and who may or may not have co-occurring mental health and substance use disorders.
- Inpatient Child/Adolescent Psychiatric Unit (24 beds, representing an approximate net increase of 24 beds of this type provided by the Grantee across all their NH facilities) - Individuals 17 years of age or younger and admitted on either a voluntary or an involuntary basis and who may or may not have an intellectual or developmental disability diagnosis.
- Inpatient Geriatric Psychiatric Unit (24 beds, representing an approximate net increase of 13 beds of this type provided by the Grantee across all their NH facilities)- Individuals who are 55 years of age or older and admitted on either a voluntary or an involuntary basis.

The Grantee seeks to operate the facility with a joint venture partnership, which it is currently in the process of finalizing. The Department will reimburse the Grantee for up to forty percent (40%) of the allowable costs related only to the construction of the facility, not to exceed \$15 million. The Department will not reimburse the Grantee for any costs related to real estate purchases and/or property acquisitions, or permitting fees, or related to the provision of the required behavioral health services. The Department may recoup payments made if the Grantee fails to provide the required services for the stated timeframe.

The Department will monitor the construction of the facility and provision of behavioral health services by requiring regular reports, meetings, and supporting documentation for all invoices.

Should the Governor and Council not authorize this request, the State's ability to establish a long-term sustainable solutions to New Hampshire's behavioral health bed shortage will be negatively impacted.

Area served: Statewide

Source of Federal Funds: Assistance Listing Number #21.027, FAIN #SLFRP0145.

In the event that the Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,



Lori A. Weaver
Interim Commissioner

Subject: SS-2022-DBH-09-CAPIT-02

GRANT AGREEMENT

The State of New Hampshire and the Grantee hereby
Mutually agree as follows:

GENERAL PROVISIONS**1. Identification and Definitions.**

1.1. State Agency Name New Hampshire Department of Health and Human Services		1.2. State Agency Address 129 Pleasant Street Concord, NH 03301-3857	
1.3. Grantee Name SolutionHealth		1.4. Grantee Address 360 Route 101, Suite 8, Bedford, NH, 03110	
1.5 Grantee Phone # (603) 663-2090	1.6. Account Number 05-095-094-940010-24650000	1.7. Completion Date See Exhibit A, Section 1, Subsection 1.1.	1.8. Grant Limitation \$15,000,000
1.9. Grant Officer for State Agency Robert W. Moore, Director		1.10. State Agency Telephone Number (603) 271-9631	
If Grantee is a municipality or village district: "By signing this form we certify that we have complied with any public meeting requirement for acceptance of this grant, including if applicable RSA 31:95-b."			
1.11. Grantee Signature 1 <small>DocuSigned by:</small> <i>Brad Kreick</i> <small>C3ETDDFC713F413...</small>		1.12. Name & Title of Grantee Signor 1 Brad Kreick Chief Executive Officer	
Grantee Signature 2		Name & Title of Grantee Signor 2	
Grantee Signature 3		Name & Title of Grantee Signor 3	
1.13. State Agency Signature(s) <small>DocuSigned by:</small> <i>Morissa Henn</i> <small>3A2BFCDD0520432...</small>		1.14. Name & Title of State Agency Signor(s) Morissa Henn Morissa Henn, Associate Commissioner	
1.15. Approval by Attorney General (Form, Substance and Execution) (if G & C approval required) <small>DocuSigned by:</small> By: <i>Takhmina Rakhmatova</i> Assistant Attorney General, On: 3/17/2023 <small>PDF5210025034AC...</small>			
1.16. Approval by Governor and Council (if applicable) By: _____ On: _____			

2. SCOPE OF WORK: In exchange for grant funds provided by the State of New Hampshire, acting through the Agency identified in block 1.1 (hereinafter referred to as "the State"), the Grantee identified in block 1.3 (hereinafter referred to as "the Grantee"), shall perform that work identified and more particularly described in the scope of work attached hereto as EXHIBIT B (the scope of work being hereinafter referred to as "the Project").

3. **AREA COVERED.** Except as otherwise specifically provided for herein, the Grantee shall perform the Project in, and with respect to, the State of New Hampshire.

4. **EFFECTIVE DATE: COMPLETION OF PROJECT.**

4.1. This Agreement, and all obligations of the parties hereunder, shall become effective on the date on the date of approval of this Agreement by the Governor and Council of the State of New Hampshire if required (block 1.16), or upon signature by the State Agency as shown in block 1.14 ("the Effective Date").

4.2. Except as otherwise specifically provided herein, the Project, including all reports required by this Agreement, shall be completed in ITS entirety prior to the date in block 1.7 (hereinafter referred to as "the Completion Date").

5. **GRANT AMOUNT: LIMITATION ON AMOUNT: VOUCHERS: PAYMENT.**

5.1. The Grant Amount is identified and more particularly described in EXHIBIT C, attached hereto.

5.2. The manner of, and schedule of payment shall be as set forth in EXHIBIT C.

5.3. In accordance with the provisions set forth in EXHIBIT C, and in consideration of the satisfactory performance of the Project, as determined by the State, and as limited by subparagraph 5.5 of these general provisions, the State shall pay the Grantee the Grant Amount. The State shall withhold from the amount otherwise payable to the Grantee under this subparagraph 5.3 those sums required, or permitted, to be withheld pursuant to N.H. RSA 80:7 through 7-c.

5.4. The payment by the State of the Grant amount shall be the only, and the complete payment to the Grantee for all expenses, of whatever nature, incurred by the Grantee in the performance hereof, and shall be the only, and the complete, compensation to the Grantee for the Project. The State shall have no liabilities to the Grantee other than the Grant Amount.

5.5. Notwithstanding anything in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made, hereunder exceed the Grant limitation set forth in block 1.8 of these general provisions.

6. **COMPLIANCE BY GRANTEE WITH LAWS AND REGULATIONS.** In connection with the performance of the Project, the Grantee shall comply with all statutes, laws regulations, and orders of federal, state, county, or municipal authorities which shall impose any obligations or duty upon the Grantee, including the acquisition of any and all necessary permits and RSA 31-95-b.

7. **RECORDS and ACCOUNTS.**

7.1. Between the Effective Date and the date seven (7) years after the Completion Date, unless otherwise required by the grant terms or the Agency, the Grantee shall keep detailed accounts of all expenses incurred in connection with the Project, including, but not limited to, costs of administration, transportation, insurance, telephone calls, and clerical materials and services. Such accounts shall be supported by receipts, invoices, bills and other similar documents.

7.2. Between the Effective Date and the date seven (7) years after the Completion Date, unless otherwise required by the grant terms or the Agency pursuant to subparagraph 7.1, at any time during the Grantee's normal business hours, and as often as the State shall demand, the Grantee shall make available to the State all records pertaining to matters covered by this Agreement. The Grantee shall permit the State to audit, examine, and reproduce such records, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, data (as that term is hereinafter defined), and other information relating to all matters covered by this Agreement. As used in this paragraph, "Grantee" includes all persons, natural or fictional, affiliated with, controlled by, or under common ownership with, the entity identified as the Grantee in block 1.3 of these provisions

8. **PERSONNEL.**

8.1. The Grantee shall, at its own expense, provide all personnel necessary to perform the Project. The Grantee warrants that all personnel engaged in the Project shall be qualified to perform such Project, and shall be properly licensed and authorized to perform such Project under all applicable laws.

8.2. The Grantee shall not hire, and it shall not permit any subcontractor, subgrantee, or other person, firm or corporation with whom it is engaged in a combined effort to perform the Project, to hire any person who has a contractual relationship with the State, or who is a State officer or employee, elected or appointed.

8.3. The Grant Officer shall be the representative of the State hereunder. In the event of any dispute hereunder, the interpretation of this Agreement by the Grant Officer, and his/her decision on any dispute, shall be final.

9. **DATA; RETENTION OF DATA; ACCESS.**

9.1. As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations,

computer programs, computer printouts, notes, letters, memoranda, paper, and documents, all whether finished or unfinished.

9.2. Between the Effective Date and the Completion Date the Grantee shall grant to the State, or any person designated by it, unrestricted access to all data for examination, duplication, publication, translation, sale, disposal, or for any other purpose whatsoever.

9.3. No data shall be subject to copyright in the United States or any other country by anyone other than the State.

9.4. On and after the Effective Date all data, and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason, whichever shall first occur.

9.5. The State, and anyone it shall designate, shall have unrestricted authority to publish, disclose, distribute and otherwise use, in whole or in part, all data.

10. **CONDITIONAL NATURE OR AGREEMENT.** Notwithstanding anything in this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability or continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available or appropriated funds. In the event of a reduction or termination of those funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Grantee notice of such termination.

11. **EVENT OF DEFAULT: REMEDIES.**

11.1. Any one or more of the following acts or omissions of the Grantee shall constitute an event of default hereunder (hereinafter referred to as "Events of Default"):

11.1.1 Failure to perform the Project satisfactorily or on schedule; or

11.1.2 Failure to submit any report required hereunder; or

11.1.3 Failure to maintain, or permit access to, the records required hereunder; or

11.1.4 Failure to perform any of the other covenants and conditions of this Agreement.

11.2. Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

11.2.1 Give the Grantee a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Grantee notice of termination; and

11.2.2 Give the Grantee a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the Grant Amount which would otherwise accrue to the Grantee during the period from the date of such notice until such time as the State determines that the Grantee has cured the Event of Default shall never be paid to the Grantee; and

11.2.3 Set off against any other obligation the State may owe to the Grantee any damages the State suffers by reason of any Event of Default; and

11.2.4 Treat the agreement as breached and pursue any of its remedies at law or in equity, or both.

12. **TERMINATION.**

12.1. In the event of any early termination of this Agreement for any reason other than the completion of the Project, the Grantee shall deliver to the Grant Officer, not later than fifteen (15) days after the date of termination, a report (hereinafter referred to as the "Termination Report") describing in detail all Project Work performed, and the Grant Amount earned, to and including the date of termination. In the event of Termination under paragraphs 10 or 12.4 of these general provisions, the approval of such a Termination Report by the State shall entitle the Grantee to receive that portion of the Grant amount earned to and including the date of termination.

12.2. In the event of Termination under paragraphs 10 or 12.4 of these general provisions, the approval of such a Termination Report by the State shall in no event relieve the Grantee from any and all liability for damages sustained or incurred by the State as a result of the Grantee's breach of its obligations hereunder.

12.3. Notwithstanding anything in this Agreement to the contrary, either the State or, except where notice default has been given to the Grantee hereunder, the Grantee, may terminate this Agreement without cause upon thirty (30) days written notice.

13. **CONFLICT OF INTEREST.** No officer, member of employee of the Grantee, and no representative, officer or employee of the State of New Hampshire or of the governing body of the locality or localities in which the Project is to be performed, who exercises any functions or responsibilities in the review or

- approval of the undertaking or carrying out of such Project, shall participate in any decision relating to this Agreement which affects his or her personal interest or the interest of any corporation, partnership, or association in which he or she is directly or indirectly interested, nor shall he or she have any personal or pecuniary interest, direct or indirect, in this Agreement or the proceeds thereof.
14. **GRANTEE'S RELATION TO THE STATE.** In the performance of this Agreement the Grantee, its employees, and any subcontractor or subgrantee of the Grantee are in all respects independent contractors, and are neither agents nor employees of the State. Neither the Grantee nor any of its officers, employees, agents, members, subcontractors or subgrantees, shall have authority to bind the State nor are they entitled to any of the benefits, workmen's compensation or emoluments provided by the State to its employees.
15. **ASSIGNMENT AND SUBCONTRACTS.** The Grantee shall not assign, or otherwise transfer any interest in this Agreement without the prior written consent of the State. None of the Project Work shall be subcontracted or subgranted by the Grantee other than as set forth in Exhibit B without the prior written consent of the State.
16. **INDEMNIFICATION.** The Grantee shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based on, resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Grantee or subcontractor, or subgrantee or other agent of the Grantee. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant shall survive the termination of this agreement.
17. **INSURANCE.**
- 17.1 The Grantee shall, at its own expense, obtain and maintain in force, or shall require any subcontractor, subgrantee or assignee performing Project work to obtain and maintain in force, both for the benefit of the State, the following insurance:
- 17.1.1 Statutory workers' compensation and employees liability insurance for all employees engaged in the performance of the Project, and
- 17.1.2 General liability insurance against all claims of bodily injuries, death or property damage, in amounts not less than \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury or death any one incident, and \$500,000 for property damage in any one incident; and
- 17.2. The policies described in subparagraph 17.1 of this paragraph shall be the standard form employed in the State of New Hampshire, issued by underwriters acceptable to the State, and authorized to do business in the State of New Hampshire. Grantee shall furnish to the State, certificates of insurance for all renewal(s) of insurance required under this Agreement no later than ten (10) days prior to the expiration date of each insurance policy.
18. **WAIVER OF BREACH.** No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event, or any subsequent Event. No express waiver of any Event of Default shall be deemed a waiver of any provisions hereof. No such failure of waiver shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other default on the part of the Grantee.
19. **NOTICE.** Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses first above given.
20. **AMENDMENT.** This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Council of the State of New Hampshire, if required or by the signing State Agency.
21. **CONSTRUCTION OF AGREEMENT AND TERMS.** This Agreement shall be construed in accordance with the law of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assignees. The captions and contents of the "subject" blank are used only as a matter of convenience, and are not to be considered a part of this Agreement or to be used in determining the intent of the parties hereto.
22. **THIRD PARTIES.** The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.
23. **ENTIRE AGREEMENT.** This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire agreement and understanding between the parties, and supersedes all prior agreements and understandings relating hereto.
24. **SPECIAL PROVISIONS.** The additional or modifying provisions set forth in Exhibit A hereto are incorporated as part of this agreement.

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Revisions to Standard Grant Agreement Provisions

1. Revisions to Form G-1, General Provisions

1.1. Paragraph 4, Effective Date: Completion of Project. is deleted in its entirety and replaced with the following:

4.1 This Grant Agreement (the "Agreement"), and all obligations of the parties hereunder, shall become effective on the date of approval of this Agreement by the Governor and Council of the State of New Hampshire if required (block 1.16) or upon signature by the State Agency as shown in block 1.14 (the "Effective Date").

4.2 During the two (2) year period commencing on the date of the admission of the first patient at the Facility (the "Initial Period"), the Grantee shall ensure the behavioral health services specified in Exhibit B, Grant Terms, maintain an average annual inpatient psychiatric bed occupancy rate (the "Occupancy Rate") of no less than 70%, calculated at the end of such Initial Period. During the eight (8) year period commencing on the date that is the day after the expiration of the Initial Period (the "Subsequent Period"), the Grantee shall ensure the behavioral health services specified in Exhibit B, Grant Terms, maintain an Occupancy Rate of no less than 80%, to be calculated annually and averaged at the end of the Subsequent Period (the last day of the Subsequent Period, the "Completion Date"). The foregoing Occupancy Rate targets will be evaluated by the Department and the Grantee (the "Parties") on an annual basis and may be adjusted upon mutual agreement of the Parties in writing.

4.2.1 In the event that the Occupancy Rate at the end of the Initial Period is below 70% and/or the Occupancy Rate at the end of the Subsequent Period is below 80%, then the Completion Date shall be extended in accordance with the following formula to be calculated at the end of the Subsequent Period:

$$((1 - ([Initial Period Average Annual Bed Occupancy Rate \%] / [Occupancy Rate Target of 70\%])) \times 365 \text{ days} \times 2 \text{ years}) + ((1 - ([Subsequent Period Average Annual Bed Occupancy Rate \%] / [Occupancy Rate Target of 80\%])) \times 365 \text{ days} \times 8 \text{ years}) = [Number \text{ calendar days to extend the Completion Date}]$$

EXAMPLE ONLY: If the Occupancy Rate were 35% during the Initial Period and 40% on average during the Subsequent Period, the Completion Date would be extended as follows:

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$((1 - (35\% / 70\%)) \times 365 \times 2) + ((1 - (40\% / 80\%)) \times 365 \times 8) = 1,825$
days (or 5 years)

- 4.2.2 For the avoidance of doubt, the State's sole remedy in the event of the Grantee's failure to meet either Occupancy Rate set forth in Section 4.2 at any time shall be the extension of the Completion Date as set forth in Section 4.2.1, and in no event shall any such failure be deemed an Event of Default hereunder.
- 4.2.3 Except as otherwise specifically provided herein, the Project, including all reports required by this Agreement, shall be completed in its entirety prior to the Completion Date.
- 4.2.4 On the Completion Date, this Agreement and all obligations of the Parties hereunder shall terminate, except for any obligations that by their express terms are to be performed following the Completion Date or expressly survive termination of this Agreement.
- 1.2. Subparagraphs 7.1 and 7.2, Records and Accounts, are deleted in their entirety and replaced with the following:
- 7.1 Between the Effective Date and the date that is five (5) years after the Completion Date, unless otherwise required by Exhibit B (Grant Terms), the Grantee shall retain detailed accounts of all expenses that were incurred in connection with the Project between the Effective Date and the Completion Date, including, but not limited to, costs of administration, transportation and insurance. Such accounts shall be supported by receipts, invoices, bills and other similar documents. This covenant shall survive the termination of this Agreement.
- 7.2 Between the Effective Date and the date that is five (5) years after the Completion Date, unless otherwise required pursuant to Subparagraph 7.1, at any time during the Grantee's normal business hours, upon advance notice of three (3) business days or, in the case of exigent circumstances, upon advance notice of one (1) business day, and as often as the State shall request in good faith, the Grantee shall make available to the State all records pertaining to matters covered by this Agreement that were generated in connection with the Project between the Effective Date and the Completion Date. The Grantee shall permit the State to audit, examine, and reproduce such records upon reasonable notice and at reasonable times, and to make audits of all contracts, invoices, materials, payrolls, records of personnel, data (as that term is hereinafter defined), and other information relating to all matters covered by this Agreement. As used in this paragraph, "Grantee" includes all persons, natural or fictional, controlled by the entity identified as the Grantee in block 1.3 of these provisions.
- 1.3. Subparagraph 8.1, Personnel, is deleted in its entirety and replaced with the following:

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- 8.1 The Grantee shall, at its own expense, provide all personnel necessary to perform the Project. The Grantee warrants that all personnel employed or contracted by the Grantee who are engaged in any portion of the Project will be qualified to perform such portion of the Project, and will be properly licensed and authorized to perform such portion of the Project under all applicable laws.
- 1.4. Subparagraph 8.3 is deleted in its entirety and replaced with the following:
- 8.3 The Grant Officer shall be the representative of the State hereunder.
- 1.5. Paragraph 9, Data; Retention of Data; Access is deleted in its entirety and replaced with the following:
- 9.1 As used in this Agreement, the word "data" shall mean all information developed or obtained during the performance of, or acquired or developed by reason of, this Agreement in relation to the Project, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, pictorial reproductions, drawings, analyses, graphic representations and documents, all whether finished or unfinished.
- 9.2 Between the Effective Date and the Completion Date, the Grantee shall grant to the State, or any person designated by it, access to all data for examination, duplication, publication, translation, sale, disposal, or for any other purpose whatsoever, at any time during the Grantee's normal business hours, upon advance notice of three (3) business days or, in the case of exigent circumstances, upon advance notice of one (1) business day.
- 9.3 No data shall be subject to copyright in the United States or any other country by anyone other than the State.
- 9.4 The State, and anyone it shall designate, shall have unrestricted authority to publish, disclose, distribute and otherwise use, in whole or in part, all data other than data containing confidential and/or proprietary information of the Grantee.
- 1.6. Paragraph 11, Event of Default: Remedies, is deleted in its entirety and replaced with the following:
11. Event of Default: Remedies
- 11.1 Any one or more of the following acts or omissions of the Grantee shall be considered a material breach that constitutes an event of default hereunder (hereinafter referred to as "Events of Default"):
- 11.1.1. Failure to perform the Project satisfactorily or on schedule; or
- 11.1.2. Failure to perform any of the other covenants and conditions of this Agreement.
- 11.2. Upon the occurrence of an Event of Default, the State may take any one, or more, or all, of the following actions:

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- 11.2.1 Give the Grantee a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Grantee notice of termination; provided, however, that such cure period may be extended upon mutual agreement of the parties for any Event of Default that cannot be reasonably cured within thirty (30) days; and
 - 11.2.2 Give the Grantee a written notice specifying the Event of Default and suspending all payments to be made under this Agreement until such time as the State determines that the Grantee has cured the Event of Default; and
 - 11.2.3 Should the Grantee not remedy the Event of Default to the State's satisfaction within the specified cure period, and provided the cure period is not extended as specified in Paragraph 11.2.1., treat the agreement as breached and pursue any of its remedies at law or in equity, or both.
- 1.7. Subparagraph 12.4, Termination, is deleted in its entirety.
 - 1.8. Subparagraph 15.2, Assignment and Subcontracts, is deleted in its entirety and replaced with the following:
 - 15.2. Subcontractors are subject to the same contractual conditions as the Grantee and the Grantee is responsible to ensure subcontractor compliance with those conditions. The Grantee shall have written agreements with all subcontractors, specifying the work to be performed, and if applicable, a Business Associate Agreement in accordance with the Health Insurance Portability and Accountability Act and any additional terms specified in the DHHS BAA at Exhibit I. Written agreements shall specify how corrective action shall be managed. The Grantee shall manage the subcontractor's performance on an ongoing basis and take corrective action as necessary. At the State's written request, the Grantee shall provide the State with a list of all subcontractors provided for under this Agreement and notify the State of any inadequate subcontractor performance.
 - 1.9. Paragraph 16, Indemnification, is deleted in its entirety and replaced with the following:
 - 16. The Grantee shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based on, resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Grantee or subcontractor, subgrantee or other agent of the Grantee to the extent constituting gross negligence, intentional misconduct, willful misconduct or a material breach of this Agreement. Notwithstanding the foregoing, nothing herein contained shall

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be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant shall survive the termination of this Agreement.

- 1.10. Paragraph 17, Insurance, Subparagraph 17.1, is amended by adding Subparagraphs 17.1.3 and 17.1.4, to read:

17.1.3. Commercial umbrella liability insurance in amounts of not less than \$1,000,000 per occurrence and \$5,000,000 aggregate.

17.1.4. Professional liability insurance in amounts of not less than \$1,000,000 per occurrence and \$3,000,000 aggregate.

17.1.5. Builder's Risk Insurance (Fire and Extended Coverage) in the amount of one hundred percent (100%) of the completed amount of the Grant Agreement.

1.7.1.5.1 Builder's Risk coverage shall include materials located at the Grantee's premises, on-site, in-transit, and at any temporary site. The policies shall provide for the inclusion of the names of all contractors, subcontractors, and others employed on the premises as additional insureds. The policies shall stipulate that the insurance companies shall have no right of subrogation against any contractors, subcontractors or other parties employed on the premises.

- 1.11. A new Paragraph 25, Force Majeure is added as follows:

25. Force Majeure

25.1 Neither Party shall be responsible for delays or failures in performance resulting from any event (each, a "Force Majeure Event") beyond the control of such Party and without fault or negligence of such Party (including, for the avoidance of doubt, the period following such Force Majeure Event that Grantee requires to remediate any damage or resume operations or other status or activity that has been stopped, curtailed or otherwise disrupted as a result of such Force Majeure Event). Such Force Majeure Events shall include, but not be limited to, acts of God, strikes, labor disputes, lock outs, riots, and acts of War, pandemics, epidemics or other disease outbreaks, acts of Government, fire, power or other utility failures, nuclear accidents, acts of terrorism, earthquakes, unusually severe weather and other natural disasters.

25.2 Except in the event of the foregoing, Force Majeure Events shall not include the Grantee's inability to hire or provide personnel needed for the Grantee's performance under this Agreement.

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Capital Defrayment - Behavioral Health Facility
EXHIBIT B**

Grant Terms

This Agreement is entered into by and between the New Hampshire Department of Health and Human Services ("Department") and SolutionHealth ("Grantee") (herein collectively referred to as the "Parties").

WHEREAS, the Department seeks to establish sustainable and long-term solutions to expand the availability of behavioral health services in New Hampshire;

WHEREAS the Grantee seeks to increase in-patient bed availability for behavioral health services by constructing a Facility (the "Facility") that provides behavioral health services;

WHEREAS the Facility will be operated under a hospital license and owned by a joint venture entity in which the Grantee shall have an ownership interest, and;

WHEREAS the Department shall provide funding through this Agreement to the Grantee to defray capital costs associated with the construction of the Facility;

NOW THEREFORE, in consideration of the foregoing and the mutual covenants, conditions, and payments set forth herein, the Department and the Grantee have entered into this Agreement on the terms and conditions as set forth below.

1. Grantee Obligations

- 1.1. The Grantee shall conduct a pre-construction meeting with the Department within thirty (30) days of the Effective Date of this Agreement, to include, but not limited to, discussion of the design, construction work plan, timeline, and roles and responsibilities of Key Project Staff.
- 1.2. The Grantee shall conduct a second pre-construction meeting with the Department within ninety (90) days of the Effective Date of this Agreement, to include, but not limited to, discussion of the Grantee's plan as it related to the 1115 CMS waiver for serious mental illness. This is a critical step to ensuring the planned facility is in alignment with the requirements necessary for timely and appropriate Medicaid reimbursement.
- 1.3. The Grantee shall comply with all statutes, ordinances, rules, and regulations of any government whether federal, state, county, or municipal or any department, agency; or State therefore applicable to the activities described in this Agreement, including, but not limited to, having at all times all required licenses and permits.

1.4. Facility Construction

- 1.4.1. The Grantee shall construct a Facility that will provide behavioral health services in southern New Hampshire.
- 1.4.2. The Grantee shall use commercially reasonable efforts to commence construction of the Facility by December 31, 2023, it being acknowledged and agreed that:
 - 1.4.2.1. The commencement date would be dependent upon several factors including, but not limited to, complexities related to establishing the joint venture entity and execution of definitive joint venture agreements, identifying and securing real estate and government and third party approvals.

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Capital Defrayment - Behavioral Health Facility
EXHIBIT B**

- 1.4.2.2. Funds provided under this Agreement must be obligated and expended by the Grantee by the dates specified in Exhibit C, Payment Terms, Section 3, in accordance with federal requirements.
- 1.4.3. The Grantee shall be responsible for design, construction, and operation and maintenance of the Facility. If required for the proper administration of funds, at the written request of the Department, the Grantee shall provide construction plans, specifications, bid documents, or other construction documents.
- 1.4.4. During the period of construction, the Grantee shall allow a designee from the Department of Administrative Services (DAS) and/or Department to access to the construction site during the Grantee's normal business hours; upon advance notice of three (3) business days, and conduct a site visit on a monthly or more frequent basis, as requested by the Department. The purpose of the site visit includes, but is not limited to:
 - 1.4.4.1. Verifying construction progress is appropriate and on-schedule.
 - 1.4.4.2. Verifying allowable costs incurred to approve invoices.
- 1.4.5. The Grantee shall notify the Department and the State's Construction Project Manager of any regularly scheduled meetings with the Grantee's inspecting architects, engineers, and/or contractor(s) performing the construction.
 - 1.4.5.1. The Grantee shall submit copies of meeting minutes to the Department and the State's Construction Project Manager with respect to any such meetings at the Construction Project Manager's written request.
 - 1.4.5.2. The Grantee shall submit copies of any and all testing, inspection and commissioning reports required during construction to the Department and the State's Construction Project Manager at the Construction Manager's written request.
- 1.5. **Behavioral Health Services**
 - 1.5.1. The Grantee shall be solely responsible for any costs associated with the provision of the behavioral health services as described in this Agreement and ongoing Facility maintenance and operations.
 - 1.5.2. The Grantee shall comply with all applicable licensing requirements, administrative rules, and federal, state, local regulations, and accreditation requirements, including, but not limited to, those applicable to:
 - 1.5.2.1. Health facility licensing.
 - 1.5.2.2. Designated receiving facilities.
 - 1.5.2.3. Institutes for Mental Disease.
 - 1.5.2.4. Inpatient services.
 - 1.5.2.5. Outpatient services.

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- 1.5.2.6. Outpatient partial hospitalization programs.
- 1.5.3. The Grantee shall ensure the Facility is accredited in accordance with the requirements set forth by a Centers for Medicare and Medicaid Services-approved healthcare accrediting organization, including completing the accreditation process within the timeframes as specified by such accrediting organization. Grantee shall maintain said accreditation from issuance for so long as the Facility is open.
- 1.5.4. The Grantee shall ensure the Facility is a Designated Receiving Facility in accordance with New Hampshire Administrative Rules Part He – M 405 - Designation of Receiving Facilities.
- 1.5.5. So long as there is no requirement from the Facility's Centers for Medicare and Medicaid Services-approved healthcare accrediting organization to the contrary, and unless otherwise mutually agreed upon in writing by the Parties, the Grantee must ensure the following services are available at the Facility within twelve (12) months of admitting the first patient:
- 1.5.5.1. Designated Receiving Facility ("DRF") Unit: A minimum of 72 beds must be available for individuals who are 18 years of age or older and admitted on either a voluntary or an involuntary basis and who may or may not have co-occurring mental health and substance use disorders.
- 1.5.5.2. Inpatient Child/Adolescent Psychiatric Unit: A minimum of 24 beds must be available for individuals who are under 17 years of age and admitted on either a voluntary or an involuntary basis and who may or may not have an intellectual or developmental disability diagnosis.
- 1.5.5.3. Inpatient Geriatric Psychiatric Unit: A minimum of 24 geriatric beds must be available for individuals who are 55 years of age or older and admitted on either a voluntary or an involuntary basis.
- 1.5.6. The Grantee shall maintain staffing with clinical expertise to serve individuals with a dual diagnosis of severe mental illness and intellectual and developmental disability.
- 1.5.7. The Grantee shall maintain an average annual inpatient psychiatric bed occupancy rate consistent with the standard as specified in Section 4.2 of Exhibit A, unless otherwise mutually agreed upon by the Parties in writing.
- 1.5.8. The Grantee shall accept:
- 1.5.8.1. Patients from areas statewide, including patients who are outside of the Grantee's catchment area.
- 1.5.8.2. Patients on a voluntary basis, including direct admissions.
- 1.5.8.3. Patients on an involuntary basis seven (7) days per week.
- 1.5.9. In instances where admission requests to the Facility exceed the availability of beds, the Grantee shall prioritize the following patients to the degree reasonable under specific circumstances so long as there is no potential or

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EXHIBIT B**

actual violation of any statutory, regulatory or enforcement requirements of and/or guidance relating to the Emergency Medical Treatment and Labor Act ("EMTALA") or any other applicable law:

- 1.5.9.1. Patients admitted on an involuntary emergency admissions basis over patients admitted on a voluntary basis.
 - 1.5.9.1.1. The Grantee and the Department shall cooperate in good faith to establish a process whereby the Involuntary Emergency Admission ("IEA") waitlist can be efficiently managed and minimized, including a process for the Grantee to verify if there are individuals on the IEA waitlist.
 - 1.5.9.1.2. The Grantee shall ensure that patients with Medicaid will be, at all times, eligible for admission to the Facility and represent no less than 30% of the total patients admitted annually to the Facility. This percentage will be evaluated by the Parties on annual basis and may be subject to change upon mutual agreement of the Parties in writing.
 - 1.5.9.1.3.
- 1.5.10. The Grantee shall facilitate Community Care Transition coordination and communication for patients from Facility admission through discharge planning with community providers, including, but not limited to
 - 1.5.10.1. Private healthcare providers;
 - 1.5.10.2. Community mental health providers; and/or
 - 1.5.10.3. Veteran's Affairs facilities.
- 1.5.11. The Grantee shall participate in the State's Critical Time Intervention Program ("CTIP") to facilitate appropriate transitions of care and/or connect discharged individuals with local providers/appropriate supports upon discharge. The Grantee shall facilitate such CTI activities sufficiently in advance of any care transition and/or discharge. Notwithstanding the foregoing, at no time shall such participation in the CTIP unnecessarily delay care transitions or prevent the Grantee from discharging patients no longer requiring acute care.
- 1.5.12. Within twelve (12) months after admitting the first patient at the Facility, the Grantee shall develop policies regarding admission and discharge planning with the State's community mental health system and other community providers, including:
 - 1.5.12.1. The State's ten (10) Community Mental Health Centers.
 - 1.5.12.2. The State's nine (9) Doorways locations.
 - 1.5.12.3. Peer support agencies.
 - 1.5.12.4. Housing services providers.
 - 1.5.12.5. Substance misuse treatment centers.
 - 1.5.12.6. Other community providers as needed and identified by the Parties.

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- 1.5.13. The Grantee shall seek to enter into an agreement with the State for the benefit of certain State Community Mental Health Centers, State Doorways locations and other State providers or treatment centers, in each case, as mutually agreeable to the Grantee and the State, within twelve (12) months of admitting the first patient at the Facility in order to establish, subject to Department approval, referral, admissions and discharge processes.
- 1.5.14. Upon written request of the Department, the Grantee shall participate in on-site reviews conducted by the Department.
- 1.5.15. Upon written request of the Department, the Grantee shall facilitate reviews of files conducted by the Department that may include, but are not limited to, Community Care Transitions.

2. Reporting and Performance Monitoring

- 2.1. During the period of construction of the Facility, the Grantee shall submit monthly progress reports to the Department and the State's Construction Project Manager as requested in writing in a format approved by the State. Progress reports shall include, but are not limited to:
 - 2.1.1. A description of the work performed during the reporting period, including, but not limited to, testing reports, photographs of on-going work, waste disposal and waste recycling reports, and description(s) of materials and equipment installed, materials and equipment on-site and materials and equipment stored off-site.
 - 2.1.2. Receipts for all off-site, stored materials and equipment as well as documentation demonstrating that the off-site materials and equipment are properly stored in safe, secure and weather-protected areas.
 - 2.1.3. Activities and/or milestones achieved.
 - 2.1.4. Challenges, delays, and/or other problems encountered in the construction of the Facility.
- 2.2. Upon admission of the first patient at the Facility, the Grantee shall submit the following reports to the Department in a format as approved by the Department and at a frequency in accordance with the below table:

<u>Frequency</u>	<u>Reporting Requirement</u>
Due within thirty (30) days upon Grant Agreement approval	Recruitment Plan detailing hiring strategies that avoid any impact on local mental health providers, including, but not limited to, strategies to prevent targeting and recruiting the regional behavioral health care labor pool.
Monthly	Uniform Hospital Discharge Data Set – detailing admissions, discharges, dispositions, referral sources, community referrals, demographics, lengths of stay, payor mixes, and other key data as requested by the Department.
Monthly (by the 15 th of the following month)	Monthly report for behavioral health services specified Paragraph 1.5.5. above, on a template as required by the Department, to include but not limited to: Involuntary Emergency Admissions (IEA), including, but not

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Capital Defrayment - Behavioral Health Facility
EXHIBIT B**

	limited to, the number of IEAs admitted and any period of involuntary status during admission; use of seclusion and restraint; probable cause hearings dismissed and the related reason; referral and admissions data; CMHC catchment area; and any non-admissions, including the reason for denial.
Annually	Policies and procedures, including but not limited to admissions, discharges, transfers, seclusion and restraint, and uncompensated care.
Annually	Occupancy rate.
Annually	Copies of agreements with Community Mental Health Centers and other community partners.
Due within thirty (30) days upon Grant Agreement approval and annually thereafter	Communication plan with other facilities in New Hampshire to identify bed availability.
As required by healthcare accrediting organization	Evidence of healthcare facility accreditation.
As requested by the Department	Ad hoc program data and information.

- 2.3. The Contractor shall transmit Confidential Information to the Department by means of a secure file transport protocol ("SFTP") provided by the Department and agreed to by the Parties and approved by the Department's Information Security Officer.

3. Key Project Staff

- 3.1. The Grantee shall assign and provide contact information to the Department for the following Key Project staff:
- 3.1.1. Grantee Construction Project Manager, who shall:
 - 3.1.1.1. Serve as the primary point-of-contact for the Department during the period of construction of the Facility.
 - 3.1.1.2. Be qualified to continuously perform or supervise the Contractor's obligations under this Agreement with regards to construction of the Facility.
 - 3.1.2. Grantee Administrator: The Grantee shall assign an Administrator who shall:
 - 3.1.2.1. Be responsible for administration of this Agreement, including but not limited to providing Agreement documentation to verifying costs as requested by the Department.
 - 3.1.2.2. Track costs and payments.
 - 3.1.2.3. Represent the Grantee in all Agreement administrative activities.
 - 3.1.3. Grantee Behavioral Health Services Project Manager, who shall:
 - 3.1.3.1. Serve as the primary point-of-contact for the Department with

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EXHIBIT B**

regards to behavioral health services at the Facility.

- 3.1.3.2. Be qualified to perform or supervise the Contractor's obligations under this Agreement with regards to behavioral health services at the Facility.
- 3.1.3.3. Be available to respond to questions arising from reporting and performance requirements.
- 3.1.4. Grantee Financial Management Representative, who shall:
 - 3.1.4.1. Serve as the primary point-of-contact for financial matters, including but not limited to Medicaid enrollment, and training on the 1115 CMS Waiver amendment for serious mental illness.
- 3.2. The State shall assign and provide contact information to the Grantee for the following Key Project staff:
 - 3.2.1. State Construction Project Manager, who shall:
 - 3.2.1.1. Function as the State's representative with regard to Agreement administration during the period of construction.
 - 3.2.1.2. Attend any regularly scheduled meetings with the Grantee's inspecting architects, engineers, and/or contractor(s) performing the construction and/or review minutes from any such meetings.
 - 3.2.1.3. Conduct construction site visits as needed to monitor construction progress and quality of work and to verify costs included in invoices submitted by the Grantee to request reimbursement.
 - 3.2.1.4. Review submissions of required reports during the period of construction.
 - 3.2.1.5. Review and approve invoices submitted by the Grantee.
 - 3.2.2. State Behavioral Health Services Project Manager, who shall:
 - 3.2.2.1. Function as the Department's representative with regard to Agreement administration upon commencement of behavioral health services at the Facility.
 - 3.2.2.2. Receive and review all reports submitted by the Grantee upon commencement of behavioral health services at the Facility.
 - 3.2.3. State Financial Management or Medicaid Representative, who shall:
 - 3.2.3.1. Function as the State's representative for financial matters and assist in facilitating Grantee training on the 1115 CMS waiver amendment for serious mental illness.

3.3. Either Party may change its Key Project Staff upon written notice to the other Party.

4. Exhibits Incorporated

- 4.1. The Grantee shall comply with all Exhibits D through K, which are attached hereto and incorporated by reference herein.

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5. Additional Terms

5.1. Impacts Resulting from Court Orders or Legislative Changes

- 5.1.1. The Grantee agrees that, to the extent future state or federal legislation or court orders may have an impact on the Services described herein, the State and the Grantee may jointly modify Service priorities and expenditure requirements under this Agreement so as to achieve compliance therewith.

5.2. Operation of Facilities: Compliance with Laws and Regulations

- 5.2.1. In the operation of the Facility, the Grantee shall comply with all laws, orders and regulations of federal, state, county and municipal authorities and with any direction of any Public Officer or officers pursuant to laws which shall impose an order or duty upon the Grantee with respect to the operation of the Facility or the provision of the services at the Facility. If any governmental license or permit shall be required for the operation of the Facility or the performance of the said services, the Grantee will procure said license or permit, and will at all times comply with the terms and conditions of each such license or permit. In connection with the foregoing requirements, the Grantee hereby covenants and agrees that, during the term of this Agreement the Facility shall comply with all rules, orders, regulations, and requirements of the State Office of the Fire Marshal and the local fire protection agency, and shall be in conformance with local building and zoning codes, by-laws and regulations.

6. Records

- 6.1. The Grantee shall keep records for five (5) years after the Completion Date. Records include, but are not limited to:

- 6.1.1. Books, records, documents and other electronic or physical data evidencing and reflecting all costs and other expenses incurred by the Grantee in the performance of the Agreement, and all income received or collected by the Grantee.
- 6.1.2. All records must be maintained in accordance with accounting procedures and practices, which sufficiently and properly reflect all such costs and expenses, and which are acceptable to the Department, and to include, without limitation, all ledgers, books, records, and original evidence of costs such as purchase requisitions and orders, vouchers, requisitions for materials, inventories, valuations of in-kind contributions, labor time cards, payrolls, and other records requested or required by the Department.
- 6.1.3. Statistical, enrollment, attendance or visit records for each recipient of services, which records shall include all records of application and eligibility (including all forms required to determine eligibility for each such recipient), records regarding the provision of services and all invoices submitted to the Department to obtain payment for such services.

- 6.2. During the term of this Agreement and the period for retention hereunder, the Department, the United States Department of Health and Human Services, and any of their designated representatives shall have access during the Grantee's normal

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EXHIBIT B**

business hours, upon advance notice of three (3) business days or, in the case of exigent circumstances, upon advance notice of one (1) business day, to all reports and records maintained pursuant to the Agreement for purposes of audit, examination, excerpts and transcripts.

- 6.3. Upon review of the Final Expenditure Report, the Department may disallow any expenses claimed by the Grantee as costs hereunder that are not allowed hereunder, and the Department shall retain the right, at its discretion, to deduct the amount of such expenses as are disallowed or to recover such sums from the Grantee.

**New Hampshire Department of Health and Human Services
Capital Defrayment - Behavioral Health Facility
EXHIBIT C**

Payment Terms

1. This Agreement is funded under a grant to the State of New Hampshire ("State") and subsequently through the Governor's Office for Emergency Relief and Recovery ("GOFERR") and the Department as approved by the Governor and Executive Council from the federal government through the Department of Treasury ("Treasury") through the American Rescue Plan Act of 2021 ("ARPA"), with 100% of the source of funds being the State and Local Fiscal Recovery Funds ("SLFRF") identified under the Catalog of Federal Domestic Assistance ("CFDA") number #21.027. The Federal Award Identification Number ("FAIN") for this award is SLFRP0145. This grant award is a subaward of SLFRF funds and any and all compliance requirements, as updated by Treasury, for use of SLFRF funds are applicable to the Subrecipient, without further notice. Treasury requirements are published and updated at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>.
2. For the purposes of this Agreement the Department has identified:
 - 2.1. The Grantee as a subrecipient, in accordance with 2 CFR 200.331.
 - 2.2. The Agreement as NON-R&D, in accordance with 2 CFR 200.332.
3. Payment shall be on a cost reimbursement basis for actual expenditures incurred in fulfillment of Exhibit B, Grant Terms, Section 1, Grantee Obligations, Subsection 1.4, Facility Construction, and as follows:
 - 3.1. The Department shall reimburse the Grantee for up to forty percent (40%) of the allowable costs related to the construction of the Facility and incurred or obligated by the Grantee during the period commencing upon the Effective Date and ending on December 31, 2024, in an amount not to exceed the Grant Limitation specified in box 1.8 of Form Number G-1, Grant Agreement.
 - 3.2. Funds for financial obligations incurred or obligated during this period must be expended by December 31, 2026.
 - 3.3. The Department shall not reimburse the Grantee for any costs related to real estate purchases and/or property acquisitions, or permitting fees, or otherwise not allowable in accordance with federal requirements, or as otherwise not allowable in accordance with Treasury requirements specified in above Exhibit C, Section 1.
4. The Department may recoup payments made under this Agreement, in whole or in part, in the event of an Event of Default that is not timely cured in accordance with Paragraph 11 of the General Provisions.

**New Hampshire Department of Health and Human Services
Capital Defrayment - Behavioral Health Facility
EXHIBIT C**

5. The Grantee shall submit an invoice with supporting documentation to the Department no later than forty-five (45) days following the month in which the allowable costs were incurred or obligated.
6. The Grantee shall ensure each invoice:
 - 6.1. Includes the Grantee's Vendor Number issued upon registering with New Hampshire Department of Administrative Services.
 - 6.2. Is submitted in a form that is provided by or otherwise acceptable to the Department.
 - 6.3. Identifies and requests payment for allowable costs incurred in the previous month.
 - 6.4. Includes supporting documentation of allowable costs with each invoice that may include, but are not limited to, time sheets, payroll records, receipts for purchases, and proof of expenditures, as applicable and as requested by the State.
 - 6.5. Is completed, dated and returned to the Department with the supporting documentation for allowable expenses to initiate payment.
 - 6.6. Is assigned an electronic signature, includes supporting documentation, and is emailed to the appropriate State contacts as identified by the Department.
7. The Department shall make payment to the Grantee within thirty (30) days of receipt of each invoice and supporting documentation for authorized expenses, subsequent to approval of the submitted invoice. The costs shall be incurred or obligated during the period of performance of the project, and shall be allowable, meaning that the costs must conform to specific federal requirements detailed in *2 CFR part 200 Subpart E*.
8. The Grantee shall comply with the property management and procedures detailed in *2 CFR Part 200 Subpart D*.
9. The Grantee must have an active registration with the Federal System for Award Management (SAM).
10. The final invoice and supporting documentation for authorized expenses shall be due to the Department no later than sixty (60) days after the commencement of services by the Grantee at the Facility.
11. Notwithstanding Paragraph 20 of the General Provisions Form G-1, changes limited to adjusting amounts within the price limitation and adjusting encumbrances between State Fiscal Years and budget class lines through the Budget Office may be made by written agreement of both parties, without obtaining approval of the Governor and Executive Council, if needed and justified.

**New Hampshire Department of Health and Human Services
Capital Defrayment - Behavioral Health Facility
EXHIBIT C**

12. The Grantee agrees to, as appropriate and to the extent consistent with law (2 C.F.R. 200.322), to the greatest extent practicable, give preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including but not limited to iron, aluminum, steel, cement, and other manufactured products). The requirements of this section must be included in all subawards including all contracts and purchase orders for work or products under this award. For purposes of this section "produced in the United States" means, for iron and steel products, that all manufacturing processes, from the initial melting stage through the application of coatings, occurred in the United States. "Manufactured products" means items and construction materials composed in whole or in part of non-ferrous metals such as aluminum; plastics and polymer-based products such as polyvinyl chloride pipe; aggregates such as concrete; glass, including optical fiber; and lumber.
13. The Grantee shall comply with the Copeland "Anti-Kickback Act (40 U.S.C. 3145).
14. Audits
- 14.1. Upon the written request of the State, the Grantee must email an annual audit to dhhs.act@dhhs.nh.gov if the Grantee is a public company and required by Security and Exchange Commission (SEC) regulations to submit an annual financial audit, within 120 days of the close of the Grantee's fiscal year.
- 14.2. In addition to, and not in any way in limitation of obligations of the Agreement, it is understood and agreed by the Grantee that the Grantee shall be held liable for any state or federal audit exceptions and shall return to the Department all payments made under the Agreement to which exception has been taken, or which have been disallowed because of such an exception.
15. The Grantee must ensure that any procurement using SLFRF funds, or payments under procurement contracts using such funds are consistent with the procurement standards set forth in the Uniform Guidance at 2 CFR 200.317 through 2 CFR 200.327, as applicable. The Uniform Guidance establishes in 2 CFR 200.319 that all procurement transactions for property or services must be conducted in a manner providing full and open competition, consistent with standards outlined in 2 CFR 200.320, which allows for non-competitive procurements only in circumstances where at least one of the conditions below is true: the item is below the micro-purchase threshold; the item is only available from a single source; the public exigency or emergency will not permit a delay from publicizing a competitive solicitation; or after solicitation of a number of sources, competition is determined inadequate. Subrecipients must have and use documented procurement procedures that are consistent with the standards outlined in 2 CFR 200.317 through 2 CFR 200.320.

**New Hampshire Department of Health and Human Services
Capital Defrayment - Behavioral Health Facility
EXHIBIT C**

16. The Grantee shall comply with 2 CFR part 200 Subpart D and the specific standards regarding financial reporting, accounting records, internal control, budget control, allowable cost, source documentation, and cash management outlined therein.
17. The Grantee agrees to provide certification upon request that for projects over \$10 million (based on expected total cost), for the relevant project, all laborers and mechanics employed by contractors and subcontractors in the performance of such project are paid wages at rates not less than those prevailing, as determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (commonly known as the "Davis-Bacon Act"), for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the State (or the District of Columbia) in which the work is to be performed. All contracts and subcontracts for the construction of treatment works shall insert in full in any contract the standard Davis-Bacon contract clause as specified by 29 CFR §5.5(a).



**New Hampshire Department of Health and Human Services
Exhibit D**

CERTIFICATION REGARDING DRUG-FREE WORKPLACE REQUIREMENTS

The Grantee identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.), and further agrees to have the Grantee's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

ALTERNATIVE I - FOR GRANTEEES OTHER THAN INDIVIDUALS

**US DEPARTMENT OF HEALTH AND HUMAN SERVICES - GRANTEEES
US DEPARTMENT OF EDUCATION - GRANTEEES
US DEPARTMENT OF AGRICULTURE - GRANTEEES**

This certification is required by the regulations implementing Sections 5151-5160 of the Drug-Free Workplace Act of 1988 (Pub. L. 100-690, Title V, Subtitle D; 41 U.S.C. 701 et seq.). The January 31, 1989 regulations were amended and published as Part II of the May 25, 1990 Federal Register (pages 21681-21691), and require certification by grantees (and by inference, sub-grantees and sub-contractors), prior to award, that they will maintain a drug-free workplace. Section 3017.630(c) of the regulation provides that a grantee (and by inference, sub-grantees and sub-contractors) that is a State may elect to make one certification to the Department in each federal fiscal year in lieu of certificates for each grant during the federal fiscal year covered by the certification. The certificate set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or government wide suspension or debarment. Grantees using this form should send it to:

Commissioner
NH Department of Health and Human Services
129 Pleasant Street,
Concord, NH 03301-6505

1. The grantee certifies that it will or will continue to provide a drug-free workplace by:
 - 1.1. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the grantee's workplace and specifying the actions that will be taken against employees for violation of such prohibition;
 - 1.2. Establishing an ongoing drug-free awareness program to inform employees about
 - 1.2.1. The dangers of drug abuse in the workplace;
 - 1.2.2. The grantee's policy of maintaining a drug-free workplace;
 - 1.2.3. Any available drug counseling, rehabilitation, and employee assistance programs; and
 - 1.2.4. The penalties that may be imposed upon employees for drug abuse violations occurring in the workplace;
 - 1.3. Making it a requirement that each employee to be engaged in the performance of the grant be given a copy of the statement required by paragraph (a);
 - 1.4. Notifying the employee in the statement required by paragraph (a) that, as a condition of employment under the grant, the employee will
 - 1.4.1. Abide by the terms of the statement; and
 - 1.4.2. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace, no later than five calendar days after such conviction;
 - 1.5. Notifying the agency in writing, within ten calendar days after receiving notice under subparagraph 1.4.2 from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position title, to every grant officer on whose grant activity the convicted employee was working, unless the Federal agency



**New Hampshire Department of Health and Human Services
Exhibit D**

- has designated a central point for the receipt of such notices. Notice shall include the identification number(s) of each affected grant;
- 1.6. Taking one of the following actions, within 30 calendar days of receiving notice under subparagraph 1.4.2, with respect to any employee who is so convicted
 - 1.6.1. Taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - 1.6.2. Requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency;
 - 1.7. Making a good faith effort to continue to maintain a drug-free workplace through implementation of paragraphs 1.1, 1.2, 1.3, 1.4, 1.5, and 1.6.
2. The grantee may insert in the space provided below the site(s) for the performance of work done in connection with the specific grant.

Place of Performance (street address, city, county, state, zip code) (list each location)

Check ☐ if there are workplaces on file that are not identified here.

Grantee Name:

3/16/2023

Date

DocuSigned by:

Brad Kreick

C351005C7135413

Name: Brad Kreick

Title:

Chief Executive Officer



New Hampshire Department of Health and Human Services
Exhibit E

CERTIFICATION REGARDING LOBBYING

The Grantee identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Section 319 of Public Law 101-121, Government wide Guidance for New Restrictions on Lobbying, and 31 U.S.C. 1352, and further agrees to have the Grantee's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

US DEPARTMENT OF HEALTH AND HUMAN SERVICES - GRANTEEES
US DEPARTMENT OF EDUCATION - GRANTEEES
US DEPARTMENT OF AGRICULTURE - GRANTEEES

Programs (indicate applicable program covered):

- *Temporary Assistance to Needy Families under Title IV-A
- *Child Support Enforcement Program under Title IV-D
- *Social Services Block Grant Program under Title XX
- *Medicaid Program under Title XIX
- *Community Services Block Grant under Title VI
- *Child Care Development Block Grant under Title IV

The undersigned certifies, to the best of his or her knowledge and belief, that:

1. No Federal appropriated funds have been paid or will be paid by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor).
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement (and by specific mention sub-grantee or sub-contractor), the undersigned shall complete and submit Standard Form LLL, (Disclosure Form to Report Lobbying, in accordance with its instructions, attached and identified as Standard Exhibit E-I.)
3. The undersigned shall require that the language of this certification be included in the award document for sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Grantee Name:

3/16/2023

Date

DocuSigned by:

Brad Kreick

03E10DFC713F413

Name: Brad Kreick

Title: Chief Executive Officer

Exhibit E - Certification Regarding Lobbying

Grantee Initials

Date

3/16/2023

New Hampshire Department of Health and Human Services
Exhibit F



**CERTIFICATION REGARDING DEBARMENT, SUSPENSION
AND OTHER RESPONSIBILITY MATTERS**

The Grantee identified in Section 1.3 of the General Provisions agrees to comply with the provisions of Executive Office of the President, Executive Order 12549 and 45 CFR Part 76 regarding Debarment, Suspension, and Other Responsibility Matters, and further agrees to have the Grantee's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

INSTRUCTIONS FOR CERTIFICATION

1. By signing and submitting this grant agreement, the prospective primary participant is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in denial of participation in this covered transaction. If necessary, the prospective participant shall submit an explanation of why it cannot provide the certification. The certification or explanation will be considered in connection with the NH Department of Health and Human Services' (DHHS) determination whether to enter into this transaction. However, failure of the prospective primary participant to furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. The certification in this clause is a material representation of fact upon which reliance was placed when DHHS determined to enter into this transaction. If it is later determined that the prospective primary participant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, DHHS may terminate this transaction for cause or default.
4. The prospective primary participant shall provide immediate written notice to the DHHS agency to whom this grant agreement is submitted if at any time the prospective primary participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
5. The terms "covered transaction," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal," and "voluntarily excluded," as used in this clause, have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549: 45 CFR Part 76. See the attached definitions.
6. The prospective primary participant agrees by submitting this grant agreement that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by DHHS.
7. The prospective primary participant further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," provided by DHHS, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or involuntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List (of excluded parties).
9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and



**New Hampshire Department of Health and Human Services
Exhibit F**

information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal government, DHHS may terminate this transaction for cause or default.

PRIMARY COVERED TRANSACTIONS

11. The prospective primary participant certifies to the best of its knowledge and belief, that it and its principals:
- 11.1. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
 - 11.2. have not within a three-year period preceding this proposal (grant agreement) been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or a contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
 - 11.3. are not presently indicted for otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
 - 11.4. have not within a three-year period preceding this application/proposal had one or more public transactions (Federal, State or local) terminated for cause or default.
12. Where the prospective primary participant is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal (grant agreement).

LOWER TIER COVERED TRANSACTIONS

13. By signing and submitting this lower tier proposal (grant agreement), the prospective lower tier participant, as defined in 45 CFR Part 76, certifies to the best of its knowledge and belief that it and its principals:
- 13.1. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
 - 13.2. where the prospective lower tier participant is unable to certify to any of the above, such prospective participant shall attach an explanation to this proposal (grant agreement).
14. The prospective lower tier participant further agrees by submitting this proposal (grant agreement) that it will include this clause entitled "Certification Regarding Debarment, Suspension, Ineligibility, and Voluntary Exclusion - Lower Tier Covered Transactions," without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

Grantee Name:

3/16/2023

Date:

DocuSigned by:

Brad Kreick

Name: Brad Kreick

Title: Chief Executive Officer

DS

Bk



New Hampshire Department of Health and Human Services
Exhibit G

**CERTIFICATION OF COMPLIANCE WITH REQUIREMENTS PERTAINING TO
FEDERAL NONDISCRIMINATION, EQUAL TREATMENT OF FAITH-BASED ORGANIZATIONS AND
WHISTLEBLOWER PROTECTIONS**

The Grantee identified in Section 1.3 of the General Provisions agrees by signature of the Grantee's representative as identified in Sections 1.11 and 1.12 of the General Provisions, to execute the following certification:

Grantee will comply, and will require any subgrantees or subcontractors to comply, with any applicable federal nondiscrimination requirements, which may include:

- the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. Section 3789d) which prohibits recipients of federal funding under this statute from discriminating, either in employment practices or in the delivery of services or benefits, on the basis of race, color, religion, national origin, and sex. The Act requires certain recipients to produce an Equal Employment Opportunity Plan;
- the Juvenile Justice Delinquency Prevention Act of 2002 (42 U.S.C. Section 5672(b)) which adopts by reference, the civil rights obligations of the Safe Streets Act. Recipients of federal funding under this statute are prohibited from discriminating, either in employment practices or in the delivery of services or benefits, on the basis of race, color, religion, national origin, and sex. The Act includes Equal Employment Opportunity Plan requirements;
- the Civil Rights Act of 1964 (42 U.S.C. Section 2000d, which prohibits recipients of federal financial assistance from discriminating on the basis of race, color, or national origin in any program or activity);
- the Rehabilitation Act of 1973 (29 U.S.C. Section 794), which prohibits recipients of Federal financial assistance from discriminating on the basis of disability, in regard to employment and the delivery of services or benefits, in any program or activity;
- the Americans with Disabilities Act of 1990 (42 U.S.C. Sections 12131-34), which prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, State and local government services, public accommodations, commercial facilities, and transportation;
- the Education Amendments of 1972 (20 U.S.C. Sections 1681, 1683, 1685-86), which prohibits discrimination on the basis of sex in federally assisted education programs;
- the Age Discrimination Act of 1975 (42 U.S.C. Sections 6106-07), which prohibits discrimination on the basis of age in programs or activities receiving Federal financial assistance. It does not include employment discrimination;
- 28 C.F.R. pt. 31 (U.S. Department of Justice Regulations – OJJDP Grant Programs); 28 C.F.R. pt. 42 (U.S. Department of Justice Regulations – Nondiscrimination; Equal Employment Opportunity; Policies and Procedures); Executive Order No. 13279 (equal protection of the laws for faith-based and community organizations); Executive Order No. 13559, which provide fundamental principles and policy-making criteria for partnerships with faith-based and neighborhood organizations;
- 28 C.F.R. pt. 38 (U.S. Department of Justice Regulations – Equal Treatment for Faith-Based Organizations); and Whistleblower protections 41 U.S.C. §4712 and The National Defense Authorization Act (NDAA) for Fiscal Year 2013 (Pub. L. 112-239, enacted January 2, 2013) the Pilot Program for Enhancement of Contract Employee Whistleblower Protections, which protects employees against reprisal for certain whistle blowing activities in connection with federal grants and contracts.

The certificate set out below is a material representation of fact upon which reliance is placed when the agency awards the grant. False certification or violation of the certification shall be grounds for suspension of payments, suspension or termination of grants, or government wide suspension or debarment.

Exhibit G

Grantee Initials

Certification of Compliance with requirements pertaining to Federal Nondiscrimination, Equal Treatment of Faith-Based Organizations and Whistleblower protections

6/27/14
Rev. 10/21/14

Page 1 of 2

3/16/2023
Date

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Bk



**New Hampshire Department of Health and Human Services
Exhibit G**

In the event a Federal or State court or Federal or State administrative agency makes a finding of discrimination after a due process hearing on the grounds of race, color, religion, national origin, or sex against a recipient of funds, the recipient will forward a copy of the finding to the Office for Civil Rights, to the applicable contracting agency or division within the Department of Health and Human Services, and to the Department of Health and Human Services Office of the Ombudsman.

The Grantee identified in Section 1.3 of the General Provisions agrees by signature of the Grantee's representative as identified in Sections 1.11 and 1.12 of the General Provisions, to execute the following certification:

1. By signing and submitting this grant agreement, the Grantee agrees to comply with the provisions indicated above.

Grantee Name:

3/16/2023

Date

DocuSigned by:

Brad Kreick

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Name: Brad Kreick

Title:

Chief Executive Officer

Exhibit G

Grantee Initials

DS
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Certification of Compliance with requirements pertaining to Federal Nondiscrimination, Equal Treatment of Faith-Based Organizations and Whistleblower protections

New Hampshire Department of Health and Human Services
Exhibit H



CERTIFICATION REGARDING ENVIRONMENTAL TOBACCO SMOKE

Public Law 103-227, Part C - Environmental Tobacco Smoke, also known as the Pro-Children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, education, or library services to children under the age of 18, if the services are funded by Federal programs either directly or through State or local governments, by Federal grant, contract, loan, or loan guarantee. The law does not apply to children's services provided in private residences, facilities funded solely by Medicare or Medicaid funds, and portions of facilities used for inpatient drug or alcohol treatment. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to \$1000 per day and/or the imposition of an administrative compliance order on the responsible entity.

The Grantee identified in Section 1.3 of the General Provisions agrees, by signature of the Grantee's representative as identified in Section 1.11 and 1.12 of the General Provisions, to execute the following certification:

1. By signing and submitting this grant agreement, the Grantee agrees to make reasonable efforts to comply with all applicable provisions of Public Law 103-227, Part C, known as the Pro-Children Act of 1994.

Grantee Name:

3/16/2023

Date

DocuSigned by:

Brad Kreick

C3E1DDFC713F413...

Name: Brad Kreick

Title:

Chief Executive Officer

Department of Health & Human Services
Exhibit I



HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT
BUSINESS ASSOCIATE AND PART 2 RECORD AGREEMENT

The Grantee identified in Section 1.3 of the General Provisions of the Grant Agreement ("Agreement") agrees to comply with the Health Insurance Portability and Accountability Act, Public Law 104-191 and with the Standards for Privacy and Security of Individually Identifiable Health Information, 45 CFR Parts 160, 162, and 164 (HIPAA) applicable to business associates.

To the extent that any of the PHI, handled or otherwise dealt with by the Grantee on behalf of the Covered Entity as part of the Scope of Work of the Agreement, are patient "records" the term is defined in 42 CFR Part 2.11 and protected under 42 CFR Part 2, the Grantee shall be bound by all provisions and with the requirements of 42 USC s. 290 dd-2, 42 CFR Part 2, (Part 2), if applicable.

(1) **Definitions.**

- a. "Business Associate" shall mean the Grantee and subcontractors, and agents of the Grantee that receive, use or have access to protected health information (PHI) as defined in this Business Associate Agreement ("BAA") and "Covered Entity" shall mean the State of New Hampshire, Department of Health and Human Services.
- b. The following terms have the same meaning as defined in HIPAA 45 CFR Parts 160, 162, and 164 as amended from time to time, and the HITECH Act, Title XIII, Subtitle D, Part 1&2 of the American Recovery and Reinvestment Act of 2009 and 42 USC 290 dd, 42 CFR Part 2 protecting substance use disorder records:

"Breach", "Covered Entity", "Designated Record Set", "Data Aggregation",
Designated Record Set", Health Care Operations", HITECH Act", "Individual",
"Privacy Rule", "Required by law", "Security Rule", and "Secretary".

- c. "Protected Health Information", ("PHI") as used in this Agreement means protected health information defined in HIPAA 45 CFR 160.103, limited to the information created, received, or used by Business Associate from or on behalf of Covered Entity, and includes any Part 2 records relating to substance use disorder, if applicable, as defined below.
- d. "Part 2 record" means any "Part 2 record" as defined in 42 CFR Part 2.11. The term includes any data or information created by a Part 2 program or provider that identifies a patient and relates to the patient's past, present, or future substance use disorder treatment, evaluation, or referral for treatment defined and which is protected by 42 CFR Part 2.
- e. "Unsecured Protected Health Information" means protected health information that is not secured by a technology standard that renders protected health information unusable, unreadable, or indecipherable to unauthorized individuals and is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute.

(2) **Business Associate Use and Disclosure of Protected Health Information**

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**Department of Health & Human Services
Exhibit I**

- a. Business Associate shall not use, disclose, maintain, store, or transmit Protected Health Information (PHI) except as reasonably necessary to provide the services outlined under Exhibit B of the Agreement. Further, Business Associate, including but not limited to all its directors, officers, employees, and agents, shall protect any PHI as required by HIPAA and 42 CFR Part 2, and not use, disclose, maintain, store, or transmit PHI in any manner that would constitute a violation of HIPAA or 42 CFR Part 2.
- b. Business Associate may use or disclose PHI, as applicable:
 - I. For the proper management and administration of the Business Associate;
 - II. As required by law, pursuant to the terms set forth in paragraph c. and d. below;
 - III. According to the HIPAA minimum necessary standard;
 - IV. For data aggregation purposes for the health care operations of Covered Entity.
- c. To the extent Business Associate is permitted under the Agreement to disclose PHI to any third party, Business Associate must obtain, prior to making any such disclosure, a written agreement including: (i) an agreement that the requirements, limitations, and restrictions placed on the Business Associate by this BAA also apply to the third party, (ii) reasonable assurances from the third party that such PHI will be held confidentially, and used or further disclosed only as required by law or for the purpose for which it was disclosed to the third party; and (iii) an agreement from such third party to notify Business Associate, in accordance with the HIPAA Privacy, Security, and Breach Notification Rules of any breaches of the confidentiality of the PHI, to the extent it has obtained knowledge of such breach.
- d. The Business Associate shall not, unless such disclosure is reasonably necessary to provide services under Exhibit B of the Agreement, disclose any PHI in response to a request for disclosure on the basis that it is required by law, without first notifying Covered Entity so that it has an opportunity to determine how to best protect the PHI. If Covered Entity objects to the disclosure, the Business Associate shall refrain from disclosing the PHI until Covered Entity has exhausted all remedies. In any judicial proceeding, Business Associate shall resist any efforts to access any Part 2 records.
- e. If the Covered Entity has notified the Business Associate that Covered Entity has agreed to be bound by additional restrictions over and above those uses or disclosures or security safeguards of PHI pursuant to HIPAA or 42 CFR Part 2, the Business Associate agrees to comply with such additional restrictions and shall not disclose PHI in violation of such additional restrictions and shall abide by any additional security safeguards.

(3) Obligations and Activities of Business Associate.

- a. Business Associate shall implement appropriate safeguards to prevent unauthorized use or disclosure of PHI in accordance with HIPAA and Part 2, as applicable.
- b. The Business Associate shall notify the Covered Entity's Privacy Officer immediately after the Business Associate becomes aware of any use or disclosure of protected



**Department of Health & Human Services
Exhibit I**

health information not provided for by the Agreement including inadvertent or accidental uses or disclosures, breaches of unsecured protected health information, and any security incident that may have an impact on the protected health information of the Covered Entity consistent with the terms of Exhibit K.

- o The parties acknowledge and agree that attempted but Unsuccessful Security Incidents (as defined below) that occur on a daily basis will not be reported. "Unsuccessful Security Incidents" shall include, but not be limited to, pings and other broadcast attacks on Business Associate's firewall, port scans, unsuccessful log-on attempts, denials of service and any combination of the above, so long as no such incident results in unauthorized access, use or disclosure of PHI.
- c. In addition to notification, the Business Associate shall immediately perform a risk assessment when it becomes aware of any of the situations in b. above, and provide Covered Entity with a final report and all findings as soon as practicable after the completion of the final report consistent with the terms of Exhibit K. The risk assessment shall include, but not be limited to:
 - o The nature and extent of the protected health information involved, including the types of identifiers and the likelihood of re-identification;
 - o The unauthorized access or use of the protected health information or to whom the disclosure was made;
 - o Whether the protected health information was actually acquired or viewed
 - o The extent to which the risk to the protected health information has been mitigated.
- d. In the event of a breach, the Business Associate shall comply with all applicable sections of the Privacy, Security, Breach Notification Rule and the terms of Exhibit K of the Agreement.
- e. Business Associate shall make available all of its internal policies and procedures, books and records relating to the use and disclosure of PHI received from, or created or received by the Business Associate on behalf of Covered Entity to the US Secretary of Health and Human Services for purposes of determining the Business Associate's and the Covered Entity's compliance with HIPAA and Part 2, if applicable.
- f. Business Associate shall require any third party that receives, uses, stores, or has access to PHI under the Agreement, to agree in writing to adhere to the same restrictions and conditions on the use and disclosure of PHI contained herein, including the duty to return or destroy the PHI as provided under Section 3 (m). The Business Associate shall require all to be subject to the
- g. Within ten (10) business days of receipt of a written request from Covered Entity, Business Associate shall make available during normal business hours at its offices all records, books, agreements, policies and procedures relating to the use and disclosure of PHI to the Covered Entity, for purposes of enabling Covered Entity to determine Business Associate's compliance with the terms of the BAA.
- h. Within ten (10) business days of receiving a written request from Covered Entity, Business Associate shall provide access to PHI in a Designated Record Set to the



**Department of Health & Human Services
Exhibit I**

Covered Entity, or as directed by Covered Entity, to an individual in order to meet the requirements under 45 CFR Section 164.524.

- i. Within ten (10) business days of receiving a written request from Covered Entity for an amendment of PHI or a record about an individual contained in a Designated Record Set, the Business Associate shall make such PHI available to Covered Entity for amendment and incorporate any such amendment to enable Covered Entity to fulfill its obligations under 45 CFR Section 164.526.
- j. Business Associate shall document any disclosures of PHI and information related to any disclosures as would be required for Covered Entity to respond to a request by an individual for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.
- k. Within ten (10) business days of receiving a written request from Covered Entity for a request for an accounting of disclosures of PHI, Business Associate shall make available to Covered Entity such information as Covered Entity may require to fulfill its obligations to provide an accounting of disclosures with respect to PHI in accordance with 45 CFR Section 164.528.
- l. In the event any individual requests access to, amendment of, or accounting of PHI directly from the Business Associate, the Business Associate shall within two (2) business days forward such request to Covered Entity. Covered Entity shall have the responsibility of responding to forwarded requests. However, if forwarding the individual's request to Covered Entity would cause Covered Entity or the Business Associate to violate HIPAA and the Privacy and Security Rule, the Business Associate shall instead respond to the individual's request as required by such law and notify Covered Entity of such response as soon as practicable.
- m. Within thirty (30) business days of termination of the Agreement, for any reason, the Business Associate shall return or destroy, as specified by Covered Entity, all PHI received from or created or received by the Business Associate in connection with the Agreement, and shall not retain any copies or back-ups of such PHI in any form or platform.
 - o If return or destruction is not feasible, or the disposition of the PHI has been otherwise agreed to in the Agreement, Business Associate shall continue to extend the protections of the Agreement, to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for as long as Business Associate maintains such PHI. If Covered Entity, in its sole discretion, requires that the Business Associate destroy any or all PHI, the Business Associate shall certify to Covered Entity that the PHI has been destroyed.

(4) Obligations of Covered Entity



**Department of Health & Human Services
Exhibit I**

- a. Covered Entity shall notify Business Associate of any changes or limitation(s) in its Notice of Privacy Practices provided to individuals in accordance with 45 CFR Section 164.520, to the extent that such change or limitation may affect Business Associate's use or disclosure of PHI. A current version of Covered Entity's Notice of Privacy Practices and any changes thereto will be posted on the Covered Entity's website: <https://www.dhhs.nh.gov/oos/hipaa/publications.htm>.
- b. Covered Entity shall promptly notify Business Associate of any changes in, or revocation of permission provided to Covered Entity by individuals whose PHI may be used or disclosed by Business Associate under this BAA, pursuant to 45 CFR Section 164.506 or 45 CFR Section 164.508.
- c. Covered entity shall promptly notify Business Associate of any restrictions on the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

(5) Termination of Agreement for Cause

In addition to Paragraph 9 of the standard terms and conditions (P-37) of the Agreement the Covered Entity may immediately terminate the Agreement upon Covered Entity's knowledge of a material breach by Business Associate of the Business Associate Agreement. The Covered Entity may either immediately terminate the Agreement or provide an opportunity for Business Associate to cure the alleged breach within a timeframe specified by Covered Entity.

(6) Miscellaneous

- a. Definitions and Regulatory References. All terms used, but not otherwise defined herein, shall have the same meaning as those terms in the Privacy and Security Rule, amended from time to time. A reference in the Agreement, as amended to include this Exhibit I, to a Section in HIPAA or 42 Part 2, means the Section as in effect or as amended.
- b. Amendment. Covered Entity and Business Associate agree to take such action as is necessary to amend the Agreement, from time to time as is necessary for Covered Entity to comply with the changes in the requirements of HIPAA, 42 CFR Part 2 other applicable federal and state law.
- c. Data Ownership. The Business Associate acknowledges that it has no ownership rights with respect to the PHI provided by or created on behalf of Covered Entity.
- d. Interpretation. The parties agree that any ambiguity in the Agreement shall be resolved to permit Covered Entity to comply with HIPAA and 42 CFR Part 2.
- e. Severability. If any term or condition of this Exhibit I or the application thereof to any person(s) or circumstance is held invalid, such invalidity shall not affect other terms or conditions which can be given effect without the invalid term or condition; to this end the terms and conditions of this Exhibit I are declared severable.
- f. Survival. Provisions in this BAA regarding the use and disclosure of PHI, return or destruction of PHI, extensions of the protections of the Business Associate

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Department of Health & Human Services
Exhibit I

Agreement in section (3) I, the defense and indemnification provisions of section (3) e and Paragraph 13 of the standard terms and conditions (P-37) of the Agreement, shall survive the termination of the BAA

IN WITNESS WHEREOF, the parties hereto have duly executed this Exhibit I.

Department of Health and Human Services

The State
Represented by:

Morissa Henn

Signature of Authorized Representative
Morissa Henn

Name of Authorized Representative

Morissa Henn, Associate Commissioner

Title of Authorized Representative

3/17/2023

Date

SolutionHealth

Name of the Grantee
Represented by:

Brad Kreick

Signature of Authorized Representative
Brad Kreick

Name of Authorized Representative
Chief Executive Officer

Title of Authorized Representative

3/16/2023

Date

Grantee Initials DS Bk

Date: 6/2/2021



New Hampshire Department of Health and Human Services
Exhibit J

**CERTIFICATION REGARDING THE FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY
ACT (FFATA) COMPLIANCE**

The Federal Funding Accountability and Transparency Act (FFATA) requires prime awardees of individual Federal grants equal to or greater than \$25,000 and awarded on or after October 1, 2010, to report on data related to executive compensation and associated first-tier sub-grants of \$25,000 or more. If the initial award is below \$25,000 but subsequent grant modifications result in a total award equal to or over \$25,000, the award is subject to the FFATA reporting requirements, as of the date of the award.

In accordance with 2 CFR Part 170 (Reporting Subaward and Executive Compensation Information), the Department of Health and Human Services (DHHS) must report the following information for any subaward or contract award subject to the FFATA reporting requirements:

1. Name of entity
2. Amount of award
3. Funding agency
4. NAICS code for contracts / CFDA program number for grants
5. Program source
6. Award title descriptive of the purpose of the funding action
7. Location of the entity
8. Principle place of performance
9. Unique identifier of the entity (DUNS#)
10. Total compensation and names of the top five executives if:
 - 10.1. More than 80% of annual gross revenues are from the Federal government, and those revenues are greater than \$25M annually and
 - 10.2. Compensation information is not already available through reporting to the SEC.

Prime grant recipients must submit FFATA required data by the end of the month, plus 30 days, in which the award or award amendment is made.

The Grantee identified in Section 1.3 of the General Provisions agrees to comply with the provisions of The Federal Funding Accountability and Transparency Act, Public Law 109-282 and Public Law 110-252, and 2 CFR Part 170 (Reporting Subaward and Executive Compensation Information), and further agrees to have the Grantor's representative, as identified in Sections 1.11 and 1.12 of the General Provisions execute the following Certification:

The below named Grantee agrees to provide needed information as outlined above to the NH Department of Health and Human Services and to comply with all applicable provisions of the Federal Financial Accountability and Transparency Act.

Grantee Name:

Date 3/16/2023

Brad Kreick

Name:

Title: Chief Executive Officer

Grantee Initials

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3/16/2023
Date



**New Hampshire Department of Health and Human Services
Exhibit J**

FORM A

As the Grantee identified in Section 1.3 of the General Provisions, I certify that the responses to the below listed questions are true and accurate.

1. The DUNS number for your entity is: _____
2. In your business or organization's preceding completed fiscal year, did your business or organization receive (1) 80 percent or more of your annual gross revenue in U.S. federal contracts, subcontracts, loans, grants, sub-grants, and/or cooperative agreements; and (2) \$25,000,000 or more in annual gross revenues from U.S. federal contracts, subcontracts, loans, grants, subgrants, and/or cooperative agreements?

_____ NO

_____ YES

If the answer to #2 above is NO, stop here

If the answer to #2 above is YES, please answer the following:

3. Does the public have access to information about the compensation of the executives in your business or organization through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C.78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986?

_____ NO

_____ YES

If the answer to #3 above is YES, stop here

If the answer to #3 above is NO, please answer the following:

4. The names and compensation of the five most highly compensated officers in your business or organization are as follows:

Name: _____ Amount: _____

Name: _____ Amount: _____

Name: _____ Amount: _____

Name: _____ Amount: _____

Name: _____ Amount: _____

New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



A. Definitions

The following terms may be reflected and have the described meaning in this document:

1. "Breach" means the loss of control, compromise, unauthorized disclosure, unauthorized acquisition, unauthorized access, or any similar term referring to situations where persons other than authorized users and for an other than authorized purpose have access or potential access to personally identifiable information, whether physical or electronic. With regard to Protected Health Information, "Breach" shall have the same meaning as the term "Breach" in section 164.402 of Title 45, Code of Federal Regulations.
2. "Computer Security Incident" shall have the same meaning "Computer Security Incident" in section two (2) of NIST Publication 800-61, Computer Security Incident Handling Guide, National Institute of Standards and Technology, U.S. Department of Commerce.
3. "Confidential Information" or "Confidential Data" means all confidential information disclosed by one party to the other such as all medical, health, financial, public assistance benefits and personal information including without limitation, Substance Abuse Treatment Records, Case Records, Protected Health Information and Personally Identifiable Information.

Confidential Information also includes any and all information owned or managed by the State of NH - created, received from or on behalf of the Department of Health and Human Services (DHHS) or accessed in the course of performing services under this Grant Agreement - of which collection, disclosure, protection, and disposition is governed by state or federal law or regulation. This information includes, but is not limited to Protected Health Information (PHI), Personal Information (PI), Personal Financial Information (PFI), Federal Tax Information (FTI), Social Security Numbers (SSN), Payment Card Industry (PCI), and or other sensitive and confidential information.

4. "End User" means any person or entity (e.g., grantee, grantee's employee, business associate, subcontractor, other downstream user, etc.) that receives DHHS data or derivative data in accordance with the terms of this Grant Agreement.
5. "HIPAA" means the Health Insurance Portability and Accountability Act of 1996 and the regulations promulgated thereunder.
6. "Incident" means an act that potentially violates an explicit or implied security policy, which includes attempts (either failed or successful) to gain unauthorized access to a system or its data, unwanted disruption or denial of service, the unauthorized use of a system for the processing or storage of data; and changes to system hardware, firmware, or software characteristics without the owner's knowledge, instruction, or consent. Incidents include the loss of data through theft or device misplacement, loss

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New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



or misplacement of hardcopy documents, and misrouting of physical or electronic mail, all of which may have the potential to put the data at risk of unauthorized access, use, disclosure, modification or destruction.

7. "Open Wireless Network" means any network or segment of a network that is not designated by the State of New Hampshire's Department of Information Technology or delegate as a protected network (designed, tested, and approved, by means of the State, to transmit) will be considered an open network and not adequately secure for the transmission of unencrypted PI, PFI, PHI or confidential DHHS data.
8. "Personal Information" (or "PI") means information which can be used to distinguish or trace an individual's identity, such as their name, social security number, personal information as defined in New Hampshire RSA 359-C:19, biometric records, etc., alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother's maiden name, etc.
9. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Parts 160 and 164, promulgated under HIPAA by the United States Department of Health and Human Services.
10. "Protected Health Information" (or "PHI") has the same meaning as provided in the definition of "Protected Health Information" in the HIPAA Privacy Rule at 45 C.F.R. § 160.103.
11. "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information at 45 C.F.R. Part 164, Subpart C, and amendments thereto.
12. "Unsecured Protected Health Information" means Protected Health Information that is not secured by a technology standard that renders Protected Health Information unusable, unreadable, or indecipherable to unauthorized individuals and is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute.

I. RESPONSIBILITIES OF DHHS AND THE GRANTEE

A. Business Use and Disclosure of Confidential Information.

1. The Grantee must not use, disclose, maintain or transmit Confidential Information except as reasonably necessary as outlined under this Grant Agreement. Further, Grantee, including but not limited to all its directors, officers, employees and agents, must not use, disclose, maintain or transmit PHI in any manner that would constitute a violation of the Privacy and Security Rule.

New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



2. The Grantee must not disclose any Confidential Information in response to a request for disclosure on the basis that it is required by law, in response to a subpoena, etc., without first notifying DHHS so that DHHS has an opportunity to consent or object to the disclosure.
3. If DHHS notifies the Grantee that DHHS has agreed to be bound by additional restrictions over and above those uses or disclosures or security safeguards of PHI pursuant to the Privacy and Security Rule, the Grantee must be bound by such additional restrictions and must not disclose PHI in violation of such additional restrictions and must abide by any additional security safeguards.
4. The Grantee agrees that DHHS Data or derivative there from disclosed to an End User must only be used pursuant to the terms of this Grant Agreement.
5. The Grantee agrees DHHS Data obtained under this Grant Agreement may not be used for any other purposes that are not indicated in this Grant Agreement.
6. The Grantee agrees to grant access to the data to the authorized representatives of DHHS for the purpose of inspecting to confirm compliance with the terms of this Grant Agreement.

II. METHODS OF SECURE TRANSMISSION OF DATA

1. Application Encryption. If End User is transmitting DHHS data containing Confidential Data between applications, the Grantee attests the applications have been evaluated by an expert knowledgeable in cyber security and that said application's encryption capabilities ensure secure transmission via the internet.
2. Computer Disks and Portable Storage Devices. End User may not use computer disks or portable storage devices, such as a thumb drive, as a method of transmitting DHHS data.
3. Encrypted Email. End User may only employ email to transmit Confidential Data if email is encrypted and being sent to and being received by email addresses of persons authorized to receive such information.
4. Encrypted Web Site. If End User is employing the Web to transmit Confidential Data, the secure socket layers (SSL) must be used and the web site must be secure. SSL encrypts data transmitted via a Web site.
5. File Hosting Services, also known as File Sharing Sites. End User may not use file hosting services, such as Dropbox or Google Cloud Storage, to transmit Confidential Data.
6. Ground Mail Service. End User may only transmit Confidential Data via *certified* ground mail within the continental U.S. and when sent to a named individual.
7. Laptops and PDA. If End User is employing portable devices to transmit Confidential Data said devices must be encrypted and password-protected.

New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



8. Open Wireless Networks. End User may not transmit Confidential Data via an open wireless network. End User must employ a virtual private network (VPN) when remotely transmitting via an open wireless network.
9. Remote User Communication. If End User is employing remote communication to access or transmit Confidential Data, a virtual private network (VPN) must be installed on the End User's mobile device(s) or laptop from which information will be transmitted or accessed.
10. SSH File Transfer Protocol (SFTP), also known as Secure File Transfer Protocol. If End User is employing an SFTP to transmit Confidential Data, End User will structure the Folder and access privileges to prevent inappropriate disclosure of information. SFTP folders and sub-folders used for transmitting Confidential Data will be coded for 24-hour auto-deletion cycle (i.e. Confidential Data will be deleted every 24 hours).
11. Wireless Devices. If End User is transmitting Confidential Data via wireless devices, all data must be encrypted to prevent inappropriate disclosure of information.

III. RETENTION AND DISPOSITION OF IDENTIFIABLE RECORDS

The Grantee will only retain the data and any derivative of the data for the duration of this Grant Agreement. After such time, the Grantee will have 30 days to destroy the data and any derivative in whatever form it may exist, unless, otherwise required by law or permitted under this Grant Agreement. To this end, the parties must:

A. Retention

1. The Grantee agrees it will not store, transfer or process data collected in connection with the services rendered under this Grant Agreement outside of the United States. This physical location requirement shall also apply in the implementation of cloud computing, cloud service or cloud storage capabilities, and includes backup data and Disaster Recovery locations.
2. The Grantee agrees to ensure proper security monitoring capabilities are in place to detect potential security events that can impact State of NH systems and/or Department confidential information for Grantee provided systems.
3. The Grantee agrees to provide security awareness and education for its End Users in support of protecting Department confidential information.
4. The Grantee agrees to retain all electronic and hard copies of Confidential Data in a secure location and identified in section IV. A.2
5. The Grantee agrees Confidential Data stored in a Cloud must be in a FedRAMP/HITECH compliant solution and comply with all applicable statutes and regulations regarding the privacy and security. All servers and devices must have currently-supported and hardened operating systems, the latest anti-viral, anti-

New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



hacker, anti-spam, anti-spyware, and anti-malware utilities. The environment, as a whole, must have aggressive intrusion-detection and firewall protection.

6. The Grantee agrees to and ensures its complete cooperation with the State's Chief Information Officer in the detection of any security vulnerability of the hosting infrastructure.

B. Disposition

1. If the Grantee will maintain any Confidential Information on its systems (or its subcontractor systems), the Grantee will maintain a documented process for securely disposing of such data upon request or Grant Agreement termination; and will obtain written certification for any State of New Hampshire data destroyed by the Grantee or any subcontractors as a part of ongoing, emergency, and or disaster recovery operations. When no longer in use, electronic media containing State of New Hampshire data shall be rendered unrecoverable via a secure wipe program in accordance with industry-accepted standards for secure deletion and media sanitization, or otherwise physically destroying the media (for example, degaussing) as described in NIST Special Publication 800-88, Rev 1, Guidelines for Media Sanitization, National Institute of Standards and Technology, U. S. Department of Commerce. The Grantee will document and certify in writing at time of the data destruction, and will provide written certification to the Department upon request. The written certification will include all details necessary to demonstrate data has been properly destroyed and validated. Where applicable, regulatory and professional standards for retention requirements will be jointly evaluated by the State and Grantee prior to destruction.
2. Unless otherwise specified, within thirty (30) days of the termination of this Grant Agreement, Grantee agrees to destroy all hard copies of Confidential Data using a secure method such as shredding.
3. Unless otherwise specified, within thirty (30) days of the termination of this Grant Agreement, Grantee agrees to completely destroy all electronic Confidential Data by means of data erasure, also known as secure data wiping.

IV. PROCEDURES FOR SECURITY

- A. Grantee agrees to safeguard the DHHS Data received under this Grant Agreement, and any derivative data or files, as follows:

1. The Grantee will maintain proper security controls to protect Department confidential information collected, processed, managed, and/or stored in the delivery of services under this Grant Agreement.
2. The Grantee will maintain policies and procedures to protect Department confidential information throughout the information lifecycle, where applicable, (from creation, transformation, use, storage and secure destruction) regardless of the media used to

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New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



- store the data (i.e., tape, disk, paper, etc.).
3. The Grantee will maintain appropriate authentication and access controls to Grantee systems that collect, transmit, or store Department confidential information where applicable.
 4. The Grantee will ensure proper security monitoring capabilities are in place to detect potential security events that can impact State of NH systems and/or Department confidential information for Grantee provided systems.
 5. The Grantee will provide regular security awareness and education for its End Users in support of protecting Department confidential information.
 6. If the Grantee will be sub-contracting any core functions of the engagement supporting the services for State of New Hampshire, the Grantee will maintain a program of an internal process or processes that defines specific security expectations, and monitoring compliance to security requirements that at a minimum match those for the Grantee, including breach notification requirements.
 7. The Grantee will work with the Department to sign and comply with all applicable State of New Hampshire and Department system access and authorization policies and procedures, systems access forms, and computer use agreements as part of obtaining and maintaining access to any Department system(s). Agreements will be completed and signed by the Grantee and any applicable sub-contractors prior to system access being authorized.
 8. If the Department determines the Grantee is a Business Associate pursuant to 45 CFR 160.103, the Grantee will execute a HIPAA Business Associate Agreement (BAA) with the Department and is responsible for maintaining compliance with the agreement.
 9. The Grantee will work with the Department at its request to complete a System Management Survey. The purpose of the survey is to enable the Department and Grantee to monitor for any changes in risks, threats, and vulnerabilities that may occur over the life of the Grantee engagement. The survey will be completed annually, or an alternate time frame at the Departments discretion with agreement by the Grantee, or the Department may request the survey be completed when the scope of the engagement between the Department and the Grantee changes.
 10. The Grantee will not store, knowingly or unknowingly, any State of New Hampshire or Department data offshore or outside the boundaries of the United States unless prior express written consent is obtained from the Information Security Office leadership member within the Department.
 11. Data Security Breach Liability. In the event of any security breach Grantee shall make efforts to investigate the causes of the breach, promptly take measures to prevent

New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



future breach and minimize any damage or loss resulting from the breach. The State shall recover from the Grantee all costs of response and recovery from the breach, including but not limited to: credit monitoring services, mailing costs and costs associated with website and telephone call center services necessary due to the breach.

12. Grantee must comply with all applicable statutes and regulations regarding the privacy and security of Confidential Information, and must in all other respects maintain the privacy and security of PI and PHI at a level and scope that is not less than the level and scope of requirements applicable to federal agencies, including, but not limited to, provisions of the Privacy Act of 1974 (5 U.S.C. § 552a), DHHS Privacy Act Regulations (45 C.F.R. §5b), HIPAA Privacy and Security Rules (45 C.F.R. Parts 160 and 164) that govern protections for individually identifiable health information and as applicable under State law.
13. Grantee agrees to establish and maintain appropriate administrative, technical, and physical safeguards to protect the confidentiality of the Confidential Data and to prevent unauthorized use or access to it. The safeguards must provide a level and scope of security that is not less than the level and scope of security requirements established by the State of New Hampshire, Department of Information Technology. Refer to Vendor Resources/Procurement at <https://www.nh.gov/doit/vendor/index.htm> for the Department of Information Technology policies, guidelines, standards, and procurement information relating to vendors.
14. Grantee agrees to maintain a documented breach notification and incident response process. The Grantee will notify the State's Privacy Officer and the State's Security Officer of any security breach immediately, at the email addresses provided in Section VI. This includes a confidential information breach, computer security incident, or suspected breach which affects or includes any State of New Hampshire systems that connect to the State of New Hampshire network.
15. Grantee must restrict access to the Confidential Data obtained under this Grant Agreement to only those authorized End Users who need such DHHS Data to perform their official duties in connection with purposes identified in this Grant Agreement.
16. The Grantee must ensure that all End Users:
 - a. comply with such safeguards as referenced in Section IV A. above, implemented to protect Confidential Information that is furnished by DHHS under this Grant Agreement from loss, theft or inadvertent disclosure.
 - b. safeguard this information at all times.
 - c. ensure that laptops and other electronic devices/media containing PHI, PI, or PFI are encrypted and password-protected.
 - d. send emails containing Confidential Information only if encrypted and being

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New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



sent to and being received by email addresses of persons authorized to receive such information.

- e. limit disclosure of the Confidential Information to the extent permitted by law.
- f. Confidential Information received under this Grant Agreement and individually identifiable data derived from DHHS Data, must be stored in an area that is physically and technologically secure from access by unauthorized persons during duty hours as well as non-duty hours (e.g., door locks, card keys, biometric identifiers, etc.).
- g. only authorized End Users may transmit the Confidential Data, including any derivative files containing personally identifiable information, and in all cases, such data must be encrypted at all times when in transit, at rest, or when stored on portable media as required in section IV above.
- h. in all other instances Confidential Data must be maintained, used and disclosed using appropriate safeguards, as determined by a risk-based assessment of the circumstances involved.
- i. understand that their user credentials (user name and password) must not be shared with anyone. End Users will keep their credential information secure. This applies to credentials used to access the site directly or indirectly through a third party application.

Grantee is responsible for oversight and compliance of their End Users. DHHS reserves the right to conduct onsite inspections to monitor compliance with this Grant Agreement, including the privacy and security requirements provided in herein, HIPAA, and other applicable laws and Federal regulations until such time the Confidential Data is disposed of in accordance with this Grant Agreement.

V. LOSS REPORTING

The Grantee must notify the State's Privacy Officer and Security Officer of any Security Incidents and Breaches immediately, at the email addresses provided in Section VI.

The Grantee must further handle and report Incidents and Breaches involving PHI in accordance with the agency's documented Incident Handling and Breach Notification procedures and in accordance with 42 C.F.R. §§ 431.300 - 306. In addition to, and notwithstanding, Grantee's compliance with all applicable obligations and procedures, Grantee's procedures must also address how the Grantee will:

1. Identify Incidents;
2. Determine if personally identifiable information is involved in Incidents;
3. Report suspected or confirmed Incidents as required in this Exhibit or P-37;
4. Identify and convene a core response group to determine the risk level of Incidents

New Hampshire Department of Health and Human Services

Exhibit K

DHHS Information Security Requirements



and determine risk-based responses to Incidents; and

5. Determine whether Breach notification is required, and, if so, identify appropriate Breach notification methods, timing, source, and contents from among different options, and bear costs associated with the Breach notice as well as any mitigation measures.

Incidents and/or Breaches that implicate PI must be addressed and reported, as applicable, in accordance with NH RSA 359-C:20.

VI. PERSONS TO CONTACT

A. DHHS Privacy Officer:

DHHSPrivacyOfficer@dhhs.nh.gov

B. DHHS Security Officer:

DHHSInformationSecurityOffice@dhhs.nh.gov

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 SOLUTIONHEALTH is a New Hampshire Nonprofit Corporation registered to transact business in New Hampshire on April 30, 2018. 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: 793850

Certificate Number: 0006151918



IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 15th day of March A.D. 2023.

A handwritten signature in black ink, appearing to read "David M. Scanlan".

David M. Scanlan
Secretary of State

CERTIFICATE OF VOTE/AUTHORITY

I, Martha O'Neill, Esq., Officer of SolutionHealth do hereby certify that:

1. I am the duly elected Secretary of the Board of Trustees of SolutionHealth.
2. That the Chief Executive Officer (CEO) is hereby authorized on behalf of this company to enter into said contracts with the State of New Hampshire, and to execute any and all documents, agreements, and other instruments, and any amendments, revisions, or modifications thereto, as he/she may deem necessary, desirable or appropriate, and Bradley Kreick is the appointed CEO of this company.
3. I further certify that it is understood that the State of New Hampshire will rely on this certificate as evidence that the person listed above currently occupies the position indicated and that they have full authority to bind the company and that this authorization shall remain valid for thirty (30) days from the date of this certificate.

DocuSigned by:

Martha O'Neill, Esq.

A51A95D4717049C

Name: Martha O'Neill, Esq
Title: Secretary
Company Name: SolutionHealth

3/16/2023

Date



CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 1

DATE (MM/DD/YYYY)
03/16/2023

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).

PRODUCER Willis Towers Watson Northeast, Inc. c/o 26 Century Blvd P.O. Box 305191 Nashville, TN 372305191 USA	CONTACT NAME: Willis Towers Watson Certificate Center	
	PHONE (A/C, No, Ext): 1-877-945-7378	FAX (A/C, No): 1-888-467-2378
INSURED SolutionHealth 4 Elliot Way, Ste 303 Manchester, NH 03103	E-MAIL ADDRESS: certificates@willis.com	
	INSURER(S) AFFORDING COVERAGE	
	INSURER A: Chubb Insurance Company of Puerto Rico	
	INSURER B:	
	INSURER C:	
	INSURER D:	
INSURER E:		
INSURER F:		
NAIC # 30953		

COVERAGES

CERTIFICATE NUMBER: W28337218

REVISION NUMBER:

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
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMPI/OP AGG \$ \$
	AUTOMOBILE LIABILITY <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) \$ \$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input checked="" type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTIONS \$ 50,000			XHL-G72530184 002	07/01/2022	07/01/2023	EACH OCCURRENCE \$ 15,000,000 AGGREGATE \$ 15,000,000 \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A				PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER**CANCELLATION**

State of NH Department of Health and Human Services 129 Pleasant Street Concord, NH 03301-3857	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

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CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 1

DATE (MM/DD/YYYY)

06/24/2022

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).

PRODUCER Willis Towers Watson Northeast, Inc. c/o 26 Century Blvd P.O. Box 305191 Nashville, TN 372305191 USA	CONTACT NAME: Willis Towers Watson Certificate Center PHONE (A/C No. Ext.): 1-877-945-7378 FAX (A/C No.): 1-888-467-2378 E-MAIL ADDRESS: certificates@willis.com														
INSURED Solution Health 4 Elliot Way, Suite 303 Manchester, NH 031033502	<table border="1"><tr><th>INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr><tr><td>INSURER A: ProMutual Group</td><td>B9486</td></tr><tr><td>INSURER B:</td><td></td></tr><tr><td>INSURER C:</td><td></td></tr><tr><td>INSURER D:</td><td></td></tr><tr><td>INSURER E:</td><td></td></tr><tr><td>INSURER F:</td><td></td></tr></table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: ProMutual Group	B9486	INSURER B:		INSURER C:		INSURER D:		INSURER E:		INSURER F:	
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INSURER B:															
INSURER C:															
INSURER D:															
INSURER E:															
INSURER F:															

COVERAGES

CERTIFICATE NUMBER: W25156982

REVISION NUMBER:

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 SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY		002NH000015848	07/01/2022	07/01/2023	EACH OCCURRENCE \$ 1,000,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR					DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000
						MED EXP (Any one person) \$ 5,000
						PERSONAL & ADV INJURY \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:					GENERAL AGGREGATE \$ 3,000,000
	<input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC					PRODUCTS - COMP/OP AGG \$ 3,000,000
	OTHER:					\$
	AUTOMOBILE LIABILITY					COMBINED SINGLE LIMIT - (Ea accident) \$
	<input type="checkbox"/> ANY AUTO					BODILY INJURY (Per person) \$
	<input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS					BODILY INJURY (Per accident) \$
	<input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY					PROPERTY DAMAGE (Per accident) \$
						\$
	UMBRELLA LIAB	<input type="checkbox"/> OCCUR				EACH OCCURRENCE \$
	EXCESS LIAB	<input type="checkbox"/> CLAIMS-MADE				AGGREGATE \$
	DED	RETENTION \$				\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	<input type="checkbox"/> Y <input type="checkbox"/> N				PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/>
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> N/A				E.L. EACH ACCIDENT \$
	If yes, describe under DESCRIPTION OF OPERATIONS below					E.L. DISEASE - EA EMPLOYEE \$
						E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER**CANCELLATION**

State of New Hampshire Department of Health and Human Services 129 Pleasant Street Concord, NH 03301-3857	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 <i>Julie M Powers</i>
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CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 1

DATE (MM/DD/YYYY)
06/24/2022

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).

PRODUCER Willis Towers Watson Northeast, Inc. c/o 26 Century Blvd P.O. Box 305191 Nashville, TN 372305191 USA	CONTACT NAME: Willis Towers Watson Certificate Center PHONE (A/C No. Ext): 1-877-945-7378 FAX (A/C No.): 1-888-467-2378 E-MAIL ADDRESS: certificates@willis.com
INSURED Southern New Hampshire Health System, Inc. Foundation Medical Partners, Inc. 8 Prospect Street P.O. Box 2014 Nashua, NH 03061	INSURER(S) AFFORDING COVERAGE INSURER A: ProMutual Group INSURER B: Sentry Insurance Company INSURER C: INSURER D: INSURER E: INSURER F:
	NAIC # B9486 24988

COVERAGES

CERTIFICATE NUMBER: W25156981

REVISION NUMBER:

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"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:			002NH000015848	07/01/2022	07/01/2023	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COM/OP AGG \$ 3,000,000
B	AUTOMOBILE LIABILITY <input checked="" 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			90-15563-002	01/01/2022	01/01/2023	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	UMBRELLA LIAB <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input checked="" type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 0			002NH000015848	07/01/2022	07/01/2023	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A				PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Physicians Professional Liab. Claims Made			002NH000015848	07/01/2022	07/01/2023	Per Claim: \$1,000,000 Aggregate: \$3,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER**CANCELLATION**

State of New Hampshire Department of Health & Human Services 129 Pleasant Street Concord, NH 03301	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 <i>Julia M Powers</i>
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CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 1

DATE (MM/DD/YYYY)
06/20/2022

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PRODUCER Willis Towers Watson Northeast, Inc. c/o 26 Century Blvd P.O. Box 305191 Nashville, TN 372305191 USA	CONTACT NAME: Willis Towers Watson Certificate Center PHONE (A/C, No, Ext): 1-877-945-7378 FAX (A/C, No): 1-888-467-2378 E-MAIL ADDRESS: certificates@willis.com																					
INSURED Elliot Health System 4 Elliot Way, Ste 303 Manchester, NH 03103	<table border="1"><tr><th colspan="2">INSURER(S) AFFORDING COVERAGE</th><th>NAIC #</th></tr><tr><td>INSURER A:</td><td>Elliot Health System</td><td>C2753</td></tr><tr><td>INSURER B:</td><td>Safety National Casualty Corporation</td><td>15105</td></tr><tr><td>INSURER C:</td><td></td><td></td></tr><tr><td>INSURER D:</td><td></td><td></td></tr><tr><td>INSURER E:</td><td></td><td></td></tr><tr><td>INSURER F:</td><td></td><td></td></tr></table>	INSURER(S) AFFORDING COVERAGE		NAIC #	INSURER A:	Elliot Health System	C2753	INSURER B:	Safety National Casualty Corporation	15105	INSURER C:			INSURER D:			INSURER E:			INSURER F:		
INSURER(S) AFFORDING COVERAGE		NAIC #																				
INSURER A:	Elliot Health System	C2753																				
INSURER B:	Safety National Casualty Corporation	15105																				
INSURER C:																						
INSURER D:																						
INSURER E:																						
INSURER F:																						

COVERAGES CERTIFICATE NUMBER: W25101881 REVISION NUMBER:

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 SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER: <input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$		SELF INSURED TRUST	07/01/2022	07/01/2023	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 0 MED EXP (Any one person) \$ 0 PERSONAL & ADV INJURY \$ 0 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMPIOP AGG \$ 0 COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ EACH OCCURRENCE \$ AGGREGATE \$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below Y/N <input type="checkbox"/> N/A		AGC4066213	01/01/2022	01/01/2023	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	Physician Professional Claims Made		SELF INSURED TRUST	07/01/2022	07/01/2023	Each Medical Incident \$1,000,000 Aggregate \$3,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER

State of NH Department of Health and Human Services 129 Pleasant Street Concord, NH 03301-3857	CANCELLATION 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 <i>Jule M Powers</i>
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SolutionHealth Mission Statement

To provide the best care possible for the communities we serve with a commitment to innovative models of care and collaboration that positively impact the health and well-being of more than half a million residents of our region. We start with committing to do the right thing, for each patient, every time.



SolutionHealth, Inc. and Affiliates

Audited Consolidated Financial Statements and Other Financial Information

*Years Ended June 30, 2022 and 2021
With Independent Auditors' Report*

SOLUTIONHEALTH, INC. AND AFFILIATES
AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
SolutionHealth, Inc. and Affiliates

Opinion

We have audited the consolidated financial statements of SolutionHealth, Inc. and Affiliates (the System), which comprise the consolidated balance sheets as of June 30, 2022 and 2021, 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 System as of June 30, 2022 and 2021, 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 Consolidated Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 System's ability to continue as a going concern for a period of one year after the date the consolidated financial statements are issued or available to be issued.

Board of Trustees
Southern New Hampshire Health System, Inc.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Baker Newman & Noyes LLC

Manchester, New Hampshire
October 26, 2022

SOLUTIONHEALTH, INC. AND AFFILIATES**CONSOLIDATED BALANCE SHEETS**

June 30, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 177,848,055	\$ 224,527,949
Accounts receivable	95,243,904	83,284,695
Inventories	14,696,064	12,368,053
Prepaid expenses and other receivables	21,379,713	18,067,071
Funds held by trustee	<u>2,266,647</u>	<u>2,228,625</u>
Total current assets	311,434,383	340,476,393
Investments	224,294,493	247,388,354
Assets whose use is limited:		
Board designated and donor restricted funds	288,159,635	309,010,297
Employee benefit plans and other	64,561,902	78,288,402
Beneficial interest in perpetual trusts	<u>7,630,318</u>	<u>9,060,947</u>
	360,351,855	396,359,646
Property, plant and equipment, net	370,394,999	360,748,552
Other assets	17,742,642	18,129,896
	<u> </u>	<u> </u>
Total assets	<u>\$1,284,218,372</u>	<u>\$1,363,102,841</u>

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
Current liabilities:		
Accounts payable and accrued expenses	\$ 84,603,683	\$ 68,552,166
Accrued compensation and related taxes	71,812,360	68,554,176
Amounts due to third-party payors	66,384,457	111,872,877
Accrued interest payable	2,145,481	2,261,085
Current portion of long-term debt	15,054,064	15,874,676
Borrowings under line of credit agreement	<u>5,000,000</u>	<u>—</u>
Total current liabilities	245,000,045	267,114,980
Accrued pension	41,297,499	74,115,010
Self-insurance reserves and other liabilities	92,208,445	115,816,660
Long-term debt, less current portion	<u>218,654,466</u>	<u>233,787,156</u>
Total liabilities	597,160,455	690,833,806
Net assets:		
Without donor restrictions	644,640,136	632,039,059
With donor restrictions	<u>42,417,781</u>	<u>40,229,976</u>
Total net assets	<u>687,057,917</u>	<u>672,269,035</u>
Total liabilities and net assets	<u>\$1,284,218,372</u>	<u>\$1,363,102,841</u>

See accompanying notes.

SOLUTIONHEALTH, INC. AND AFFILIATES

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Patient service revenues	\$1,015,610,264	\$ 937,220,554
Disproportionate share hospital revenue	32,752,541	25,697,006
Investment income	5,650,979	7,141,652
Other revenues	61,371,673	69,759,918
Contribution of nonfinancial assets	<u>93,678</u>	<u>—</u>
Total revenues	1,115,479,135	1,039,819,130
Expenses:		
Salaries, wages and employee benefits	689,636,989	612,512,237
Supplies and other expenses	315,377,052	305,392,431
Depreciation and amortization	39,306,646	37,910,486
New Hampshire Medicaid Enhancement Tax	38,216,272	34,229,243
Interest	<u>8,353,034</u>	<u>8,607,376</u>
Total expenses	1,090,889,993	998,651,773
Income from operations	24,589,142	41,167,357
Nonoperating (losses) gains, net:		
Investment (loss) return, net	(61,323,119)	95,588,230
Contributions, community benefits and other	(275,516)	(3,498,769)
Net periodic pension gain (cost), net of service cost	3,206,123	(2,428,603)
Contribution of net assets without donor restriction from affiliation	<u>18,277,648</u>	<u>—</u>
Nonoperating (losses) gains, net	(40,114,864)	89,660,858
(Deficiency) excess of revenues and nonoperating (losses) gains over expenses	(15,525,722)	130,828,215
Pension adjustment	28,071,799	83,839,867
Net assets released from restriction for capital purchases	<u>55,000</u>	<u>—</u>
Increase in net assets without donor restrictions	12,601,077	214,668,082
Restricted gifts and bequests	377,633	1,836,023
Net assets released from restriction for operations	(65,724)	(17,961)
Investment (loss) return, net	(1,236,509)	1,704,547
Net unrealized (loss) gain on investments	(1,386,809)	615,689
Net assets released from restriction for capital purchases	(55,000)	—
Contribution of net assets with donor restriction from affiliation	<u>4,554,214</u>	<u>—</u>
Increase in net assets with donor restrictions	2,187,805	4,138,298
Increase in net assets	14,788,882	218,806,380
Net assets at beginning of year	<u>672,269,035</u>	<u>453,462,655</u>
Net assets at end of year	\$ <u>687,057,917</u>	\$ <u>672,269,035</u>

See accompanying notes.

SOLUTIONHEALTH, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating activities and net gains and losses:		
Increase in net assets	\$ 14,788,882	\$218,806,380
Adjustments to reconcile increase in net assets to net cash provided by operating activities and net gains and losses:		
Depreciation and amortization	39,306,646	37,910,486
Gain on bargain purchase	—	(237,029)
Loss on disposal of property, plant and equipment	26,731	2,512
Restricted investment loss (return), net	1,236,509	(1,704,547)
Restricted gifts and bequests	(377,633)	(1,836,023)
Bond premium and issuance cost amortization	(294,653)	(302,004)
Pension adjustment	28,071,799	(83,839,867)
Net realized and unrealized losses (gains) on investments	65,317,568	(93,303,863)
Contributions of net assets from affiliation	(22,831,862)	—
Changes in operating assets and liabilities:		
Accounts receivable	(8,328,452)	(20,124,246)
Inventories	(2,328,011)	(1,621,586)
Other current and noncurrent assets	(2,640,074)	15,030,508
Accounts payable and accrued expenses	17,207,069	(3,271,121)
Accrued salaries, wages and related accounts	1,560,429	6,131,618
Accrued interest	(115,604)	(23,931)
Accrued pension	(60,889,310)	2,543,936
Self-insurance reserves and other liabilities	(23,608,215)	21,656,134
Amounts payable to third-party payors	<u>(45,488,420)</u>	<u>(6,959,433)</u>
Net cash provided by operating activities and net gains and losses	613,399	88,857,924
Investing activities:		
Cash and cash equivalents received from affiliation	6,149,173	—
Business acquisition, net of cash consideration paid	—	475,801
Acquisition of property, plant and equipment	(48,210,018)	(36,879,135)
Proceeds from the sale of property, plant and equipment	5,000	—
Net change in assets whose use is limited	25,556,034	(12,445,128)
Net change in investments	<u>(19,201,355)</u>	<u>(7,071,480)</u>
Net cash used by investing activities	(35,701,166)	(55,919,942)
Financing activities:		
Repayment of long-term debt	(15,733,251)	(15,071,996)
Payments of borrowings under line of credit agreement	(10,000,000)	—
Proceeds from borrowings under line of credit agreement	15,000,000	—
Restricted investment (loss) return, net	(1,236,509)	1,704,547
Restricted gifts and bequests	<u>377,633</u>	<u>1,836,023</u>
Net cash used by financing activities	<u>(11,592,127)</u>	<u>(11,531,426)</u>
(Decrease) increase in cash and cash equivalents	(46,679,894)	21,406,556
Cash and cash equivalents at beginning of year	<u>224,527,949</u>	<u>203,121,393</u>
Cash and cash equivalents at end of year	<u>\$177,848,055</u>	<u>\$224,527,949</u>

SOLUTIONHEALTH, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Supplemental disclosures for noncash transactions:		
Equipment financed through capital leases	\$ <u>—</u>	\$ <u>3,314,106</u>
Equipment purchases included in accounts payable at end of year	\$ <u>572,618</u>	\$ <u>2,563,231</u>
Net assets acquired as part of affiliation, net of cash acquired	\$ <u>16,682,689</u>	\$ <u>—</u>
Contribution of nonfinancial assets	\$ <u>93,678</u>	\$ <u>—</u>

See accompanying notes.

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

1. Organization

SolutionHealth, Inc. and Affiliates (the System) is a not-for-profit entity formed in 2018 and organized under New Hampshire law to be the sole corporate member of Elliot Health System and Affiliates (EHS), Southern New Hampshire Health System, Inc. (SNHHS) and Home Health and Hospice Care (HHHC).

EHS consists of Elliot Health System, a not-for-profit corporation which functions as a parent company to several not-for-profit and for-profit health care entities, and its wholly-owned subsidiaries that provide medical services to the people of the greater Manchester area. EHS is the sole member of the following not-for-profit entities: Elliot Hospital, a provider of health care services whose affiliates also include Elliot Physician Network, a network of primary care physicians, and Elliot Professional Services, a network of specialty care physicians; Visiting Nurse Association of Manchester and Southern New Hampshire, Inc. and Affiliates, a provider of home health care and hospice services; and Mary and John Elliot Charitable Foundation, a charitable foundation which supports EHS. Elliot Health System is also the sole stockholder of Elliot Health System Holdings, Inc. and Subsidiaries, a for-profit corporation which owns interests in health care related and real estate development partnerships and provides real estate and business management services.

SNHHS is a not-for-profit entity organized under New Hampshire law to support Southern New Hampshire Medical Center (the Medical Center) and Foundation Medical Partners, Inc. (the Foundation). Both the Medical Center and the Foundation are not-for-profit entities, established to provide medical services to the people of the greater Nashua area. In December 2019, the Board of Trustees of SNHHS voted to establish the Legacy Trust of Southern New Hampshire Health, Inc. (the Legacy Trust). The Legacy Trust is organized as a New Hampshire corporation. The Legacy Trust was established in order to support the current, ongoing and future resource needs of SNHHS.

On January 1, 2021, the Medical Center entered into an agreement with Mary Hitchcock Memorial Hospital to purchase their outstanding membership interest in the Surgery Center of Greater Nashua (the Surgery Center) for a total of \$500,000. At June 30, 2022 and 2021, the Surgery Center is a wholly-owned subsidiary of the Medical Center. See also note 17.

HHHC is a non-stock, non-profit corporation organized in New Hampshire and became an affiliate of the System on February 28, 2022. HHHC's primary purpose is to provide home health care services to residents of the City of Nashua, New Hampshire and surrounding communities. HHHC cares for patients in their homes, in nursing facilities and in its Community Hospice House. See also note 18.

2. Significant Accounting Policies

The accounting policies that affect the more significant elements of the consolidated financial statements of the System are summarized below:

Principles of Consolidation

These consolidated financial statements include the accounts of SolutionHealth, Inc. and its wholly-owned subsidiaries, SNHHS, EHS and HHHC. All significant intercompany balances and transactions have been eliminated in the consolidation.

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Significant Accounting Policies (Continued)

Charity Care

The System's patient acceptance policy is based on its mission and its community service responsibilities. Accordingly, the System accepts patients in immediate need of care, regardless of their ability to pay. It does not pursue collection of amounts determined to qualify as charity care based on established policies. These policies define charity care as those services for which no payment is due for all or a portion of the patient's bill. For financial reporting purposes, charity care is excluded from patient service revenues.

In estimating the cost of providing charity care, the System uses the ratio of average patient care cost to gross charges and then applies that ratio to the gross uncompensated charges associated with providing charity care.

Cash and Cash Equivalents

Cash and cash equivalents include short-term investments and secured repurchase agreements which have an original maturity of three months or less when purchased.

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.

Patient Service Revenues

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.

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Significant Accounting Policies (Continued)

The collection of outstanding receivables for Medicare, Medicaid, managed care payers, 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 our 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. At June 30, 2022 and 2021, estimated implicit price concessions of \$40,175,511 and \$44,891,725, 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

Under the provisions of Financial Accounting Standards Board (FASB) ASU No. 2014-09, *Revenue from Contracts with Customers*, when an unconditional right to payment exists, subject only to the passage of time, the right is treated as a 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. Estimated uncollectible amounts are generally considered implicit price concessions that are a direct reduction to accounts receivable rather than allowance for doubtful accounts.

Income Taxes

The System and all related entities, with the exception of Elliot Health System Holdings, Inc. and Subsidiaries, 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. 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 the consolidated financial statements. Elliot Health System Holdings, Inc. is a holding company and its subsidiaries are for-profit companies subject to federal and state taxation. Income taxes are recorded based upon the asset and liability method.

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Significant Accounting Policies (Continued)

At June 30, 2022 and 2021, the System has recorded \$320,251 and \$235,728 of federal and state income taxes payable in accounts payable and accrued expenses, respectively. The total provision for federal and state current tax expense is recorded in nonoperating (losses) gains and is \$722,386 and \$1,657,809 for the years ended June 30, 2022 and 2021, respectively. At June 30, 2022 and 2021, the System has a deferred tax asset of \$3,239,160 and \$3,021,679 with a corresponding valuation allowance of \$865,764 and \$790,726, respectively, which is included in other assets, mainly relating to depreciation differences between book and tax on property, plant and equipment.

Elliot Health System Holdings, Inc. believes that it has appropriate support for the income tax positions taken and to be taken on tax returns, and that their accruals for tax liabilities are adequate for all open tax years based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. Elliot Health System Holdings, Inc. has concluded there are no significant uncertain tax positions requiring disclosure and there is no material liability for unrecognized tax benefits.

Performance Indicator

For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenues and expenses. Peripheral transactions are reported as nonoperating gains or losses.

The consolidated statement of operations also includes (deficiency) excess of revenues and nonoperating (losses) gains over expenses. Changes in net assets without donor restrictions which are excluded from (deficiency) excess of revenues and nonoperating (losses) gains over expenses, consistent with industry practice, include pension adjustments and releases of net assets from restriction for capital purchases.

Net Assets With Donor Restrictions

Gifts are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified as net assets without donor restrictions and reported in the consolidated statement of operations as either net assets released from restrictions for operations (for noncapital-related items) or net assets released from restrictions for property, plant and equipment (for capital-related items). Some restricted net assets have been restricted by donors to be maintained by the System in perpetuity.

Except for contributions related to capital purchases, donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

SOLUTIONHEALTH, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Significant Accounting Policies (Continued)

Investments and Investment Income

Investments, including funds held by trustee, are measured at fair value in the consolidated balance sheets. The fair value of debt securities and marketable equity securities are based on quoted market prices. The System carries alternative investments at net asset value (NAV), which estimates fair value as determined by management based upon valuations provided by the respective fund managers or general partners. Alternative investments include private equity, venture capital, hedge funds, and real estate. The System's investments are subject to various risks, such as interest rate, credit, and overall market volatility, which may substantially impact the value of such investments at any given time. Interest and dividend income on unlimited use investments and operating cash is reported within operating revenues. Investment income or loss on assets whose use is limited (including realized and unrealized gains and losses on investments, and interest and dividends) is reported as nonoperating (losses) gains. The System has elected to reflect changes in the fair value of investments and assets whose use is limited, including both increases and decreases in value whether realized or unrealized in nonoperating gains or losses, unless the income or loss is restricted by donor or law, in which case it is reported as an increase or decrease in net assets with donor restrictions.

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 restricted by the donor for use in nursing education and women's and children's services. The System's interest in the fair value of the trust assets is included in assets whose use is limited. Changes in the market 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.

Net assets with donor restrictions are 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, such as future capital expenditures or major program needs, as determined by the System's Trustees.

Management of these assets is designed to maximize total return while preserving the capital values of the funds, protecting the funds from inflation and providing liquidity as needed. The System targets a diversified asset allocation that places emphasis on achieving its long-term return objectives within prudent risk constraints.

SOLUTIONHEALTH, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Significant Accounting Policies (Continued)

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 currently has a policy allowing interest and dividend income earned on investments to be used for operations to support patient care activities with the goal of keeping principal intact.

Inventories

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

Financing/Bond Issuance Costs/Original Issue Premium or Discount

The System's long-term financing and bond issuance costs incurred to obtain financing for construction, renovation, and other programs and the original issue premium or discount are being amortized over the life of the bonds. The original issue premium or discount and bond issuance costs are presented as a component of the face amount of bonds payable.

Property, Plant and Equipment

Property, plant and equipment is stated at cost at time of purchase, or fair market value at time of donation, less reductions in carrying value based upon impairment and less accumulated depreciation. The System's policy is to capitalize expenditures for major improvements and charge maintenance and repairs for expenditures which do not extend the lives of the related assets. The provision for depreciation is computed on the straight-line method at rates intended to amortize the cost of the related assets over their estimated useful lives, which have generally been determined by reference to the recommendations of the American Hospital Association. Assets which have been purchased but not yet placed in service are included in construction and projects in progress and no depreciation expense is recorded.

Federal Grant Revenue and Expenditures

Revenues and expenses under federal grant programs are recognized after grants are formally awarded and as the related expenditure is incurred.

SOLUTIONHEALTH, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Significant Accounting Policies (Continued)

Advertising Expense

Advertising costs are expensed as incurred and totaled approximately \$2,043,000 and \$1,597,000 for the years ended June 30, 2022 and 2021, respectively.

Retirement Benefits

EHS maintains a defined benefit pension plan that prior to December 31, 2019 covered qualifying employees, the Elliot Health System Pension Plan (the Plan). The benefits were based on years of service and the employee's compensation during the period of employment. See note 8 for changes to this pension plan.

EHS's funding policy is to contribute amounts to the Plan sufficient to meet minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as might be determined to be appropriate from time to time. The Plan is intended to constitute a plan described in Section 414(k) of the Internal Revenue Code, under which benefits derived from employer contributions are based on the separate account balances of participants in addition to the defined benefits under the Plan.

EHS provides a defined contribution program. Under this program, eligible employees may receive annual employer contributions to an EHS sponsored 403(b) plan or 401(k) plan. In September 2020, the Board of Directors of EHS voted to change the employer contribution from a fixed 3% of annual employee base pay to a yearly determined amount at the discretion of the Board of Directors of EHS. For the years ended June 30, 2022 and 2021, annual employer contributions totaled 3%, of annual employee base pay.

EHS also provides matching contributions at the discretion of EHS to a 403(b) plan or 401(k) plan equal to up to one-half of the employee's contribution to a maximum of 4% of their annual base pay. Total expense incurred by EHS was \$6,649,589 and \$4,962,401 under these defined contribution plans for the years ended June 30, 2022 and 2021, respectively. SolutionHealth, Inc. employees are eligible to participate in the plans and total expense incurred by SolutionHealth, Inc. was \$1,670,143 and \$1,666,408 for the years ended June 30, 2022 and 2021, respectively.

SNHHS has a noncontributory defined benefit pension plan that prior to October 8, 2011 covered all qualified employees. The benefits were based on years of service and the employee's average monthly earnings during the period of employment. SNHHS's policy is to contribute to the plan an amount which meets the funding standards required under the *Employee Retirement Income Security Act of 1974* (ERISA).

SNHHS also sponsors retirement savings plans (a 401(a) plan and a 403(b) plan) available to employees depending upon certain service requirements. Eligible employees can contribute up to 100% of their total salary to the plans, subject to Internal Revenue Service limitations. SNHHS provides a tiered matching contribution up to the first 6% of the employee contribution. SNHHS also has a discretionary employer core contribution with the level to be reviewed annually. Contributions to these plans made by SNHHS and recorded as expense for the years ended June 30, 2022 and 2021 was \$6,802,716 and \$6,682,360, respectively.

SOLUTIONHEALTH, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Significant Accounting Policies (Continued)

HHHC provides a defined contribution plan covering substantially all of its employees. Employer contributions are discretionary and determined on an annual basis. Benefit expense related to this plan amounted to \$83,201 for the period from February 28, 2022 through June 30, 2022.

The System sponsors deferred compensation plans for certain qualifying employees. The amounts ultimately due to employees are to be paid upon the employees attaining certain criteria, including age. At June 30, 2022 and 2021, \$64,561,902 and \$78,288,402 is reflected in assets whose use is limited and \$64,561,902 and \$78,288,402 in self-insurance reserves and other liabilities related to such agreements, respectively.

Workers' Compensation

EHS is self-insured for workers' compensation. EHS has secured its obligation through surety bonds. EHS maintains an excess insurance policy to limit its exposure on claims. Reserves for claims made and potential unreported claims have been established to provide for incurred but unpaid claims. The amount of the reserves has been determined by actuarial consultants.

Employee Health and Dental Insurance

The System maintains its own self-insurance plan for employee health and dental. Under the terms of the plan, employees meeting certain eligibility requirements and their dependents are eligible for participation and, as such, the System is responsible for the administration of the plan and any resultant liability incurred. The System maintains individual stop-loss insurance coverage.

Employee Fringe Benefits

Most of the System's entities have an earned time plan. Under this plan, each qualifying employee earns paid leave for each pay period worked. These hours of paid leave may be used for vacations, holidays or illnesses. Hours earned but not used are vested with the employee and are paid to the employee upon termination subject to certain limits. The System accrues a liability for such paid leave as it is earned, which totaled approximately \$30,232,000 and \$34,106,000 at June 30, 2022 and 2021, respectively, and is recorded in accrued compensation and related taxes on the accompanying consolidated balance sheets.

Professional and General Liability Contingencies

EHS is insured against professional and general liability contingencies under claims-made insurance policies. A claims-made policy provides specific coverage for claims made during the policy period. EHS maintains excess professional and general liability insurance policies to cover claims in excess of liability retention levels. At June 30, 2022, there were no known professional and general liability claims outstanding for EHS 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 required specific loss accruals. EHS has established reserves to cover professional liability exposures for incurred but unpaid or unreported claims. The amounts of the reserves have been determined by actuarial consultants. In 2001, EHS created a self-insurance trust to fund the related actuarially-determined liability for incurred but unpaid claims. The trust fund and related liability are included in the accompanying consolidated balance sheets.

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Significant Accounting Policies (Continued)

SNHHS has been and is insured against professional and general liability contingencies under claims-made insurance policies. SNHHS has established a reserve to cover professional liability exposure that may not be covered by prior or current insurance policies.

HHHC insures its medical malpractice risks on a claims-made basis. There were no known malpractice claims outstanding at June 30, 2022 which, in the opinion of management, will be settled for amounts in excess of insurance coverage, nor are there any unasserted claims for incidents which require loss accrual. HHHC intends to renew coverage on a claims-made basis and anticipates that such coverage will be available.

The possibility exists, as a normal risk of doing business, that professional and general liability claims in excess of insurance coverage may be asserted against the System.

In accordance with Accounting Standards Update (ASU) No. 2010-24, "Health Care Entities" (Topic 954): *Presentation of Insurance Claims and Related Insurance Recoveries* (ASU 2010-24), at June 30, 2022 and 2021, the System recorded a liability of approximately \$24,048,000 and \$23,430,000, respectively, related to estimated professional liability losses relating to reported cases as well as potentially incurred but not reported claims, which is included in self-insurance reserves and other liabilities in the accompanying consolidated balance sheets. At June 30, 2022 and 2021, the System also recorded a receivable of approximately \$5,747,000 and \$6,194,000, respectively, related to estimated recoveries under insurance coverage held by SNHHS and from insurance coverage provided by EHS's self-insurance trust for recoveries of the potential losses. At June 30, 2022, approximately \$5,747,000 is included in other assets in the accompanying consolidated balance sheets. At June 30, 2021, approximately \$757,000 is included in prepaid expenses and other receivables and \$5,437,000 is included in other assets in the accompanying consolidated balance sheets. It is the intention of management of EHS to fund the self-insurance trust as deemed necessary. The self-insurance trust has assets totaling \$3,816,482 and \$4,496,586 at June 30, 2022 and 2021, respectively, which are included in board designated and donor restricted funds in the accompanying consolidated balance sheets.

Litigation

The System is involved in litigation and regulatory reviews 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.

Fair Value of Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. Financial instruments consist of cash and cash equivalents, investments, accounts receivable, assets whose use is limited or restricted, accounts payable and amounts payable to third-party payors.

The fair value of all financial instruments approximates their relative book value as these financial instruments have short-term maturities or are recorded at fair value as disclosed in note 13.

SOLUTIONHEALTH, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Significant Accounting Policies (Continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used in the areas of accounts receivable, insurance costs, alternative investment funds, employee benefit plans, amounts payable to third-party payors and contingencies. It is reasonably possible that actual results could differ from those estimates. Adjustments made with respect to the use of estimates often relate to improved information not previously available.

Reclassifications

Certain 2021 amounts have been reclassified to permit comparison with the 2022 consolidated financial statement presentation format.

Subsequent Events

Events occurring after the balance sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the consolidated financial statements. Management has evaluated subsequent events through October 26, 2022 which is the date the consolidated financial statements were available to be issued.

Subsequent to June 30, 2022, the System declared a capital call totaling \$11,500,000, half of which will be funded from EHS and half will be funded from SNHHS.

Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. The COVID-19 pandemic has significantly affected employees, patients, systems, communities and business operations, as well as the U.S. economy and financial markets. While some restrictions have been eased across the U.S. and the State of New Hampshire has lifted limitations on non-emergent procedures, some restrictions remain in place. Consolidated patient volumes and revenues experienced gradual improvement beginning in the latter part of April 2020, and continuing through fiscal year 2022, however uncertainty still exists as the future is unpredictable. The System's pandemic response plan has multiple facets and continues to evolve as the pandemic unfolds. The System has taken precautionary steps to enhance its operational and financial flexibility, and react to the risks the COVID-19 pandemic presents in its operations.

SOLUTIONHEALTH, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Significant Accounting Policies (Continued)

Since the declaration of the pandemic, the System has received approximately \$76.9 million of accelerated Medicare payments and \$42 million related to the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act) Provider Relief Funds (PRF). Distributions from the Provider Relief Fund are not subject to repayment, provided the System is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for healthcare-related expenses or lost revenue attributable to COVID-19. Such payments are accounted for as government grants, and are recognized on a systematic and rational basis as other income once there is reasonable assurance that the applicable terms and conditions required to retain the funds will be met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the impact of the pandemic on operating results through June 30, 2022 and 2021, the System recognized \$5.4 million and \$8.9 million, respectively, related to these PRF, and these payments are recorded within other revenues in the consolidated statements of operations and changes in net assets for the years ended June 30, 2022 and 2021. Amounts previously recognized were recorded within other revenues during the year ended June 30, 2020.

The CARES Act also provides for a deferral of payments of the employer portion of payroll tax incurred during the pandemic, allowing half of such payroll taxes to be deferred until December 2021 and the remaining half until December 2022. At June 30, 2022, the System had deferred balances of payroll taxes totaling \$8.5 million which is included under the caption "accrued salaries, wages and related accounts" in the accompanying consolidated balance sheets. At June 30, 2021, the System had deferred balances of payroll taxes totaling \$16.3 million of which \$5.0 million is included under the caption "accrued salaries, wages and related accounts" and \$11.3 million is included under the caption "self-insurance reserves and other liabilities" in the accompanying consolidated balance sheets.

During fiscal years 2022 and 2021, the System received grants totaling approximately \$1.8 million and \$15.3 million, respectively, from the Governor's Office of Emergency Relief and Recovery (GOFERR). These payments are accounted for as government grants and are not subject to repayment, provided the System is able to comply with the conditions of the funding, including demonstrating that the distributions received have been used for healthcare-related expenses or lost revenue attributable to COVID-19. Based on an analysis of the compliance and reporting requirements of the GOFERR grants, the System recognized approximately \$1.8 million and \$15.3 million, respectively, related to these grants, and these payments are recorded within other revenues in the consolidated statements of operations and changes in net assets for the years ended June 30, 2022 and 2021.

On March 11, 2021, the U.S. government enacted the *American Rescue Plan Act* (ARPA). ARPA, among other things, provided support for health and human services workforce development and recruitment in response to COVID-19 and broader economic impacts of the pandemic. HHHC applied for and received \$282,658 in grant funding under ARPA in April 2022, which is to be used to increase wages and sign on bonuses for nurses and their direct supervisors who provide services to Medicaid patients. As of June 30, 2022, \$43,485 has been expended and recognized as other revenues, the remaining \$239,173 is recorded in accounts payable and accrued expenses.

SOLUTIONHEALTH, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

2. Significant Accounting Policies (Continued)

The System will continue to monitor compliance with the terms and conditions of the Provider Relief Funds, GOFERR grants, and other potential assistance programs and available grants, and the impact of the pandemic on revenues and expenses. If the System is unable to attest to or comply with current or future terms and conditions, the System's ability to retain some or all of the distributions received may be impacted.

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 enhances the presentation of disclosure requirements for contributed nonfinancial assets. ASU 2020-07 requires entities to present contributed nonfinancial assets as a separate line item in the statement of operations and disclose the amount of contributed nonfinancial assets recognized within the statement of operations by category that depicts the type of contributed nonfinancial assets, as well as a description of any donor-imposed restrictions associated with the contributed nonfinancial assets and the valuation techniques used to arrive at a fair value measure at initial recognition. ASU 2020-07 was effective for the System on July 1, 2021. The adoption of this ASU did not have a significant impact on the System's consolidated financial statements.

Prospective Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02 *Leases (Topic 842)* (ASU 2016-02). Under ASU 2016-02, at the commencement of a long-term lease, lessees will recognize a liability equivalent to the discounted payments due under the lease agreement, as well as an offsetting right-of-use asset. ASU 2016-02 is effective for the System on July 1, 2022, with early adoption permitted. Lessees (for capital and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees may not apply a full retrospective transition approach. The System is currently evaluating the impact of the pending adoption of ASU 2016-02 on the consolidated financial statements.

3. Patient Service Revenues

An estimated breakdown of patient service revenue recognized in 2022 and 2021 from major payor sources, is as follows:

	<u>2022</u>	<u>2021</u>
Private payors (includes coinsurance and deductibles)	\$ 659,059,118	\$613,821,486
Medicaid	59,652,962	50,372,797
Medicare	288,549,941	266,639,079
Self-pay	<u>8,348,243</u>	<u>6,387,192</u>
	<u>\$1,015,610,264</u>	<u>\$937,220,554</u>

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

3. Patient Service Revenues (Continued)

Various entities of the System maintain contracts with the Social Security Administration (Medicare) and the State of New Hampshire Department of Health and Human Services (Medicaid). The entities are paid a prospectively determined fixed price for Medicare and Medicaid inpatient acute care services depending on the type of illness or the patient's diagnostic related group classification. Reimbursement for Medicare for outpatient services is based upon a prospective standard rate for procedures performed or services rendered. Home health care and hospice services are reimbursed prospectively on a per episode or per diem basis. Physician services are reimbursed on established and/or negotiated fee schedules. Capital costs and certain Medicare and Medicaid outpatient services are also reimbursed on a prospectively determined fixed rate. The entities receive payment for other Medicare and Medicaid inpatient and outpatient services on a reasonable cost basis which are settled with retroactive adjustments upon completion and audit of related cost finding reports. The percentage of patient service revenue earned from the Medicare and Medicaid programs was 34% in 2022 and 2021.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and Medicaid programs. The System believes that it is in substantial compliance with all applicable laws and regulations. However, there is at least a reasonable possibility that recorded estimates could change by a material amount in the near term. 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. The differences between amounts previously estimated and amounts subsequently determined to be recoverable from third-party payors increased patient service revenues by approximately \$1,315,000 and \$1,622,000 in 2022 and 2021, respectively.

During the fourth quarter of fiscal 2020, the System requested accelerated Medicare payments as provided for in the CARES Act, which allows for eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. Recoupments will be made by applying claims for services provided to Medicare beneficiaries to the advance payment balance. One year from the date of receipt of the advance payments (beginning April 2021) 25% of the amounts advanced will be recouped in the first eleven months. An additional 25% of the amounts advanced will be recouped in the next six months with the entire amount repayable in 29 months. Any outstanding balance after 29 months is repayable at a 4% interest rate. Since the declaration of the pandemic, the System has received approximately \$76.9 million from these accelerated Medicare payment requests. Recoupments began in fiscal 2021 and totaled approximately \$9.4 million, resulting in a liability totaling approximately \$67.5 million at June 30, 2021. Additional recoupments totaling approximately \$51.1 million were made in fiscal 2022, resulting in a liability totaling approximately \$16.4 million at June 30, 2022. Amounts are recorded under the caption "amounts payable to third-party payors" in the accompanying consolidated balance sheets.

The various System entities also maintain contracts with Anthem Blue Cross, Cigna, Harvard Pilgrim Health Care, certain commercial carriers, managed care plans and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge and per day, discounts from established charges and fee schedules.

SOLUTIONHEALTH, INC. AND AFFILIATES
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4. Property, Plant and Equipment

The major categories of property, plant and equipment are as follows at June 30:

	<u>2022</u>	<u>2021</u>
Land and land improvements	\$ 41,930,427	\$ 41,229,714
Buildings and fixed equipment	501,011,823	484,283,650
Major movable equipment	410,663,886	393,656,553
Construction and projects in progress	<u>43,115,540</u>	<u>25,321,263</u>
	996,721,676	944,491,180
Less accumulated depreciation	<u>(626,326,677)</u>	<u>(583,742,628)</u>
Net property, plant and equipment	<u>\$ 370,394,999</u>	<u>\$ 360,748,552</u>

5. Debt

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

	<u>2022</u>	<u>2021</u>
<u>EHS</u>		
New Hampshire Health and Education Facilities Authority - Revenue Bonds:		
Elliot Hospital Obligated Group Series 2016 Bonds with interest ranging from 2.00% to 5.00% per year. Principal payments commenced in October 2017 and are payable in annual installments ranging from \$4,850,000 to \$10,915,000 through October 2038	\$128,090,000	\$134,055,000
Plus unamortized original issue premium/discount	14,537,521	15,241,051
Equipment financing with a fixed interest rate of 1.92% with required monthly principal payments ranging from \$163,758 to \$187,594 through August 2029 and is secured by related equipment	15,085,185	17,029,993
Equipment lease financing with required monthly principal payments of \$5,833 through December 2025	210,000	280,000
Equipment lease financing with required annual principal payments through fiscal year 2023	633,278	1,161,432
Notes payable – see below	950,000	1,050,000

SOLUTIONHEALTH, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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5. Debt (Continued)

	<u>2022</u>	<u>2021</u>
<u>SNHHS</u>		
New Hampshire Health and Education Facilities Authority:		
Series 2016 Revenue Bonds with interest ranging from 3.0% to 5.0% per year. Principal and sinking fund installments are required in amounts ranging from \$2,295,000 to \$4,270,000 through October 1, 2037	\$ 50,825,000	\$ 53,045,000.
Unamortized original issue premium	2,945,283	3,282,969
Tax-exempt equipment lease financing with a fixed interest rate of 1.29% with required monthly principal payments ranging from \$129,117 to \$130,651 through June 7, 2023	1,558,591	3,097,231
2019 tax-exempt equipment lease financing with a fixed interest rate of 1.92% with required monthly principal payments ranging from \$195,710 to \$224,198 through August 30, 2029	18,028,636	20,352,919
Equipment lease financing with required monthly principal payments of \$5,833 through December 2026	280,000	280,000
Equipment lease financing with required monthly payments of \$34,428 through July 2025	<u>1,321,986</u>	<u>1,614,098</u>
	234,465,480	250,489,693
Less current portion	(15,054,064)	(15,874,676)
Less net unamortized bond issuance costs	<u>(756,950)</u>	<u>(827,861)</u>
	<u>\$218,654,466</u>	<u>\$233,787,156</u>

On November 15, 2016, EHS refunded its existing 2009 Series Bonds outstanding of \$126,470,000 through the issuance of \$147,020,000 in fixed rate New Hampshire Health and Education Facilities Authority Revenue Bonds with interest rates ranging from 2.00% to 5.00%. As of June 30, 2022 and 2021, the balance of defeased 2009 Series Bonds payable not included in the accompanying consolidated balance sheets was \$120,840,000 and \$122,090,000, respectively.

In 2019, EHS entered into a ten year \$20,500,000 equipment financing agreement with Bank of America to acquire various property and equipment. Certain proceeds of the financing are held by a trustee, under the terms of an escrow agreement which allow for withdrawals only for approved purchases.

The EHS Obligated Group's (which consists solely of Elliot Hospital and its parent entity, Elliot Health System) agreement with the New Hampshire Health and Education Facilities Authority (the Authority) for the 2016 bond grants the Authority a security interest in Elliot Hospital's gross receipts and a mortgage on Elliot Hospital's existing and future facilities and equipment. In addition, under the terms of the master indenture, the EHS Obligated Group is required to meet certain covenants requirements. For the years ended June 30, 2022 and 2021, the EHS Obligated Group was in compliance with all required financial covenants.

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

5. Debt (Continued)

EHS has a note payable in the amount of \$950,000 and \$1,050,000 at June 30, 2022 and 2021, respectively, the proceeds of which were used for certain property improvements. Interest is payable annually at the fixed rate of 4.61% for the first 10 years, after which it will become variable. Principal and interest are payable annually through the maturity date of December 29, 2031.

EHS has entered into a \$25,000,000 unsecured line of credit agreement with a bank which is due on demand. The line of credit agreement bears interest at Bloomberg Short-Term Bank Yield Daily Floating Rate plus 0.75% (2.33% at June 30, 2022). At June 30, 2022 and 2021, there were no borrowings outstanding under this agreement. The agreement grants the bank a security interest in EHS's securities, cash and deposit account balances to collateralize any future outstanding balances.

The SNHHS Obligated Group for the Series 2016 bonds is comprised of the Southern New Hampshire Medical Center and its parent entity, Southern New Hampshire Health System. However, the parent has no revenues, expenses or net assets independent of Southern New Hampshire Medical Center.

SNHHS's revenue bond agreements with the Authority grant the Authority a security interest in SNHHS's gross receipts. In addition, under the terms of the master indentures, SNHHS is required to meet certain covenant requirements. At June 30, 2022, SNHHS was in compliance with these requirements.

No debt service reserve funds are required under the Southern New Hampshire Medical Center Series 2016 bonds so long as the Southern New Hampshire Medical Center meets certain debt covenants.

In June 2016, SNHHS entered into a seven year \$10,500,000 tax-exempt equipment lease financing with the Authority and Bank of America. The agreement grants Bank of America security interest in the equipment financed with the proceeds for the duration of the lease.

In 2019, SNHHS entered into a ten year \$24,500,000 equipment lease financing with Bank of America to update an electronic medical record system and acquire various other medical equipment. Certain proceeds of the financing were held by a trustee, under the terms of an escrow agreement which allowed for withdrawals only for approved purchases. Total amounts withdrawn in fiscal year 2021 total \$8,846,747. The project was completed in December 2020.

SNHHS entered into a revolving line of credit agreement with a bank on May 1, 2020 for \$25,000,000. The line of credit is available through March 24, 2023, with the option to renew. The line of credit agreement bears interest at Bloomberg Short-Term Bank Yield Daily Floating Rate plus 0.75% (2.33% at June 30, 2022). An unused line of credit fee is equal to 0.15% per year. At June 30, 2022, outstanding borrowings totaled \$5,000,000. At June 30, 2021, there were no borrowings outstanding under this agreement.

HHHC has a \$250,000 revolving unsecured line of credit with a local bank payable on demand, with interest at the bank's prime rate. The line of credit is on-demand and does not have a maturity date. There was no outstanding balance at June 30, 2022.

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

5. Debt (Continued)

Interest paid on long-term debt totaled \$8,468,638 and \$8,631,307 for the years ended June 30, 2022 and 2021, respectively. Interest totaling approximately \$178,000 was capitalized during the year ended June 30, 2021. There was no capitalized interest during the year ended June 30, 2022.

Aggregate annual principal payments required under the bonds and note agreements for each of the five years ending June 30 are approximately as follows: 2023 - \$15,054,000; 2024 - \$13,455,000; 2025 - \$14,067,000; 2026 - \$14,164,000; and 2027 - \$14,481,000.

6. Investments and Assets Whose Use is Limited

Investments and assets whose use is limited at fair value are comprised of the following at June 30:

	<u>2022</u>	<u>2021</u>
Cash and equivalents	\$ 8,643,899	\$ 26,616,904
Marketable equity securities	149,714,428	325,146,569
Fixed income securities	112,826,521	181,719,464
Investments in real assets	—	6,097,611
Employee benefit plans and other	64,561,902	78,288,402
Beneficial interest in perpetual trusts	7,630,318	9,060,947
Real estate and other	—	3,161,508
Exchange traded funds	10,521,308	—
Alternative investments measured at NAV	<u>233,014,619</u>	<u>15,885,220</u>
	<u>\$586,912,995</u>	<u>\$645,976,625</u>

Board designated and donor restricted investments, along with self-insured trust funds, are comprised of the following at June 30:

	<u>2022</u>	<u>2021</u>
Board designated:		
Capital, working capital and community service	\$240,018,998	\$266,886,259
Self-insurance	3,816,482	4,496,586
Long-term growth	<u>5,310,671</u>	<u>—</u>
	249,146,151	271,382,845
Donor restricted and other	<u>39,013,484</u>	<u>37,627,452</u>
	<u>\$288,159,635</u>	<u>\$309,010,297</u>

Funds held by trustee are comprised of the following at June 30:

	<u>2022</u>	<u>2021</u>
Debt services:		
SNHHS	<u>\$2,266,647</u>	<u>\$ 2,228,625</u>

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

6. Investments and Assets Whose Use is Limited (Continued)

Investment income, and realized and unrealized (losses) gains on investments are summarized as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Unrestricted investment income and net (losses) gains on investments are summarized as follows:		
Investment income	\$ 5,650,979	\$ 7,141,652
Nonoperating investment income	2,607,640	2,900,056
Net (losses) gains on investments	<u>(63,930,759)</u>	<u>92,688,174</u>
	(55,672,140)	102,729,882
Restricted investment (loss) income and net (losses) gains on investments are summarized as follows:		
Investment (loss) income and net (loss) income on investments	(1,236,509)	1,704,547
Net unrealized (losses) gains on investments	<u>(1,386,809)</u>	<u>615,689</u>
	<u>(2,623,318)</u>	<u>2,320,236</u>
Total restricted and unrestricted	<u>\$(58,295,458)</u>	<u>\$105,050,118</u>

7. Net Assets With Donor Restrictions

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

	<u>2022</u>	<u>2021</u>
Purpose restriction:		
Health care services	\$16,839,531	\$19,090,751
Equipment and capital improvements	2,645,429	2,570,057
Education and scholarships	232,566	183,792
Designated for certain communities	328,769	131,594
Clark Fund – endoscopy and education	1,500,184	—
Home Health and Hospice	216,469	—
Hospice House	1,445,921	—
Passage of time	<u>125,499</u>	<u>—</u>
	23,334,368	21,976,194
Perpetual in nature:		
Investments, gains and income from which is donor restricted	12,201,986	13,602,942
Investments, gains and income from which is released to net assets without donor restrictions	<u>6,881,427</u>	<u>4,650,840</u>
	<u>19,083,413</u>	<u>18,253,782</u>
Total net assets with donor restrictions	<u>\$42,417,781</u>	<u>\$40,229,976</u>

Net assets with donor restrictions are managed in accordance with donor intent and are invested in various portfolios.

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

8. Retirement Benefits

A reconciliation of the changes in the Elliot Health System's and Southern New Hampshire Medical Center's defined benefit plans projected benefit obligation and the fair value of plan assets and a statement of funded status of the plans are as follows as of and for the years ended June 30:

	<u>Elliot Health System Pension Plan</u>		<u>Southern New Hampshire Medical Center Pension Plan</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Changes in benefit obligation:				
Projected benefit obligations, beginning of year	\$(430,342,883)	\$(433,779,248)	\$(95,024,299)	\$(97,931,850)
Service cost	(1,570,217)	(1,857,334)	—	—
Interest cost	(11,912,594)	(11,707,578)	(2,683,051)	(2,645,851)
Benefits paid	11,833,308	10,716,673	3,149,421	3,102,312
Actuarial gain	96,573,531	4,757,304	17,614,805	2,451,090
Administrative expenses paid	<u>1,519,695</u>	<u>1,527,300</u>	<u>—</u>	<u>—</u>
Projected benefit obligations, end of year	<u>\$(333,899,160)</u>	<u>\$(430,342,883)</u>	<u>\$(76,943,124)</u>	<u>\$(95,024,299)</u>
Changes in plan assets:				
Fair value of plan assets beginning of year	\$ 365,745,214	\$ 304,707,382	\$ 85,506,958	\$ 71,592,775
Actual (loss) return on plan assets	(55,863,033)	71,539,805	(12,451,738)	17,016,495
Contributions by plan sponsor	3,109,808	1,742,000	—	—
Benefits paid	(11,833,308)	(10,716,673)	(3,149,421)	(3,102,312)
Actual administrative expense paid	<u>(1,519,695)</u>	<u>(1,527,300)</u>	<u>—</u>	<u>—</u>
Fair value of plan assets, end of year	<u>\$ 299,638,986</u>	<u>\$ 365,745,214</u>	<u>\$ 69,905,799</u>	<u>\$ 85,506,958</u>
Funded status:				
Fair value of plan assets	\$ 299,638,986	\$ 365,745,214	\$ 69,905,799	\$ 85,506,958
Projected benefit obligations	<u>(333,899,160)</u>	<u>(430,342,883)</u>	<u>(76,943,124)</u>	<u>(95,024,299)</u>
Funded status of the plan	<u>\$ (34,260,174)</u>	<u>\$ (64,597,669)</u>	<u>\$ (7,037,325)</u>	<u>\$ (9,517,341)</u>
Net liability recognized in the statements of financial position	<u>\$ 34,260,174</u>	<u>\$ 64,597,669</u>	<u>\$ 7,037,325</u>	<u>\$ 9,517,341</u>
Accumulated benefit obligation	<u>\$ 333,899,160</u>	<u>\$ 430,342,883</u>	<u>\$ 76,943,124</u>	<u>\$ 95,024,299</u>

SOLUTIONHEALTH, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

8. Retirement Benefits (Continued)

The weighted-average assumptions used to develop the projected benefit obligation are as follows as of June 30:

	<u>2022</u>	<u>2021</u>
<u>Elliot Health System Pension Plan</u>		
Discount rate	4.64%	2.81%
<u>Southern New Hampshire Medical Center Pension Plan</u>		
Discount rate	4.61%	2.88%

In 2022, EHS and SNHHS began using the MP-2021 mortality improvement scale which also had an impact on the projected benefit obligation.

Amounts recognized in net assets without donor restrictions consist of the following at June 30:

	<u>Elliot Health System Pension Plan</u>		<u>Southern New Hampshire Medical Center Pension Plan</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net actuarial loss	<u>\$21,675,852</u>	<u>\$49,750,738</u>	<u>\$33,413,170</u>	<u>\$33,410,263</u>

SOLUTIONHEALTH, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

8. Retirement Benefits (Continued)

Pension Plan Assets

The fair values of the System's combined pension plan assets and target allocations by asset category are as follows as of June 30 (see note 13 for level definitions):

	<u>Total</u>	<u>Quoted Price in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobserv- able Inputs (Level 3)</u>
2022				
Short-term investments:				
Cash and sweeps	\$ 666,564	\$ 666,564	\$ —	\$ —
Equity securities:				
Large cap	59,996,427	—	59,996,427	—
Mid cap	16,954,670	—	16,954,670	—
International	10,274,817	—	10,274,817	—
Fixed income securities:				
U.S. Government obligations	<u>46,418,884</u>	<u>—</u>	<u>46,418,884</u>	<u>—</u>
	134,311,362	<u>\$ 666,564</u>	<u>\$133,644,798</u>	<u>\$ —</u>
Investments measured at net asset value	234,749,832			
Unallocated insurance contract	<u>483,591</u>			
	<u>\$369,544,785</u>			

SOLUTIONHEALTH, INC. AND AFFILIATES
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8. Retirement Benefits (Continued)

	<u>Total</u>	<u>Quoted Price in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Observable Inputs (Level 2)</u>	<u>Significant Unobserv- able Inputs (Level 3)</u>
2021				
Short-term investments:				
Cash and sweeps	\$ 31,279,313	\$ 31,279,313	\$ -	\$ -
Equity securities:				
Common stock	146,999,045	146,999,045	-	-
Mutual funds	45,906,905	45,906,905	-	-
Other equities	9,543,525	9,543,525	-	-
Fixed income securities:				
Corporate and foreign bonds	131,505,033	-	131,505,033	-
Pooled separate accounts:				
Money market	1,622,850	-	1,622,850	-
International equity	6,392,003	-	6,392,003	-
Large cap equity	29,250,278	-	29,250,278	-
Mid cap equity	6,284,799	-	6,284,799	-
Small cap equity	5,151,229	-	5,151,229	-
Bond funds	<u>36,805,799</u>	<u>-</u>	<u>36,805,799</u>	<u>-</u>
	450,740,779	<u>\$233,728,788</u>	<u>\$217,011,991</u>	<u>\$ -</u>
Unallocated insurance contract	<u>511,393</u>			
	<u>\$451,252,172</u>			

The investments of the plans are comprised of the following at June 30:

	<u>Elliot Health System Pension Plan</u>		<u>Southern New Hampshire Medical Center Pension Plan</u>	
	<u>Target Allocation</u>	<u>Actual Allocation</u>	<u>Target Allocation</u>	<u>Actual Allocation</u>
2022				
Cash and sweeps	5%	0%	0 - 5%	0%
Marketable equity securities	40%	25	50 - 70%	22
Fixed income securities	55%	15	30 - 50%	0
Investments measured at net asset value	- %	<u>60</u>	- %	<u>78</u>
		<u>100%</u>		<u>100%</u>

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

8. Retirement Benefits (Continued)

	<u>Elliot Health System Pension Plan</u>		<u>Southern New Hampshire Medical Center Pension Plan</u>	
	<u>Target Allocation</u>	<u>Actual Allocation</u>	<u>Target Allocation</u>	<u>Actual Allocation</u>
<u>2021</u>				
Cash and sweeps	5%	9%	0 – 5%	– %
Marketable equity securities	40%	55%	50 – 70%	55%
Fixed income securities	55%	36%	30 – 50%	45%
		<u>100%</u>		<u>100%</u>

Management of the assets is designed to maximize total return while preserving the capital values of the fund, protecting the fund from inflation, and providing liquidity as needed for plan benefits. The objective is to provide a rate of return that meets inflation, plus 5.5%, over a long-term horizon.

These funds are managed as permanent funds with disciplined longer term investment objectives and strategies designed to meet cash flow requirements of the plan. Funds are managed in accordance with ERISA and all other regulatory requirements.

Net periodic pension (gain) cost includes the following components at June 30:

	<u>Elliot Health System Pension Plan</u>		<u>Southern New Hampshire Medical Center Pension Plan</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Service cost	\$ 1,570,217	\$ 1,857,334	\$ –	\$ –
Interest cost	11,912,594	11,707,578	2,683,051	2,645,851
Expected return on plan assets	(19,724,636)	(18,685,655)	(6,065,614)	(5,067,187)
Amortization of actuarial loss	<u>7,089,022</u>	<u>10,405,213</u>	<u>899,460</u>	<u>1,422,803</u>
Net periodic pension (gain) cost	\$ <u>847,197</u>	\$ <u>5,284,470</u>	\$ <u>(2,483,103)</u>	\$ <u>(998,533)</u>

The weighted-average assumptions used to develop net periodic pension cost were as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
<u>Elliot Health System Pension Plan</u>		
Discount rate	2.81%	2.74%
Expected return on plan assets	6.13%	6.13%
<u>Southern New Hampshire Medical Center Pension Plan</u>		
Discount rate	2.88%	2.75%
Expected return on plan assets	7.25%	7.25%

SOLUTIONHEALTH, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

8. Retirement Benefits (Continued)

In selecting the long-term rate of return on 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 plan. This included considering the trust's asset allocation and the expected returns likely to be earned over the life of the plan, as well as the historical returns on the types of assets held and the current economic environment.

The loss amount expected to be recognized in net periodic benefit cost in 2023 totals \$993,006 related to the Southern New Hampshire Medical Center Pension Plan. No loss amounts are expected to be recognized in net periodic benefit cost in 2023 related to the Elliot Health System Pension Plan.

Contributions

There is no minimum required contribution for the Southern New Hampshire Medical Center Defined Benefit Pension Plan in 2022 and the System does not expect to voluntarily contribute. The System expects to contribute \$5,000,000 to the Elliot Health System Pension Plan in 2023.

Estimated Future Benefit Payments

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

<u>Fiscal Year</u>	<u>Elliot Health System Pension Plan</u>	<u>Southern New Hampshire Medical Center Pension Plan</u>
2023	\$ 12,401,000	\$ 3,827,400
2024	13,827,400	4,011,600
2025	15,293,300	4,234,500
2026	16,599,100	4,442,700
2027	17,693,300	4,677,600
Years 2028 - 2032	101,499,000	25,019,800

Plan Amendments

On August 15, 2011, the Board of Directors of SNHHS resolved to freeze the Southern New Hampshire Medical Center Pension Plan effective October 8, 2011. Any employee who was a participant of the plan on that date will continue as a participant. No other person will become a participant after that date. Benefits to participants also stopped accruing on October 8, 2011. This amendment impacted the present value of accumulated plan benefits by eliminating the increase due to annual benefit accruals. Also effective October 8, 2011, SNHHS provides qualifying employees with an additional 2% contribution under its existing defined contribution plan to supplement their retirement benefits.

On May 16, 2019, the Board of Directors of EHS resolved to freeze the Elliot Health System Pension Plan effective December 31, 2019. Any employee who was a participant of the plan on that date will continue as a participant. No other person will become a participant after that date. Benefits to participants stopped accruing on December 31, 2019. This amendment impacted the present value of accumulated plan benefits by eliminating the increase due to annual benefit accruals.

SOLUTIONHEALTH, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

9. Community Benefits (Unaudited)

The mission of the System is to provide quality, accessible healthcare services to patients regardless of their ability to pay. The System subsidizes certain health care services, supports community-based healthcare providers, and provides outreach and educational programs.

Charity and Uncompensated Care

The System provides services to patients who are uninsured or underinsured under its charity care policy at no charge or at amounts less than its established charges. The estimated costs of providing charity care services are determined using the ratio of average patient care costs to gross charges, and then applying that ratio to the gross charges associated with providing such services.

Community Programs and Other Contributions

The System provides community health programs, health professional education through partnerships with local post-secondary organizations, health screenings, health publications and other health information services. Many of these services are provided at a financial loss and are subsidized by the System in order to meet important community needs that otherwise would not be available. In addition, supporting contributions and in-kind services are made to a number of community organizations for the promotion of health-related activities.

Government-Sponsored Programs

The System provides services to Medicare and Medicaid recipients. Reimbursement for such services is at rates substantially below cost.

The estimated costs of providing community benefits for the years ended June 30 are summarized below:

	<u>2022</u>	<u>2021</u>
Charity and uncompensated care	\$ 15,611,612	\$ 15,011,345
Community programs and other contributions	7,734,453	5,680,263
Government-sponsored programs	<u>209,954,236</u>	<u>203,161,995</u>
	<u>\$233,300,301</u>	<u>\$223,853,603</u>

In addition, the System provides a significant amount of uncompensated care to patients that are reported as implicit price concessions. For the years ended June 30, 2022 and 2021, the System reported implicit price concession revenue deductions of \$33,148,804 and \$41,506,426, respectively.

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

10. Functional Expenses

The System provides general health care services to residents within its geographic location including inpatient, outpatient, physician and emergency care. Expenses related to providing these services are as follows for the years ended June 30:

	<u>Health Services</u>	<u>General and Administrative</u>	<u>Total</u>
2022			
Salaries, wages and employee benefits	\$540,810,982	\$148,826,007	\$ 689,636,989
Supplies and other expenses	239,680,475	75,696,577	315,377,052
Interest	4,765,804	3,587,230	8,353,034
New Hampshire Medicaid Enhancement Tax	38,216,272	—	38,216,272
Depreciation and amortization	<u>20,437,937</u>	<u>18,868,709</u>	<u>39,306,646</u>
	<u>\$843,911,470</u>	<u>\$246,978,523</u>	<u>\$1,090,889,993</u>
2021			
Salaries, wages and employee benefits	\$477,080,875	\$135,431,362	\$ 612,512,237
Supplies and other expenses	224,786,764	80,605,667	305,392,431
Interest	4,875,981	3,731,395	8,607,376
New Hampshire Medicaid Enhancement Tax	34,229,243	—	34,229,243
Depreciation and amortization	<u>19,948,813</u>	<u>17,961,673</u>	<u>37,910,486</u>
	<u>\$760,921,676</u>	<u>\$237,730,097</u>	<u>\$ 998,651,773</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 amortization, 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. Specifically identifiable costs are assigned to the function to which they are identified.

11. Concentration of Credit Risk

The System grants credit without requiring collateral from its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors was as follows at June 30:

	<u>2022</u>	<u>2021</u>
Medicare	35%	33%
Medicaid	10	12
Private payors	43	44
Patients (self pay)	<u>12</u>	<u>11</u>
	<u>100%</u>	<u>100%</u>

SOLUTIONHEALTH, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

12. Leases

The System leases various office facilities and equipment from unrelated parties under noncancelable operating leases. Total rental expense, including month-to-month rentals, for the years ended June 30, 2022 and 2021 was \$14,510,266 and \$14,347,503, respectively.

Future minimum lease payments required under operating leases as of June 30, 2022 are as follows:

Year Ending June 30:

2023	\$ 7,224,256
2024	6,679,965
2025	6,251,490
2026	6,121,180
2027	6,045,523
Thereafter	<u>16,250,875</u>
	<u>\$48,573,289</u>

13. 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. 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.

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

13. Fair Value Measurements (Continued)

In determining the appropriate levels, the System performs a detailed analysis of the assets and liabilities that are subject to fair value measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The following are descriptions of the valuation methodologies used:

Marketable Equity Securities

Marketable equity securities are valued based on stated market prices and at the net asset value of shares held by the System at year end, which generally results in classification as Level 1 or Level 2 within the fair value hierarchy.

Fixed Income Securities

The fair value for debt instruments is determined by using broker or dealer quotations, external pricing providers, or alternative pricing sources with reasonable levels of price transparency. The System holds U.S. governmental and federal agency debt instruments, municipal bonds, corporate bonds, and foreign bonds which are primarily classified as Level 1 or Level 2 within the fair value hierarchy.

Alternative Investments Measured at NAV

The System invests in certain alternative investments that include 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. These investments are classified at net asset value.

System management is responsible for the fair value measurements of alternative investments reported in the consolidated financial statements. Such amounts are generally determined using audited financial statements of the funds and/or recently settled transactions. 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 date are reasonable.

Beneficial Interests in Perpetual Trusts

The System is the beneficiary of perpetual trusts held by a third party. Under the terms of the trusts, the System has the irrevocable right to receive the income earned on the assets of the trusts in perpetuity, but never receives the assets held in the trusts. The System has transparency into the holdings of the trusts. These investments are generally classified as Level 1 within the fair value hierarchy.

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

13. Fair Value Measurements (Continued)

Employee Benefit Plan and Other

Underlying plan investments within these funds are stated at quoted market prices. These investments are generally classified as Level 1 within the fair value hierarchy.

Fair Value on a Recurring Basis

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

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
2022				
Investments and assets whose use is limited:				
Cash and equivalents	\$ 8,643,899	\$ 8,643,899	\$ —	\$ —
Marketable equity securities	149,714,428	—	149,714,428	—
Fixed income securities:				
Municipal and governmental bonds	88,562,759	—	88,562,759	—
Corporate bonds	4,294,508	—	4,294,508	—
Foreign bonds	19,969,254	—	19,969,254	—
Exchange traded funds	10,521,308	10,521,308	—	—
Beneficial interests in perpetual trusts	7,630,318	7,630,318	—	—
Employee benefit plans and other	<u>64,561,902</u>	<u>64,561,902</u>	<u>—</u>	<u>—</u>
Investments and assets whose use is limited	353,898,376	<u>\$ 91,357,427</u>	<u>\$262,540,949</u>	<u>\$ —</u>
Nonmarketable alternative investments at NAV	11,955,446			
Marketable alternative investments at NAV	215,283,090			
Inflation hedging investments at NAV	<u>5,776,083</u>			
Total assets	<u>\$586,912,995</u>			

SOLUTIONHEALTH, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

13. Fair Value Measurements (Continued)

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
2021				
Investments and assets whose use is limited:				
Cash and equivalents	\$ 26,616,904	\$ 26,616,904	\$ -	\$ -
Marketable equity securities	325,146,569	255,910,004	69,236,565	-
Fixed income securities:				
Municipal and governmental bonds	32,623,938	31,691,428	932,510	-
Corporate bonds	144,415,662	57,178,178	87,237,484	-
Foreign bonds	4,679,864	4,046,984	632,880	-
Investments in real assets	6,097,611	6,097,611	-	-
Beneficial interests in perpetual trusts	9,060,947	9,060,947	-	-
Employee benefit plans and other	78,288,402	78,288,402	-	-
Real estate and other	<u>3,161,508</u>	<u>1,991,706</u>	<u>1,169,802</u>	<u>-</u>
Investments and assets whose use is limited	630,091,405	<u>\$470,882,164</u>	<u>\$159,209,241</u>	<u>\$ -</u>
Nonmarketable alternative investments at NAV	11,246,428			
Marketable alternative investments at NAV	<u>4,638,792</u>			
Total assets	<u>\$645,976,625</u>			

The alternative investments consist of interests in twenty-one and twelve funds at June 30, 2022 and 2021, respectively, measured at NAV.

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

13. Fair Value Measurements (Continued)

Net Assets Value Per Share

In accordance with ASU 2009-12, *Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, the table below sets forth additional disclosures for alternative investments valued based on net asset value to further demonstrate the nature and risk of the investments by category at June 30:

<u>Investment</u>	<u>Net Asset Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
2022				
Global equity fund	\$ 98,468	\$ 195,934	Illiquid	N/A
Commingled REIT fund	178,973	1,971,361	Illiquid	N/A
Equity fund	397,906	343,107	Illiquid	N/A
Multi-strategy hedge fund	676,995	1,001,877	Illiquid	N/A
Multi-strategy hedge fund	743,783	—	Annually	N/A
Multi-strategy hedge fund	780,899	—	Illiquid	N/A
Multi-strategy hedge fund	1,048,119	34,480	Illiquid	N/A
Multi-strategy hedge fund	2,481,500	—	Quarterly	100 days
Multi-strategy hedge fund	2,011,436	—	Illiquid	N/A
Commingled REIT fund	2,703,183	—	Monthly	3 days
Commingled REIT fund	2,893,927	—	Monthly	3 days
International equity fund	12,579,472	—	Monthly	2 weeks
Multi-strategy hedge fund	3,716,350	—	Quarterly	95 days
Emerging equity fund	15,741,682	—	Monthly	2 business days
Emerging equity fund	16,363,654	—	Monthly	2 weeks
Fixed income fund	21,677,913	—	Daily	1 business day
Fixed income fund	22,593,745	—	Daily	15 business day
International equity fund	25,005,302	—	Daily	2 business days
Global equity fund	29,939,130	—	End of month, semi-monthly	1 week
International equity fund	33,333,309	—	Weekly	4 business days
Fixed income fund	38,048,873	—	Daily	5 business day

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

13. Fair Value Measurements (Continued)

<u>Investment</u>	<u>Net Asset Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
2021				
Multi-strategy hedge fund	\$ 811,845	\$ —	Illiquid	N/A
Global equity fund	144,844	196,772	Illiquid	N/A
Commingled REIT fund	219,069	1,971,361	Illiquid	N/A
Multi-strategy hedge fund	989,635	—	Annually	N/A
Multi-strategy hedge fund	3,416,275	—	Quarterly	95 days
Multi-strategy hedge fund	1,049,383	34,480	Illiquid	N/A
Equity fund	320,766	650,457	Illiquid	N/A
Multi-strategy hedge fund	2,040,572	—	Illiquid	N/A
Multi-strategy hedge fund	2,342,910	—	Quarterly	100 days
Multi-strategy hedge fund	2,283,164	—	Monthly	3 days
Multi-strategy hedge fund	2,136,561	—	Monthly	3 days
Multi-strategy hedge fund	130,198	1,778,125	Illiquid	N/A

The illiquid investments noted above generally are investments which require a long-term investment commitment, are not publicly traded, and are intended to be held for the life of the investment fund or partnership. Accordingly, any attempt to sell these investments before the end of their investment period could result in the System realizing less than fair value at the time of any early redemptions.

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 balance sheet and statement of operations.

Investment Strategies

Fixed Income Securities (Debt Instruments)

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 Securities

The primary purpose of 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 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.

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

13. Fair Value Measurements (Continued)

Marketable Alternative Investments Measured at NAV

The role of marketable alternative (MALT) investments, often referred to as "hedge funds," is to increase portfolio diversification through offering sources of return that are not generally correlated with traditional equity and fixed income markets. Also, MALT investments provide relatively consistent returns and principal protection in significantly down equity markets, while reducing overall volatility of the portfolio. Investments in the MALT program may take the form of direct investment in a single manager or fund-of-funds manager. MALT managers may engage in the use of derivatives (options/futures/forwards) as part of their investment strategy. MALT investments are generally less liquid than their traditional equity counterparts as most MALT managers have entry/exit terms and capital lockup periods that range from monthly to two years.

Inflation Hedging Alternative Investments Measured at NAV

The purpose of inflation hedging investments such as, but not limited to, private real estate, real estate investment trusts (REITs), oil and gas partnerships, TIPS, and commodities is to protect the purchasing power of the Fund against unexpected or severe inflation. Inflation hedging investments in REITs, TIPS and commodities are significantly more liquid than investments in oil and gas partnerships and private real estate.

Nonmarketable Alternative Investments Measured at NAV

The purpose of "alternative" assets such as, but not limited to, venture capital, private equity, and distressed securities investments is to provide increased return potential and to reduce overall volatility of the Fund through greater diversification. These investments can be made either in the form of direct investment, partnerships, fund-of-funds or with an investment manager. These assets are less liquid and require a longer investment horizon. Most require a multi-year commitment of capital.

Fair Value of Other Financial Instruments

The following methods and assumptions were used by the System in estimating the "fair value" of other financial instruments in the accompanying consolidated financial statements and notes thereto:

Cash and cash equivalents: The carrying amounts reported in the accompanying consolidated balance sheets for these financial instruments approximate their fair values.

Accounts receivable and accounts payable: The carrying amounts reported in the accompanying consolidated balance sheets approximate their respective fair values due to the short maturities of these instruments.

Long-term debt: The fair value of the notes payable and long-term debt, as disclosed in Note 5, was calculated based upon discounted cash flows through maturity based on market rates currently available for borrowing with similar maturities.

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

14. Medicaid Enhancement Tax and Disproportionate Share Payment

Under the State of New Hampshire's tax code, the State imposes a Medicaid Enhancement Tax (MET) equal to 5.4% of the System's patient service revenues in State fiscal years 2022 and 2021, with certain exclusions. The amount of tax provided by for the System for the years ended 2022 and 2021 was \$38,216,272 and \$34,229,243, respectively.

The State provides disproportionate share payments (DSH) to hospitals based on a set percentage of uncompensated care provided. The System received \$32,752,541 and \$25,697,006 during the years ended June 30, 2022 and 2021, respectively. Reserves on these receipts were established for \$4,345,868 and \$3,419,981 at June 30, 2022 and 2021, respectively, as these programs are subject to the State DSH annual audit and potential redistributions.

15. Pledges Receivable

Pledges receivable represent promises to give and are predominantly related to an EHS capital campaign for a regional cancer center. Pledges expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The present value of estimated future cash flows has been measured utilizing risk-free rates of return adjusted for market and credit risk established at the time a contribution is received. Amounts are included within other assets on the consolidated balance sheets as of June 30, 2022 and 2021.

Pledges are expected to be collected as follows at June 30, 2022:

One year or less	\$ 908,886
Between one year and two years	8,500
Between two years and three years	280,000
Between three years and four years	72,856
Between four years and five years	111,903
Thereafter	<u>216,000</u>
Pledges receivable	1,598,145
Present value discount	(101,774)
Allowance for uncollectible pledges	<u>(85,006)</u>
Pledges receivable, net	<u>\$1,411,365</u>

SOLUTIONHEALTH, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

16. Financial Assets and Liquidity Resources

As of June 30, 2022, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, consisted of the following:

Cash and cash equivalents	\$177,848,055
Accounts receivable	95,243,904
Funds held by trustee	<u>2,266,647</u>
	<u>\$275,358,606</u>

To manage liquidity, the System maintains sufficient cash and cash equivalent balances to support daily operations throughout the year. Cash and cash equivalents 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 and investments without donor restrictions that can be utilized at the discretion of management to help fund both operational needs and/or capital projects. As of June 30, 2022, the balances in board-designated assets and investments were \$473,440,644.

17. Business Acquisition

The Medical Center previously held a partial ownership interest in the Surgery Center with Mary Hitchcock Memorial Hospital. The Surgery Center's primary purpose is to deliver ambulatory surgery and related health care services to patients in the greater Nashua, New Hampshire area. On January 1, 2021, the Medical Center entered into an agreement with Mary Hitchcock Memorial Hospital to purchase their outstanding membership interest for a total of \$500,000.

This purchase price was allocated to tangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date, as summarized below:

Assets acquired:	
Cash	\$ 975,801
Accounts receivable and other assets	505,086
Inventory	158,027
Property and equipment	<u>567,669</u>
	2,206,583
Liabilities assumed:	
Accounts payable and accrued liabilities	<u>(729,571)</u>
Fair value of net assets acquired	1,477,012
Total cash consideration paid	500,000
Investment in the Surgery Center at December 31, 2020	<u>(739,983)</u>
Gain on bargain purchase	<u>\$ 237,029</u>

SOLUTIONHEALTH, INC. AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

17. Business Acquisition (Continued)

The Surgery Center's results from the acquisition date through June 30, 2021 are included in the consolidated financial statements as a wholly-owned subsidiary of the Medical Center. The amounts of revenue and net income of the Surgery Center included in the System's consolidated statement of operations for the year ended June 30, 2022 are approximately \$3,482,000 and \$337,000, respectively. The amounts of revenue and net income of the Surgery Center for six months included in the System's consolidated statement of operations for the year ended June 30, 2021 are approximately \$1,732,000 and \$27,000, respectively.

18. Home Health and Hospice Care Affiliation

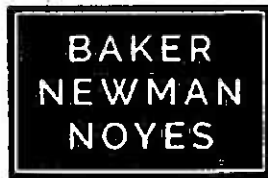
Effective February 28, 2022, the System became the sole corporate member of HHHC through an affiliation agreement.

In accordance with applicable accounting guidance on not-for-profit mergers and acquisitions, the System recorded contribution income of \$22,831,862, reflecting the fair value of the contributed net assets of HHHC, on the transaction date. Of this amount, \$18,277,648 represents net assets without donor restrictions and is included as a non-operating gain in the consolidated statement of operations and changes in net assets. Restricted contribution income of \$4,554,214 was recorded within net assets with donor restrictions in the consolidated statement of operations and changes in net assets. No consideration was exchanged for the net assets contributed and acquisition costs were expensed as incurred.

The financial position of HHHC, recorded at fair value upon affiliation as of February 28, 2022, was as follows:

Assets:	
Cash and cash equivalents	\$ 6,149,173
Accounts receivable	3,630,757
Prepaid expenses and other current assets	285,314
Property, plant and equipment	2,690,817
Investments	2,209,487
Assets whose use is limited	<u>10,399,130</u>
Total assets	25,364,678
Liabilities:	
Accounts payable and accrued expenses	(835,061)
Accrued salaries, wages and related accounts	<u>(1,697,755)</u>
Total liabilities	<u>(2,532,816)</u>
Contribution of net assets from affiliation	<u>\$22,831,862</u>

HHHC's results from the affiliation date of end of day February 28, 2022 through June 30, 2022 are included in the consolidated financial statements as an affiliate of the System. The amounts of revenue and income from operations of HHHC for four months included in the System's consolidated statement of operations for the year ended June 30, 2022 are approximately \$7,946,000 and \$244,000, respectively.



Baker Newman & Noyes LLC
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**INDEPENDENT AUDITORS' REPORT
ON OTHER FINANCIAL INFORMATION**

To the Board of Trustees
SolutionHealth, Inc. and Affiliates

We have audited the consolidated financial statements of SolutionHealth, Inc. and Affiliates (the System) as of June 30, 2022 and 2021 and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on those consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Baker Newman & Noyes LLC

Manchester, New Hampshire
October 26, 2022

SOLUTIONHEALTH, INC. AND AFFILIATES

CONSOLIDATING BALANCE SHEET

June 30, 2022

ASSETS

	<u>Solution Health, Inc.</u>	<u>Elliot Health System</u>	<u>Southern New Hampshire Health System, Inc.</u>	<u>Home Health and Hospice Care</u>	<u>Elimi- nations</u>	<u>Total</u>
Current assets:						
Cash and cash equivalents	\$16,509,121	\$148,300,344	\$ 6,388,736	\$ 6,649,854	\$ -	\$ 177,848,055
Accounts receivable	-	50,461,346	41,382,902	3,399,656	-	95,243,904
Inventories	-	7,196,171	7,499,893	-	-	14,696,064
Prepaid expenses and other receivables	7,768,905	10,450,232	2,891,278	269,298	-	21,379,713
Due from affiliates	23,906,090	32,959,764	200,317	-	(57,066,171)	-
Funds held by trustee	-	-	2,266,647	-	-	2,266,647
Total current assets	48,184,116	249,367,857	60,629,773	10,318,808	(57,066,171)	311,434,383
Investments	-	109,197,552	112,968,758	2,128,183	-	224,294,493
Assets whose use is limited:						
Board designated and donor restricted funds	-	153,326,441	125,504,047	9,329,147	-	288,159,635
Employee benefit plans and other	1,247,766	26,723,673	36,444,475	145,988	-	64,561,902
Beneficial interest in perpetual trusts	-	7,630,318	-	-	-	7,630,318
	1,247,766	187,680,432	161,948,522	9,475,135	-	360,351,855
Property, plant and equipment, net	10,353,249	214,592,890	142,601,823	2,847,037	-	370,394,999
Other assets	1,290,309	7,883,154	8,569,179	-	-	17,742,642
Total assets	<u>\$61,075,440</u>	<u>\$768,721,885</u>	<u>\$486,718,055</u>	<u>\$24,769,163</u>	<u>\$ (57,066,171)</u>	<u>\$1,284,218,372</u>

LIABILITIES AND NET ASSETS

	<u>Solution Health, Inc.</u>	<u>Elliot Health System</u>	<u>Southern New Hampshire Health System, Inc.</u>	<u>Home Health and Hospice Care</u>	<u>Elimi- nations</u>	<u>Total</u>
Current liabilities:						
Accounts payable and accrued expenses	\$18,938,301	\$ 40,200,440	\$ 24,787,076	\$ 677,866	\$ -	\$ 84,603,683
Due to affiliates	33,165,006	9,565,916	14,335,249	-	(57,066,171)	-
Accrued compensation and related taxes	-	42,046,338	27,649,236	2,116,786	-	71,812,360
Amounts due to third-party payors	-	42,885,569	23,498,888	-	-	66,384,457
Accrued interest payable	-	1,600,771	544,710	-	-	2,145,481
Current portion of long-term debt	-	8,441,150	6,612,914	-	-	15,054,064
Borrowings under line of credit agreement	-	-	5,000,000	-	-	5,000,000
Total current liabilities	52,103,307	144,740,184	102,428,073	2,794,652	(57,066,171)	245,000,045
Accrued pension	-	34,260,174	7,037,325	-	-	41,297,499
Self-insurance reserves and other liabilities	1,247,766	46,061,098	44,753,593	145,988	-	92,208,445
Long-term debt, less current portion	-	150,646,356	68,008,110	-	-	218,654,466
Total liabilities	53,351,073	375,707,812	222,227,101	2,940,640	(57,066,171)	597,160,455
Net assets:						
Without donor restrictions	7,724,367	360,433,547	258,672,175	17,810,047	-	644,640,136
With donor restrictions	-	32,580,526	5,818,779	4,018,476	-	42,417,781
Total net assets	7,724,367	393,014,073	264,490,954	21,828,523	-	687,057,917
Total liabilities and net assets	\$61,075,440	\$768,721,885	\$486,718,055	\$24,769,163	\$(57,066,171)	\$1,284,218,372

SOLUTIONHEALTH, INC. AND AFFILIATES

CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2022

	<u>Solution Health, Inc.</u>	<u>Elliot Health System</u>	<u>Southern New Hampshire Health System, Inc.</u>	<u>Home Health and Hospice Care</u>	<u>Elimi- nations</u>	<u>Total</u>
Operating revenues:						
Patient service revenues	\$ -	\$635,145,735	\$373,272,871	\$ 7,191,658	\$ -	\$1,015,610,264
Disproportionate share hospital revenue	-	20,824,655	11,927,886	-	-	32,752,541
Investment income	-	3,622,327	1,982,677	45,975	-	5,650,979
Other revenues	136,993,038	45,805,473	13,518,795	614,385	(135,560,018)	61,371,673
Contribution of nonfinancial assets	-	-	-	93,678	-	93,678
Total revenues	136,993,038	705,398,190	400,702,229	7,945,696	(135,560,018)	1,115,479,135
Expenses:						
Salaries, wages and employee benefits	90,463,473	355,639,840	237,098,283	6,435,393	-	689,636,989
Supplies and other expenses	46,529,565	257,550,741	145,708,992	1,147,772	(135,560,018)	315,377,052
Depreciation and amortization	1,193,861	21,456,316	16,537,692	118,777	-	39,306,646
New Hampshire Medicaid Enhancement Tax	-	26,037,731	12,178,541	-	-	38,216,272
Interest	-	5,983,825	2,369,209	-	-	8,353,034
Total expenses	138,186,899	666,668,453	413,892,717	7,701,942	(135,560,018)	1,090,889,993
Income (loss) from operations	(1,193,861)	38,729,737	(13,190,488)	243,754	-	24,589,142
Nonoperating (losses) gains, net:						
Investment loss, net	-	(29,619,936)	(30,991,828)	(711,355)	-	(61,323,119)
Contributions, community benefits and other	-	4,158	(279,674)	-	-	(275,516)
Net periodic pension (cost) gain, net of service cost	-	723,020	2,483,103	-	-	3,206,123
Contribution of net assets without donor restriction from affiliation	-	-	-	18,277,648	-	18,277,648
Nonoperating (losses) gains, net	-	(28,892,758)	(28,788,399)	17,566,293	-	(40,114,864)
(Deficiency) excess of revenues and nonoperating (losses) gains over expenses	(1,193,861)	9,836,979	(41,978,887)	17,810,047	-	(15,525,722)

	<u>Solution Health, Inc.</u>	<u>Elliot Health System</u>	<u>Southern New Hampshire Health System, Inc.</u>	<u>Home Health and Hospice Care</u>	<u>Elimi- nations</u>	<u>Total</u>
Pension adjustment	\$ -	\$ 28,074,886	\$ (3,087)	\$ -	\$ -	\$ 28,071,799
Releases from restriction for capital purchases	<u>-</u>	<u>-</u>	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>55,000</u>
Increase (decrease) in net assets without donor restrictions	(1,193,861)	37,911,865	(41,926,974)	17,810,047	-	12,601,077
Restricted gifts and bequests	-	101,732	249,336	26,565	-	377,633
Investment (loss) return, net	-	(1,255,039)	-	18,530	-	(1,236,509)
Net unrealized loss on investments	-	(871,700)	-	(515,109)	-	(1,386,809)
Net assets released from restriction for operations	-	-	-	(65,724)	-	(65,724)
Net assets released from restriction for capital purchases	-	-	(55,000)	-	-	(55,000)
Contribution of net assets with donor restriction from affiliation	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,554,214</u>	<u>-</u>	<u>4,554,214</u>
Increase (decrease) in net assets with donor restrictions	<u>-</u>	<u>(2,025,007)</u>	<u>194,336</u>	<u>4,018,476</u>	<u>-</u>	<u>2,187,805</u>
Increase (decrease) in net assets	(1,193,861)	35,886,858	(41,732,638)	21,828,523	-	14,788,882
Net assets at beginning of year	<u>8,918,228</u>	<u>357,127,215</u>	<u>306,223,592</u>	<u>-</u>	<u>-</u>	<u>672,269,035</u>
Net assets at end of year	<u>\$ 7,724,367</u>	<u>\$393,014,073</u>	<u>\$264,490,954</u>	<u>\$21,828,523</u>	<u>\$ -</u>	<u>\$ 687,057,917</u>

SOLUTIONHEALTH, INC. AND AFFILIATES

CONSOLIDATING BALANCE SHEET

June 30, 2021

ASSETS

	<u>Solution Health, Inc.</u>	<u>Elliot Health System</u>	<u>Southern New Hampshire Health System, Inc.</u>	<u>Elimi- nations</u>	<u>Total</u>
Current assets:					
Cash and cash equivalents	\$11,079,334	\$178,575,394	\$ 34,873,221	\$ —	\$ 224,527,949
Accounts receivable	—	41,155,570	42,129,125	—	83,284,695
Inventories	—	6,015,658	6,352,395	—	12,368,053
Prepaid expenses and other receivables	5,570,340	9,705,801	2,790,930	—	18,067,071
Due from affiliates	19,706,495	16,350,952	30,040	(36,087,487)	—
Funds held by trustee	—	—	2,228,625	—	2,228,625
Total current assets	36,356,169	251,803,375	88,404,336	(36,087,487)	340,476,393
Investments	—	120,567,838	126,820,516	—	247,388,354
Assets whose use is limited:					
Board designated and donor restricted funds	—	168,119,113	140,891,184	—	309,010,297
Employee benefit plans and other	2,190,528	29,554,709	46,543,165	—	78,288,402
Beneficial interest in perpetual trusts	—	9,060,947	—	—	9,060,947
	2,190,528	206,734,769	187,434,349	—	396,359,646
Property, plant and equipment, net	4,315,451	210,106,033	146,327,068	—	360,748,552
Other assets	436,806	9,063,418	8,629,672	—	18,129,896
Total assets	<u>\$43,298,954</u>	<u>\$798,275,433</u>	<u>\$557,615,941</u>	<u>\$(36,087,487)</u>	<u>\$1,363,102,841</u>

LIABILITIES AND NET ASSETS

	<u>Solution Health, Inc.</u>	<u>Elliot Health System</u>	<u>Southern New Hampshire Health System, Inc.</u>	<u>Elimi- nations</u>	<u>Total</u>
Current liabilities:					
Accounts payable and accrued expenses	\$15,141,737	\$ 30,982,232	\$ 22,428,197	\$ —	\$ 68,552,166
Due to affiliates	16,387,729	10,005,303	9,694,455	(36,087,487)	—
Accrued compensation and related taxes	—	41,079,845	27,474,331	—	68,554,176
Amounts due to third-party payors	—	71,480,248	40,392,629	—	111,872,877
Accrued interest payable	—	1,699,725	561,360	—	2,261,085
Current portion of long-term debt	—	<u>9,443,568</u>	<u>6,431,108</u>	—	<u>15,874,676</u>
Total current liabilities	31,529,466	164,690,921	106,982,080	(36,087,487)	267,114,980
Accrued pension	—	64,597,669	9,517,341	—	74,115,010
Self-insurance reserves and other liabilities	2,851,260	52,932,076	60,033,324	—	115,816,660
Long-term debt, less current portion	—	<u>158,927,552</u>	<u>74,859,604</u>	—	<u>233,787,156</u>
Total liabilities	34,380,726	441,148,218	251,392,349	(36,087,487)	690,833,806
Net assets:					
Without donor restrictions	8,918,228	322,521,682	300,599,149	—	632,039,059
With donor restrictions	—	<u>34,605,533</u>	<u>5,624,443</u>	—	<u>40,229,976</u>
Total net assets	<u>8,918,228</u>	<u>357,127,215</u>	<u>306,223,592</u>	—	<u>672,269,035</u>
Total liabilities and net assets	<u>\$43,298,954</u>	<u>\$798,275,433</u>	<u>\$557,615,941</u>	<u>\$(36,087,487)</u>	<u>\$1,363,102,841</u>

SOLUTIONHEALTH, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2021

	<u>Solution Health, Inc.</u>	<u>Elliot Health System</u>	<u>Southern New Hampshire Health System, Inc.</u>	<u>Elimi- nations</u>	<u>Total</u>
Operating revenues:					
Patient service revenues	\$ —	\$590,467,536	\$346,753,018	\$ —	\$ 937,220,554
Disproportionate share hospital revenue	—	15,940,765	9,756,241	—	25,697,006
Investment income	—	5,008,214	2,133,438	—	7,141,652
Other revenues	<u>93,816,355</u>	<u>46,571,693</u>	<u>23,188,225</u>	<u>(93,816,355)</u>	<u>69,759,918</u>
Total revenues	93,816,355	657,988,208	381,830,922	(93,816,355)	1,039,819,130
Expenses:					
Salaries, wages and employee benefits	64,277,662	363,849,932	231,772,993	(47,388,350)	612,512,237
Supplies and other expenses	29,538,693	193,396,674	128,885,069	(46,428,005)	305,392,431
Depreciation and amortization	34,502	22,641,699	15,234,285	—	37,910,486
New Hampshire Medicaid Enhancement Tax	—	22,236,061	11,993,182	—	34,229,243
Interest	<u>—</u>	<u>6,310,742</u>	<u>2,296,634</u>	<u>—</u>	<u>8,607,376</u>
Total expenses	<u>93,850,857</u>	<u>608,435,108</u>	<u>390,182,163</u>	<u>(93,816,355)</u>	<u>998,651,773</u>
Income (loss) from operations	(34,502)	49,553,100	(8,351,241)	—	41,167,357
Nonoperating gains (losses), net:					
Investment return, net	—	45,012,206	50,576,024	—	95,588,230
Contributions, community benefits and other	—	(3,002,668)	(496,101)	—	(3,498,769)
Net periodic pension (cost) gain, net of service cost	<u>—</u>	<u>(3,427,136)</u>	<u>998,533</u>	<u>—</u>	<u>(2,428,603)</u>
Nonoperating gains (losses), net	<u>—</u>	<u>38,582,402</u>	<u>51,078,456</u>	<u>—</u>	<u>89,660,858</u>
Excess (deficiency) of revenues and nonoperating gains (losses) over expenses	(34,502)	88,135,502	42,727,215	—	130,828,215

	<u>Solution Health, Inc.</u>	<u>Elliot Health System</u>	<u>Southern New Hampshire Health System, Inc.</u>	<u>Elimi- nations</u>	<u>Total</u>
Transfers among affiliates	\$ 5,682,873	\$ (2,832,572)	\$ (2,850,301)	\$ -	\$ -
Pension adjustment	<u>-</u>	<u>68,016,666</u>	<u>15,823,201</u>	<u>-</u>	<u>83,839,867</u>
Increase in net assets without donor restrictions	5,648,371	153,319,596	55,700,115	-	214,668,082
Restricted gifts and bequests	-	361,185	1,474,838	-	1,836,023
Net assets released from restriction for operations	-	-	(17,961)	-	(17,961)
Investment return, net	-	1,704,547	-	-	1,704,547
Net unrealized gain on investments	<u>-</u>	<u>615,689</u>	<u>-</u>	<u>-</u>	<u>615,689</u>
Increase in net assets with donor restrictions	<u>-</u>	<u>2,681,421</u>	<u>1,456,877</u>	<u>-</u>	<u>4,138,298</u>
Increase in net assets	5,648,371	156,001,017	57,156,992	-	218,806,380
Net assets at beginning of year	<u>3,269,857</u>	<u>201,126,198</u>	<u>249,066,600</u>	<u>-</u>	<u>453,462,655</u>
Net assets at end of year	<u>\$ 8,918,228</u>	<u>\$357,127,215</u>	<u>\$306,223,592</u>	<u>\$ -</u>	<u>\$ 672,269,035</u>

Contractor Name: SolutionHealth
Board of Trustees

Name	Role
The Honorable Clifford R. Kinghorn	Chair
Dr. Stephen Loosigian, DO	Vice Chair
Martha E. O'Neill, Esq.	Secretary
Timothy Whitaker	Treasurer
Bobbie D. Badley, RN, MS, MPH, CPH	Trustee
Howard Brodsky	Trustee
Paul W. Hoff, PhD	Trustee
Joseph Leahy, DO	Trustee
Dianne Mercier	Trustee
Charla Bizios Stevens	Trustee
Brad Kreick	CEO

SolutionHealth Team – Key Personnel Resumes

Bradley Kreick

Brad Kreick accepted the position of Chief Executive Officer of SolutionHealth in December 2021. Brad comes to SolutionHealth with over 25 years of executive-level healthcare business management experience, with prior leadership positions at Apria Healthcare, Oxford Health Plans and Healthsource Inc. He is a native of southern New Hampshire and brings a wealth of experience in strategy, business development and network management.

Greg Baxter, MD

Dr. Baxter was appointed President of the Elliot Health System in 2018. Prior to that appointment, Dr. Baxter was appointed by the Board of Directors as Co-Executive of Elliot Health System in 2016 to support the execution of the strategic plan, work with the Board in the selection process of a partner for affiliation, and he assumed the role of Senior Team Lead to provide oversight for day-to-day operations and strategic decision-making. Dr. Baxter has been with Elliot Health System since 2003 when he joined to lead the emergency physician provider group. At that time, he was named Vice President of Medical Affairs serving as a liaison to the medical staff, Elliot Board of Directors and management. In 2009, Dr. Baxter was appointed Chief Medical Officer and served in this leadership role for nine years. While serving as Chief Medical Officer, Dr. Baxter was also named Elliot's Senior Vice President of Medical Affairs in 2011.

Colin T. McHugh, President and CEO, Southern New Hampshire Health

Colin McHugh, a trusted healthcare executive with more than 25 years of experience, joined Southern New Hampshire Health (SNHH) as president and chief executive officer in April 2022. Prior to this role, McHugh was senior vice president and chief value officer for SolutionHealth, the regional health system created when SNHH and Elliot Health System combined in 2018. While with SolutionHealth, McHugh stepped in as interim president of SNHH in 2020, leading the organization through a leadership transition, the beginning of the COVID-19 pandemic, and the implementation of the Epic electronic medical record. Prior to joining SNHH and SolutionHealth, McHugh served in various executive leadership roles, gaining a wealth of experience in integrated health care delivery and value-based payment models. These previous roles include senior vice president of network development and contracting at MaineHealth; interim president & CEO of Synernet, Inc.; and vice president of provider engagement and contracting for Anthem Blue Cross and Blue Shield. He holds a Master of Business Administration from the University of New Hampshire and a Master of Arts from The University of Connecticut.

Michael Turilli, MBA

Mike Turilli joined Elliot Health System in March 2018 and spent 3+ years before leaving for a CFO role at a Massachusetts hospital. He recently returned as SVP and Chief Financial Officer for Elliot Health System in June 2022. In January 2023 Mike was appointed SVP and Chief Financial Officer for SolutionHealth. Mike brings over 30+ years of healthcare operations and finance expertise, including revenue cycle, back to Elliot. His newest focus will be in helping the organization with meeting the varying community healthcare needs and delivering on The Elliot's other strategic priorities, by managing financial operations and organizational performance. He will also have responsibility for overseeing and improving certain shared service finance functions across SolutionHealth. Mr. Turilli has a BS in Accounting and an MBA, both from Suffolk University.

Contractor Name: SolutionHealth
Key Personnel

Name	Job Title	Salary Amount Paid from this Contract
Brad Kreick	Chief Executive Officer	N/A
Dr. Gregory Baxter	CEO (Elliot Health System)	N/A
Mr. Colin McHugh	CEO (Southern NH Health)	N/A
Mr. Mike Turilli	Chief Financial Officer	N/A