Parkview Health System, Inc. and Subsidiaries
d/b/a Parkview Health

Consolidated Financial Report
and Supplementary Information
December 31, 2021

Contents

Independent Auditor's Report

The Board of Directors
Parkview Health System, Inc.

Report on the Audit of the Financial Statements

Opinion
We have audited the consolidated financial statements of Parkview Health System, Inc. and Subsidiaries d/b/a Parkview Health (PH or the Corporation), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, 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 (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of Parkview Health System, Inc. and Subsidiaries as of December 31, 2021 and 2020, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation's and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable).

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

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 Corporation’s internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation’s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The details of consolidated balance sheets and details of consolidated statements of operations and changes in net assets are presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the financial statements as a whole.

RSM US LLP

Cleveland, Ohio
March 24, 2022

Parkview Health System, Inc. and Subsidiaries
d/b/a Parkview Health

Consolidated Balance Sheets
December 31, 2021 and 2020
(In Thousands)

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	**$ 185,461**	$ 503,457
Short-term investments	**50,035**	386
Patient accounts receivable	**359,510**	304,323
Inventories	**60,459**	53,465
Prepaid expenses and other current assets	**45,034**	45,043
Estimated third-party payer settlements	**54**	10,244
Due from investment brokers	**20,160**	118,229
Total current assets	**720,713**	1,035,147
Assets limited as to use and investments:		
Investments - less short-term investments	**1,961,738**	1,434,025
Funds held by trustees	**7,707**	8,469
Other investments	**4,200**	2,023
	1,973,645	1,444,517
Property and equipment:		
Cost	**2,294,907**	2,264,616
Less accumulated depreciation and amortization	**1,096,964**	1,042,250
	1,197,943	1,222,366
Other assets:		
Finance lease right-of-use assets, net	**20,832**	7,883
Operating lease right-of-use assets, net	**37,234**	43,375
Interest rate swaps	**2,643**	4,805
Investments in joint ventures	**6,016**	7,548
Goodwill and intangible assets, net	**104,514**	109,254
Other assets	**40,158**	35,243
	211,397	208,108
Total assets	**$ 4,103,698**	$ 3,910,138

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Parkview Health System, Inc. and Subsidiaries
d/b/a Parkview Health

Consolidated Balance Sheets
December 31, 2021 and 2020
(In Thousands)

	2021	2020
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	**$ 166,243**	$ 133,635
Salaries, wages and related liabilities	**195,705**	184,126
Accrued interest	**3,764**	4,182
Estimated third-party payer settlements	**110,642**	70,598
Contract liability - Medicare Advance Payment Program	**68,198**	45,953
Current portion of long-term debt	**27,471**	28,222
Current portion finance lease liabilities	**6,187**	4,047
Current portion operating lease liabilities	**8,055**	7,892
Due to investment brokers	**40,569**	138,564
Total current liabilities	**626,834**	617,219
Noncurrent liabilities:		
Long-term debt, less current portion	**735,646**	779,219
Finance lease liabilities, less current portion	**15,297**	5,015
Operating lease liabilities, less current portion	**30,154**	36,271
Contract liability - Medicare Advance Payment Program	**-**	69,446
Interest rate swaps	**72,474**	90,689
Accrued pension obligations	**122,960**	143,124
Other	**35,650**	30,380
	1,012,181	1,154,144
Net assets:		
Parkview Health System, Inc.	**2,417,035**	2,087,821
Noncontrolling interest in subsidiaries	**33,278**	37,482
Total net assets without donor restrictions	**2,450,313**	2,125,303
Net assets with donor restrictions	**14,370**	13,472
Total net assets	**2,464,683**	2,138,775
Total liabilities and net assets	**$ 4,103,698**	$ 3,910,138

See notes to consolidated financial statements.

Parkview Health System, Inc. and Subsidiaries
d/b/a Parkview Health

Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2021 and 2020
(In Thousands)

	2021	2020
Revenues:		
Patient care service revenue	$ 2,363,114	$ 1,985,239
Other revenue	169,849	227,891
	2,532,963	2,213,130
Expenses:		
Salaries and benefits	1,361,608	1,170,068
Supplies	443,934	376,739
Purchased services	161,806	157,894
Utilities, repairs and maintenance	75,449	78,739
Depreciation and amortization	124,055	116,926
Hospital assessment fee	90,371	81,576
Interest and financing costs	26,683	27,111
Other, net	93,265	81,818
	2,377,171	2,090,871
Operating income	155,792	122,259
Nonoperating income (expense):		
Interest, dividends and realized gains on sales of investments, net	113,133	53,905
Unrealized gains on investments, net	58,408	81,601
Unrealized gains (losses) on interest rate swaps, net	16,053	(16,009)
Net periodic benefit expense other than service cost	(1,521)	(5,170)
Other, net	(1,322)	(858)
	184,751	113,469
Excess of revenues over expenses	340,543	235,728
Excess of revenues over expenses attributable to noncontrolling interest in subsidiaries	31,625	33,908
Excess of revenues over expenses attributable to Parkview Health System, Inc.	$ 308,918	$ 201,820

See notes to consolidated financial statements.

Parkview Health System, Inc. and Subsidiaries
d/b/a Parkview Health

Consolidated Statements of Operations and Changes in Net Assets (Continued)
Year Ended December 31, 2021
(In Thousands)

	Year Ended December 31, 2021		
	Total	Controlling Interest	Noncontrolling Interest
Net assets without donor restrictions:			
Excess of revenues over expenses	$ 340,543	$ 308,918	$ 31,625
Distributions to noncontrolling interests	(35,829)	-	(35,829)
Pension-related changes other than net periodic pension cost	20,180	20,180	-
Net assets released from restriction used for property and equipment, and other	116	116	-
Increase (decrease) in net assets without donor restrictions	325,010	329,214	(4,204)
Net assets with donor restrictions:			
Contributions	1,544	1,544	-
Investment gain	714	714	-
Net assets released from restrictions	(1,360)	(1,360)	-
Increase in net assets with donor restrictions	898	898	-
Increase (decrease) in net assets	325,908	330,112	(4,204)
Net assets:			
Beginning of year	2,138,775	2,101,293	37,482
End of year	**$ 2,464,683**	**$ 2,431,405**	**$ 33,278**

See notes to consolidated financial statements.

Parkview Health System, Inc. and Subsidiaries
d/b/a Parkview Health

Consolidated Statements of Operations and Changes in Net Assets (Continued)
Year Ended December 31, 2020
(In Thousands)

	Year Ended December 31, 2020		
	Total	Controlling Interest	Noncontrolling Interest
Net assets without donor restrictions:			
Excess of revenues over expenses	$ 235,728	$ 201,820	$ 33,908
Distributions to noncontrolling interests	(34,720)	-	(34,720)
Pension-related changes other than net periodic pension cost	(15,148)	(15,148)	-
Net assets released from restriction used for property and equipment, and other	(36)	(36)	-
Increase (decrease) in net assets without donor restrictions	185,824	186,636	(812)
Net assets with donor restrictions:			
Contributions	2,957	2,957	-
Investment gain	521	521	-
Net assets released from restrictions	(2,944)	(2,944)	-
Increase in net assets with donor restrictions	534	534	-
Increase (decrease) in net assets	186,358	187,170	(812)
Net assets:			
Beginning of year	1,952,417	1,914,123	38,294
End of year	$ 2,138,775	$ 2,101,293	$ 37,482

See notes to consolidated financial statements.

Parkview Health System, Inc. and Subsidiaries
d/b/a Parkview Health

Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020
(In Thousands)

	2021	2020
Cash flows from operating activities:		
Increase in net assets	$ 325,908	$ 186,358
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	124,055	116,926
Contributions restricted for capital	(1,544)	(2,957)
Undistributed gain from alternative investments	(37,416)	(15,049)
Unrealized (gain) loss on interest rate swaps, net	(16,053)	16,009
Amortization of deferred financing costs and net premium	(2,965)	(3,713)
Loss from disposal of property and equipment	1,337	835
Distributions to noncontrolling interests	35,829	34,720
Pension-related changes other than net periodic pension cost	(20,180)	15,148
Amortization of operating lease right-of-use assets	10,549	10,298
Cash paid for operating leases	(10,956)	(10,355)
Changes in operating assets and liabilities:		
Patient accounts receivable	(55,187)	(14,263)
Inventories	(6,995)	(17,443)
Prepaid expenses and other current assets	8	(5,233)
Trading securities, net	(542,713)	(108,436)
Due from (due to) investment brokers, net	74	(17,219)
Accounts payable, accrued expenses and other current liabilities	47,136	15,087
Estimated third-party payer settlements	50,234	56,751
Contract liability - Medicare Advance Payment Program	(47,201)	115,399
Other	2,639	3,337
Net cash (used in) provided by operating activities	(143,441)	376,200
Cash flows from investing activities:		
Property and equipment additions	(98,218)	(118,937)
Cash paid for business acquisition	-	(8,237)
Proceeds from sale of property and equipment	3,921	397
Net cash used in investing activities	(94,297)	(126,777)
Cash flows from financing activities:		
Principal payments of long-term debt	(41,359)	(22,221)
Proceeds from issuance of long-term debt	-	98,095
Payments of finance lease obligations	(6,304)	(4,526)
Distributions to noncontrolling interests	(35,829)	(34,720)
Contributions restricted for capital	1,544	2,957
Other	339	(419)
Net cash (used in) provided by financing activities	(81,609)	39,166
(Decrease) increase in cash and cash equivalents and restricted cash	(319,347)	288,589
Cash and cash equivalents and restricted cash (See Note 2):		
Beginning of year	509,441	220,852
End of year	$ 190,094	$ 509,441
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 21,402	$ 22,648
Cash paid for income taxes	$ 772	$ 519
Supplemental disclosures of noncash investing and financing activities:		
Assets acquired through finance leases	$ 19,205	$ 5,769
Purchases of property and equipment financed with payables	$ 13,009	$ 9,641

See notes to consolidated financial statements.

Note 1. Organization

Nature of operations: Parkview Health System, Inc., d/b/a Parkview Health (PH or the Corporation), is an integrated health care system which provides services in northeast Indiana and northwest Ohio. PH's mission is to provide quality health care services to all who entrust their care to PH and to improve the health of the community. Services provided by PH include acute, nonacute, and tertiary care services on an inpatient, outpatient, and emergency basis; managed care contracting, health care diagnostics, and treatment services for individuals and families; home health care; and behavioral health care. The principal operating activities of PH are conducted by wholly owned or controlled affiliates and subsidiaries.

PH is the sole corporate member of Parkview Hospital, Inc. (PVH). PVH comprises one acute care hospital; a behavioral health hospital; and a flagship tertiary care center, Parkview Regional Medical Center. In total, PVH offers 923 beds in Fort Wayne, Indiana. PH is the majority owner (60%) of the Orthopaedic Hospital at Parkview North LLC (ORTHO), which is a for-profit joint venture hospital with a large orthopedic physician group. ORTHO operates the Orthopaedic Hospital, a 37-bed orthopedic specialty hospital, and an ambulatory surgical center. In addition, PH is the sole corporate member of Huntington Memorial Hospital, Inc.; Whitley Memorial Hospital, Inc.; Community Hospital of Noble County, Inc.; Community Hospital of LaGrange County, Inc.; Parkview Wabash Hospital, Inc.; and DeKalb Memorial Hospital, Inc., each of which operates an acute care community hospital and related facilities in the northeast region of Indiana. These hospitals are referred to collectively as the Hospital Affiliates.

PH and PVH are the only members of Managed Care Services, LLC, which provides third-party administrative services to PH's employee health plan and acts as a preferred provider organization network of providers for self-funded employers.

Parkview Physicians Group (PPG), a division of PH, is a multidisciplinary group of employed physicians. PPG was developed to enhance the delivery of quality health care services in northeast Indiana and northwest Ohio. Disciplines represented in PPG include primary care, OB/GYN, orthopedics, colon and rectal surgery, cardiovascular surgery, general surgery, hospitalists/intensivists, podiatry, psychiatry, urology, cardiology, pulmonology and critical care, gastroenterology, rheumatology, and oncology.

Note 1. Organization (Continued)

The legal entity names, marketing brand names, and acronyms for each significant entity within PH are as follows:

	Marketing Brand (d/b/a) name	Acronym
Parkview Health System, Inc.	Parkview Health, including Parkview Physicians Group	PH and PPG
Parkview Hospital, Inc.	Parkview Regional Medical Center and Parkview Randallia Hospital	PVH
Orthopaedic Hospital at Parkview North, LLC	Parkview Ortho Hospital	ORTHO
Huntington Memorial Hospital, Inc.	Parkview Huntington Hospital	PHH
Whitley Memorial Hospital, Inc.	Parkview Whitley Hospital	PWH
Community Hospital of Noble County, Inc.	Parkview Noble Hospital	PNH
Community Hospital of LaGrange County, Inc.	Parkview LaGrange Hospital	PLH
Managed Care Services, LLC	Managed Care Services	MCS
Parkview Wabash Hospital, Inc.	Parkview Wabash Hospital	PWB
Parkview Foundation, Inc.	Parkview Hospital Foundation	PVHF
Whitley Memorial Hospital Foundation, Inc.	Parkview Whitley Hospital Foundation	PWHF
Community Hospital of Noble County Foundation, Inc.	Parkview Noble Foundation	PNHF
The Parkview Huntington Hospital Foundation, Inc.	Parkview Huntington Hospital Foundation	PHHF
Parkview Wabash Hospital Foundation, Inc.	Parkview Wabash Hospital Foundation	WBHF
Parkview Occupational Health Centers, Inc.	Parkview Occupational Health Centers	POH
Park Center, Inc.	Park Center, Inc.	PAR
DeKalb Memorial Hospital, Inc.	Parkview DeKalb Hospital	PDH
DeKalb Health Foundation, Inc.	Parkview DeKalb Hospital Foundation	DHFN

Transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as net patient care service revenue. Other transactions are included in other revenue. Other revenue includes rentals of medical office buildings, investment income from affiliated foundations, and equity income of unconsolidated affiliates and joint ventures.

Acquisitions: There were no acquisitions during the year ended December 31, 2021. In 2020, PH acquired 1 physician group for a total purchase price of $12,108 and is included in PPG with the acquisition accounted for as business combinations. The Corporation recognized $1,936 of goodwill upon purchase for the year ended December 31, 2020, which represents the excess of purchase price over identifiable assets and liabilities.

Community benefits and charity care: The Corporation provides programs and services to address the needs of those in the communities it serves with limited financial resources, generally at no or low cost to those being served. Additional services are provided to beneficiaries of governmental programs (principally those relating to the Medicare and Medicaid programs) at substantial discounts from established rates and are considered part of the Corporation’s benefit to the communities.

Assistance is also provided to patients and their families for the submission of forms for insurance, financial counseling, and application to the Medicare and Medicaid programs for health service coverage. The costs of providing these programs and services are included in expenses.

Note 1. Organization (Continued)

Consistent with the Corporation's mission, care is provided to patients regardless of their ability to pay. Patients who meet certain criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue. Records are maintained to identify and monitor the level of charity care provided at the amount of standard charges foregone for services and supplies furnished.

The Corporation estimates the cost of charity by calculating a ratio of cost to gross charges and then multiplies this ratio by gross uncompensated charges associated with providing care to charity patients. The Corporation also offers a discount for all uninsured patients. Included in charity care is presumptive charity, where an automated algorithm identifies and writes off presumptive charity services based upon individual patients' historical propensity-to-pay factors. Also included in charity care are writes off of non-covered Medicaid and Health Indiana Plan (HIP) services. The cost of charity care provided in 2021 and 2020 approximates $26,308 and $31,122, respectively.

The Corporation, through PVH and all community hospitals, administers community benefit programs in communities served. Targeted funds for community benefit are controlled by the hospitals, and contributions made as a part of each hospital's community benefit program are under the direction of their respective Board of Directors. Each hospital has a long tradition of community involvement, and their community benefit programs reflect their commitment and support to the communities each serves.

The Corporation, through each of the hospitals, partners with local service organizations to develop initiatives aimed at improving the health of their communities. This has been achieved through collaborative efforts focusing on support for youth organizations, county councils on aging, emergency shelters, health fairs and screenings, awareness and prevention programs, and free health clinics. Subsidies are provided for individual county emergency medical services, nursing services and physicals in local schools, and athletic trainers at sporting events for both schools and at the local center for adults and children with disabilities.

Note 2. Significant Accounting Policies

Principles of consolidation: The consolidated financial statements include the accounts of PH and all majority-owned or majority-controlled subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation. The equity method of accounting is used for investments in joint ventures, partnerships, and companies where ownership is 20% to 50% and PH has significant influence. For the years ended December 31, 2021 and 2020, PH's share of income recorded using the equity method approximated $982 and $496, respectively, and is recorded in other revenue in the consolidated statements of operations and changes in net assets.

Use of estimates: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Note 2. Significant Accounting Policies (Continued)

Cash and cash equivalents: Investments in highly liquid debt instruments with a maturity of three months or less when purchased, excluding amounts classified as short-term investments, assets limited as to use and investments, and funds held by trustees, are considered cash equivalents. The Corporation routinely invests in money market mutual funds. These funds generally invest in highly liquid U.S. government and agency obligations. Financial instruments that potentially subject the Corporation to concentrations of credit risk include the Corporation's cash and cash equivalents. The Corporation places its cash and cash equivalents with institutions of high credit quality. However, at certain times, such cash and cash equivalents may be in excess of government-provided insurance limits.

Patient accounts receivable, estimated third-party payer settlements, and patient care service revenue: Patient accounts receivable and patient care service revenue are reported at the estimated net realizable amounts due from patients, third-party payers (including insurers), and others for services rendered and include estimated retroactive revenue adjustments due to the settlement of audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are settled and are no longer subject to such audits, reviews, and investigations.

The Corporation grants credit to patients without requiring collateral or other security for the delivery of health care services. However, assignment of benefit payments payable under patients' health insurance programs and plans (e.g., Medicare, Medicaid, health maintenance organizations, and commercial insurance policies) is routinely obtained, consistent with industry practice.

Inventories: Inventories consist primarily of drugs and supplies, are stated at the lesser of cost or net realizable value, and are valued using the average cost method.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value based on quoted market prices. Alternative investments, including amounts held in pension plan assets, are reported using the equity method of accounting based on net asset value (NAV) as a practical expedient as provided by the respective fund managers. Alternative investments can include limited partnership interests in hedge funds and private equity, commingled and real estate investment funds. Management has utilized the best available information for reported alternative investment values, which in some instances are valuations as of an interim date. There is uncertainty in such valuations, and the estimated fair values may differ from the values that would have been used had a market for the securities existed.

Investment income or loss (including realized gains and losses on the sale of investments, unrealized gains and losses on investments, and changes in the carrying value of hedge funds), with the exception of investment income or loss, as defined, related to the various PH foundations, is reported as other nonoperating income (expense) unless the income is restricted by donor. Investment income or loss apportioned to the foundations is reported in other revenue. The cost of securities sold is based on the specific-identification method.

(In Thousands)

Note 2. Significant Accounting Policies (Continued)

Assets limited as to use and investments represent certain funds from operations and other sources. Funds are invested in accordance with Board-approved policies, which, among other matters, require diversification of the investment portfolio, establish credit risk parameters, and limit the investment in any single organization. Substantially all assets limited as to use and investments transactions are managed by professional investment managers and are held in custody at financial institutions.

Funds held by trustees include investments restricted for payment of malpractice and general liability losses and proceeds of debt issuances restricted for payment of construction costs. All debt securities held by trustees, as well as short-term investments, are classified as trading securities.

The following table summarizes cash and cash equivalents and restricted cash as of and for the years ended December 31, 2021 and 2020:

	2021	2020
Cash and cash equivalents	$ 179,117	$ 427,109
Restricted cash	6,344	76,348
Restricted cash included assets limited as to use and investments	4,633	5,984
Total	$ 190,094	$ 509,441

Short-term investments are comprised of various funds including corporate bonds, asset backed securities, commercial mortgages, and U.S. Treasuries with weighted average maturity of the total portfolio less than twelve months that are used for short-term working cash management. Investment income or loss is reported as other nonoperating income (expense). Investment securities purchased and sold are reported based on trade date.

Investment securities purchased and sold are reported based on the trade date. Due to the period lag between the trade and settlement dates, PH reports receivables and securities sold but not settled and reports liabilities for securities purchased but not settled. These receivables from, and payables to, investment brokers are settled from within the investment portfolio. These receivables and payables are mostly due to a separate account with a high quality, short term fixed income bond strategy. The strategy is managed with an emphasis on preserving capital and maintaining a high degree of liquidity. In addition to buying and selling physical bonds in the portfolio, derivatives and forward settling trades are also utilized. These instruments are used to manage the portfolio’s overall risk and not to obtain leverage. Liabilities created from unsettled positions in the portfolio are fully collateralized by cash and cash equivalents. Unrealized gains or losses associated with derivative positions that are not marked to market via an exchange or similar clearinghouse are also collateralized in order to mitigate counterparty risk.

Property and equipment: Property and equipment are initially stated at cost or, if donated, at fair value on date of donation. Interest costs incurred as part of the related construction are capitalized during the period of construction. Depreciation is provided on a straight-line basis over the expected useful lives of the various classes of assets. Estimated useful lives range from 5 to 25 years for land improvements, 5 to 40 years for buildings, and 3 to 15 years for equipment.

Note 2. Significant Accounting Policies (Continued)

The costs of obtaining or developing internal-use software, including external direct costs for materials and services and directly related payroll costs, are capitalized. Amortization begins when the internal-use software is ready for its intended use. The software costs are amortized over the estimated useful lives of the software. The estimated useful lives range from 3 to 7 years. Costs incurred during the preliminary project stage and post-implementation stage, as well as maintenance and training costs, are expensed as incurred.

Leases: Leases at December 31, 2021 and 2020 are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases, (Topic 842)*. Under Accounting Standards Codification (ASC) Topic 842, a lease is a contract, or part of a contract, that conveys the right to control the use of identified property, plant or equipment (i.e., an identified asset) for a period of time in exchange for consideration. The Corporation's contracts determined to be or contain a lease include explicitly or implicitly identified assets where the Corporation has the right to substantially all of the economic benefits of the assets and has the ability to direct how and for what purpose the assets are used during the lease term. Leases are classified as either operating or financing. For operating leases, the Corporation has recognized a lease liability equal to the present value of the remaining lease payments, and a right of use asset equal to the lease liability, subject to certain adjustments. The discount rate used by the Corporation is the rate implicit in the lease, if that rate is readily determinable. If that rate is not readily determinable, the Corporation elected to make an accounting policy election to use the risk free rate as the discount rate.

The Corporation defines a short-term lease as any arrangement with a lease term twelve months or less that does not include an option to purchase the underlying asset. The Corporation has made an accounting policy election not to recognize right of use assets and lease liabilities for short-term leases, as a result, short-term lease payments are recognized as expense on a straight-line basis over the lease term and variable lease payments in the period in which the obligation is incurred.

ASC Topic 842 includes practical expedient and policy election choices. The Corporation elected the package of practical expedients available in the standard and as a result, did not reassess the lease classification of existing contracts or leases or the initial direct costs associated with existing leases. The Corporation did elect the hindsight practical expedient, and so did re-evaluate lease term for existing leases. The Corporation has lease arrangements with lease and non-lease components and has elected to account for them separately.

Goodwill: PH records goodwill arising from a business combination as the excess of purchase price over the fair value of identifiable tangible and intangible assets acquired and liabilities assumed. Management has determined that the Corporation is the reporting unit at which fair value is measured. PH annually reviews the carrying value of goodwill for impairment. In addition, a goodwill impairment assessment is performed if an event occurs or circumstances change that would make it more likely than not that the fair value of a reporting unit is below its carrying amount. If such circumstances suggest that the recorded amounts of goodwill cannot be recovered, the carrying value is reduced to fair value. If the carrying value of goodwill is impaired, a material charge may be incurred to results of operations. No goodwill impairment charge was required in 2021 or 2020.

Note 2. Significant Accounting Policies (Continued)

Intangible assets: Costs allocated to customer relationships and other intangible assets as a result of a business combination are based on their fair value at the date of acquisition. The cost of intangible assets is amortized on a straight-line basis over the assets' estimated useful lives ranging from 3 to 20 years. Costs associated with the implementation of a cloud computing arrangement that is a service contract are capitalized and expensed over the life of the hosting agreement which is usually between 3 to 5 years. The amortization expense is reflected in the same consolidated financial statement lines as the expenses associated with the hosting element (service) fees of the arrangement. Intangible assets for cloud computing arrangements are recorded in prepaid expenses on the consolidated balance sheet.

Impairment: Property and equipment and amortizable intangible assets are reviewed for impairment whenever conditions indicate that the carrying amount may not be recoverable. In evaluating the recoverability of long-lived assets, such assets are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. Such impairment tests compare estimated undiscounted cash flows to the recorded value of the asset. If an impairment is indicated, the asset is written down to its fair value, and a corresponding loss is recorded. No impairment was recorded in 2021 or 2020.

Unamortized bonds issuance cost and bond discount or premium: Costs incurred in connection with the issuance of long-term debt and bond discounts or premiums are amortized. The amortization approximates the effective interest rate method. Amortization is included in interest expense in the consolidated statement of operations and changes net assets (see Note 8).

Derivative financial instruments: As part of its debt management program, the Corporation has entered into several interest rate swap arrangements. Derivative instruments are recognized as either assets or liabilities in the consolidated balance sheets at fair value. The Corporation does not account for any of its interest rate swap agreements as hedges, and accordingly, changes in the fair value of interest rate swap agreements are recorded in the consolidated statements of operations and changes in net assets as nonoperating income (expense). Net settlement payments on interest rate swaps are included in interest and financing costs in the consolidated statements of operations and changes in net assets.

Employee retirement benefit plans: PH offers a defined contribution plan entitled the Retirement Savings Plan and one of the plan features is the Retirement Contribution Plan. PH's contributions to the Retirement Contribution Plan are based upon years of benefit service. Contributions are calculated as a percentage of eligible pay. The Retirement Contribution Plan is provided to all employees with a hire or rehire date of January 1, 2005 or after. Active employees at December 31, 2004, were provided a one-time choice to remain in PH's defined benefit plan or freeze their defined benefit plan benefits and move to the employer-funded Choice Contribution Retirement Plan which is a defined contribution plan. The Choice Contribution Plan is also a feature of the Retirement Savings Plan. Definitions of eligibility, pay and benefit service under the defined benefit plan are the same as the defined contribution plan.

In addition to participation in the defined contribution plan and/or defined benefit plan, eligible employees are provided a voluntary opportunity to participate in a 403(b) or a 401(k) plan based upon the tax status of the employing corporation. The 403(b) and the Retirement Savings Plan feature that offers a 401(k) plans have a match provision that is provided through the Retirement Savings Plans. Benefits for eligible employees are based on the employee's compensation.

Income taxes: The Internal Revenue Service has determined that the Corporation and certain affiliated entities are tax-exempt organizations as defined in Section 501(c)(3) of the Internal Revenue Code. Certain subsidiaries of the Corporation are taxable entities, the tax expense and liabilities of which are not material to the consolidated financial statements.

Note 2. Significant Accounting Policies (Continued)

The Corporation and its tax-exempt affiliated entities each file a Form 990 (Return of Organization Exempt from Income Tax) annually. When these returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. Examples of tax positions common to health systems include such matters as the tax-exempt status of each entity, the continued tax-exempt status of bonds, the nature, characterization and taxability of joint venture income, and various positions relating to potential sources of unrelated business taxable income (reported on Form 990T). As of December 31, 2021 and 2020, there are no unrecognized tax benefits resulting from uncertain tax positions.

Forms 990 and 990T filed by the Corporation and its tax-exempt affiliated entities are subject to examination by the Internal Revenue Service up to three years from the extended due date of each return. Forms 990 and 990T filed by the Corporation and its tax-exempt affiliated entities are generally no longer subject to examination for the year 2017 and prior.

Performance indicator: Excess of revenues over expenses as reflected in the accompanying consolidated statements of operations and changes in net assets includes operating income and nonoperating income and losses. Contributions of long-lived assets, pension-related changes other than net periodic pension cost, net assets released from restriction for acquisition of long-lived assets, and distributions to noncontrolling interests are excluded from excess of revenues over expenses.

Operating and nonoperating income (expense): Activities directly associated with the furtherance of PH's mission are considered operating activities. Other activities that result in gains or losses peripheral to PH's primary mission are considered to be nonoperating. Nonoperating activities include interest, dividends, and realized gains/losses on sales of investments; unrealized gains/losses on investments; unrealized gains/losses on interest rate swaps; and other.

Net assets: The consolidated financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by donors as follows:

Net assets without donor restrictions: Net assets without donor restrictions are resources available to support operations. The only limits on the use of these assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of business.

Net assets with donor restrictions: Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions. The Corporation's unspent contributions are included in this class if the donor limited their use, as are its donor-restricted endowment funds.

Note 2. Significant Accounting Policies (Continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for the acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Corporation, unless the donor provides more specific directions about the period of its use. Net assets released from restriction are reported in the accompanying consolidated statements of operations and changes in net assets as net assets released from restrictions and other revenue (if used for operating purposes) or other changes in net assets without donor restrictions (if used for the acquisition of long-lived assets).

Distributions to noncontrolling interests: Certain consolidated subsidiaries of PH have members who hold a noncontrolling ownership interest. Upon authorization of the Boards of those subsidiaries, cash available for distribution, or a portion thereof, arising from operations or other sources may be distributed to PH and the noncontrolling members ratably in accordance with the members' respective membership interests.

Recent accounting pronouncements adopted: In August 2018, the FASB issued ASU 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20): Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans.* This ASU modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The new standard was effective for the Corporation's December 31, 2021, consolidated financial statements. The adoption of this ASU did not have a material impact on the Corporation's consolidated financial statements.

In November 2021, the FASB issued ASU 2021-09, *Leases (Topic 842): Discount Rate for Leases That Are Not Public Business Entities,* which provides an entity the option to apply the risk-free rate by class of underlying asset, rather than at the entity-wide level. The amendment requires that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. The Corporation elected to early adopt ASU 2021-09, which required a modified retrospective application to leases that existed at the beginning of the fiscal year of adoption. The adoption of this ASU did not have a material impact on the Corporation's consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848).* This ASU provides temporary optional guidance intended to ease the burden of reference rate reform on financial reporting. The ASU applies to all entities that have contracts, hedging relationships and other transactions that reference the London Interbank Offered Rate (LIBOR) or another reference rate that is expected to be discontinued. The guidance provides optional expedients and exceptions for applying existing guidance to contract modifications, hedging relationships and other transactions that are expected to be affected by reference rate reform and meet certain scope guidance. Also, if an expedient is elected, modifying a contract would not require reassessment of the original conclusion about whether a derivative embedded in it requires separate accounting. The adoption of this ASU did not have a material impact on the Corporation's consolidated financial statements.

(In Thousands)

Note 2. Significant Accounting Policies (Continued)

Recent accounting pronouncements not yet adopted: In January 2017, the FASB issued ASU 2017-04*, Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This pronouncement eliminates Step 2 from the goodwill impairment test. The annual, or interim, goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit.

The pronouncement also eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. The Corporation will still have the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary.

The Corporation will be required to adopt ASU 2017-04 for its annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2021. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. ASU 2017-04 requires adoption on a prospective basis.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958),* which requires a not-for-profit entity to present contributed nonfinancial assets in the consolidated statements of operations and changes in net assets as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The new standard will be effective for the Corporation's December 31, 2022, consolidated financial statements.

The Corporation is currently evaluating the effect of the pending adoption of these new standards on the consolidated financial statements.

Reclassifications: Certain prior-year amounts have been reclassified to conform to the current-year presentation. Such reclassifications had no effect on previously reported excess of revenues over expenses or changes in net assets.

Note 3. Goodwill and Intangible Assets

The following table summarizes goodwill and other intangibles as of and for the years ended December 31:

	2021	2020
Goodwill balance, beginning of year	$ 102,170	$ 100,234
(Write-off) acquisitions	(841)	1,936
Goodwill balance, end of year	101,329	102,170
Intangible assets, beginning of year	16,436	8,703
Acquisitions	-	7,733
Accumulated amortization	(13,251)	(9,352)
Intangible assets, net, end of year	3,185	7,084
Goodwill and intangible assets, net	$ 104,514	$ 109,254

Note 3. Goodwill and Intangible Assets (Continued)

Amortization expense of $3,899 and $2,050 was recognized in 2021 and 2020, respectively, and is included in depreciation and amortization expense in the consolidated statements of operations and changes in net assets. Estimated future amortization of intangible asset will amortize over the next five years.

Note 4. Assets Limited as to Use, Investments and Fair Value Measurement

ASC 820, *Fair Value Measurement*, defines fair value and establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. Fair value is 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. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

Certain of PH’s financial assets and financial liabilities are measured at fair value on a recurring basis, including money market funds, fixed income and equity instruments, and interest rate swap contracts. The three levels of the fair value hierarchy and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1. Quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date.

Level 2. Pricing inputs other than quoted prices included in Level 1 that are either directly observable or that can be derived or supported from observable data as of the reporting date.

The fair values of assets listed as Level 2 investments are determined with the assistance of the Corporation’s custodian and are calculated from various observable inputs and other market data by a source contracted by the custodian. Funds not held by the custodian are reviewed by management for similarities with custodian-held assets and are assigned a comparable level. The fair values of the interest rate swap contracts are determined based on the present value of expected future cash flows using discount rates appropriate with the risks involved. The valuations reflect a credit spread adjustment to the London Interbank Offered Rate (LIBOR) discount curve in order to reflect the credit value adjustment for nonperformance risk. The credit valuation adjustments for asset and liability position interest rate swap contracts are internally valued with the assistance of a third party using other comparably rated entities’ bonds priced in the market. Depending on the significance of the credit spread adjustment to the overall fair value of the interest rate swap, the instrument is included in Level 2 or Level 3. As of December 31, 2021 and 2020, the credit valuation adjustment was $1,356 and $2,540, respectively, and is deemed by management to be insignificant relative to fair value on the same swaps.

Level 3. Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are not observable from objective sources. In evaluating the significance of inputs, management generally classifies assets or liabilities as Level 3 when their fair value is determined using unobservable inputs that individually, or in the aggregate, represent more than 5% of the fair value of the assets or liabilities. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value based on assumptions about what market participants would use in pricing the asset or liability. PH transfers assets and liabilities in and/or out of Level 3 as significant inputs, including performance attributes, used for the fair value measurement become observable or unobservable.

(In Thousands)

Note 4. Assets Limited as to Use, Investments and Fair Value Measurement (Continued)

The fair value of financial assets and liabilities measured at fair value on a recurring basis was determined using the following inputs at December 31:

	2021			
	Total	Level 1	Level 2	Level 3
Assets				
Short-term investments:				
Cash equivalents	$ 874	$ 874	$ -	$ -
U.S. government and agency obligations	4,119	4,119	-	-
Corporate bonds	24,706	-	24,706	-
Mortgage and asset-backed securities	20,336	-	20,336	-
Total Short-term investments	$ 50,035	$ 4,993	$ 45,042	$ -
Investments:				
U.S. government and agency obligations	$ 157,576	$ 157,576	$ -	$ -
Municipal bonds	6,534	-	6,534	-
Corporate bonds	155,957	-	155,957	-
Commercial paper and certificates of deposit	253	-	253	-
Contracts and swaps	1,812	-	-	1,812
Mortgage and asset-backed securities	100,250	-	100,250	-
Domestic equities (includes preferred stock)	307,248	283,832	23,416	-
International equities	81,411	81,411	-	-
Mutual funds:				
Equity type	411,997	411,997	-	-
Balanced type	25	25	-	-
Fixed income type	158,710	43,393	115,317	-
Total investments at fair value	1,381,773	$ 978,234	$ 401,727	$ 1,812
Investments reported based on net asset value:				
Commingled funds	190,188			
Real estate investment trust	60,303			
Real estate investment fund	24,370			
Hedge funds	243,832			
Private equity	41,620			
Total investments reported at net asset value	560,313			
Cash equivalents	13,136			
Real estate held for investment	18,423			
Total investments assets	$ 1,973,645			
Deferred compensation plan:				
Assets - mutual funds	$ 17,597	$ 17,597	$ -	$ -
Assets - guaranteed income fund	1,033	-	-	1,033
Interest rate swaps	2,643	-	2,643	-
	$ 21,273	$ 17,597	$ 2,643	$ 1,033
Liabilities				
Interest rate swaps	$ (72,474)	$ -	$ (72,474)	$ -

(In Thousands)

Note 4. Assets Limited as to Use, Investments and Fair Value Measurement (Continued)

The fair value of financial assets and liabilities measured at fair value on a recurring basis was determined using the following inputs at December 31:

	2020			
	Total	Level 1	Level 2	Level 3
Assets				
Short-term investments:				
Mutual funds	$ 386	$ 386	$ -	$ -
Investments:				
U.S. government and agency obligations	$ 65,983	$ 65,983	$ -	$ -
Municipal bonds	6,858	-	6,858	-
Corporate bonds	138,396	-	137,839	557
Commercial paper and certificates of deposit	250	-	250	-
Contracts and swaps	874	-	-	874
Mortgage and asset-backed securities	113,550	-	113,550	-
Domestic equities (includes preferred stock)	232,211	217,573	14,637	-
International equities	61,180	61,180	-	-
Mutual funds:				
Equity type	293,282	293,282	-	-
Balanced type	22	22	-	-
Fixed income type	164,018	60,629	103,389	-
Total investments at fair value	1,076,624	$ 698,670	$ 376,523	$ 1,431
Investments reported based on net asset value:				
Commingled funds	74,997			
Real estate investment trust	36,371			
Real estate investment fund	33,089			
Hedge funds	173,650			
Private equity	8,197			
Total investments reported at net asset value	326,304			
Cash equivalents	23,166			
Real estate held for investment	18,423			
Total investments assets	$ 1,444,517			
Deferred compensation plan:				
Assets - mutual funds	$ 13,769	$ 13,769	$ -	$ -
Assets - guaranteed income fund	2,419	-	-	2,419
Interest rate swaps	4,805	-	4,805	-
	$ 20,993	$ 13,769	$ 4,805	$ 2,419
Liabilities				
Interest rate swaps	$ (90,689)	$ -	$ (90,689)	$ -

Note 4. Assets Limited as to Use, Investments and Fair Value Measurement (Continued)

International and domestic equity securities, including preferred stocks, expose PH to market risk, performance risk, and liquidity risk. Market risk is the risk associated with major movements of the equity markets, both foreign and domestic. Performance risk is the risk associated with a particular company's operating performance. Liquidity risk, as previously defined, tends to be higher for international equities and small capitalization equity companies.

Fixed income securities expose PH to interest rate risk, credit risk, and liquidity risk. As interest rates change, the value of many fixed income securities is affected, particularly those with fixed interest rates. Credit risk is the risk that the obligor of the security will not fulfill its obligation. Liquidity risk is affected by the willingness of market participants to buy and sell given securities. These fixed income securities are largely invested in U.S. government and agency obligations, municipal and corporate bonds, mortgage and asset- backed securities, contracts, and mutual funds.

Limited partnership interests in hedge and private equity expose PH to market, performance, and liquidity risk. Hedge and private equity funds are not necessarily readily marketable. The funds often employ complex strategies, including short sales on securities and trading on futures contracts, options, foreign currency contracts, other derivative instruments, and private equity investments, and the composition of the individual investments within these funds is not readily determinable. These investments are not publicly traded, and the net asset value is based upon information provided by the fund manager. The hedge funds have restrictions on the timing of withdrawals ranging from one month to up to three years, which may reduce liquidity. The private equity funds have restrictions on the timing of withdrawals, generally ranging from five to ten years, which may reduce liquidity. There were approximately $54,400 and $58,000 in commitments for the purchase of additional hedge and private equity funds as of December 31, 2021 and 2020, respectively.

Real estate investments includes open-end core funds that invest in primarily office, retail, multifamily, and industrial sectors of the private real estate market. These may include participating mortgages and wholly owned real estate investments. The real estate investments are generally redeemable quarterly with a 90-Day notice period. There were approximately $6,000 in commitments for the purchase of additional real estate investments as of December 31, 2021. There were no commitments to purchase real estate as of December 31, 2020.

Commingled investments include funds invested in highly liquid asset categories such as Treasury Inflation-Protected Securities (TIPS) commodities and precious metals. Commingled funds are also used as a temporary investment of funds committed to alternative investments but not yet invested. As of December 31, 2021 and 2020, there are no commitments for the purchase of additional commingled funds. Commingled funds have monthly liquidity and no lockup period.

PH holds real estate for investment purposes of $18,423 as of December 31, 2021 and 2020, which is accounted for at cost and assessed for impairment when indicators exist. The real estate is written down to fair value as estimated by third-party valuation experts when impairment exists with losses recorded in realized gains (losses) on investments in the consolidated statements of operations and changes in net assets. These investments present a concentration of risk, as they are held within the same geographic region, northeast Indiana

(In Thousands)

Note 4. Assets Limited as to Use, Investments and Fair Value Measurement (Continued)

Composition: The composition of investment return recognized in the consolidated statements of operations and changes in net assets and its presentation are as follows:

		2021		2020
Investment return:				
Unrealized gain on investments, net	$	59,529	$	83,109
Dividend and interest income		20,125		18,314
Net realized gains on the sale of investments		94,651		36,609
Total investment return	$	174,305	$	138,032
Presentation:				
Other revenue	$	2,050	$	2,005
Net assets with donor restrictions – investment gain		714		521
Interest, dividends, and realized gains on sales of investments, net		113,133		53,905
Unrealized gain on investments, net		58,408		81,601
Total investment return	$	174,305	$	138,032

Note 5. Patient Care Service Revenue and Accounts Receivable

Patient care service revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing patient care. These amounts, representing the transaction price, are due from patients, third-party payers (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Corporation bills the patients and third-party payers several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Corporation. Substantially all of the Corporation’s patient care service revenue relates to performance obligations satisfied over time and is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. For patients in the Corporation's hospitals receiving inpatient acute care services the Corporation measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. For most outpatient and physician services, the patient simultaneously receives and consumes the benefits of the services as the services are provided.

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

Note 5. Patient Care Service Revenue and Accounts Receivable (Continued)

The Corporation determines the transaction price based on standard charges for goods and services provided to patients, reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured patients in accordance with the Corporation's policy, and/or implicit price concessions based on historical collection experience.

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

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

Medicaid: Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member.

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

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Corporation's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Corporation. In addition, the contracts the Corporation has with commercial payers also provide for retroactive audit and review of claims.

Generally, patients who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. The Corporation also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Corporation estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient care service revenue in the period of the change.

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

(In Thousands)

Note 5. Patient Care Service Revenue and Accounts Receivable (Continued)

Patients who meet the Corporation's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

The following table shows the Corporation's estimated costs (based on selected operating expenses, which include salaries, wages and benefits, supplies and other operating expenses and which exclude the costs of the Corporation's health plan businesses) of caring for its self-pay patients and charity care patients in 2021 and 2020:

	2021	2020
Estimated costs for:		
Self-pay patients	$ 21,482	$ 37,580
Charity care patients	26,308	31,122
Total	$ 47,791	$ 68,702

For the year ended December 31, 2021 and 2020, changes in estimated transaction price for performance obligations satisfied in prior years related to Medicaid DSH and other supplemental revenues increased patient service revenue by $20,660 and $12,955, respectively.

At December 31, 2021 and 2020, the Corporation had approximately $74,967 and $39,482 of payables recorded in estimated third-party payer settlements in the accompanying consolidated balance sheet related to Indiana's Hospital Assessment Fee (HAF) program, respectively. The inpatient HAF is based on inpatient days for the Corporation's hospital facilities, patient days subject to the HAF for all hospital systems in the State as a ratio of the total inpatient assessment. The outpatient HAF is based on total outpatient revenue, average inpatient charges per day and outpatient days in the State as a ratio of the total outpatient assessment.

Medicare and Medicaid revenue accounted for approximately 44% and 43%, respectively, of patient service revenue (net of explicit price concessions, contractual allowances and discounts) for the years ended December 31, 2021, and 2020. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. The Corporation believes that it is in substantial compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of wrongdoing. While no such regulatory inquiries have been made, compliance with health care industry 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. As a result, there is at least a reasonable possibility that recorded estimated settlements could change. It is also reasonably possible that recorded settlements could change by a material amount in the near term. PH received Medicare and Medicaid settlements and resolutions on prior year filed and appealed cost reports and other matters, which increased patient care service revenue by $16,160 and $12,808 in 2021 and 2020, respectively.

The Corporation's principal hospital agreement with Anthem became effective on July 29, 2020 ("Hospital Agreement"). At December 31, 2021 and 2020, Anthem represented 20% and 24%, respectively, of patient accounts receivable. For the years ending December 31, 2021 and 2020, Anthem represented 24% and 26%, respectively, of patient care service revenue.

(In Thousands)

Note 5. Patient Care Service Revenue and Accounts Receivable (Continued)

Hospital revenue includes a variety of services mainly covering inpatient procedures requiring overnight stays or outpatient operations that require anesthesia or use of complex diagnostic and surgical equipment, as well as emergency care for traumas and other critical conditions. Physician revenue includes services primarily focused on the care of outpatients covering primary and specialty healthcare needs.

The composition of patient care service revenue based on the urban and rural areas the Corporation operates in, and its hospital and physician lines of business, for the years ended December 31, are as follows:

	2021		
	Urban	Rural	Total
Hospital patient care service revenue:			
Inpatient	$ 762,995	$ 77,630	$ 840,625
Outpatient	1,006,755	217,438	1,224,193
Physician patient care service revenue	226,264	72,032	298,296
Total patient care service revenue	$ 1,996,014	$ 367,100	$ 2,363,114

	2020		
	Urban	Rural	Total
Hospital patient care service revenue:			
Inpatient	$ 657,762	$ 54,013	$ 711,775
Outpatient	836,409	196,882	1,033,291
Physician patient care service revenue	174,745	65,428	240,173
Total patient care service revenue	$ 1,668,916	$ 316,323	$ 1,985,239

Components of patient accounts receivable, at December 31, 2021 and 2020, include Medicare, 25% and 23%, respectively; Medicaid, 10% and 9%, respectively; commercial insurers, 58% and 62%, respectively; and other, 7% and 6%, respectively.

The Corporation's practice is to assign a patient to the primary payer and not reflect other uninsured balances (for example, copays and deductibles) as self-pay. Therefore, the payers listed above contain patient responsibility components, such as co-pays and deductibles.

The Corporation has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payers for the effects of a significant financing component due to the Corporation's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payer pays for that service will be one year or less. However, the Corporation does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

(In Thousands)

Note 6. Liquidity and Availability

As of December 31, 2021 and 2020, the Corporation has a working capital surplus of $114,288 and $438,263 and average days cash on hand of 351 and 354, respectively. Financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

	2021	2020
Cash and cash equivalents	$ 179,116	$ 497,051
Short-term investments	50,035	386
Patient accounts receivable	359,510	304,323
Assets limited as to use and investments	1,852,547	1,352,993
	$ 2,441,208	$ 2,154,753

As part of the Corporation's liquidity management plan, cash in excess of daily requirements are invested in short-term investments and money market funds. At December 31, 2021 the Corporation maintained two lines of credit totaling $150,000 with the option to increase to a total of $200,000, of which no funds were drawn at December 31, 2021. At December 31, 2020, the Corporation maintained three lines of credit totaling $250,000 of which no funds were drawn at December 31, 2020.

Note 7. Property and Equipment

The cost of property and equipment consist of the following:

	2021	2020
Land and improvements	$ 164,363	$ 164,871
Buildings	1,203,598	1,198,010
Equipment	849,970	853,577
Construction in progress and items not yet placed into service	76,976	48,158
	$ 2,294,907	$ 2,264,616

The cost of commitments to complete construction-in-progress projects is estimated to be $118,800 at December 31, 2021. Depreciation expense recorded in the consolidated statements of operations and changes in net assets was $107,705 and $104,024 in 2021 and 2020, respectively.

Amortization expense on leasehold improvements recorded in the consolidated statements of operations and changes in net assets was $6,150 and $6,469 in 2021 and 2020, respectively. Amortization expense on other intangibles recorded in the consolidated statements of operations and changes in net assets was $3,899 and $2,050 in 2021 and 2020, respectively.

(In Thousands)

Note 8. Long-Term Debt

Long-term debt consists principally of tax-exempt bonds as follows:

	Interest Rate as of December 31, 2021	2021	2020
Tax-exempt, variable rate bonds:			
Series 2018C due through 2039	0.65%	$ 30,660	$ 31,700
Series 2016B due through 2046	0.55%	51,865	53,445
Series 2009BCD due through 2039	0.08%	221,705	221,705
Series 2007 due through 2032	0.10%	14,240	15,235
Tax-exempt, fixed rate serial and term bonds:			
Series 2019A due through 2030	3.01%	16,860	18,380
Series 2018A due through 2048	4.19%	82,015	82,015
Series 2018B due through 2033	4.89%	33,035	33,035
Series 2017A due through 2030	2.30%	80,285	89,200
Series 2016A due through 2041	3.20%	22,035	22,810
Series 2012A due through 2029	3.70%	56,915	63,695
Taxable, fixed rate serial and term bonds:			
Series 2020A due through 2050	3.48%	100,000	100,000
Various notes to banks	Various	47,060	58,217
Other	Various	-	8,553
		756,675	797,989
Unamortized original issue premium, net		10,319	13,652
Unamortized deferred financing costs, net		(3,877)	(4,200)
		763,117	807,441
Less current portion		27,471	28,222
		$ 735,646	$ 779,219

Following are the scheduled maturities and mandatory redemptions of long-term debt, assuming successful remarketing of variable rate bonds, and renewal of letter of credit agreements, as discussed below. If the variable rate bonds are not successfully remarketed and the letter of credit agreements are not renewed or drawn on, the annual maturities shown below may be materially different.

Year ending December 31:	
2022	$ 27,471
2023	56,884
2024	28,398
2025	29,912
2026	30,771
Thereafter	583,239
	$ 756,675

Total interest paid was $21,402 and $22,648 in 2021 and 2020, respectively. Interest cost of $42 and $1,768 in 2021 and 2020, respectively, was capitalized as part of the cost of construction.

Note 8. Long-Term Debt (Continued)

Obligations through use of Master Indenture: PH and PVH have issued taxable and tax-exempt revenue, revenue refunding, private placement, auction revenue, and variable rate demand bonds through the use of a Master Indenture, as amended and supplemented. The various agreements require PH and PVH not to incur indebtedness secured by an encumbrance and not to mortgage certain facilities except under certain circumstances. The agreements require the maintenance of debt service coverage ratios and contain certain other restrictive covenants.

On February 4, 2020, PH and PVH issued $100,000 of fixed rate taxable corporate bonds (the Series 2020A Bonds) using the Master Indenture. The proceeds of the bonds and certain other funds will be used to finance construction, renovation, equipment and furnishings for the Parkview Kosciusko Hospital project and the Parkview Southwest project. Interest on the Series 2020A Bonds is paid semiannually. The Series 2020A Bonds mature through November 2050.

On April 24, 2019, PH issued a $30,500 variable rate, taxable term loan using the Master Indenture. The proceeds of the term loan were used to refinance three medical office building loans on the PRMC campus as well as pay off the tax exempt bond held by Park Center, Inc. Interest on the term loan is paid monthly. The term loan matures on November 1, 2033.

On February 1, 2019, PH completed the execution of the forward delivery of the November 1, 2018 issue. This was a $22,120 fixed rate, tax-exempt revenue bond (the Series 2019A) using the Master Indenture and through the Indiana Finance Authority. The proceeds of the bond were used to defease the Series 2009A bonds. Interest on the Series 2019A Bonds is paid semiannually. The Series 2019A Bonds mature through November of 2030.

On February 1, 2018, PH issued a $16,200 variable rate, taxable term loan using the Master Indenture. The proceeds of the term loan and certain other funds were used to finance the purchase of an existing medical office building. Interest on the term loan is paid monthly. The term loan matures in February 2028.

On November 1, 2018, PH and PVH issued $82,015 of fixed rate tax-exempt revenue bonds (the Series 2018A Bonds) using the Master Indenture and through the Indiana Finance Authority. The proceeds of the bonds and certain other funds were being used to finance construction, renovation, equipment and furnishings for the Inpatient Capacity project. Interest on the Series 2018A Bonds is paid semiannually. The Series 2018A Bonds mature through November 2048.

On November 1, 2018, PH and PVH issued $33,035 of fixed rate taxable revenue bonds (the Series 2018B Bonds) using the Master Indenture and through the Indiana Finance Authority. The proceeds of the bonds and certain other funds were being used to finance construction, renovation, equipment and furnishings for the Inpatient Capacity project. Interest on the Series 2018B Bonds is paid semiannually. The Series 2018B Bonds mature through November 2033.

On November 1, 2018, PH issued $32,710 of variable rate tax-exempt revenue bonds (the Series 2018C Bonds) using the Master Indenture and through the Indiana Finance Authority. The proceeds of the bonds were used to refund all of the outstanding Indiana Finance Authority Series 2016C Bonds and to finance construction, renovation, equipment and furnishings for various facilities. Interest on the Series 2018C Bonds is paid monthly. The bonds mature in November 2039, but contain a five-year mandatory put option that expires in November 2023.

Note 8. Long-Term Debt (Continued)

On August 10, 2017, PH and PVH issued $110,630 of fixed rate tax-exempt revenue bonds (the Series 2017A Bonds) using the Master Indenture and through the Indiana Finance Authority. The proceeds of the bonds were used to legally defease all but $26,650 of the Series 2009A Bonds and pay for financing costs. Interest on the Series 2017A Bonds is paid semiannually. The Series 2017A Bonds mature through November 2030.

On August 17, 2016, PWB issued $25,000 of fixed rate tax-exempt private placement bonds (the Series 2016A Bonds) using the Master Indenture and through the Indiana Finance Authority. The proceeds of the bonds and certain other funds were used to finance construction and furnishings of the new Parkview Wabash Hospital facility. Interest on the Series 2016A Bonds is paid semiannually. The bonds mature in November 2041.

On August 17, 2016, PH issued variable rate, tax exempt private placement bonds (the Series 2016B Bonds) using the Master Indenture and through the Indiana Finance Authority. A total of $58,000 is available under this facility. The proceeds of the bonds and certain other funds were used to finance construction and furnishings of the Parkview Cancer Institute on the PRMC campus. Interest on the Series 2016B Bonds is paid monthly. The bonds mature in November 2046, but contain a ten-year put option that expires in August 2026.

On May 24, 2012, PH and PVH issued $85,115 of fixed rate tax-exempt revenue bonds (the Series 2012A Bonds) using the Master Indenture and through the Indiana Finance Authority. The proceeds of the bonds were used to refund all of the remaining Series 1998 Bonds, legally defease $37,335 of the Series 2009A Bonds, and pay financing costs. On October 31, 2017, $1,660 of the Series 2012A Bonds were defeased and a loss on early refunding of long-term debt of $98 was recognized in the 2017 consolidated statement of operations and changes in net assets. Interest on the Series 2012A Bonds is paid semiannually. The Series 2012A Bonds mature through May 2029. On June 10, 2021, a May 1, 2022 forward delivery was executed for refunding all of the outstanding Series 2012 Bonds with the proceeds of $49,475 of fixed rate tax exempt revenue bonds (Series 2022A Bonds) and other funds.

In August 2009, PH and PVH issued $265,530 of fixed rate, tax-exempt revenue bonds (the Series 2009A Bonds) and $223,665 of variable rate, tax-exempt revenue bonds (the Series 2009B Bonds, the Series 2009C Bonds, and the Series 2009D Bonds) using the Master Indenture and through the Indiana Finance Authority. The proceeds of the bonds were used to refund all but $19,425 of the outstanding Indiana Health Facility Financing Authority Revenue Bonds, Series 2001A, 2001B, and 2001C (collectively, the Series 2001 Bonds); refund all of the outstanding Indiana Health and Educational Facility Financing Authority Revenue Bonds, Series 2005A and 2005B (collectively, the Series 2005 Bonds); pay certain costs related to the termination of a portion of swaps related to the Series 2001 Bonds; pay costs of issuance and costs of refunding; and finance, refinance, or reimburse certain costs for capital expenditures at the PVH facilities. Interest on the Series 2009A Bonds is paid semiannually. The Series 2009C Bonds bear interest weekly, 2009BD Bonds bear interest daily, and interest is paid monthly for 2009BCD Bonds. The Series 2009A Bonds mature through May 2031. The Series 2009BCD Bonds mature through November 2039. On November 1, 2018, a February 1, 2019, forward delivery was executed for refunding of all the outstanding Series 2009A Bonds with the proceeds of $22,120 of fixed rate tax exempt revenue bonds (Series 2019A Bonds) and other funds.

Note 8. Long-Term Debt (Continued)

PH entered into four direct-pay Letter of Credit agreements (the LOCs) issued by PNC Bank (Series 2007 Bonds), Sumitomo Mitsui Banking Corporation (Series 2009C Bonds) and Wells Fargo Bank (Series 2009BD Bonds) to enhance the marketability of the bonds. Under the terms of the 2007 and 2009C LOCs, if the bonds are not successfully remarketed and thereby purchased by the banks, the principal maturities of the bonds purchased are accelerated over the subsequent three-year period commencing at least one year and one day from the draw on the LOC. Under the terms of the 2009B and 2009D LOCs, if the bonds are not successfully remarketed and thereby purchased by the bank, the principal maturities of the bonds purchased are accelerated over the subsequent three-year period from the draw on the LOC. PH would pay a defined rate, based on a formula in the agreements, at a minimum rate of 8%. The current Series 2007 LOC expires July 19, 2024; Series 2009B, and 2009D LOCs expire January 21, 2023; and the 2009C LOC expires on June 8, 2026. At December 31, 2021, all bonds had been successfully remarketed. Subsequent to December 31, 2021, the 2009B and 2009D LOCs were renewed and are set to expire on January 17, 2025.

On March 15, 2007, PLH issued $24,930 of adjustable rate, tax-exempt revenue bonds (the Series 2007 Bonds). These bonds were issued through the Indiana Health and Education Facility Financing Authority. The proceeds of the Series 2007 Bonds and certain other funds of PLH were used to finance the construction and furnishing of a new hospital facility and to pay financing costs. The Series 2007 Bonds bear interest at a weekly rate, and interest is paid monthly. The Series 2007 Bonds mature through March 2032.

NMTC financing: In December 2014, PH entered into a New Markets Tax Credit (NMTC) financing transaction to fund a portion of the construction of a new medical complex in Warsaw, Indiana. The new complex is reported as part of PWH. The NMTC structure includes PH, as a leveraged lender, and a tax credit investor formed for purposes of this transaction. As part of this structure, PH made a $6,894 leveraged loan to an investment fund where, when coupled with a capital contribution from another party and after deducting certain fees, two loans were made to PWH for a combined $9,700. The notes on these loans bear interest of 1% and mature in 2044. Interest-only payments are made during the first seven years of the notes. This transaction includes a put/call provision that becomes effective at the end of the seven-year compliance/recapture period by which the structure is unwound and all loans and obligations will be satisfied. In January 2022, Corporation completed the unwinding of the NMTC project upon expiration of the seven year compliance/recapture period and it is anticipated the Corporation will recognize a gain on the unwind of the NMTC transaction.

Debt guarantees: At December 31, 2021 and 2020, the Corporation had guaranteed approximately $2,582 and $2,945, respectively, of certain outstanding debt obligations of unconsolidated entities. If the unconsolidated entities default on their debt obligation, the Corporation would then be responsible for the obligation, net of collateral. At December 31, 2021 and 2020, the Corporation has no amounts accrued related to these guarantees.

Note 8. Long-Term Debt (Continued)

Obligated group and Credit group: The Obligated Group, as defined in the Amended and Restated Master Trust Indenture between Parkview Health System, Inc.; Parkview Hospital, Inc.; and certain other entities referred to herein as members of the Obligated Group and U.S. Bank Trust Company, National Association (successor to National City Bank of Indiana), as Master Trustee, dated as of November 1, 1998, consists of Parkview Health System, Inc.; Parkview Hospital, Inc.; and any other Obligated Group Affiliate that has fulfilled the requirements for entry into the Obligated Group. Parkview Hospital, Inc. includes Parkview Regional Medical Center and the accounts and activities of Parkview Hospital Randallia, Parkview Behavioral Health and Parkview Home Health and Hospice. Parkview Professional Programs, Inc. is a wholly owned subsidiary of Parkview Hospital, Inc. Included with Parkview Health System, Inc. are the entities of Parkview Physicians Group; Midwest Community Health Associates, Inc.; Parkview Care Partners LLC; Parkview Strategic Enterprises LLC.; Foundation Surgery Affiliates of Fort Wayne, LLC; and the joint venture of Orthopaedic Hospital at Parkview North, LLC and its wholly owned subsidiaries of Parkview Ortho Center, LLC.

On July 20, 2011, the Community Hospital of LaGrange County, Inc. became a designated affiliate of the Obligated Group. On August 17, 2016, Parkview Wabash Hospital, Inc. became a designated affiliate of the Obligated Group. The Credit Group for the year ended December 31, 2021, consists of the Obligated Group members (Parkview Health System, Inc. and Parkview Hospital, Inc.) and the designated affiliates (the Community Hospital of LaGrange County, Inc. and Parkview Wabash Hospital, Inc.).

Note 9. Revolving Credit Facility

During the years ending December 31, 2021 and 2020, PH entered into multiple revolving credit facility agreements with multiple financial institutions in an aggregate principal amount totaling $150,000 (with the option to increase to total $200,000) and $250,000, respectively. The revolving credit facility agreements bear interest at 1-month LIBOR (.10% and .14% at December 31, 2021 and 2020, respectively) plus a credit spread adjustment. The revolving credit agreements are secured by PH's Master Indenture. The 2021 revolving credit facility agreements mature between May 31 and June 7, 2022, unless extended by the banks pursuant to any modification, extension or renewal note executed by the Obligated Group. The 2020 revolving credit facility agreements matured between June 7 and 16, 2021. There were no amounts borrowed during the year or outstanding on the revolving credit facility agreements at December 31, 2021 and 2020.

Note 10. Interest Rate Swaps and Other Derivatives

PH uses a combination of interest rate swap agreements with the objective to mitigate the impact interest rate fluctuations have on its interest payments. PH uses rate-lock, fixed payor, fixed spread basis, and forward fixed payor contracts entered into with various third parties. Interest rate swap contracts between PH and a third party (counterparty) provide for the periodic exchange of payments between the parties based on changes in a defined index and a fixed rate and include counterparty credit risk. This is the risk that contractual obligations of the counterparties will not be fulfilled. Concentrations of credit risk relate to groups of counterparties that have similar economic or industry characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Counterparty credit risk is managed by requiring high credit standards for PH's counterparties. The counterparties to these contracts are financial institutions that carry investment-grade credit ratings. The interest rate swap contracts contain collateral provisions applicable to both parties to mitigate credit risk. PH does not anticipate nonperformance by its counterparties. The interest rate swap agreements require PH to post collateral if the liability balance, depending on the counterparty, is greater than $15,000 to $30,750. No collateral was required to be posted by PH at December 31, 2021 and 2020. PH's policy is to present the collateral on a gross basis in the consolidated balance sheets.

(In Thousands)

Note 10. Interest Rate Swaps and Other Derivatives (Continued)

In 2021, PH elected the optional expedient for instruments accounted for as derivative instruments in accordance with FASB ASC 815-10, modified due to the adoption of ASU 2020-04, *Reference Rate Reform*. By applying the optional expedient, the modified instruments are accounted for and presented in the same manner as the instruments existing before the modification. Due to existing swap agreements utilizing LIBOR index rates, on November 4, 2021, PH submitted an adherence letter to the International Swaps and Derivatives Association, Inc. (ISDA) to confirm adherence to the IDSA 2020 IBOR fallbacks protocol as published by the ISDA on October 23, 2020.

The following table is a summary of the outstanding positions under these interest rate swap agreements at December 31:

Expiration Date	PH Pays	PH Receives	Notional Amount 2021	Notional Amount 2020
2031	3.65% - 3.71%[1]	67.0% of one-month LIBOR	$ 24,975	$ 25,800
2028	3.26% [1]	62.4% of one-month LIBOR + 0.29% margin	45,005	45,005
2033	3.49%[1]	62.4% of ten-year LIBOR -0.037% margin	88,700	91,500
2037	3.81%[2]	61.8% of one-month LIBOR + 0.31% margin	144,340	144,340
2025	BMA/SIFMA Index[3]	68% of ten-year LIBOR + 0.225%-0.232% margin	120,000	120,000
			$ 423,020	$ 426,645

(1) The objective of these four interest rate swaps is to mitigate interest rate fluctuations and synthetically fix certain variable rate exposure.
(2) The objective of these two interest rate swaps is to mitigate interest rate fluctuations and synthetically fix certain variable rate exposure.
(3) The objective of these two interest rate swaps is to take advantage of yield curve differences and mitigate risk on future bond offerings. These interest rate swaps are not associated with outstanding debt.

The fair value of derivative instruments is as follows:

Derivatives Not Designated as Hedging Instruments	Balance Sheet Classification	December 31, 2021	December 31, 2020
Interest rate swap agreements	Interest rate swaps (Other assets)	$ 2,643	$ 4,805
Interest rate swap agreements	Interest rate swaps (Noncurrent liabilities)	(72,474)	(90,689)
		$ (69,831)	$ (85,884)

(In Thousands)

Note 10. Interest Rate Swaps and Other Derivatives (Continued)

The effects of derivative instruments on the consolidated statements of operations and changes in net assets are as follows:

Derivatives Not Designated as Hedging Instruments	Location of Gain (Loss) on Derivatives Recognized in Excess of Revenue Over Expenses	Amount of Gain (Loss) on Derivatives Recognized in Excess of Revenue Over Expenses December 31, 2021		Amount of Gain (Loss) on Derivatives Recognized in Excess of Revenue Over Expenses December 31, 2020	
Interest rate swap agreements - unrealized gains (losses)	Unrealized gains (losses) on interest rate swaps, net	$	16,053	$	(16,009)
Interest rate swap agreements - settlement payments	Interest and financing costs		(8,206)		(9,071)
		$	7,847	$	(25,080)

Interest rate swap settlement payments, net were $8,220 and $9,665 in 2021 and 2020, respectively, of which $14 and $594 was capitalized as part of the cost of construction in 2021 and 2020, respectively.

Note 11. Pension Plans

Defined benefit pension plan: The Corporation sponsors a noncontributory defined benefit pension plan (the Plan) covering eligible employees employed prior to January 2005. Plan benefits are based on years of benefit service and an employee's compensation during a consecutive five-year term of employment within the ten years prior to benefit determination. Participants who elected to continue participation in this plan after January 1, 2005 continue to accrue benefits. This plan is frozen to new participants after December 31, 2004.

The following table sets forth the changes in projected benefit obligation and changes in Plan assets for the years ended December 31 and the funded status of the Plan and accrued pension obligation as of December 31 as actuarially determined:

		2021		2020
Change in projected benefit obligation:				
Projected benefit obligation at beginning of year	$	588,637	$	552,391
Service cost		8,093		8,349
Interest cost		15,766		18,593
Actuarial loss		5,945		39,054
Benefits paid		(21,968)		(29,750)
Projected benefit obligation at end of year		596,473		588,637
Change in Plan assets:				
Plan assets at fair value at beginning of year		445,513		424,415
Actual return on plan assets		40,368		37,348
Employer contributions		9,600		13,500
Benefits paid		(21,968)		(29,750)
Plan assets at fair value at end of year		473,513		445,513
Funded status of the Plan (recognized as accrued pension obligations)	$	(122,960)	$	(143,124)

(In Thousands)

Note 11. Pension Plans (Continued)

Items included in unrestricted net assets that have not yet been recognized as a component of net periodic pension cost at December 31 are as follows:

	2021	2020
Unrecognized net actuarial loss	$ 167,665	$ 187,845

Changes in Plan assets and benefit obligation recognized in unrestricted net assets during the years ended December 31 include the following:

	2021	2020
Current year actuarial gain (loss)	$ 5,387	$ (29,608)
Current year amortization of actuarial loss	14,793	14,460
	$ 20,180	$ (15,148)

The components for net periodic benefit cost for the years ended December 31 consists of the following:

	2021	2020
Service cost	$ 8,093	$ 8,349
Interest cost	15,766	18,593
Expected return on Plan assets	(29,038)	(27,883)
Amortization of unrecognized net loss	14,793	14,460
Net periodic benefit cost	$ 9,614	$ 13,519

The service cost component is included in salaries and benefits expense and the nonservice cost components of net periodic benefit cost is reflected within the nonoperating section of the consolidated statement operations and changes in net assets.

The accumulated benefit obligation at December 31, 2021 and 2020, was $546,191 and $554,748, respectively.

(In Thousands)

Note 11. Pension Plans (Continued)

The weighted-average assumptions used to determine benefit obligations at December 31 and net periodic benefit costs for the years then ended are as follows:

	2021	2020
Assumptions – benefit obligations:		
Discount rate	2.96%	2.73%
Rate of compensation increase	9.00% for 2021, 3.00% for 2022, then 3.00% after 2022	1.00% for 2020, 2.50% for 2021, 2.50% for 2022, then 3.00% after 2022
Assumptions – net periodic benefit cost:		
Discount rate	2.73%	3.43%
Expected return on plan assets	6.75%	7.00%
Rate of compensation increase	1.00% for 2020, 2.50% for 2021 and 2022, and 3.00% after 2022	6.5% for 2019, 4.50% for 2020, and 3.50% after 2020

The amortization of any prior service cost is determined using a straight-line amortization of the cost over the average remaining service period of employees expected to receive benefits under the Plan. The discount rate was changed from 2.73% to 2.96% for 2021. This change had the impact of decreasing the projected benefit obligation by approximately $19,800.

In 2021, a change from PRI-2012 Amount Weighted Total Dataset male and female mortality tables projected generationally with improvement scale MP-2020 to the PRI-2012 Amount Weighted Total Dataset male and female mortality tables, projected generationally with improvement scale MP-2021 was made in the calculation of the benefit obligation. This change scale had the impact of increasing the projected benefit obligation by approximately $2,000.

In 2021, the change in future salary increase assumptions had the impact of increasing the projected benefit obligation by approximately $22,400. Other sources of gain/loss such as plan experience, updated census data and minor adjustments to actuarial assumptions increased the projected benefit obligation by approximately $1,300.

The principal long-term determinant of a portfolio's investment return is its asset allocation. The Plan's allocation is currently weighted toward growth assets (62%) versus fixed income (38%). The Corporation's policy on investment allocation for the Plan consists of an allocation of 35% to 75% for growth investments and 30% to 60% for fixed income investments. Within the growth investment classification, the Plan's asset strategy encompasses equity and equity-like instruments that are public market investments. These equity and equity-like instruments are public equity securities that are well diversified and invested in U.S. and international companies. Management believes its active strategies have added value relative to passive benchmark returns. The expected long-term rate of return assumption is based on the mix of assets in the Plan, the long-term earnings expected to be associated with each asset class, and the additional return expected through active management. This assumption is periodically benchmarked against peer plans.

(In Thousands)

Note 11. Pension Plans (Continued)

The Plan’s asset allocations at December 31, by asset category, are as follows:

	2021	2020
Real estate investment trust	4 %	4 %
Real estate investment fund	2	4
Commingled funds	12	3
International equities	4	3
Domestic equities	22	21
Mortgage and asset backed securities	9	10
Corporate bonds	10	13
Municipal bonds	1	1
Mutual funds – equity	15	16
Mutual funds – bond	17	21
US government and agency obligations	2	2
Cash and short-term investments	1	1
Guaranteed investment contract	1	1
	100 %	100 %

The fair value of pension plan assets was determined using the following inputs at December 31:

		2021		
	Fair Value	Level 1	Level 2	Level 3
International equity	$ 17,861	$ 17,861	$ -	$ -
Domestic equity	106,653	99,188	7,465	-
Mortgage and asset backed securities	42,382	-	42,382	-
Municipal bonds	2,635	-	2,635	-
Corporate bonds	49,078	-	49,078	-
Mutual funds - equity	72,154	72,154	-	-
Mutual funds - bond	80,091	8,727	71,364	-
US government and agency obligations	9,827	9,827	-	-
Cash and short-term investments	2,518	2,518	-	-
Guaranteed investment contract	4,282	-	-	4,282
Total investments at fair value	387,481	$ 210,275	$ 172,924	$ 4,282
Investments reported based on net asset value:				
Real estate investment trust	19,351			
Real estate investment fund	11,630			
Commingled funds	55,694			
Total investments reported at net asset value:	86,675			
Less: Pending trades	(643)			
Total investment assets	$ 473,513			

(In Thousands)

Note 11. Pension Plans (Continued)

		2020		
	Fair Value	Level 1	Level 2	Level 3
International equity	$ 14,298	$ 14,298	$ -	$ -
Domestic equity	93,260	87,927	5,333	-
Mortgage and asset backed securities	44,258	-	44,258	-
Municipal bonds	4,547	-	4,547	-
Corporate bonds	56,578	-	56,578	-
Mutual funds - equity	73,035	73,035	-	-
Mutual funds - bond	97,841	20,378	77,463	-
US government and agency obligations	9,271	9,271	-	-
Cash and short-term investments	3,637	-	3,637	-
Guaranteed investment contract	2,638	-	-	2,638
Total investments at fair value	399,363	$ 204,909	$ 191,816	$ 2,638
Investments reported based on net asset value:				
Real estate investment trust	15,621			
Real estate investment fund	15,792			
Commingled funds	14,847			
Total investments reported at net asset value:	46,260			
Less: Pending trades	(110)			
Total investment assets	$ 445,513			

Fair value methodologies for Level 1 and Level 2 investments are consistent with the inputs described in Note 4. The fair value of the Level 3 interest in the guaranteed investment contract (GIC) is based on information reported by the issuer of the GIC at year-end.

Estimated future benefit payments are as follows:

Year ending December 31:	
2022	$ 23,738
2023	24,929
2024	26,102
2025	27,281
2026	28,496
2027 - 2031	154,838

The Corporation expects to make no contributions to its defined benefit pension plan in 2021.

Defined contribution and other pension plans: PH offers two noncontributory defined contributions plans. The Choice Contribution Retirement Plan provides a benefit for those participants in the defined benefit pension plan that elected to freeze their defined benefit pension plan benefits as of December 31 2004 and participate in this plan beginning January 1, 2005. This plan is frozen to new participants after December 31, 2004. Eligible employees hired or rehired on January 1, 2005 and after, participate in the Retirement Contribution Plan. The accrued liability for the defined contribution pension plan is $34,498 and $31,071 at December 31, 2021 and 2020, respectively, and is recorded as a current liability on the consolidated balance sheets. During 2021 and 2020, expense for this plan totaled $34,468 and $31,142, respectively, and is included in salaries and benefits expense.

Note 11. Pension Plans (Continued)

Employee contributions to the 403(b) and 401(k) plans are based on a percentage of eligible employee compensation, as defined by the employee. The contributions for the 403(b) and 401(k) plans were $18,300 and $15,102 in 2021 and 2020, respectively, and were reported as salaries and benefits expense.

Note 12. Malpractice Insurance

The Corporation and its affiliates are subject to pending and threatened legal actions that arise in the normal course of their activities. Medical malpractice coverage is provided through a program of self-insurance and commercial insurance and considers limitations imposed by the Indiana Medical Malpractice Act, as amended (the Act). The "Act" limits the amount of individual claims to $1,250 (effective July 1, 1999 through June 30, 2017), of which $1,000 would be paid by the State of Indiana Patient Compensation Fund (PCF) and $250 by the Corporation or by its commercial insurer, The Medical Protective Company. Effective July 1, 2017, this limit increased to $1,650, of which $1,250 would be paid by the PCF and $400 by the Corporation or its commercial insurer. Effective July 1, 2019, this limit increased to $1,800, of which $1,300 would be paid by the PCF and $500 by the Corporation or its commercial insurer.

Malpractice claims for incidents that may give rise to litigation have been asserted against the Corporation by various claimants. The claims are in various stages of resolution, and some may ultimately be brought to trial. There are also reported incidents that have occurred through December 31, 2021, which may result in the assertion of additional claims. There may be other claims from unreported incidents arising from services provided to patients. The liability for medical malpractice includes amounts for claims and related legal expenses for these incurred but not reported incidents. This liability is actuarially determined by combining industry data and the Corporation's historical experience. Accrued malpractice losses and insurance recovery receivables have been discounted at 3.5% in 2021 and 2020, in management's opinion, provide adequate reserve for loss contingencies. The Corporation recorded receivable balances to reflect the expected recovery from commercial insurance coverage. The Corporation is reporting receivables of $1,516 and $1,264 in prepaid expenses and other current assets at December 31, 2021 and 2020, respectively, and $2,305 and $2,054 in other assets at December 31, 2021 and 2020, respectively. The Corporation has recorded malpractice liabilities of $3,392 and $2,840 in accounts payable and accrued expenses as of December 31, 2021 and 2020, respectively, and $9,396 and $8,912 at December 31, 2021 and 2020, respectively, in other liabilities in the consolidated balance sheets.

The Corporation established a revocable, restricted trust for claims not covered by commercial insurance for the purpose of setting aside assets based on actuarial funding recommendations. Under the trust agreements, the trust assets can only be used for payment of malpractice and general liability losses, related expenses, and the cost of administering the trust. The balance of the trust was $7,707 and $7,009 at December 31, 2021 and 2020, respectively. The trust is included in Investments – Funds held by trustees in the consolidated balance sheets.

Note 13. Leases

The Corporation enters into contracts to lease real estate, equipment and vehicles. The Corporation's most significant lease liabilities relate to real estate leases that have initial contract lease terms ranging from 1 to 15 years. Certain leases include renewal, termination or purchase options that were not deemed reasonably assured of exercise under ASC 840. Under ASC Topic 842, the lease term at the lease commencement date is determined based on the non-cancellable period for which the Corporation has the right to use the underlying asset, together with any periods covered by an option to extend the lease if the Corporation is reasonably certain to exercise that option, periods covered by an option to terminate the lease if the Corporation is reasonably certain not to exercise that option, and periods covered by an option to extend (or not to terminate) the lease in which the exercise of the option is controlled by the lessor. The Corporation considered a number of factors when evaluating whether the options in its lease contracts were reasonably certain of exercise, such as length of time before option exercise, expected value of the leased asset at the end of the initial lease term, importance of the lease to overall operations, costs to negotiate a new lease, and any contractual or economic penalties. Operating leases result in a straight-line lease expense, while finance leases result in a front-loaded expense pattern. The Corporation does not sublease any of its leased assets to third parties, and the Corporation is not party to any lease contracts with related parties. The Corporation's lease agreements do not contain any residual value guarantees or restrictive covenants.

ASC Topic 842 includes a number of reassessment and re-measurement requirements for lessees based on certain triggering events or conditions, including whether a contract is or contains a lease, assessment of lease term and purchase options, measurement of lease payments, assessment of lease classification and assessment of the discount rate. The Corporation reviewed the reassessment and re-measurement requirements and did not identify any events or conditions during the years ended December 31, 2021 and 2020 that required a reassessment or re-measurement. In addition, there were no impairment indicators identified during the years ended December 31, 2021 and 2020 that required an impairment test for the Corporation's right-of-use assets or other long-lived assets in accordance with ASC 360-10.

(In Thousands)

Note 13. Leases (Continued)

The components of lease expense and supplemental cash flow information related to leases for the period are as follows:

	2021	2020
Operating lease cost	$ 10,711	$ 10,484
Finance lease cost - amortization of right-of-use assets	6,139	4,188
Finance lease cost - interest on lease liabilities	290	320
Total lease cost	$ 17,140	$ 14,992

	2021	2020
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows - payments on operating leases	$ 10,672	$ 10,053
Operating cash outflows - payments on finance leases	$ 284	$ 302
Financing cash outflows - payments on finance leases	$ 6,304	$ 4,526
Right-of-use assets obtained in exchange for new lease obligations:		
Finance leases	$ 19,205	$ 5,769
Operating leases	$ 691	$ 3,411

	2021	2020
Operating leases:		
Operating lease assets	$ 37,234	$ 43,375
Other current liabilities	$ 8,055	$ 7,892
Operating lease liabilities	30,154	36,271
Total operating lease liabilities	$ 38,209	$ 44,163
Finance leases:		
Machinery and equipment	$ 38,626	$ 19,818
Accumulated depreciation	(17,794)	(11,935)
Finance lease right-of-use assets, net	$ 20,832	$ 7,883
Current portion of finance lease liabilities	$ 6,187	$ 4,047
Long-term portion of finance lease liabilities	15,297	5,015
Total finance lease liabilities	$ 21,484	$ 9,062
Weighted-average remaining lease term:		
Operating leases	7.2 Years	7.6 Years
Finance leases	4.5 Years	2.6 Years
Weighted-average discount rate:		
Operating leases	2.46%	2.46%
Finance leases	1.40%	2.86%

(In Thousands)

Note 13. Leases (Continued)

	Operating Leases	Finance Leases
Year ending December 31,		
2022	$ 9,001	$ 6,425
2023	7,545	4,654
2024	5,640	3,763
2025	3,799	3,128
2026	3,768	2,128
Thereafter	12,642	1,989
Total lease payments	42,395	22,087
Less imputed interest	4,186	603
Total present value of lease liabilities	$ 38,209	$ 21,484

PVH owns the Ortho Hospital building and leases space to ORTHO under a non-cancelable operating lease that will expire in 2022, with an auto-renewal clause until 2027. ORTHO owns the Parkview Surgery One building and leases it to Parkview Ortho Center LLC under a non-cancelable operating lease that expires in 2025. PH has 60% ownership of ORTHO, which owns the Parkview Ortho Center LLC. Rental revenue and expense associated with leases are eliminated in consolidation, and the related future minimum lease payments have been excluded from the above table.

Note 14. Functional Expenses

The cost of providing the Corporation’s programs and other activities is summarized on a functional basis. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied. Each year the basis on which costs are allocated is evaluated.

Management, general and administrative expenses include costs that are not directly identifiable with any specific program, but which provide for the overall support of the Corporation.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Corporation generally does not conduct its fundraising activities in conjunction with its other activities. Additionally, advertising costs are expensed as incurred.

(In Thousands)

Note 14. Functional Expenses (Continued)

The Corporation, as an integrated health care delivery system, provides and manages the health care needs of its patients. Aggregate direct expenses for these services as a percentage of total expenses were approximately 92% and 91% for the years ended December 31, 2021 and 2020, respectively. A summary of expense by function for the years ended December 31 is as follows:

	2021							
	Health Care Services					Support Services		
	Acute	Ambulatory	Physician	Post Acute	Health Plan	Management and General	Fundraising	Total
Salaries and benefits	$ 320,013	$ 404,115	$ 472,950	$ 46,474	$ 2,606	$ 114,473	$ 977	$ 1,361,608
Supplies	169,574	229,256	28,662	11,187	42	5,193	20	443,934
Purchased services	20,695	92,018	19,037	3,322	691	26,009	34	161,806
Utilities, repairs, and maintenance	13,736	40,950	4,448	278	29	15,998	10	75,449
Depreciation and amortization	58,394	50,470	11,946	2,874	261	57	53	124,055
Hospital assessment fee	47,228	40,819	-	2,324	-	-	-	90,371
Interest and financing costs	12,560	10,856	2,570	618	56	12	11	26,683
Other	7,217	21,965	30,113	1,083	103	32,354	430	93,265
	$ 649,417	$ 890,449	$ 569,726	$ 68,160	$ 3,788	$ 194,096	$ 1,535	$ 2,377,171

	2020							
	Health Care Services					Support Services		
	Acute	Ambulatory	Physician	Post Acute	Health Plan	Management and General	Fundraising	Total
Salaries and benefits	$ 248,112	$ 358,546	$ 412,787	$ 39,123	$ 3,132	$ 106,470	$ 1,898	$ 1,170,068
Supplies	149,173	179,983	33,004	8,905	56	5,529	89	376,739
Purchased services	19,754	87,177	23,443	3,470	374	23,560	116	157,894
Utilities, repairs, and maintenance	13,435	43,901	3,814	334	38	17,206	11	78,739
Depreciation and amortization	57,779	45,345	10,898	2,708	99	41	56	116,926
Hospital assessment fee	44,537	34,952	-	2,087	-	-	-	81,576
Interest and financing costs	13,397	10,514	2,527	628	23	9	13	27,111
Other	3,909	20,416	27,212	1,047	93	28,234	907	81,818
	$ 550,096	$ 780,834	$ 513,685	$ 58,302	$ 3,815	$ 181,049	$ 3,090	$ 2,090,871

Note 15. Indiana Medicaid Disproportionate Share

Under Indiana law (IC 12-15-16 (1-3)), health care providers qualifying as State of Indiana Medicaid Acute Disproportionate Share and Medicaid Safety Net Hospitals (DSH providers) are eligible to receive Indiana Medicaid Disproportionate Share (State DSH) payments. The amount of these additional State DSH funds is dependent on regulatory approval by agencies of the federal and state governments and is determined by the level, extent, and cost of uncompensated care (as defined) and various other factors. State DSH payments are paid according to the fiscal year of the state, which ends on June 30 of each year, and are based on the cost of uncompensated care provided by the DSH providers during their respective fiscal year ended during the state fiscal year.

In 2021, PH recognized $15,439 in income from Indiana Medical Disproportionate State payments, $13,922 of which pertained to state fiscal year 2019 and $ 1,517 of which pertained to state fiscal year 2018.

In 2020, PH recognized $13,549 in income from Indiana Medical Disproportionate State payments, $13,360 of which pertained to state fiscal year 2018 and $189 of which pertained to state fiscal year 2017.

At December 31, 2021 and 2020, PH had $3,844 of deferred State DSH revenue and $3,395 of State DSH payments receivable recorded, respectively.

Note 16. Indiana Hospital Assessment Fee Program

In May 2012, the Indiana Hospital Assessment Fee program (HAF) was approved by the federal Centers for Medicare and Medicaid Services (CMS) through June 30, 2017. Effective July 1, 2017, the HAF program was renewed through June 30, 2019. Under HAF, Indiana hospitals receive additional federal Medicaid funds for the state's health care system, administered by the Indiana Family and Social Services Administration. HAF includes both a payment to the hospitals from the state and an assessment against the hospitals, which is paid to the state in the same year.

Beginning in February 2017, the HAF payments to providers were incorporated into claim-by-claim payments from both Medicaid and the Medicaid Managed Care Entities. Therefore, payments to PH recognized for the years ended December 31, 2021 and 2020, cannot be separately identified. HAF assessments against PH for 2021 were $90,371 and 2020 were $81,576.

HAF payments to PH are included in net patient service care revenue in the consolidated statements of operations and changes in net assets. HAF assessments against PH are included in operating expense in the consolidated statements of operations and changes in net assets.

Note 17. Commitments and Contingencies

PH is self-insured for employee health claims. At December 31, 2021 and 2020, PH had estimated liabilities for claims incurred that have not yet been reported based on historical claims experience, which was $13,827 and $16,724, respectively. These benefits are recorded in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

Regulatory Environment Including Fraud and Abuse Matters: The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, governmental health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the PH is in compliance with fraud and abuse, as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or asserted at this time.

Note 18. Novel Coronavirus Disease 2019 (COVID-19) Pandemic and Relief Funding

On January 30, 2020, the World Health Organization declared the COVID-19 coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. The spread of COVID-19, a novel strain of coronavirus, has altered the behavior of business and people in a manner that has had negative effects on local, regional and global economies, including disrupting the healthcare industry.

Note 18. Novel Coronavirus Disease 2019 (COVID-19) Pandemic and Relief Funding (Continued)

The pandemic adversely impacted the Corporation's operations, including a decline in patient volumes and patient service revenue as local authorities shut down elective surgeries and other procedures from mid-March through mid-May 2020. Additionally, certain physician offices and ambulatory facilities were temporarily closed, and patients' desire to seek care was initially diminished. The Corporation has also incurred, and will continue to incur, significant costs to address COVID-19, which include increased supply costs, including for personal protective equipment, and additional labor costs. Although patient volumes have largely recovered since the onset of the pandemic, the potential future impact of the pandemic on the Corporation market and facilities is difficult to predict.

In response to the COVID-19 pandemic, Congress passed the CARES Act, which was signed into law on March 27, 2020. The CARES Act provides funding to fight the COVID-19 pandemic, stimulate the U.S. economy, and provide assistance to affected industries. The CARES Act clarifies that all COVID-19 testing, preventive services, and vaccines are to be provided by private insurance plans without cost sharing. The CARES Act also delays certain Medicare and Medicaid cuts (e.g. Medicare sequestration, disproportionate share hospital reductions) and extends certain other government programs. In addition, the U.S. Department of Health and Human Services, the Centers for Medicare and Medicaid Services, and the Health Resources and Services Administration all issued various waivers of regulations governing coverage of specific services and conditions of program participation.

In response to the COVID-19 pandemic, the Corporation received $115,399 of advance payments from the Medicare program during the year ended December 31, 2020. These advances will be recouped from Medicare claims submitted beginning twelve months after the receipt of the funds (April 3, 2021 for the Corporation). Final payment of any still outstanding balance will be due by October 2, 2022. The related liability is reported as a contract liability Medicare Advance Payment Program in the accompanying December 31, 2020 consolidated balance sheet. The balance of accelerated and advance payments at December 31, 2021 was $68,198.

The CARES Act included emergency funding for health care expenses or lost revenues not otherwise reimbursed, for treating COVID-19 patients. The Corporation received $3,918 and $122,089 of Provider Relief Fund program distributions, all of which have been recorded as other revenue in the accompanying December 31, 2021 and 2020 consolidated statement of operations and changes in net assets, respectively. Provider Relief Fund distributions are not loans and, therefore, they are not subject to repayment unless funds received exceed qualifying health care related expenses and lost revenues. However, as a condition to receiving distributions, the Corporation agreed to certain terms and conditions, including, among other things, that the funds are being used for lost revenues and COVID-related costs. Amounts recognized as revenue could change in the future based upon the evolving grant compliance guidance provided by the government.

Parkview received $23,764 of American Rescue Plan Rural (ARP) Distributions in 2021 that have been recorded as other revenue in the accompanying December 31, 2021 consolidated statement of operations and changes in net assets. The ARP distributions are not loans and, therefore, they are not subject to repayment unless funds received exceed qualifying health care related expenses and lost revenues. The Corporation has agreed to certain terms and conditions, including, among other things, that the funds are being used for lost revenues and COVID-related costs. The lost revenue and COVID-related costs must be reported on a Tax Identification Number-by-Tax Identification Number basis, according to the most recent guidance from HRSA. Amounts recognized as revenue could change in the future based upon the evolving grant compliance guidance provided by the government.

Note 18. Novel Coronavirus Disease 2019 (COVID-19) Pandemic and Relief Funding (Continued)

Additionally, Parkview billed $2,163 under the COVID-19 Testing for the Uninsured program, which is reported within net patient service revenue in the accompanying December 31, 2020 consolidated statement of operations and changes in net assets.

Pursuant to the CARES Act, the employer share of the social security portion of FICA taxes due for the period beginning on March 27, 2020, and ending December 31, 2020, can be deferred, with payment of 50% of the deferred amount to be paid on December 31, 2021, and the remaining 50% of the deferred amount to be paid on December 31, 2022. As of December 31, 2021 and 2020, the Corporation has deferred $16,264 and $32,529, respectively, of FICA taxes, which is included in accrued salaries, wages and related liabilities in the accompanying consolidated balance sheets.

Note 19. Subsequent Events

PH has evaluated subsequent events for potential recognition and/or disclosure through March 24, 2022, the date the consolidated financial statements were issued. Parkview received $13,712 in Provider Relief Funds Distributions on January 26, 2022.

On May 1, 2022, the Corporation is scheduled close on the forward delivery of the $49,475 Series 2022A Bond issue (see Note 8).

Supplementary Information

Parkview Health System, Inc. and Subsidiaries
d/b/a Parkview Health

Details of Consolidated Balance Sheet
December 31, 2021
(In Thousands)

	Parkview Hospital, Inc. [1]	Parkview Health System, Inc. [1]	Parkview Huntington Hospital	Parkview Whitley Hospital	Parkview Noble Hospital	Parkview LaGrange Hospital [2]	Parkview Wabash Hospital [2]	Parkview DeKalb Hospital	Managed Care Services	Parkview Occupational Health Centers	Park Center, Inc.	Parkview Hospital Foundation	Parkview Huntington Hospital Foundation	Parkview Whitley Hospital Foundation	Parkview Noble Foundation	Parkview LaGrange Hospital Foundation	Parkview Wabash Hospital Foundation	Parkview DeKalb Hospital Foundation	Obligated Group Eliminations [1]	Credit Group Eliminations [2]	Other Eliminations	Consolidated
Assets																						
Current assets:																						
Cash and cash equivalents	$ (415)	$ 183,018	$ 2	$ 4	$ 20	$ 2	$ 1	$ 87	$ -	$ (35)	$ 538	$ 905	$ 136	$ 69	$ 42	$ 238	$ 800	$ 49	$ -	$ -	$ -	$ 185,461
Short-term investments	-	50,035	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,035
Patient accounts receivable	243,930	50,360	11,159	15,720	11,935	7,280	11,326	11,399	-	1,575	3,191	-	-	-	-	-	-	-	-	-	(8,365)	359,510
Inventories	28,326	28,710	313	540	361	396	904	880	-	-	29	-	-	-	-	-	-	-	-	-	-	60,459
Prepaid expenses and other current assets	(132,930)	91,708	16,082	43,929	35,185	5,793	(21,059)	5,950	18,044	(12,180)	(2,877)	940	347	249	499	195	484	16	-	-	(5,341)	45,034
Estimated third-party payer settlements	54	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	54
Due from investment brokers	-	20,160	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,160
Total current assets	138,965	423,991	27,556	60,193	47,501	13,471	(8,828)	18,316	18,044	(10,640)	881	1,845	483	318	541	433	1,284	65	-	-	(13,706)	720,713
Assets limited as to use and investments:																						
Investments - less short-term investments	32,535	1,754,817	49,894	73,231	-	-	-	25,046	-	-	585	15,588	3,011	429	2,023	-	4,579	-	-	-	-	1,961,738
Funds held by trustees	-	7,707	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,707
Other investments	-	3,061	-	-	-	-	-	-	-	-	-	-	-	298	-	-	841	-	-	-	-	4,200
	32,535	1,765,585	49,894	73,231	-	-	-	25,046	-	-	585	15,588	3,011	727	2,023	-	5,420	-	-	-	-	1,973,645
Property and equipment:																						
Cost	1,333,344	732,533	27,168	43,833	16,840	34,892	48,107	32,492	818	2,612	21,972	249	14	16	17	-	-	-	-	-	-	2,294,907
Less accumulated depreciation and amortization	614,143	385,818	15,723	20,325	12,207	21,861	13,420	4,875	761	1,583	6,037	164	14	16	17	-	-	-	-	-	-	1,096,964
	719,201	346,715	11,445	23,508	4,633	13,031	34,687	27,617	57	1,029	15,935	85	-	-	-	-	-	-	-	-	-	1,197,943
Other assets:																						
Finance lease right-of-use assets, net	14,675	1,107	643	2,445	322	423	685	431	-	-	101	-	-	-	-	-	-	-	-	-	-	20,832
Operating lease right-of-use assets, net	561	32,827	120	-	5	44	1,035	43	-	1,142	1,457	-	-	-	-	-	-	-	-	-	-	37,234
Interest rate swaps	-	2,643	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,643
Investments in joint ventures	2,096	3,920	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,016
Goodwill and intangible assets, net	22,491	76,766	246	-	-	5,011	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	104,514
Other assets	551	39,163	-	-	-	-	-	-	-	-	437	7	-	-	-	-	-	-	-	-	-	40,158
	40,374	156,426	1,009	2,445	327	5,478	1,720	474	-	1,142	1,995	7	-	-	-	-	-	-	-	-	-	211,397
Total assets	$ 931,075	$ 2,692,717	$ 89,904	$ 159,377	$ 52,461	$ 31,980	$ 27,579	$ 71,453	$ 18,101	$ (8,469)	$ 19,396	$ 17,525	$ 3,494	$ 1,045	$ 2,564	$ 433	$ 6,704	$ 65	$ -	$ -	$ (13,706)	$ 4,103,698

[1] Parkview Obligated Group entity.
[2] Parkview Credit Group entity.

Parkview Health System, Inc. and Subsidiaries
d/b/a Parkview Health

Details of Consolidated Balance Sheet (Continued)
December 31, 2021
(In Thousands)

	Parkview Hospital, Inc. [1]	Parkview Health System, Inc. [1]	Parkview Huntington Hospital	Parkview Whitley Hospital	Parkview Noble Hospital	Parkview LaGrange Hospital [2]	Parkview Wabash Hospital [2]	Parkview DeKalb Hospital	Managed Care Services	Parkview Occupational Health Centers	Park Center, Inc.	Parkview Hospital Foundation	Parkview Huntington Hospital Foundation	Parkview Whitley Hospital Foundation	Parkview Noble Foundation	Parkview LaGrange Hospital Foundation	Parkview Wabash Hospital Foundation	Parkview DeKalb Hospital Foundation	Obligated Group Eliminations [1]	Credit Group Eliminations [2]	Other Eliminations	Consolidated
Liabilities and Net Assets																						
Current liabilities:																						
Accounts payable and accrued expenses	$ 72,668	$ 86,038	$ 1,357	$ 3,995	$ 1,377	$ 1,570	$ 2,225	$ 3,194	$ 40	$ 199	$ 1,945	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (8,365)	$ 166,243
Salaries, wages, and related liabilities	17,920	171,345	1,023	1,207	970	664	653	886	128	398	511	-	-	-	-	-	-	-	-	-	-	195,705
Accrued interest	-	3,638	-	-	-	8	118	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,764
Estimated third-party payer settlements	87,309	2,569	2,789	4,008	3,593	1,949	6,834	1,353	-	-	238	-	-	-	-	-	-	-	-	-	-	110,642
Contract liability - Medicare Advance Payment Program	45,847	8,092	2,180	2,206	2,925	1,214	3,023	2,613	-	-	98	-	-	-	-	-	-	-	-	-	-	68,198
Current portion of long-term debt	-	26,800	-	377	-	1,035	800	-	-	-	356	-	-	-	-	-	-	-	-	-	(1,897)	27,471
Current portion finance lease liabilites	4,160	703	228	438	112	116	179	206	-	-	45	-	-	-	-	-	-	-	-	-	-	6,187
Current portion operating lease liabilities	317	7,028	33	-	5	22	239	19	-	137	255	-	-	-	-	-	-	-	-	-	-	8,055
Due to investment brokers	-	40,569	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	40,569
Total current liabilities	228,221	346,782	7,610	12,231	8,982	6,578	14,071	8,271	168	734	3,448	-	-	-	-	-	-	-	-	-	(10,262)	626,834
Noncurrent liabilities:																						
Long-term debt, less current portion	-	692,002	-	9,323	-	13,152	21,169	-	-	-	3,444	-	-	-	-	-	-	-	-	-	(3,444)	735,646
Finance lease liabilities, less current portion	10,701	712	417	2,012	211	307	509	368	-	-	60	-	-	-	-	-	-	-	-	-	-	15,297
Operating lease liabilites, less current portion	248	26,735	69	-	-	22	829	24	-	1,010	1,217	-	-	-	-	-	-	-	-	-	-	30,154
Interest rate swaps	-	72,474	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	72,474
Accrued pension obligations	-	122,960	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	122,960
Other	551	34,658	-	-	-	-	-	-	-	-	438	3	-	-	-	-	-	-	-	-	-	35,650
	11,500	949,541	486	11,335	211	13,481	22,507	392	-	1,010	5,159	3	-	-	-	-	-	-	-	-	(3,444)	1,012,181
Net assets:																						
Parkview Health System, Inc.	691,354	1,363,116	81,808	135,811	43,268	11,921	(8,999)	62,790	17,933	(10,213)	10,789	10,055	726	511	1,694	222	4,206	43	-	-	-	2,417,035
Noncontrolling interest in subsidiaries	-	33,278	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,278
Total net assets without donor restrictions	691,354	1,396,394	81,808	135,811	43,268	11,921	(8,999)	62,790	17,933	(10,213)	10,789	10,055	726	511	1,694	222	4,206	43	-	-	-	2,450,313
Net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-	-	7,467	2,768	534	870	211	2,498	22	-	-	-	14,370
Total net assets (deficit)	691,354	1,396,394	81,808	135,811	43,268	11,921	(8,999)	62,790	17,933	(10,213)	10,789	17,522	3,494	1,045	2,564	433	6,704	65	-	-	-	2,464,683
Total liabilities and net assets	$ 931,075	$ 2,692,717	$ 89,904	$ 159,377	$ 52,461	$ 31,980	$ 27,579	$ 71,453	$ 18,101	$ (8,469)	$ 19,396	$ 17,525	$ 3,494	$ 1,045	$ 2,564	$ 433	$ 6,704	$ 65	$ -	$ -	$ (13,706)	$ 4,103,698

[1] Parkview Obligated Group entity.
[2] Parkview Credit Group entity.

Parkview Health System, Inc. and Subsidiaries
d/b/a Parkview Health

Details of Consolidated Balance Sheet
December 31, 2020
(In Thousands)

	Parkview Hospital, Inc. [1]	Parkview Health System, Inc. [1]	Parkview Huntington Hospital	Parkview Whitley Hospital	Parkview Noble Hospital	Parkview LaGrange Hospital [2]	Parkview Wabash Hospital [2]	Parkview DeKalb Hospital	Managed Care Services	Parkview Occupational Health Centers	Park Center, Inc.	Parkview Hospital Foundation	Parkview Huntington Hospital Foundation	Parkview Whitley Hospital Foundation	Parkview Noble Foundation	Parkview LaGrange Hospital Foundation	Parkview Wabash Hospital Foundation	Parkview DeKalb Hospital Foundation	Obligated Group Eliminations [1]	Credit Group Eliminations [2]	Other Eliminations	Consolidated
Assets																						
Current assets:																						
Cash and cash equivalents	$ (732)	$ 493,223	$ 2	$ 14	$ 11	$ 2	$ 3	$ 5,166	$ -	$ 4	$ 3,343	$ 1,153	$ 330	$ 58	$ 13	$ 218	$ 616	$ 33	$ -	$ -	$ -	$ 503,457
Short-term investments	-	386	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	386
Patient accounts receivable	205,175	49,042	9,926	12,262	9,531	5,266	10,057	9,424	-	1,462	2,185	-	-	-	-	-	-	-	-	-	(10,007)	304,323
Inventories	24,362	24,837	386	716	426	379	779	1,580	-	-	-	-	-	-	-	-	-	-	-	-	-	53,465
Prepaid expenses and other current assets	(273,815)	298,795	6,861	27,606	22,980	1,954	(32,529)	(42)	8,533	(9,463)	(6,214)	379	398	246	489	186	535	8	-	-	(1,864)	45,043
Estimated third-party payer settlements	10,244	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,244
Due from investment brokers	-	118,229	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	118,229
Total current assets	(34,766)	984,512	17,175	40,598	32,948	7,601	(21,690)	16,128	8,533	(7,997)	(686)	1,532	728	304	502	404	1,151	41	-	-	(11,871)	1,035,147
Assets limited as to use and investments:																						
Investments - less short-term investments	29,360	1,246,406	45,048	66,086	-	-	-	22,397	-	-	1,593	14,367	2,296	422	1,911	-	4,139	-	-	-	-	1,434,025
Funds held by trustees	-	8,469	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,469
Other investments	-	1,068	-	-	-	-	-	-	-	-	-	-	-	274	-	-	681	-	-	-	-	2,023
	29,360	1,255,943	45,048	66,086	-	-	-	22,397	-	-	1,593	14,367	2,296	696	1,911	-	4,820	-	-	-	-	1,444,517
Property and equipment:																						
Cost	1,347,936	693,828	26,802	41,024	18,052	34,221	47,729	30,186	857	2,946	20,665	323	14	16	17	-	-	-	-	-	-	2,264,616
Less accumulated depreciation and amortization	612,859	341,812	14,358	19,676	12,384	20,251	10,064	3,089	755	1,748	5,024	183	14	16	17	-	-	-	-	-	-	1,042,250
	735,077	352,016	12,444	21,348	5,668	13,970	37,665	27,097	102	1,198	15,641	140	-	-	-	-	-	-	-	-	-	1,222,366
Other assets:																						
Finance lease right-of-use assets, net	5,106	1,693	257	90	395	13	92	51	-	-	186	-	-	-	-	-	-	-	-	-	-	7,883
Operating lease right-of-use assets, net	821	39,591	159	-	131	41	1,268	15	-	593	756	-	-	-	-	-	-	-	-	-	-	43,375
Interest rate swaps	-	4,805	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,805
Investments in joint ventures	1,848	5,700	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,548
Goodwill and intangible assets, net	22,492	80,665	246	-	840	5,011	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	109,254
Other assets	606	36,285	-	-	5	-	-	29	-	-	361	6	-	-	-	-	-	-	-	-	(2,049)	35,243
	30,873	168,739	662	90	1,371	5,065	1,360	95	-	593	1,303	6	-	-	-	-	-	-	-	-	(2,049)	208,108
Total assets	$ 760,544	$ 2,761,210	$ 75,329	$ 128,122	$ 39,987	$ 26,636	$ 17,335	$ 65,717	$ 8,635	$ (6,206)	$ 17,851	$ 16,045	$ 3,024	$ 1,000	$ 2,413	$ 404	$ 5,971	$ 41	$ -	$ -	$ (13,920)	$ 3,910,138

[1] Parkview Obligated Group entity.
[2] Parkview Credit Group entity.

Parkview Health System, Inc. and Subsidiaries
d/b/a Parkview Health

Details of Consolidated Balance Sheet (Continued)
December 31, 2020
(In Thousands)

	Parkview Hospital, Inc. [1]	Parkview Health System, Inc. [1]	Parkview Huntington Hospital	Parkview Whitley Hospital	Parkview Noble Hospital	Parkview LaGrange Hospital [2]	Parkview Wabash Hospital [2]	Parkview DeKalb Hospital	Managed Care Services	Parkview Occupational Health Centers	Park Center, Inc.	Parkview Hospital Foundation	Parkview Huntington Hospital Foundation	Parkview Whitley Hospital Foundation	Parkview Noble Foundation	Parkview LaGrange Hospital Foundation	Parkview Wabash Hospital Foundation	Parkview DeKalb Hospital Foundation	Obligated Group Eliminations [1]	Credit Group Eliminations [2]	Other Eliminations	Consolidated
Liabilities and Net Assets																						
Current liabilities:																						
Accounts payable and accrued expenses	$ 54,543	$ 74,765	$ 1,571	$ 1,570	$ 1,617	$ 821	$ 2,041	$ 1,851	$ 3,765	$ 105	$ 945	$ 48	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (10,007)	$ 133,635
Salaries, wages, and related liabilities	18,925	156,160	1,129	1,288	981	719	816	917	184	399	2,608	-	-	-	-	-	-	-	-	-	-	184,126
Accrued interest	-	4,051	-	-	-	9	122	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,182
Estimated third-party payer settlements	55,302	1,960	2,320	1,194	2,822	1,101	4,827	622	-	-	450	-	-	-	-	-	-	-	-	-	-	70,598
Contract liability - Medicare Advance Payment Program	30,886	7,929	1,261	1,407	1,698	661	1,200	893	-	-	18	-	-	-	-	-	-	-	-	-	-	45,953
Current portion of long-term debt	-	25,800	-	-	-	995	775	652	-	-	171	-	-	-	-	-	-	-	-	-	(171)	28,222
Current portion finance lease liabilites	2,443	1,019	128	24	115	15	74	164	-	-	65	-	-	-	-	-	-	-	-	-	-	4,047
Current portion operating lease liabilities	312	6,812	33	-	71	21	227	15	-	108	293	-	-	-	-	-	-	-	-	-	-	7,892
Due to investment brokers	-	138,564	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	138,564
Total current liabilities	162,411	417,060	6,442	5,483	7,304	4,342	10,082	5,114	3,949	612	4,550	48	-	-	-	-	-	-	-	-	(10,178)	617,219
Noncurrent liabilities:																						
Long-term debt, less current portion	-	726,032	-	9,700	-	14,131	21,965	7,391	-	-	1,693	-	-	-	-	-	-	-	-	-	(1,693)	779,219
Finance lease liabilities, less current portion	2,862	1,414	132	-	287	-	34	160	-	-	126	-	-	-	-	-	-	-	-	-	-	5,015
Operating lease liabilites, less current portion	523	33,548	102	-	65	20	1,068	-	-	486	459	-	-	-	-	-	-	-	-	-	-	36,271
Contract liability - Medicare Advance Payment Program	45,819	8,178	2,368	2,443	3,143	1,325	3,029	2,993	-	-	148	-	-	-	-	-	-	-	-	-	-	69,446
Interest rate swaps	-	90,689	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90,689
Accrued pension obligations	-	143,124	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	143,124
Other	498	29,518	-	-	-	-	-	-	-	-	2,646	4	-	-	-	-	-	-	-	-	(2,286)	30,380
	49,702	1,032,503	2,602	12,143	3,495	15,476	26,096	10,544	-	486	5,072	4	-	-	-	-	-	-	-	-	(3,979)	1,154,144
Net assets:																						
Parkview Health System, Inc.	548,431	1,274,473	66,285	110,496	29,188	6,818	(19,151)	50,059	4,686	(7,304)	8,229	8,741	654	480	1,564	215	3,696	24	-	-	237	2,087,821
Noncontrolling interest in subsidiaries	-	37,174	-	-	-	-	308	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37,482
Total net assets without donor restrictions	548,431	1,311,647	66,285	110,496	29,188	6,818	(18,843)	50,059	4,686	(7,304)	8,229	8,741	654	480	1,564	215	3,696	24	-	-	237	2,125,303
Net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-	-	7,252	2,370	520	849	189	2,275	17	-	-	-	13,472
Total net assets (deficit)	548,431	1,311,647	66,285	110,496	29,188	6,818	(18,843)	50,059	4,686	(7,304)	8,229	15,993	3,024	1,000	2,413	404	5,971	41	-	-	237	2,138,775
Total liabilities and net assets	$ 760,544	$ 2,761,210	$ 75,329	$ 128,122	$ 39,987	$ 26,636	$ 17,335	$ 65,717	$ 8,635	$ (6,206)	$ 17,851	$ 16,045	$ 3,024	$ 1,000	$ 2,413	$ 404	$ 5,971	$ 41	$ -	$ -	$ (13,920)	$ 3,910,138

[1] Parkview Obligated Group entity.
[2] Parkview Credit Group entity.

Parkview Health System, Inc. and Subsidiaries
d/b/a Parkview Health

Details of Consolidated Statement of Operations and Changes in Net Assets
Year Ended December 31, 2021
(In Thousands)

	Parkview Hospital, Inc. [1]	Parkview Health System, Inc. [1]	Parkview Huntington Hospital	Parkview Whitley Hospital	Parkview Noble Hospital	Parkview LaGrange Hospital [2]	Parkview Wabash Hospital [2]	Parkview DeKalb Hospital	Managed Care Services	Parkview Occupational Health Centers	Park Center, Inc.	Parkview Hospital Foundation	Parkview Huntington Hospital Foundation	Parkview Whitley Hospital Foundation	Parkview Noble Foundation	Parkview LaGrange Hospital Foundation	Parkview Wabash Hospital Foundation	Parkview DeKalb Hospital Foundation	Obligated Group Eliminations [1]	Credit Group Eliminations [2]	Other Eliminations	Consolidated
Revenues:																						
Patient care service revenue	$ 1,776,665	$ 201,888	$ 79,642	$ 111,784	$ 77,434	$ 44,907	$ 66,870	$ 78,137	$ -	$ 9,521	$ 22,558	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (106,292)	$ 2,363,114
Other revenue	148,192	22,598	4,431	4,035	2,987	2,013	2,537	9,670	17,186	5,038	16,327	2,043	361	99	249	56	786	31	(12,681)	(4,230)	(51,879)	169,849
	1,924,857	224,486	84,073	115,819	80,421	46,920	69,407	87,807	17,186	14,559	38,885	2,043	361	99	249	56	786	31	(12,681)	(4,230)	(158,171)	2,532,963
Expenses:																						
Salaries and benefits	891,045	342,851	40,116	46,733	33,627	20,689	23,045	39,121	2,342	11,353	24,039	642	77	70	52	-	61	22	-	-	(114,277)	1,361,608
Supplies	364,216	50,422	7,945	11,381	7,319	3,211	6,368	13,077	41	1,058	1,701	19	-	-	-	-	-	1	-	-	(22,825)	443,934
Purchased services	82,793	41,466	6,785	7,817	6,727	5,965	12,945	7,074	867	1,554	3,031	42	-	-	-	-	-	-	(18)	(3,410)	(11,832)	161,806
Utilities, repairs and maintenance	29,909	33,065	1,732	2,391	1,643	1,243	1,503	2,486	20	223	1,225	6	1	1	1	-	-	-	-	-	-	75,449
Depreciation and amortization	68,502	39,857	2,139	3,120	1,506	1,811	3,673	2,126	6	197	1,118	-	-	-	-	-	-	-	-	-	-	124,055
Hospital assessment fee	70,955	1,740	2,737	3,804	2,801	1,362	2,946	3,276	-	-	750	-	-	-	-	-	-	-	-	-	-	90,371
Interest and financing costs	203	25,116	3	119	2	142	731	276	-	-	91	-	-	-	-	-	-	-	-	-	-	26,683
Other, net	276,390	(241,851)	12,153	22,541	11,909	7,406	8,294	10,271	663	3,075	4,362	609	45	(7)	82	33	13	(3)	(12,663)	(820)	(9,237)	93,265
	1,784,013	292,666	73,610	97,906	65,534	41,829	59,505	77,707	3,939	17,460	36,317	1,318	123	64	135	33	74	20	(12,681)	(4,230)	(158,171)	2,377,171
Operating income (loss)	140,844	(68,180)	10,463	17,913	14,887	5,091	9,902	10,100	13,247	(2,901)	2,568	725	238	35	114	23	712	11	-	-	-	155,792
Nonoperating income (expense):																						
Interest, dividends and realized gains (losses) on sales of investments, net	1,951	102,156	2,995	4,414	(5)	(6)	(6)	1,634	-	-	-	-	-	-	-	-	-	-	-	-	-	113,133
Unrealized gains on investments, net	1,210	51,621	1,846	2,722	-	-	-	1,009	-	-	-	-	-	-	-	-	-	-	-	-	-	58,408
Unrealized losses on interest rate swaps, net	-	16,053	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,053
Net periodic benefit expense other than service cost	-	(1,521)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,521)
Other, net	(535)	47	2	25	(777)	(7)	(50)	(12)	-	(8)	(7)	-	-	-	-	-	-	-	-	-	-	(1,322)
Excess (deficit) of revenues over expenses	143,470	100,176	15,306	25,074	14,105	5,078	9,846	12,731	13,247	(2,909)	2,561	725	238	35	114	23	712	11	-	-	-	340,543
Excess (deficit) of revenues over expenses attributable to:																						
Noncontrolling interest in subsidiaries	-	31,625	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	31,625
Parkview Health System, Inc. and subsidiaries	143,470	68,551	15,306	25,074	14,105	5,078	9,846	12,731	13,247	(2,909)	2,561	725	238	35	114	23	712	11	-	-	-	308,918
Other changes in net assets attributable to:																						-
Distributions to noncontrolling interest in subsidiaries	-	(35,829)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(35,829)
Parkview Health System, Inc. and subsidiaries	(547)	20,400	217	241	(25)	25	(2)	-	-	-	(1)	804	232	10	37	6	21	13	-	-	(237)	21,194
Increase (decrease) in net assets	142,923	84,747	15,523	25,315	14,080	5,103	9,844	12,731	13,247	(2,909)	2,560	1,529	470	45	151	29	733	24	-	-	(237)	325,908
Net assets (deficit):																						
Beginning of year	548,431	1,311,647	66,285	110,496	29,188	6,818	(18,843)	50,059	4,686	(7,304)	8,229	15,993	3,024	1,000	2,413	404	5,971	41	-	-	237	2,138,775
End of year	$ 691,354	$ 1,396,394	$ 81,808	$ 135,811	$ 43,268	$ 11,921	$ (8,999)	$ 62,790	$ 17,933	$ (10,213)	$ 10,789	$ 17,522	$ 3,494	$ 1,045	$ 2,564	$ 433	$ 6,704	$ 65	$ -	$ -	$ -	$ 2,464,683

[1] Parkview Obligated Group entity.
[2] Parkview Credit Group entity.

Parkview Health System, Inc. and Subsidiaries
d/b/a Parkview Health

Details of Consolidated Statement of Operations and Changes in Net Assets
Year Ended December 31, 2020
(In Thousands)

	Parkview Hospital, Inc. [1]	Parkview Health System, Inc. [1]	Parkview Huntington Hospital	Parkview Whitley Hospital	Parkview Noble Hospital	Parkview LaGrange Hospital [2]	Parkview Wabash Hospital [2]	Parkview DeKalb Hospital	Managed Care Services	Parkview Occupational Health Centers	Park Center, Inc.	Parkview Hospital Foundation	Parkview Huntington Hospital Foundation	Parkview Whitley Hospital Foundation	Parkview Noble Foundation	Parkview LaGrange Hospital Foundation	Parkview Wabash Hospital Foundation	Parkview DeKalb Hospital Foundation	Obligated Group Eliminations [1]	Credit Group Eliminations [2]	Other Eliminations	Consolidated
Revenues:																						
Patient care service revenue	$ 1,474,916	$ 204,200	$ 71,514	$ 94,590	$ 68,980	$ 36,806	$ 59,390	$ 59,302	$ -	$ 8,444	$ 16,764	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (109,667)	$ 1,985,239
Other revenue	169,770	59,035	9,016	4,288	6,461	6,706	753	10,559	5,910	4,596	14,625	2,246	315	124	262	55	543	39	(12,576)	(3,430)	(51,406)	227,891
	1,644,686	263,235	80,530	98,878	75,441	43,512	60,143	69,861	5,910	13,040	31,389	2,246	315	124	262	55	543	39	(12,576)	(3,430)	(161,073)	2,213,130
Expenses:																						
Salaries and benefits	739,514	316,151	37,200	43,558	31,908	19,407	21,626	34,479	3,062	11,276	27,345	1,233	145	133	132	61	74	82	-	-	(117,318)	1,170,068
Supplies	294,576	55,989	7,572	10,121	6,349	2,956	7,287	12,465	56	890	1,522	83	1	-	2	-	2	-	-	-	(23,132)	376,739
Purchased services	84,996	38,270	6,292	7,455	6,941	6,075	11,678	5,514	457	1,348	4,163	141	-	-	-	-	-	-	(12)	(2,894)	(12,530)	157,894
Utilities, repairs and maintenance	28,819	37,242	2,512	2,309	1,534	1,237	1,515	2,015	34	181	1,331	7	-	1	1	-	1	-	-	-	-	78,739
Depreciation and amortization	61,724	39,347	2,078	3,127	1,473	1,797	3,498	2,498	6	202	1,176	-	-	-	-	-	-	-	-	-	-	116,926
Hospital assessment fee	62,018	1,932	2,904	3,115	3,437	2,166	2,292	3,261	-	-	451	-	-	-	-	-	-	-	-	-	-	81,576
Interest and financing costs	181	25,738	3	100	5	190	760	30	-	-	104	-	-	-	-	-	-	-	-	-	-	27,111
Other, net	268,746	(252,079)	15,264	22,486	14,157	7,026	9,602	9,265	585	3,510	3,679	929	(74)	(42)	(17)	(17)	52	(61)	(12,564)	(536)	(8,093)	81,818
	1,540,574	262,590	73,825	92,271	65,804	40,854	58,258	69,527	4,200	17,407	39,771	2,393	72	92	118	44	129	21	(12,576)	(3,430)	(161,073)	2,090,871
Operating income (loss)	104,112	645	6,705	6,607	9,637	2,658	1,885	334	1,710	(4,367)	(8,382)	(147)	243	32	144	11	414	18	-	-	-	122,259
Nonoperating income (expense):																						
Interest, dividends and realized gains (losses) on sales of investments, net	1,165	47,409	1,773	2,597	(3)	(3)	(4)	971	-	-	-	-	-	-	-	-	-	-	-	-	-	53,905
Unrealized gains on investments, net	1,749	71,788	2,668	3,936	-	-	1	1,459	-	-	-	-	-	-	-	-	-	-	-	-	-	81,601
Unrealized losses on interest rate swaps, net	-	(16,009)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(16,009)
Net periodic benefit expense other than service cost	-	(5,170)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,170)
Other, net	(62)	(515)	1	-	(6)	-	(125)	(8)	-	-	(143)	-	-	-	-	-	-	-	-	-	-	(858)
Excess (deficit) of revenues over expenses	106,964	98,148	11,147	13,140	9,628	2,655	1,757	2,756	1,710	(4,367)	(8,525)	(147)	243	32	144	11	414	18	-	-	-	235,728
Excess (deficit) of revenues over expenses attributable to:																						
Noncontrolling interest in subsidiaries	-	33,908	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	33,908
Parkview Health System, Inc. and subsidiaries	106,964	64,240	11,147	13,140	9,628	2,655	1,757	2,756	1,710	(4,367)	(8,525)	(147)	243	32	144	11	414	18	-	-	-	201,820
Other changes in net assets attributable to:																						-
Distributions to noncontrolling interest in subsidiaries	-	(34,720)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(34,720)
Parkview Health System, Inc. and subsidiaries	1,350	(16,226)	1	-	(1,173)	(376)	(555)	72	-	(19)	-	478	1,301	14	36	393	31	23	-	-	-	(14,650)
Increase (decrease) in net assets	108,314	47,202	11,148	13,140	8,455	2,279	1,202	2,828	1,710	(4,386)	(8,525)	331	1,544	46	180	404	445	41	-	-	-	186,358
Net assets (deficit):																						
Beginning of year	440,117	1,264,445	55,137	97,356	20,733	4,539	(20,045)	47,231	2,976	(2,918)	16,754	15,662	1,480	954	2,233	-	5,526	-	-	-	237	1,952,417
End of year	$ 548,431	$ 1,311,647	$ 66,285	$ 110,496	$ 29,188	$ 6,818	$ (18,843)	$ 50,059	$ 4,686	$ (7,304)	$ 8,229	$ 15,993	$ 3,024	$ 1,000	$ 2,413	$ 404	$ 5,971	$ 41	$ -	$ -	$ 237	$ 2,138,775

[1] Parkview Obligated Group entity.
[2] Parkview Credit Group entity.