Mass General Brigham Incorporated and Affiliates

Consolidated Financial Statements
September 30, 2024 and 2023

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Report of Independent Auditors

To the Board of Directors of
Mass General Brigham Incorporated

Opinion

We have audited the accompanying consolidated financial statements of Mass General Brigham Incorporated (the Company) and its affiliates, which comprise the consolidated balance sheets as of September 30, 2024 and 2023, and the related consolidated statements of operations, of changes in net assets and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company and its affiliates as of September 30, 2024 and 2023, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and its affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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



Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

PricewaterhouseCoopers LLP

Boston, Massachusetts
December 18, 2024

Mass General Brigham Incorporated and Affiliates
Consolidated Balance Sheets
September 30, 2024 and 2023

(in thousands of dollars)	2024	2023
Assets		
Current assets		
Cash and equivalents	$ 105,924	$ 279,459
Investments	4,479,974	3,397,634
Current portion of investments limited as to use	3,651,727	3,505,987
Patient accounts receivable, net	1,731,496	1,638,306
Research grants receivable, net	248,415	228,117
Other current assets	1,205,371	946,875
Total current assets	11,422,907	9,996,378
Investments limited as to use, less current portion	6,443,033	5,440,702
Long-term investments	3,138,592	2,713,547
Property and equipment, net	7,471,740	6,777,363
Right-of-use operating lease assets	920,702	1,024,336
Other assets	2,360,443	2,722,977
Total assets	$ 31,757,417	$ 28,675,303
Liabilities and Net Assets		
Current liabilities		
Current portion of long-term obligations	$ 353,249	$ 481,130
Accounts payable and accrued expenses	1,426,104	1,305,876
Accrued medical claims and related expenses	258,520	192,435
Accrued employee compensation and benefits	1,281,714	1,150,128
Current portion of operating lease obligations	203,879	207,671
Unexpended funds on research grants	369,851	377,730
Total current liabilities	3,893,317	3,714,970
Accrued professional liability	573,796	576,038
Accrued employee benefits	891,868	718,087
Interest rate swaps liability	139,170	67,075
Accrued other	463,907	331,166
Operating lease obligations, less current portion	598,065	696,740
Long-term obligations, less current portion	5,837,579	5,469,626
Total liabilities	12,397,702	11,573,702
Commitments and contingencies		
Net assets		
Without donor restrictions	15,413,590	13,362,445
With donor restrictions	3,946,125	3,739,156
Total net assets	19,359,715	17,101,601
Total liabilities and net assets	$ 31,757,417	$ 28,675,303

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

Mass General Brigham Incorporated and Affiliates
Consolidated Statements of Operations
Years Ended September 30, 2024 and 2023

(in thousands of dollars)	2024	2023
Operating revenues		
Net patient service revenue	$ 13,439,956	$ 12,792,586
Premium revenue	2,169,968	1,518,556
Direct research and nonresearch sundry revenue	2,240,832	2,066,518
Indirect research and nonresearch sundry revenue	659,918	641,492
Other revenue	2,039,604	1,807,885
Total operating revenues	20,550,278	18,827,037
Operating expenses		
Employee compensation and benefit expenses	10,264,778	9,659,280
Supplies and other expenses	5,540,276	4,976,156
Medical claims and related expenses	1,505,038	1,086,589
Direct research and nonresearch sundry expenses	2,240,832	2,066,518
Depreciation and amortization expenses	778,337	774,563
Interest expense	175,279	168,765
Total operating expenses	20,504,540	18,731,871
Income from operations	45,738	95,166
Nonoperating gains (loss)		
Income from investments	1,950,070	962,128
Change in fair value of interest rate swaps	(84,228)	130,393
Other nonoperating expenses	(38,624)	(115,822)
Research and nonresearch sundry gifts net of spending	(48,187)	(68,062)
Nonservice related pension income	222,910	233,827
Total nonoperating gains, net	2,001,941	1,142,464
Excess of revenues over expenses	2,047,679	1,237,630
Other changes in net assets		
Funds utilized for property and equipment	434,073	54,110
Change in funded status of defined benefit plans	(445,729)	476,211
Other changes in net assets	15,122	16,692
Increase in net assets without donor restrictions	$ 2,051,145	$ 1,784,643

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

Mass General Brigham Incorporated and Affiliates
Consolidated Statements of Changes in Net Assets
Years Ended September 30, 2024 and 2023

(in thousands of dollars)	Without Donor Restrictions	With Donor Restrictions	Total
Net assets at September 30, 2022	$ 11,577,802	$ 3,047,475	$ 14,625,277
Increases (decreases)			
Income from operations	95,166	-	95,166
Income from investments	962,128	127,629	1,089,757
Change in fair value of interest rate swaps	130,393	-	130,393
Other nonoperating (expenses) income	(115,822)	589,157	473,335
Research and nonresearch sundry gifts net of spending	(68,062)	-	(68,062)
Nonservice related pension income	233,827	-	233,827
Funds utilized for property and equipment	54,110	(28,088)	26,022
Change in funded status of defined benefit plans	476,211	-	476,211
Other changes in net assets	16,692	2,983	19,675
Change in net assets	1,784,643	691,681	2,476,324
Net assets at September 30, 2023	13,362,445	3,739,156	17,101,601
Increases (decreases)			
Income from operations	45,738	-	45,738
Income from investments	1,950,070	356,508	2,306,578
Change in fair value of interest rate swaps	(84,228)	-	(84,228)
Other nonoperating (expenses) income	(38,624)	240,919	202,295
Research and nonresearch sundry gifts net of spending	(48,187)	-	(48,187)
Nonservice related pension income	222,910	-	222,910
Funds utilized for property and equipment	434,073	(393,305)	40,768
Change in funded status of defined benefit plans	(445,729)	-	(445,729)
Other changes in net assets	15,122	2,847	17,969
Change in net assets	2,051,145	206,969	2,258,114
Net assets at September 30, 2024	$ 15,413,590	$ 3,946,125	$ 19,359,715

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

Mass General Brigham Incorporated and Affiliates
Consolidated Statements of Cash Flows
Years Ended September 30, 2024 and 2023

(in thousands of dollars)	2024	2023
Cash flows from operating activities		
Change in net assets	$ 2,258,114	$ 2,476,324
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Change in funded status of defined benefit plans	445,729	(476,211)
Gain on refunding of debt	(7,010)	-
Change in fair value of interest rate swaps	84,228	(130,393)
Depreciation and amortization	778,337	774,563
Amortization of bond discount, premium and issuance costs	(11,164)	(10,646)
Loss (gain) on disposal of property	324	(13,086)
Change in right-of-use operating lease assets	120,409	174,612
Net realized and unrealized change in investments	(2,570,863)	(1,266,094)
Donor restricted contributions and investment income	(292,309)	(239,437)
Cash premium received upon issuance of bonds	34,049	-
Increases (decreases) in cash resulting from a change in		
Patient accounts receivable	(93,190)	(199,894)
Other assets	(371,302)	(466,316)
Accounts payable and other accrued expenses	378,627	241,617
Accrued medical claims and related expenses	66,085	73,198
Operating lease obligations	(119,242)	(166,138)
Settlements with third-party payers	185,245	(13,271)
Net cash provided by operating activities	886,067	758,828
Cash flows from investing activities		
Purchases of property and equipment	(1,492,907)	(1,098,913)
Proceeds from sale of property	1,392	14,696
Purchase of investments	(1,734,338)	(2,273,363)
Proceeds from sales of investments	1,649,745	2,550,984
Net cash used for investing activities	(1,576,108)	(806,596)
Cash flows from financing activities		
Borrowings under taxable commercial paper	-	169,885
Repayments of borrowings under taxable commercial paper	(119,870)	(50,015)
Borrowings under lines of credit	270,000	-
Repayments of borrowings under lines of credit	(270,000)	-
Payments on long-term obligations	(110,891)	(106,306)
Proceeds from long-term obligations	524,802	100,230
Deposits into refunding trusts	(69,844)	(219,923)
Donor restricted contributions and investment income	292,309	239,437
Net cash provided by financing activities	516,506	133,308
Net (decrease) increase in cash and equivalents	(173,535)	85,540
Cash and equivalents		
Beginning of year	279,459	193,919
End of year	$ 105,924	$ 279,459
Noncash purchases of property and equipment in accounts payable and accrued expenses	$ 110,631	$ 129,552

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

(in thousands of dollars)

1. Organization and Community Benefit Commitments

Mass General Brigham Incorporated (the Company) is the parent organization and sole corporate member of numerous organizations whose financial condition and operations are described in these consolidated financial statements. The terms Mass General Brigham, We, Our or Us as used herein, unless otherwise stated or indicated by context, refer collectively to the Company and its affiliated organizations.

Mass General Brigham operates academic medical centers, community acute care hospitals, inpatient and outpatient mental health services facilities, urgent care centers, facilities that provide rehabilitation medicine and long-term care services, physician organizations, home health services, nursing homes and a graduate level program for health professions. Our mission is to provide world class health care services to the local communities in which we operate as well as to patients across the United States and the world. In addition, we are a nonuniversity-based nonprofit private medical research enterprise and a principal teaching affiliate of the medical and dental schools of Harvard University. Our licensed, not-for-profit managed care organization (Mass General Brigham Health Plan, Inc.) and licensed, for-profit insurance company (Mass General Brigham Health Insurance Company) (collectively referred to as the Health Plan) provide health insurance products and administrative services to the Massachusetts Medicaid program (MassHealth), Medicare Advantage program, ConnectorCare (a state subsidized program for adults who meet income and immigration guidelines) and commercial populations.

Community Health

Under Mass General Brigham's *United Against Racism* system-wide initiative, the Health Equity & Community Health programs aims to make measurable, impactful and sustainable improvements in clinical equity for our patients, along with better health outcomes for the communities we serve.

We are focused on health conditions that are the greatest contributor to premature mortality and reduced life expectancy in these communities: cardiometabolic disease (including hypertension and diabetes), substance use disorder, cancer and maternal-child health.

We are committed to addressing the root causes of health disparities by building and strengthening our community-based partnerships to make the greatest impact on issues such as food insecurity, housing instability, limited economic mobility and educational opportunities, and barriers to accessing care.

Charity Care

We provide charity care to all emergent patients regardless of their ability to pay. The cost of and reimbursement for providing that care, as reflected in the consolidated statements of operations, is summarized below.

State Programs

Massachusetts

Acute care hospitals in The Commonwealth of Massachusetts (the Commonwealth or Massachusetts) are partially reimbursed for charity care services through the statewide Health Safety Net Trust Fund (HSN). A portion of the funding for the HSN is paid by an assessment on acute care hospitals' charges for private sector payers. The statewide assessment was $165,231 and $165,313 in 2024 and 2023, respectively, and the assessment expense on our acute care hospitals was $57,819 in both 2024 and 2023.

(in thousands of dollars)

Acute care hospitals are reimbursed for charity care based on claims for eligible patients and services that are submitted to and adjudicated by the HSN. Payments are based on Medicare rates and payment policies. The Commonwealth reported that HSN was under-funded by approximately $133,027 and $115,828 as of September 30, 2024 and 2023, respectively. This shortfall is allocated to acute care hospitals based on their share of total statewide patient care costs. We have estimated our share being approximately $67,980 and $48,547 as of September 30, 2024 and 2023, respectively. Each hospital's share of the overall state shortfall cannot exceed its total charity care reimbursement. Hospitals with a high proportion of charity care and government funding receive more favorable reimbursement, including limiting their shortfall allocation to no more than 15% of their payments for charity care. In aggregate, our acute care hospitals received charity care funding covering 14% and 41% of the estimated cost of charity care provided in 2024 and 2023, respectively.

The Commonwealth levies an additional assessment on Massachusetts acute care hospitals that is redistributed back to hospitals based on provisions within the MassHealth Section 1115 Demonstration. A new five-year waiver period began effective October 1, 2022. The total assessment was $709,685 and $709,602 in 2024 and 2023, respectively, and our assessment expense was $197,473 in both 2024 and 2023. The total amount redistributed to hospitals across Massachusetts was $1,613,052 and $1,387,500 in 2024 and 2023, respectively, of which we recognized $179,114 and $188,084 in 2024 and 2023, respectively.

There is an assessment for our post-acute hospitals which totaled $5,756 in both 2024 and 2023.

New Hampshire
The State of New Hampshire (New Hampshire) imposes a Medicaid Enhancement Tax (MET) on hospital net patient service revenue. For both of New Hampshire's fiscal years ended June 30, 2024 and 2023, the MET imposed was 5.4%. We incurred $30,343 and $25,724 of MET in 2024 and 2023, respectively.

New Hampshire acute care hospitals receive disproportionate share payments based on a portion of their charity care relative to other acute care hospitals. We received $17,582 and $14,992 in 2024 and 2023, respectively.

Medicaid
Medicaid is a health insurance program jointly funded by the states and the federal government. Each state administers its own program and sets rules for eligibility, benefits and provider payments within broad federal guidelines and in some cases, including the Commonwealth and New Hampshire, within a Waiver Agreement between each state and the federal government. The program provides health care coverage to low-income adults and children. Eligibility is determined by a variety of factors which include income relative to the federal poverty line, age, immigrant status and assets.

Medicaid payments to our providers do not cover the full cost of services provided to Medicaid patients. In aggregate, our reimbursement from Medicaid covered approximately 64% and 70% of the estimated cost of services that we provided in 2024 and 2023, respectively.

On April 1, 2023, Mass General Brigham Health Plan, Inc. entered into an Accountable Care Organization (ACO) contract with the Executive Office of Health and Human Services of the

(in thousands of dollars)

Commonwealth (EOHHS) covering over 150,000 MassHealth members whose providers participate in the Mass General Brigham ACO.

Federal Program

Medicare

Medicare is a federally sponsored health insurance program for people age 65 or older, under age 65 with certain disabilities and any age with End-Stage Renal Disease. Medicare's payments historically have not kept pace with increases in the cost of care provided at many hospitals. Compounding this shortfall in payments is the continued shift of care from higher paying inpatient services to lower paying outpatient services.

Consequently, Medicare payments to our providers do not cover the full cost of services provided. In aggregate, our reimbursement from Medicare covered approximately 71% and 68% of the estimated cost of services that we provided in 2024 and 2023, respectively.

Mass General Brigham Health Plan, Inc. was authorized by the Centers for Medicare & Medicaid Services (CMS) to offer Medicare Advantage products to its eligible members effective January 1, 2023.

Summary

For charity care, Medicaid and Medicare, the estimated cost of services provided is either obtained directly from a costing system or based on an entity specific ratio of cost to gross charges. In the latter case, cost is derived by applying this ratio to gross charges associated with providing care to charity care, Medicaid and Medicare patients. The following summarizes, by program, the cost of services provided, net reimbursement and cost of services in excess of reimbursement for each year:

	Years Ended September 30,	
	2024	**2023**
Cost of services provided		
Charity care	$ 171,217	$ 113,167
Medicaid	2,002,532	1,777,454
Medicare	5,780,976	5,585,749
	$ 7,954,725	$ 7,476,370
Net reimbursement		
Charity care	$ 20,259	$ 38,035
Medicaid	1,285,520	1,250,916
Medicare	4,110,328	3,790,457
	$ 5,416,107	$ 5,079,408
Cost of services in excess of reimbursement		
Charity care	$ 150,958	$ 75,132
Medicaid	717,012	526,538
Medicare	1,670,648	1,795,292
	$ 2,538,618	$ 2,396,962

(in thousands of dollars)

In addition to charity care and inadequate funding from the Medicaid and Medicare programs, there are significant losses related to self-pay patients who fail to make payment for services rendered or insured patients who fail to remit co-payments and deductibles as required under the applicable health insurance arrangement. The estimated cost of providing these services was approximately $105,896 and $82,938 for 2024 and 2023, respectively.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of the Company and its affiliates. Interaffiliate accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are made in the areas of patient accounts receivable, research grants receivable, investments, receivables and accrual for settlements with third-party payers, accrued medical claims and related expenses, accrued employee compensation and benefits, accrued professional liability, interest rate swaps liability and accrued other.

Income Taxes

The Company and substantially all of its affiliates are tax-exempt organizations under Sections 501(c)(3) or 501(c)(4) of the Internal Revenue Code (IRC) or are disregarded entities for tax purposes and therefore are exempt from federal and state income tax except on unrelated business taxable income. No provision for income taxes related to these tax-exempt entities has been made as the effect of any unrelated business income tax is not material to the accompanying consolidated financial statements.

Fair Value of Financial Instruments

The fair value of financial instruments approximates the carrying amount reported in the consolidated balance sheets for cash and equivalents, investments and investments limited as to use, patient accounts receivable, research grants receivable, accounts payable and accrued expenses and interest rate swaps liability.

Cash and Equivalents

Cash and equivalents represent cash, registered money market funds and highly liquid debt instruments with a maturity at the date of purchase of three months or less. Our cash and equivalents are maintained with several national banks, and cash deposits typically exceed federal insurance limits. Our policy is to monitor these banks' financial strength on an ongoing basis, and no losses have been experienced to date.

(in thousands of dollars)

Investments
Investments in equity securities with readily determinable fair values, debt securities and alternative investments are measured at fair value. Alternative investments, consisting of various hedge funds, private equity funds, private debt funds, other private partnerships and restricted securities of public companies that are not traded on a national securities exchange, are valued based on amounts reported by the fund manager and evaluated by management. Investments in securities sold short or traded on a national securities exchange are valued based on quoted market prices.

Income from investments (including realized gains and losses, unrealized change in value of investments, interest, dividends and endowment income distributions) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law. Income from investments is reported net of investment-related expenses.

Each year as part of our endowment spending policy, we establish a fixed distribution rate for spending. Distributions will come from either income and/or net accumulated appreciation. Effective July 1, 2023 we changed the endowment spending policy and adopted the Tobin Distribution Rule. The Tobin Distribution Rule sets the annual distribution through a quantitative formula that has a stability term (a percentage of the prior year's spending, adjusted for inflation) and a market term (a percentage of the long-term sustainable rate of distribution times the market value of the endowment).

Investments Limited as to Use
Investments limited as to use primarily include assets whose use is contractually limited by external parties as well as assets set aside by the boards (or management) for identified purposes and over which the boards (or management) retain control such that the boards (or management) may, at their discretion, subsequently use such assets for other purposes. Certain investments corresponding to deferred compensation are accounted for such that all income and appreciation (depreciation) is recorded as a direct addition (reduction) to the asset and corresponding liability.

Derivative Instruments
Derivatives are recognized on the balance sheets at fair value with changes in the fair value recorded in excess of revenues over expenses.

Patient Accounts Receivable
The payments received for healthcare services rendered from federal and state agencies (under the Medicare and Medicaid programs), managed care payers, commercial insurance companies and patients are subject to explicit and implicit discounts. These discounts are based on contractual agreements, discount policies and management's assessment of historical experiences and are reflected in the period of service.

Research Grants Receivable
Mass General Brigham receives direct and pass through research funding from the National Institutes for Health and other federal agencies, industry, corporate, foundation, nonprofits and other sponsors. Research grants receivable include amounts due from these sponsors of externally funded research. These amounts have been billed or are billable to the sponsor, or in limited circumstances, represent accelerated spending in anticipation of future funding. Research grants receivable are recognized at net realizable value.

(in thousands of dollars)

As of September 30, 2024 and 2023, we have approximately $4,598,252 and $4,408,631, respectively, of conditional research grants for future research to be performed. The timing and amounts of funds received under such grants are subject to continued government funding and may change over time.

Other Current Assets
Other current assets include prepaid expenses, inventory, nonpatient receivables, current portion of receivable for settlements with third-party payers, current portion of pledges receivable and premiums receivable. Inventory (primarily supplies and pharmaceuticals) is accounted for on a first-in, first-out method basis and is recorded at the lower of average weighted cost or net realizable value.

Property and Equipment
Property and equipment is reported on the basis of cost less accumulated depreciation. Donated items are recorded at fair value at the date of contribution. All research grants received for capital are recorded in the year of expenditure as a change in net assets without donor restrictions. Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Depreciation of property and equipment is calculated by use of the straight-line method at rates intended to depreciate the cost of assets over their estimated useful lives, which generally range from three to fifty years. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized, net of any interest earned, as a component of the cost of acquiring those assets.

Asset Retirement Obligations
Asset retirement obligations, reported in accrued other, are legal obligations associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Any changes to the liability due either to the passage of time, better information or the settlement of an obligation are reflected in the current period.

Other Assets
Other assets consist of long-term receivables, intangible assets, malpractice insurance receivables, receivable for settlements with third-party payers, investments in healthcare related limited partnerships, long-term pledges and contributions receivable and defined benefit pension plan and postretirement healthcare benefit plan assets in excess of plan benefit obligations. The carrying value of other assets is evaluated for impairment if the facts and circumstances suggest that the carrying value may not be recoverable.

Compensated Absences
In accordance with formal policies concerning vacation and other compensated absences, accruals of $443,417 and $422,745 were recorded as of September 30, 2024 and 2023, respectively.

Unexpended Funds on Research Grants
Research grants received in advance of corresponding grant expenditures are accounted for as a direct addition to investments limited as to use and unexpended funds on research grants.

(in thousands of dollars)

Self-Insurance Reserves
We are generally self-insured for employee healthcare, disability, workers' compensation and certain other employee benefits. These costs are accounted for on an accrual basis to include estimates of future payments for claims incurred prior to year-end and are included in accrued employee compensation and benefits and long-term accrued employee benefits.

Net Assets
Net assets with donor restrictions include (a) the historical dollar amounts of contributions and the income and gains on such contributions which are required by donors to be retained and (b) contributions and the income and gains on these contributions which can be expended but for which restrictions have not yet been met. Such restrictions include purpose restrictions where donors have specified the purpose for which the net assets are to be spent, or time restrictions imposed by donors or implied by the nature of the contribution (capital projects, pledges to be paid in the future and life income funds) or by interpretations of law (gains available for appropriation but not appropriated in the current period). All remaining net assets are considered to be without donor restrictions.

Realized gains and losses are classified as net assets without donor restrictions unless they are restricted by the donor or law. Realized gains and net unrealized appreciation on contributions with donor restrictions are classified as net assets with donor restrictions until appropriated for spending in accordance with policies established by Mass General Brigham and applicable provisions of the Uniform Prudent Management of Institutional Funds Acts (UPMIFA). Net losses on donor endowment funds with donor restrictions are classified as a reduction to net assets with donor restrictions.

Contributed Securities
Our policy is to sell securities contributed by donors upon receipt, unless prevented from doing so by donor request. For the years ended September 30, 2024 and 2023, contributed securities of $146,236 and $58,257, respectively, were received and liquidated. Donors restricted $85,180 and $25,545 of the proceeds received from the sale of these contributed securities for long-term purpose for the years ended September 30, 2024 and 2023, respectively.

Statement of Operations
Activities deemed by management to be ongoing, major and central to the provision of healthcare services, teaching, research activities and health insurance are reported as operating revenues and expenses. Other activities are deemed to be nonoperating and include contributions without donor restrictions (net of fundraising expenses), external community benefit program support, net change in unexpended research and nonresearch sundry contributions, change in fair value of interest rate swaps, substantially all income from investments, interest on advanced borrowings and nonservice related pension income. Research and nonresearch sundry contributions largely consist of donor contributions (and the related investment income including realized gains and losses) designated to support the clinical, teaching or research efforts of a physician or department as directed by the donor. These contributions are reported as being without donor restrictions, net of related support expenses, when donor restrictions are of a general nature that are inherent in the normal activities of the organization.

(in thousands of dollars)

The consolidated statements of operations include excess of revenues over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenues over expenses, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for acquisition of such assets) and change in funded status of defined benefit plans.

Revenues
To determine the appropriate revenue recognition policy, we first assess whether the transaction is an exchange or nonexchange transaction in accordance with accounting guidance. In general, an exchange transaction consists of an exchange of goods and/or services for commensurate value. Transactions that consist of transferring goods and/or services without receiving commensurate value in return are considered nonexchange transactions.

For exchange transactions, revenue is recognized as goods and/or services are provided and is based on the amount expected to be received in exchange for those goods and/or services. Revenue recognized as exchange transactions include net patient service revenue, premium revenue and other revenue.

Nonexchange transactions include contributions and grants for which the service provider does not receive commensurate value in return for the funding.

Contributions
Contributions are generally reported as other nonoperating gains in the consolidated statements of operations. Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give are recognized when the conditions are substantially met and totaled $403,143 and $371,648 as of September 30, 2024 and 2023, respectively. Contributions are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Contributions with donor restrictions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the consolidated statements of operations.

Contributions of long-lived assets with explicit restrictions that specify use of assets and contributions of cash or other assets that must be used to acquire long-lived assets are reported as additions to net assets with donor restrictions if the assets are not placed in service during the year.

Grants
Grants and contracts normally provide for the recovery of direct and indirect costs, subject to audit. Revenue associated with direct and indirect costs is recognized as direct costs are incurred. The recovery of indirect costs is based on predetermined rates for U.S. Government grants and contracts and negotiated rates for other grants and contracts.

Medical Claims and Related Expenses
The Health Plan contracts with various hospitals, community health centers, primary care and specialty physician practices and other health care providers for the delivery of services to its members and compensates these providers on a capitated, fee-for-service, per diem or diagnosis-related group basis.

(in thousands of dollars)

The cost of contracted health care services is accrued in the period in which services are provided and include certain estimated amounts. The estimated liability for medical claims and related expenses is actuarially determined based on analysis of historical claims-paid experience, modified for changes in enrollment, inflation and benefit coverage. The liability for medical claims and related expenses represents the anticipated cost of claims incurred but unpaid at the balance sheet date. Estimates for claims expense may be more or less than the amounts ultimately paid when claims are settled. Such changes in estimates are reflected in the current period in the consolidated statements of operations.

In the normal course of business, overpayments are recouped through reductions in future payments made to hospitals and other providers. Such overpayments are the result of, among other things, coordination of benefits and provider claim audits. For the years ended September 30, 2024 and 2023, we recorded a reduction in medical claims expense of $59,115 and $53,299, respectively, for such overpayments. As of September 30, 2024 and 2023, respectively, approximately $1,767 and $2,346 are recorded as receivables related to such overpayments.

Reinsurance
Reinsurance premiums are reported as reductions in premium revenue and reinsurance recoveries are reported as reductions in medical claims and related expenses.

Settlements
The Health Plan contracts with certain providers at negotiated rates based on historical and anticipated experience. These methods of reimbursement result in settlements based on actual versus anticipated experience which could result in payments due from (to) these providers. Settlements receivable of $702 and $3,647 were recorded in other current assets as of September 30, 2024 and 2023, respectively. Settlements payable of $6,616 and $4,633 were recorded in accrued medical claims and related expenses as of September 30, 2024 and 2023, respectively. The settlements are intended to include both reported and unreported incurred claims as of September 30, 2024 and 2023.

In 2014, the Patient Protection and Affordable Care Act (ACA) introduced new settlements related to a risk adjustment program, a risk corridor program and a reinsurance program designed to mitigate the transitional impact on insurers for new members. The risk corridor program and reinsurance program ended on December 31, 2016 in accordance with the provision of the ACA. Our estimated net receivable due from the federal government for the risk adjustment program was $79,841 and $73,299 as of September 30, 2024 and 2023, respectively. Similar to the federal program, EOHHS has a risk sharing arrangements, and our estimated net payable due to EOHHS was $10,712 and $95,619 as of September 30, 2023.

The ACA requires commercial health plans with medical loss ratios (MLR) on fully insured products that fall below certain targets to rebate ratable portions of their premium annually. The Health Plan's management thereby regularly monitors MLR calculations by market type and records the applicable liability and expense if the MLR falls below the minimum requirements pursuant to the ACA. The Health Plan's estimated payable for MLR rebate as of September 30, 2024 and 2023 was $7,936 and $0, respectively.

Premium Deficiency Reserves
Premium deficiency reserves are assessed and recognized on a product line basis based upon expected premium revenue, medical expense and administrative expense levels, and remaining

(in thousands of dollars)

contractual obligations using historical experience. As of September 30, 2024 and 2023, a premium deficiency reserve of $33,254 and $24,071, respectively, is included in accrued medical claims and related expenses in the accompanying consolidated financial statements.

Claims Adjustment Expenses
Claims adjustment expenses (CAE) are those costs expected to be incurred in connection with the adjustment and recording of health claims. We have recorded an estimate of unpaid CAE associated with incurred but unpaid claims, which is included in medical claims and related expenses in the accompanying consolidated statements of operations. Management believes the amount of the liability for unpaid CAE as of September 30, 2024, is adequate to cover the cost for the adjustment and recording of unpaid claims; however, actual expenses may differ from those established estimates. Adjustments to the estimates for unpaid CAE are reflected in operating results in the period in which the change in estimate is identified.

3. Operating Revenues

Net Patient Service Revenue
Mass General Brigham's providers maintain agreements with CMS under the Medicare program, the Commonwealth under the Medicaid program and various managed care payers that govern payment for services rendered to patients covered by these agreements. The agreements generally provide for per case or per diem rates or payments based on discounted charges for inpatient care and discounted charges or fee schedules for outpatient care. Certain contracts also provide for payments that are contingent upon meeting agreed upon quality and efficiency measures.

We recognize net patient service revenue for services provided to patients who have third-party payer coverage based on contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, we recognize revenue based on our standard rates (subject to discounts) for services provided. Based on our historical experience, a significant portion of uninsured patients are unable or fail to pay for the services provided. Consequently, we have provided implicit discounts to uninsured patients. These discounts represent the difference between amounts billed to patients and amounts expected to be collected based on historical experience. The following summarizes net patient service revenue, net of contractual adjustments and discounts by significant payer:

	Years Ended September 30,			
	2024		2023	
Net patient service revenue (net of contractual adjustments and discounts)				
Medicare	$ 2,957,873	22.0%	$ 2,822,694	22.1 %
Medicare managed care	1,152,455	8.6%	967,763	7.6 %
Medicaid	449,718	3.4%	689,718	5.4 %
Medicaid managed care	835,802	6.2%	561,198	4.4 %
Massachusetts managed care organizations	4,710,345	35.0%	4,569,756	35.7 %
Other commercial	2,989,867	22.2%	2,729,703	21.3 %
All others	343,896	2.6%	451,754	3.5 %
Total all payers	$ 13,439,956	100.0%	$ 12,792,586	100.0 %

(in thousands of dollars)

Net patient service revenue includes estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations. Contracts, laws and regulations governing the Medicare, Medicaid and charity care programs and managed care payer arrangements are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. A portion of the accrual for settlements with third-party payers has been classified as long-term because such amounts, by their nature or by virtue of regulation or legislation, will not be paid within one year.

Third-party payers (accrual) receivable consists of the following:

	Balance Sheet Classification	September 30, 2024	September 30, 2023
Current portion			
Receivable for settlements with third-party payers	Other current assets	$ 153,064	$ 159,813
Accrual for settlements with third-party payers	Accounts payable and accrued expenses	(115,461)	(59,584)
		37,603	100,229
Long-term portion			
Receivable for settlements with third-party payers	Other assets	26,956	6,700
Accrual for settlements with third-party payers	Accrued other	(171,401)	(28,526)
		(144,445)	(21,826)
Third-party payers (accrual) receivable		$ (106,842)	$ 78,403

We recognize changes in third-party payer settlements and other estimates in the year of the change in estimate. For the years ended September 30, 2024 and 2023, adjustments to prior year estimates resulted in an increase to net patient service revenue of $120,290 and $47,842, respectively. Subsequent changes to estimated discounts are generally recorded as adjustments to net patient service revenue in the period of change.

We provide either full or partial charity care to patients who cannot afford to pay for their medical services based on income and family size. Charity care is generally available to qualifying patients for medically necessary services. We report certain bad debts related to emergency services as charity care. As there is no expectation of collection, there is no net patient service revenue recorded related to charity care.

Premium Revenue

Premiums are due monthly and are recorded as earned during the period in which members are eligible to receive services. Premiums received prior to the first day of the coverage period are recorded as unearned premiums in accounts payable and accrued expenses.

(in thousands of dollars)

Research and Nonresearch Sundry Revenue

Research and nonresearch sundry revenue is recognized as either an exchange or nonexchange transaction, depending on the contract type. The following table sets forth total research and nonresearch sundry revenue received by funding source:

	Years Ended September 30,			
	2024		2023	
National Institute of Health and other federal agencies	$ 1,265,919	43.6%	$ 1,155,306	42.7 %
Federal subcontracts	288,087	9.9%	260,323	9.6 %
Industry/corporate	233,394	8.1%	224,821	8.3 %
Foundations/nonprofits and other sponsors	821,146	28.3%	771,579	28.5 %
Total research revenue	2,608,546		2,412,029	
Nonresearch sundry revenue	292,204	10.1%	295,981	10.9 %
Total research and nonresearch sundry revenue	$ 2,900,750	100.0 %	$ 2,708,010	100.0 %

Other Revenue

Other revenue includes all other operating revenue sources, the most significant being the following:

	Years Ended September 30,	
	2024	2023
Specialty and retail pharmacy operations	$ 1,211,649	$ 928,501
Contract revenue	119,258	132,070
COVID-19 reimbursement	19,699	99,372
Parking and office rentals	80,848	77,249
Tuition	66,570	62,482
Outsourced services	59,013	58,801
Blood factor sales	57,482	53,308
Cafeteria sales	40,163	36,198
Intellectual property and royalties	40,713	14,916
Contract administrative fees	34,330	27,397
Consulting services	15,435	14,248
International contracts	16,458	10,498
ACO administration fees	1,998	24,926
Investment income	13,482	13,560
Other	262,506	254,359
Total other revenue	$ 2,039,604	$ 1,807,885

COVID-19 Economic support

We received Provider Relief Funds (PRF) in 2020 and 2021 that were used to prevent, prepare for and respond to COVID-19. As of September 30, 2024 and 2023, we have deferred $86,487 of PRF received.

(in thousands of dollars)

We submitted applications to the Federal Emergency Management Agency (FEMA) for the reimbursement of COVID-19 expenses and recognized grant revenue totaling $19,699 and $99,372, in 2024 and 2023, respectively, as other operating revenue in the consolidated statements of operations. As of September 30, 2024 and 2023, we have deferred $54,792 and $35,092, respectively, of FEMA payments received.

4. Liquidity and Availability

Cash and investments are managed centrally under policies developed by the Investment Committee and reviewed by the Finance Committee of the Company's Board of Directors. Wherever possible, funds are commingled and are assigned to one of three investment pools (the Money Market Pool, the Aggregate Bond Pool and the Long Term Pool, collectively, the Pools) which have been structured to provide a range of investment objectives, risk profiles and rates of return appropriate for our assets. Funds are allocated among the Pools based on expected liquidity needs as determined by multi-year financial plans, restrictions and management judgment.

The tiered time horizon structure of the Pools is designed to meet anticipated and contingent liquidity needs. The following tables set forth the periods within which funds are available to meet liquidity needs and based on redemption provisions with investment managers, the specific Pools from which such funds would be drawn as of:

	September 30, 2024						
Investment Pool	**Same Day**	**1 Week**	**1 Month**	**3 Months**	**1 Year**	**> 1 Year**	**Total**
Money Market Pool	$ 2,314	$ -	$ -	$ -	$ -	$ -	$ 2,314
Aggregate Bond Pool	404,374	3,311	-	-	-	-	407,685
Long Term Pool	851,883	807,904	2,285,293	4,204,208	1,425,925	6,299,312	15,874,525
Total	$ 1,258,571	$ 811,215	$ 2,285,293	$ 4,204,208	$ 1,425,925	$ 6,299,312	$ 16,284,524
Cumulative total	$ 1,258,571	$ 2,069,786	$ 4,355,079	$ 8,559,287	$ 9,985,212	$ 16,284,524	

	September 30, 2023						
Investment Pool	**Same Day**	**1 Week**	**1 Month**	**3 Months**	**1 Year**	**> 1 Year**	**Total**
Money Market Pool	$ 167,997	$ -	$ -	$ -	$ -	$ -	$ 167,997
Aggregate Bond Pool	327,089	2,985	-	-	-	-	330,074
Long Term Pool	364,584	533,078	2,205,916	3,264,619	1,176,742	5,905,179	13,450,118
Total	$ 859,670	$ 536,063	$ 2,205,916	$ 3,264,619	$ 1,176,742	$ 5,905,179	$ 13,948,189
Cumulative total	$ 859,670	$ 1,395,733	$ 3,601,649	$ 6,866,268	$ 8,043,010	$ 13,948,189	

As of September 30, 2024 and 2023, we had cash and equivalents not included in the Pools of $105,823 and $228,351, respectively. As of September 30, 2024 and 2023, we had net patient accounts receivable of $1,731,496 and $1,638,306, respectively, that would be available for general expenditures within one year of the balance sheet dates.

5. Investments and Investments Limited as to Use

Investments are either invested in the Pools or separately managed. Substantially all affiliates participate in the Pools. Their respective ownership interests are tracked and updated monthly and are accounted for using the fair value method. Income (including realized gains and losses) from the Pools is allocated to each participant on a monthly basis based on its proportionate interest in the Pools.

(in thousands of dollars)

Oversight of the management of the investable assets, including the Pools and pension assets, is provided by the Investment Committee of the Company's Board of Directors which seeks to achieve incremental returns by manager selection and asset allocation (increasing/decreasing allocations within allowable ranges based on current and projected valuations). The Committee is supported by a professional staff, an outside investment consultant and a pension actuarial consultant.

We utilize a target allocation policy and balance projected returns, correlation and volatility of various asset classes within the overall risk tolerance. Asset allocations are managed based on relative valuations among and within asset classes and the perceived ability of managers to outperform passive benchmarks. Exposure by asset class is the sum of allocation to those mangers whose mandates most closely fit the listed asset classes. Asset allocation can and will deviate from target exposures and is regularly monitored for rebalancing.

The Pools invest in a variety of assets which include private partnerships whose assets include equity, fixed income and other investments. The Pools have unfunded commitments as follows:

	September 30,	
	2024	**2023**
Private equity	$ 1,676,110	$ 1,702,731
Private energy	89,816	109,042
Private real estate	102,876	49,481
Timber and agriculture	1,524	1,498
Private alternatives and hedge funds	195,972	200,062
	$ 2,066,298	$ 2,062,814

The unfunded commitments will be drawn down by the various general partners over the next several years. The maximum annual drawdown is expected to be 3% to 5% of investments and investments limited as to use.

Short-term Investments in Investment Pools

Within the Aggregate Bond Pool and the Long Term Pool, there are assets that meet the definition of short-term investments. These short-term investments are considered part of the Aggregate Bond Pool and the Long Term Pool and are not included in cash equivalents on the consolidated balance sheets. Accordingly, transactions within the Aggregate Bond Pool and the Long Term Pool that result in the purchase of investments or result in proceeds from the sales of investments are excluded from the statements of cash flows purchases of investments and proceeds from the sales of investments. Within the Aggregate Bond Pool, purchases of investments and proceeds from the sales of investments not included in the statements of cash flows were $247,387 and $187,061 for the year ended September 30, 2024, and $100,124 and $340,979 for the year ended September 30, 2023, respectively. Within the Long Term Pool, purchases of investments and proceeds from the sales of investments not included in the statements of cash flows were $1,632,747 and $1,966,849 for the year ended September 30, 2024, and $1,250,769 and $1,326,573 for the year ended September 30, 2023, respectively.

(in thousands of dollars)

Investments limited as to use consist of the following:

	September 30, 2024		September 30, 2023	
	Current Portion	Long-Term Portion	Current Portion	Long-Term Portion
Internally designated funds				
Reserved for capital expenditures	$ 1,244,666	$ -	$ 1,257,712	$ -
Unexpended research and nonrsearch sundry gifts	-	5,131,842	-	4,363,810
Deferred compensation	-	798,484	-	614,318
Other	2,030,166	461,821	1,868,784	419,512
	3,274,832	6,392,147	3,126,496	5,397,640
Externally limited funds				
Unexpended funds on research	369,851	-	377,730	-
Contributions held for others	1,519	-	1,531	-
Professional liability trust fund	-	50,886	-	43,062
Held by trustees under debt and other agreements	5,525		230	-
	376,895	50,886	379,491	43,062
	$ 3,651,727	$ 6,443,033	$ 3,505,987	$ 5,440,702

Investment activity included in excess of revenues over expenses consists of the following:

	Years Ended September 30,	
	2024	2023
Investment income included in operations and reported in other revenue	$ 13,482	$ 13,560
Investment income included in nonoperating gains and reported in		
Income from investments		
Investment income and realized gains on investments	327,105	42,213
Unrealized change in investments	1,622,965	919,915
Research and nonresearch sundry gifts net of spending	291,979	172,738
Total investment activity included in excess of revenues over expenses	$ 2,255,531	$ 1,148,426

6. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (also referred to as exit price). Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. In determining fair value, the use of various valuation approaches, including market, income and cost approaches, is permitted.

Fair Value Hierarchy
A fair value hierarchy has been established based on whether the inputs to valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the reporting entity's assumptions about the inputs

(in thousands of dollars)

market participants would use. The fair value hierarchy requires the reporting entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. In addition, for hierarchy classification purposes, the reporting entity should not look through the form of an investment to the nature of the underlying securities held by an investee.

The hierarchy is described below:

Level 1 Valuations using quoted prices in active markets for identical assets or liabilities. Valuations of these products do not require a significant degree of judgment. Level 1 assets and liabilities primarily include debt and equity securities that are traded in an active exchange market.

Level 2 Valuations using observable inputs other than Level 1 prices such as quoted prices in active markets for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in markets that are not active; broker or dealer quotations; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities primarily include debt securities with quoted prices that are traded less frequently than exchange-traded instruments as well as debt securities and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.

Level 3 Valuations using unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the reporting entity's assumptions about the assumptions market participants would use as well as those requiring significant management judgment.

Valuation Techniques
Pooled investments, separately invested short-term investments and debt and equity securities are classified within Level 1 or Level 2 of the fair value hierarchy as they are valued using quoted market prices, broker or dealer quotations, or other observable pricing sources. Certain types of investments are classified within Level 3 of the fair value hierarchy because they have little or no market activity and therefore have little or no observable inputs with which to measure fair value.

The valuation of interest rate swaps is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities.

(in thousands of dollars)

The following tables summarize financial assets and liabilities measured at fair value on a recurring basis as of:

	September 30, 2024				
	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued Using NAV as a Practical Expedient	Total
Assets					
Pooled investments					
Short-term investments	$ 756,519	$ -	$ -	$ -	$ 756,519
Separately managed investments	1,199,960	119,041	-	-	1,319,001
Mutual funds	3,310	-	-	-	3,310
Private partnerships, commingled funds and other	-	-	-	14,205,694	14,205,694
	1,959,789	119,041	-	14,205,694	16,284,524
Separately invested					
Short-term investments	31,248	-	-	-	31,248
Equities	41,395	-	-	-	41,395
Mutual funds	838,661	68,469	-	-	907,130
Private partnerships, commingled funds and other	-	-	-	223,540	223,540
Beneficial interests in perpetual assets	-	-	56,033	-	56,033
	911,304	68,469	56,033	223,540	1,259,346
	$ 2,871,093	$ 187,510	$ 56,033	$ 14,429,234	$ 17,543,870
Interest rate swaps					
Assets		$ 43,855			$ 43,855
Liabilities		(139,170)			(139,170)
Net interest rate swaps		$ (95,315)			$ (95,315)

(in thousands of dollars)

	September 30, 2023				
	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Valued Using NAV as a Practical Expedient	Total
Assets					
Pooled investments					
Short-term investments	$ 324,630	$ -	$ -	$ -	$ 324,630
Separately managed investments	850,001	197,971	-	-	1,047,972
Mutual funds	2,985	-	-	-	2,985
Private partnerships, commingled funds and other	-	-	-	12,572,601	12,572,601
	1,177,616	197,971	-	12,572,601	13,948,188
Separately invested					
Short-term investments	52,846	-	-	-	52,846
Equities	25,033	-	-	-	25,033
Mutual funds	649,706	64,637	-	-	714,343
Private partnerships, commingled funds and other	-	-	-	187,458	187,458
Beneficial interests in perpetual assets	-	-	51,876	-	51,876
	727,585	64,637	51,876	187,458	1,031,556
	$ 1,905,201	$ 262,608	$ 51,876	$ 12,760,059	$ 14,979,744
Interest rate swaps					
Assets		$ 55,987			$ 55,987
Liabilities		(67,075)			(67,075)
Net interest rate swaps		$ (11,088)			$ (11,088)

(in thousands of dollars)

7. Pledges and Contributions Receivable

Pledges receivable represent unconditional promises to give and are net of allowances for uncollectible amounts. Pledges are recorded at the present value of their estimated future cash flows. Pledges collectible within one year are classified as other current assets, net of allowances, and total $221,076 and $255,239 as of September 30, 2024 and 2023, respectively. Pledges collectable in one year or greater are classified as other assets. Estimated cash flows due after one year are discounted using published treasury bond and note yields that are commensurate with estimated collection risks. The blended discount rate was 3.6% and 4.8% for 2024 and 2023, respectively. Pledges are expected to be collected as follows:

	September 30, 2024	September 30, 2023
Amounts due		
Within one year	$ 240,290	$ 277,559
In one to five years	330,412	400,728
In more than five years	112,107	118,502
Total pledges receivable	682,809	796,789
Less: Unamortized discount	45,623	69,667
	637,186	727,122
Less: Allowance for uncollectibles	27,441	33,682
Net pledges receivable	609,745	693,440
Contributions receivable from trusts	51,932	49,497
	$ 661,677	$ 742,937

8. Property and Equipment

Property and equipment consists of the following:

	September 30, 2024	September 30, 2023
Land and land improvements	$ 355,891	$ 353,988
Buildings and building improvements	10,244,802	9,655,999
Equipment	2,961,248	2,981,003
Construction in progress	1,545,009	1,042,827
Finance right-of-use lease assets	108,623	102,843
	15,215,573	14,136,660
Less: Accumulated depreciation	7,743,833	7,359,297
Property and equipment, net	$ 7,471,740	$ 6,777,363

(in thousands of dollars)

Depreciation expense for the years ended September 30, 2024 and 2023 was $777,893 and $772,556, respectively. Interest costs, net of interest earned, aggregating $12,322 and $2,720 were capitalized in 2024 and 2023, respectively.

For the years ended September 30, 2024 and 2023, fully depreciated assets with an original cost of $393,357 and $325,076, respectively, were written off.

9. Levels of Capital and Surplus

Risk-based capital (RBC) is a methodology adopted by the National Association of Insurance Commissioners for determining the minimum level of capital and surplus deemed necessary for an insurer based upon the types of assets held and business written. The Company has guaranteed to the Massachusetts Division of Insurance (DOI) (the RBC Guaranty) to maintain the Health Plan's capital and surplus at a specified minimum level, measured quarterly in accordance with an RBC methodology permitted by DOI. The RBC Guaranty may be enforced by the DOI. The Company provided capital to the Health Plan of $0 and $75,000 in 2024 and 2023, respectively. Mass General Brigham Health Plan, Inc.'s current contract with EOHHS requires it to maintain a minimum net worth and/or financial insolvency insurance in an amount equal to the Minimum Net Worth calculation as defined in Massachusetts General Law 176G, Section 25. At December 31, 2023 and 2022 (Mass General Brigham Health Plan, Inc.'s statutory year end), the minimum net worth requirement, as determined in accordance with EOHHS guidelines, was $69,306 and $50,357, respectively. Mass General Brigham Health Plan, Inc.'s GAAP net worth was $212,686 and $124,286 at December 31, 2023 and 2022, respectively, and thus exceeded the EOHHS requirements by $143,380 and $73,929, respectively.

10. Accrued Medical Claims and Related Expenses

Accrued medical claims and related expenses include estimates of expected trends in claims severity, frequency, and other factors, which could vary as the claims are ultimately settled and are based principally upon historical experience. For the years ended September 30, 2024 and 2023, changes in estimates resulted in an increase (decrease) of accrued medical claims and related expense of $17,283 and ($38,421), respectively. Changes of this nature occur as the result of claim settlements and recoveries during the current year and as additional information is received regarding individual claims, causing changes from the original estimates of the cost of these claims. Ongoing analysis of the recent loss development trends is also taken into account in evaluating the overall adequacy of the reserves.

(in thousands of dollars)

Changes in accrued medical claims and related expenses are as follows:

	2024	2023
Balance at beginning of year	$ 192,435	$ 119,237
Less		
Premium deficiency reserve	(24,071)	(21,120)
Accrual for claims adjustment expenses	(2,962)	(1,608)
Accrued medical payables - other	(19,646)	(16,818)
Plus: Settlements payable, net	135,763	91,230
Net balance at beginning of year	281,519	170,921
Incurred related to		
Current year	1,487,755	1,125,010
Prior years	17,283	(38,421)
Total incurred	1,505,038	1,086,589
Paid related to		
Current year	1,270,729	928,975
Prior years	161,002	47,016
Total paid	1,431,731	975,991
Net balance at end of year	354,826	281,519
Plus		
Premium deficiency reserve	33,254	24,071
Accrual for claims adjustment expenses	4,204	2,962
Accrued medical payables - other	30,414	19,646
Less: Settlements payable, net	(164,178)	(135,763)
Balance at end of year	$ 258,520	$ 192,435

Medical claims and related expenses in the accompanying consolidated statements of operations include other nonclaims related costs. These nonclaims related expenses were for directly delivered services and medical cost risk sharing and incentives.

(in thousands of dollars)

11. Long-Term Obligations

Mass General Brigham's long-term obligations consist of the following:

	Final Maturity	September 30, 2024	September 30, 2023
Massachusetts Health and Educational Facilities Authority Revenue Bonds			
Series 1997 P*, variable interest rate of 2.99% and 4.03%	2027	$ 90,000	$ 120,000
Series 2005 F*, variable interest rate of 3.03% and 3.99%	2040	222,250	224,250
Series 2007 G*, variable interest rate of 3.00% and 4.00%	2042	75,000	75,000
Series 2008 H*, variable interest rate of 3.44% and 3.43%	2042	153,675	156,780
Massachusetts Development Finance Agency (Agency) Revenue Bonds			
Series 2011 K*, variable interest rate of 3.03% and 3.90%	2046	100,000	100,000
Series 2014 M*, average fixed interest rate of 3.50%	2026	1,835	9,335
Series 2014 N*, variable interest rate of 4.86% and 4.94%	2044	122,250	124,250
Series 2015 O*, average fixed interest rate of 4.35%	2045	159,870	169,830
Series 2016 Q*, average fixed interest rate of 4.81%	2047	384,395	394,920
Series 2017 S*, average fixed interest rate of 4.54%,	2047	652,785	740,480
Series 2019 T*, variable interest rate of 3.72% and 4.54%	2049	108,250	123,250
Series 2020 A*, average fixed interest rate of 4.81%	2050	268,130	276,530
Series 2022 B*, variable interest rate of 4.67% and 4.74%	2052	100,230	100,230
Series 2023 C, variable interest rate of 4.78% and n/a	2038	69,870	-
Series 2024 D, average fixed interet rate of 5.00%	2054	309,185	-
Series 2024 E*, variable interest rate 3.50% and n/a	2052	150,000	-
New Hampshire Health and Education Facilities Authority Revenue Bonds			
Series 2017, average fixed interest rate of 5.00%	2041	84,445	87,830
MGB Taxable Debt			
Series 2007 Bonds, fixed interest rate of 6.26%	2037	100,000	100,000
2012 Senior Notes, fixed interest rate of 4.11%	2052	400,000	400,000
2014 Senior Notes, fixed interest rate of 4.73%	2044	150,000	150,000
Series 2015 Bonds, fixed interest rate of 4.12%	2055	300,000	300,000
2016 Senior Notes, fixed interest rate of 3.89%	2046	225,000	225,000
Series 2017 Bonds, fixed interest rate of 3.77%	2048	303,644	303,644
2018 Senior Notes, fixed interest rate of 4.60%	2049	400,000	400,000
Series 2020 Bonds, average fixed interest rate of 3.29%	2060	1,017,135	1,017,135
Series B-1 Commercial Paper Notes, variable interest rate of n/a and 5.40%	2024	-	119,870
Other obligations		1,880	2,452
Total long-term obligations, par value		5,949,829	5,720,786
Net unamortized bond premiums		265,952	252,112
Deferred financing costs		(24,953)	(22,142)
Total long-term obligations, net		6,190,828	5,950,756
Less			
Current portion		353,249	481,130
		$ 5,837,579	$ 5,469,626

* Denotes series is issued in multiple subseries

Variable interest rates are presented at September 30, 2024 and 2023, respectively

(in thousands of dollars)

Scheduled maturities of long-term obligations (including the impact of net unamortized bond premiums and deferred financing costs) during the next five years and thereafter and other amounts classified as current liabilities, are as follows:

	Scheduled Maturities	Bonds Supported by Self Liquidity	Bonds Supported by Bank Facilities	Total
2025	$ 124,694	$ 212,305	$ 16,250	$ 353,249
2026	93,686	-	-	93,686
2027	97,398	-	-	97,398
2028	91,996	-	-	91,996
2029	93,785	-	-	93,785
Thereafter	5,460,714	-	-	5,460,714
	$ 5,962,273	$ 212,305	$ 16,250	$ 6,190,828

The scheduled maturities represent annual payments as required under debt repayment schedules. The current portion of long-term obligations includes the payments scheduled to be made in 2025, bonds supported by self-liquidity that can be tendered prior to September 30, 2025, and bonds supported by bank facilities with financial institutions (standby bond purchase agreements or letters of credit) that expire prior to September 30, 2025 or have potential principal amortization under bank facilities' term out provisions due during 2025. The bonds supported by self-liquidity provide the bondholder with an option to tender the bonds to the Company. Accordingly, these bonds are classified as a current liability. The bonds supported by bank facilities provide the bondholder with an option to tender the bonds to the liquidity provider. Generally accepted accounting principles require bonds backed by bank facilities expiring within one year of the balance sheet date as well as potential principal amortization under bank facilities' term out provisions due within one year of the balance sheet date to be classified as a current liability.

If bonds supported by bank facilities cannot be remarketed, the repayment terms of those bank facilities would result in repayments of $46,250 in 2025, $167,000 in 2026, $133,250 in 2027, $47,000 in 2028, $18,750 in 2029 and $0 thereafter. If the bonds supported by self-liquidity cannot be remarketed, the bonds would be tendered to the Company on their respective earliest tender dates, which differ from scheduled maturity dates, and would result in payments of $212,305 in 2025, $80,000 in 2026, $0 in 2027, $0 in 2028, $0 in 2029 and $239,515 thereafter.

Scheduled payments of long-term debt (excluding the impact of net unamortized bond premiums and deferred financing costs) for each of the next five years, assuming bonds backed by bank facilities are remarketed and the standby purchase agreements are renewed and bonds supported by self-liquidity are remarketed, are as follows:

2025	$ 124,694
2026	93,686
2027	101,148
2028	99,032
2029	100,945
Thereafter	5,430,324
	$ 5,949,829

(in thousands of dollars)

Interest expense paid during the years ended September 30, 2024 and 2023 was $247,287 and $244,096, respectively.

In January 2024, we issued $309,185 of Mass General Brigham Series 2024 D Revenue Bonds, plus bond premium of $34,049. The bond proceeds, net of issuance costs of $2,594, were used to refund Partners HealthCare System Series 2017 S-4 Bonds ($69,481) and to finance certain capital projects ($271,158).

In January 2024, we issued $150,000 of Mass General Brigham Series 2024 E Revenue Bonds. The bond proceeds, net of issuance costs of $1,659, were used to refund Taxable Commercial Paper Notes ($50,000) that refinanced, on an interim basis, Partners HealthCare System Series 2016 R-2 Revenue Bonds, and to finance certain capital projects ($98,341).

In December 2023, we issued $69,870 of Mass General Brigham Series 2023 C Revenue Bonds. The bond proceeds were used to refund Taxable Commercial Paper Notes that refinanced, on an interim basis, Partners HealthCare System Series 2017 S-3 Revenue Bonds.

In October 2022, we issued $100,230 of Mass General Brigham Series 2022 B Revenue Bonds. The bond proceeds were used to refund Partners HealthCare System Series 2016 R-1 Revenue Bonds ($50,000) and Taxable Commercial Paper Notes ($50,230) that refinanced, on an interim basis, Partners HealthCare System Series 2017 S-5 Revenue Bonds.

Mass General Brigham bonds are general obligations of the Company supported by guarantees from Brigham, Inc., The Brigham and Women's Hospital, Inc., The Massachusetts General Hospital and The General Hospital Corporation (the General) which may be suspended under certain conditions.

Our debt agreements contain certain covenants, including a minimum debt service coverage ratio and limitations on additional indebtedness and asset transfers.

Lines of Credit
The Company maintains two lines of credit aggregating $375,000 that provide access to same day funds. Advances under the lines of credit bear a variable rate of interest based on the Bloomberg Short-Term Bank Yield Index rate (BSBY) for the $250,000 line of credit and the Secured Overnight Financing Rate (SOFR) for the $125,000 line of credit. As of September 30, 2024 and 2023, there were no amounts outstanding under the lines of credit. The $250,000 line of credit expires in July 2025. The $125,000 line of credit expires in July 2026.

Taxable Commercial Paper
The Company maintains a $500,000 Taxable Commercial Paper (CP) program. As of September 30, 2024 and 2023, there was $0 and $119,870, respectively, outstanding under the CP program.

(in thousands of dollars)

12. Derivatives

Interest Rate Swaps

We utilize swap contracts to lock in long-term synthetic fixed rates and manage fluctuations in cash flows resulting from interest rate risk on certain of our variable rate bonds. These bonds expose us to variability in interest payments due to changes in interest rates. Management believes that it is prudent to limit this variability. To meet this objective and to take advantage of low interest rates, we have entered into various swap contracts involving the exchange of fixed rate payments by us for variable rate payments from several counterparties. These variable rate payments are currently based on a percentage of SOFR (based on compound average of daily SOFR in arrears) plus a spread.

By using swap contracts to manage the risk of changes in interest rates, we expose ourselves to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the swap contracts. When the fair value of a swap contract is positive, the counterparty has a liability to us, which creates credit risk. We minimize our credit risk by entering into swap contracts with several counterparties and requiring the counterparty to post collateral for our benefit based on the credit rating of the counterparty and the fair value of the swap contract. Conversely, when the fair value of a swap contract is negative, we have a liability to the counterparty and, therefore, we do not have credit risk. Under certain circumstances, we may be required to post collateral for the benefit of the counterparty. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that we may undertake.

(in thousands of dollars)

The following is a summary of the outstanding positions under our swap contracts as of September 30, 2024:

Effective Date	Notional Amount	Maturity	Rate Paid	Rate Received
5/1/03	$ 141,113	7/1/45	3.33%	67% 1M SOFR + 0.0767%
10/15/03	8,440	1/1/31	3.85%	70% 1M SOFR + 0.08014%
7/1/05	150,000	7/1/50	3.09%	67% 1M SOFR + 0.0767%
7/1/05	4,300	7/1/25	5.11%	67% 6M SOFR + 0.28693%
7/1/07	150,000	7/1/52	2.96%	67% 1M SOFR + 0.0809%
7/1/09	100,000	7/1/50	3.58%	67% 1M SOFR + 0.0767%
7/1/11	100,000	7/1/50	3.66%	67% 1M SOFR + 0.0767%
7/1/13	100,000	7/1/48	3.80%	67% 1M SOFR + 0.0767%
7/1/15	50,000	7/1/50	3.80%	67% 1M SOFR + 0.0767%
4/1/16	100,000	7/1/52	3.76%	67% 1M SOFR + 0.0767%
7/1/17	50,000	7/1/52	3.74%	67% 1M SOFR + 0.083%
7/1/24	50,000	7/1/54	1.82%	67% 1M SOFR + 0.0767%
7/1/25	50,000	7/1/55	1.77%	67% 1M SOFR + 0.083%
7/1/26	50,000	7/1/56	1.78%	67% 1M SOFR + 0.0767%
7/1/27	100,000	7/1/57	1.79%	67% 1M SOFR + 0.07985%
7/1/29	50,000	7/1/49	1.41%	67% 1M SOFR + 0.0767%
7/1/29	50,000	7/1/54	1.51%	67% 1M SOFR + 0.0767%
7/1/31	50,000	7/1/53	1.23%	67% 1M SOFR + 0.0767%
7/1/31	50,000	7/1/56	1.55%	67% 1M SOFR + 0.0767%
7/1/33	50,000	7/1/51	1.03%	67% 1M SOFR + 0.0767%
	$ 1,453,853			

Our swap contracts contain provisions that require collateral to be posted if the fair value of the swap exceeds certain thresholds. The collateral thresholds reflect the current credit ratings issued by major credit rating agencies on our and the counterparty's debt. Declines in our or the counterparty's credit ratings would result in lower collateral thresholds and, consequently, the potential for additional collateral postings by us or the counterparty. As of September 30, 2024, we posted collateral of $5,320 and held collateral of $850 and as of September 30, 2023, we held collateral of $7,350. We have established procedures to ensure that liquidity and securities are available to meet collateral posting requirements.

Upon the occurrence of certain events of default or termination events identified in the swap contracts, either the Company or the counterparty could terminate the contracts in accordance with their respective terms. Termination results in the payment of a termination amount by one party that attempts to compensate the other party for its economic losses. If interest rates at the time of termination are lower than those specified in the swap contract, we would make a payment to the counterparty. Conversely, if interest rates at such time are higher, the counterparty would make a payment to us.

(in thousands of dollars)

13. Leases

We lease property and equipment under both finance and operating lease agreements. We recognize leases with a term greater than twelve months on the balance sheets.

Some lease agreements require us to pay variable costs including property taxes, insurance, maintenance and repairs. Variable costs are excluded from the right-of-use asset and liability. Lease and nonlease components of agreements are not separated. Some leases contain rental escalation clauses and renewal options that are included in lease payment calculations when appropriate. The estimated incremental borrowing rate is used to discount the lease payment amounts.

The components of lease expense consist of the following:

	Year Ended September 30, 2024		
	Supplies and Other Expenses	Research and Nonresearch Sundry Gifts, Net of Expenses	Total
Operating lease expense	$ 218,534	$ 2,217	$ 220,751
Short-term lease expense	14,059	251	14,310
Variable lease expense	78,914	968	79,882
Finance lease expense			
Amortization of leased assets	16,088	174	16,262
Interest on lease liabilities	3,633	16	3,649
Total lease expense	$ 331,228	$ 3,626	$ 334,854

	Year Ended September 30, 2023		
	Supplies and Other Expenses	Research and Nonresearch Sundry Gifts, Net of Expenses	Total
Operating lease expense	$ 225,101	$ 3,357	$ 228,458
Short-term lease expense	14,026	1,001	15,027
Variable lease expense	87,866	1,252	89,118
Finance lease expense			
Amortization of leased assets	14,874	167	15,041
Interest on lease liabilities	3,650	22	3,672
Total lease expense	$ 345,517	$ 5,799	$ 351,316

(in thousands of dollars)

Lease related assets and liabilities are as follows:

	Balance Sheet Classification	September 30, 2024	September 30, 2023
Operating lease assets	Right-of-use operating lease assets	$ 920,702	$ 1,024,336
Finance lease assets	Property and equipment, net	62,646	68,194
Total lease assets		$ 983,348	$ 1,092,530
Current operating lease liability	Current portion of operating lease obligations	$ 203,879	$ 207,671
Current finance lease liability	Accounts payable and accrued expenses	16,808	16,939
Noncurrent operating lease liability	Operating lease obligation, less current portion	598,065	696,740
Noncurrent finance lease liability	Accrued other	68,333	73,318
Total lease liabilities		$ 887,085	$ 994,668

Supplemental cash flow and other information related to leases are as follows:

	Years Ended September 30, 2024	Years Ended September 30, 2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flow for operating leases	$ 213,333	$ 222,040
Operating cash flow for finance leases	3,453	3,630
Financing cash flows for finance leases	14,249	13,461
Weighted-average remaining term (years)		
Operating leases	12.0	7.0
Finance leases	15.0	16.0
Weighted-average discount rate		
Operating leases	4.07 %	4.05 %
Finance leases	4.07 %	4.05 %

(in thousands of dollars)

Commitments related to noncancelable operating and finance leases for each of the next five years and thereafter are as follows:

	Operating Leases	Finance Leases
2025	$ 203,879	$ 16,808
2026	182,825	12,267
2027	148,467	8,179
2028	125,062	4,669
2029	74,009	2,973
Thereafter	221,660	95,323
Total minimum future payments	955,902	140,219
Less: Amount representing interest	(153,958)	(55,078)
Present value of minimum future payments	801,944	85,141
Less: Current portion	(203,879)	(16,808)
Long-term lease obligations	$ 598,065	$ 68,333

We are also a lessor and sublessor of real estate under operating leases. Lease income for the years ended September 30, 2024 and 2023 was $15,488 and $16,425, respectively, and is included in other revenue in the consolidated statements of operations. Some of these leases include expenses such as utilities and maintenance costs in rent charges, however, this variable lease income is not considered material. We do not separate lease and nonlease components by class of underlying asset for all asset classes. The underlying real estate assets are included in property and equipment, net in the consolidated balance sheets.

The future undiscounted cash flows to be received from these leases for each of the next five years and thereafter is as follows:

2025	$ 3,721
2026	2,723
2027	2,840
2028	2,483
2029	2,283
Thereafter	157,067
	$ 171,117

14. Construction Projects

The General is constructing a new clinical building, the Phillip and Susan Ragon Building, that will occupy approximately one million square feet and will contain 482 private medical/surgical and intensive care unit beds, exam and infusion bays associated with a relocated and expanded outpatient oncology service, hybrid and conventional cardiovascular operating rooms, and associated imaging modalities as well as below-grade parking. As of September 30, 2024, accumulated costs incurred related to the new clinical building are approximately $634,977 with

(in thousands of dollars)

approximately $996,090 in outstanding construction project contracts. The total cost of the project is expected to be approximately $3,311,000 with occupancy scheduled for 2027 for Phase 1 and 2030 for Phase 2.

The Brigham and Women's Faulkner Hospital, Inc. is constructing a five-story inpatient addition and a 941 space garage that will replace a garage that is at its end-of-life use. The inpatient addition will include 78 new beds and will expand patient care for observation, imaging and endoscopy services. As of September 30, 2024, accumulated costs incurred related to the project are approximately $209,724 with approximately $60,262 in outstanding project costs. The total cost of the project is expected to be approximately $294,000 with occupancy scheduled for December 2024 for the garage and June 2025 for the inpatient addition.

15. Pension and Postretirement Healthcare Benefit Plans

Substantially all Mass General Brigham employees are covered under noncontributory defined benefit pension plans and various defined contribution pension plans. In addition, certain affiliates provide subsidized healthcare benefits for retired employees on a self-insured basis, with the benefit obligation being partially funded. These retiree healthcare benefits are administered through a third-party administrator and are accounted for on the accrual basis, which includes an estimate of future payments for claims incurred.

Total expense for Mass General Brigham plans consists of the following:

	Years Ended September 30,	
	2024	2023
Defined benefit plans	$ 106,335	$ 106,708
Defined contribution plans	213,275	181,814
Postretirement healthcare benefit plans	1,539	422
	$ 321,149	$ 288,944

Information regarding benefit obligations, plan assets, funded status, expected cash flows and net periodic benefit cost is as follows:

	Defined Benefit Pension Plans		Postretirement Healthcare Benefit Plans	
	2024	2023	2024	2023
Change in benefit obligations				
Benefit obligations at beginning of year	$ 7,433,676	$ 7,391,402	$ 213,043	$ 202,696
Service cost	327,945	338,035	2,887	2,922
Interest cost	472,110	435,026	12,535	11,295
Plan amendments (gain)/loss	(1,197)	7,928	-	-
Actuarial (gain)/loss	1,314,353	(384,256)	20,020	(5,882)
Benefits paid	(393,190)	(343,062)	(9,950)	(9,065)
Expenses paid	(12,969)	(11,494)	(1,534)	(1,115)
Employee contributions	91	97	11,846	12,192
Benefit obligations at end of year	$ 9,140,819	$ 7,433,676	$ 248,847	$ 213,043

(in thousands of dollars)

The estimated actuarial gain in the change in benefit obligation for 2024 and 2023 is due primarily to the change in discount rate, respectively.

The accumulated benefit obligation for all defined benefit pension plans at the end of 2024 and 2023 was $8,739,071 and $7,140,057, respectively.

	Defined Benefit Pension Plans		Postretirement Healthcare Benefit Plans	
	2024	2023	2024	2023
Weighted-average assumptions used to determine end of year benefit obligation				
Discount rate	5.25%	6.22%	4.91% - 5.05%	6.07% - 6.10%
Rate of compensation increase	3.00% - 5.00%	3.00% - 5.00%	N/A	N/A
Interest crediting rate	5.50%	5.25%	5.50%	5.25% - 6.50%
Postretirement healthcare cost trend rate for next year	N/A	N/A	7.50%	6.75%
Rate to which the cost trend rate is to decline	N/A	N/A	5.00%	5.00%
Year that rate reaches the ultimate trend rate	N/A	N/A	2035	2031

	Defined Benefit Pension Plans		Postretirement Healthcare Benefit Plans	
	2024	2023	2024	2023
Change in plan assets				
Fair value of plan assets at beginning of year	$ 9,075,320	$ 8,570,585	$ 178,090	$ 151,424
Actual return on plan assets	1,549,878	752,199	44,783	21,950
Employer contributions	106,727	106,995	2,750	2,704
Employee contributions	91	97	11,846	12,192
Benefits paid	(393,190)	(343,062)	(9,950)	(9,065)
Expenses paid	(12,969)	(11,494)	(1,534)	(1,115)
Fair value of plan assets at end of year	$ 10,325,857	$ 9,075,320	$ 225,985	$ 178,090

The assets of the defined benefit pension plans are aggregated in a single master trust (Master Trust) and managed as one asset pool. The investment objective for the Master Trust is to achieve the highest reasonable total return after considering (i) plan liabilities, (ii) funding status and projected cash flows, (iii) projected market returns, valuations and correlations for various asset classes and (iv) ability and willingness to incur market risk.

Within the Master Trust, assets are allocated to managers with investment mandates that may range from a single sub-asset class to very broad mandates; with restrictions that range from long-only to unconstrained; and with management structures ranging from separately managed funds to mutual/commingled funds to private partnerships. Less market sensitive managers employ long/short equity and diversified strategies. Investment risks (concentration, correlation, valuation, liquidity, leverage, mandate compliance, etc.) are monitored at the manager level as well as the pool level.

The following table presents the capital allocations and reported exposures by manager mandate within the Master Trust. Some managers, particularly less market sensitive managers, invest

(in thousands of dollars)

capital among multiple asset classes. The Long-Term Policy Benchmark is 70% Morgan Stanley Capital International All Country World Index and 30% Barclays Global Aggregate Bond.

	September 30, 2024		September 30, 2023	
	Dollars	Reported Exposures	Dollars	Reported Exposures
Global equity	$ 1,805,994	17.6 %	$ 1,171,312	12.9 %
Traditional U.S. equity	1,400,147	13.7 %	1,124,628	12.4 %
Traditional foreign developed equity	195,010	1.9 %	313,409	3.4 %
Traditional emerging markets equity	316,856	3.1 %	449,983	5.0 %
Private equity	2,575,951	24.3 %	2,313,451	25.4 %
Real assets	571,069	5.5 %	558,524	6.2 %
Less Market Sensitive managers	2,942,049	28.8 %	2,783,007	30.7 %
Fixed income managers	518,781	5.1 %	361,006	4.0 %
	$ 10,325,857	100.0 %	$ 9,075,320	100.0 %

The postretirement healthcare benefit plans' assets are invested in commingled funds with the objective of achieving returns to satisfy plan obligations and with a level of volatility commensurate with our overall financial profile.

The following tables summarize plan assets measured at fair value on a recurring basis (using the fair value hierarchy defined in Note 6) as of:

	September 30, 2024			
	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Investments Valued Using NAV as a Practical Expedient	Total
Defined benefit pension plans				
Short-term investments	$ 320,651	$ -	$ -	$ 320,651
Separately managed investments	710,149	-	-	710,149
Private partnerships and commingled funds	-	-	9,295,057	9,295,057
	1,030,800	-	9,295,057	10,325,857
Postretirement healthcare benefit plans				
Commingled funds	47,332	-	178,653	225,985
Total plan assets	$ 1,078,132	$ -	$ 9,473,710	$ 10,551,842

(in thousands of dollars)

	September 30, 2023			
	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Investments Valued Using NAV as a Practical Expedient	Total
Defined benefit pension plans				
Short-term investments	$ 175,053	$ -	$ -	$ 175,053
Separately managed investments	370,293	155,452	-	525,745
Private partnerships and commingled funds	-	-	8,374,522	8,374,522
	545,346	155,452	8,374,522	9,075,320
Postretirement healthcare benefit plans				
Commingled funds	49,615	-	128,475	178,090
Total plan assets	$ 594,961	$ 155,452	$ 8,502,997	$ 9,253,410

In evaluating the Level at which private partnerships have been classified within the fair value hierarchy, management has assessed factors including but not limited to price transparency, the ability to redeem these investments at net asset value at the measurement date and the existence or absence of certain restrictions at the measurement date. Investments in private partnerships generally have limited redemption options for investors and, subsequent to final closing, may or may not permit subscriptions by new or existing investors. These entities may also have the ability to impose gates, lockups and other restrictions on an investor's ability to readily redeem out of their investment interest in the fund. As of September 30, 2024 and 2023, we have excluded all assets from the fair value hierarchy for which fair value is measured using net asset value per share as a practical expedient.

(in thousands of dollars)

Funded Status

The funded status of the plans recognized in the balance sheet and the amounts recognized in net assets without donor restrictions is as follows:

	Defined Benefit Pension Plans		Postretirement Healthcare Benefit Plans	
	2024	2023	2024	2023
End of year				
Fair value of plan assets at measurement date	$ 10,325,857	$ 9,075,320	$ 225,985	$ 178,090
Benefit obligations at measurement date	(9,140,819)	(7,433,676)	(248,847)	(213,043)
Funded status	$ 1,185,038	$ 1,641,644	$ (22,862)	$ (34,953)
Amounts recognized in the balance sheet consist of				
Noncurrent asset	$ 1,206,988	$ 1,663,197	$ 257	$ 319
Current liabilities	(1,650)	(1,620)	(1,166)	(1,248)
Long-term liabilities	(20,300)	(19,933)	(21,953)	(34,024)
	$ 1,185,038	$ 1,641,644	$ (22,862)	$ (34,953)
Amounts not yet recognized in net periodic benefit cost and included in net assets without donor restrictions consist of				
Actuarial net gain	$ (184,574)	$ (615,642)	$ (19,451)	$ (9,901)
Prior service credit	(34,197)	(60,127)	(1,331)	-
	$ (218,771)	$ (675,769)	$ (20,782)	$ (9,901)
Amounts recognized in net assets without donor restrictions consist of				
Current year actuarial (gain)/loss	$ 422,524	$ (498,000)	$ (14,463)	$ (19,070)
Amortization of actuarial (gain)/loss	8,544	-	3,582	1,969
Current year prior service cost	(1,197)	7,928	-	-
Amortization of prior service credit	27,127	27,899	-	3,064
	$ 456,998	$ (462,173)	$ (10,881)	$ (14,037)

As of September 30, 2024 and 2023, the projected benefit obligation, accumulated benefit obligation and fair value of plan assets for pension plans with an accumulated benefit obligation in excess of plan assets were as follows:

	September 30,	
	2024	2023
Accumulated benefit obligation in excess of, or below plan assets		
Projected benefit obligation	$ 9,140,819	$ 7,433,676
Accumulated benefit obligation	8,739,071	7,140,057
Fair value of plan assets	10,325,857	9,075,320

(in thousands of dollars)

Expected Cash Flows

Information about the expected cash flows for the defined benefit and postretirement healthcare benefit plans is as follows:

	Defined Benefit Pension Plans	Postretirement Healthcare Benefit Plans	
Expected employer contributions			
2025	$ 189,493	$ 4,739	
			Medicare Subsidy
Expected benefit payments (receipts)			
2025	393,991	18,615	(3)
2026	427,448	18,836	(3)
2027	450,018	19,329	(2)
2028	478,611	19,850	(2)
2029	511,332	20,233	(2)
2030-2033	2,938,364	100,893	(6)

Net Periodic Benefit Cost

	Defined Benefit Pension Plans		Postretirement Healthcare Benefit Plans	
	2024	2023	2024	2023
Service cost	$ 327,945	$ 338,035	$ 2,887	$ 2,922
Interest cost	472,110	435,026	12,535	11,295
Expected return on plan assets	(658,049)	(638,454)	(10,301)	(8,762)
Amortization of				
Prior service credit	(27,127)	(27,899)	-	(3,064)
Actuarial net gain	(8,544)	-	(3,582)	(1,969)
Nonservice related pension income	(221,610)	(231,327)	(1,348)	(2,500)
Net periodic benefit cost	$ 106,335	$ 106,708	$ 1,539	$ 422

(in thousands of dollars)

	Defined Benefit Pension Plans		Postretirement Healthcare Benefit Plans	
	2024	2023	2024	2023
Weighted-average assumptions used to determine net periodic pension and postretirement cost				
Discount rate	6.22%	5.76%	6.07% - 6.10%	5.71% - 5.72%
Expected return on plan assets	7.00%	7.00%	6.00%	6.00%
Interest crediting rate	5.25%	5.25%	5.25% - 6.50%	5.25% - 6.50%
Rate of compensation increase	3.00% - 5.00%	3.00% - 5.00%	N/A	N/A
Healthcare cost trend rate for this year	N/A	N/A	6.75%	7.00%
Rate to which the cost trend rate is to decline	N/A	N/A	5.00%	5.00%
Year that rate reaches the ultimate trend rate	N/A	N/A	2031	2031

We use a long-term return assumption which is validated annually by obtaining long-term asset return, volatility and correlation projections for relevant asset class indexes; modifying volatility and correlations to reflect the actual historical experience of the active managers; calculating the expected return using benchmark weights and indexes; and comparing the return assumption to the sum of the expected return and the historical outperformance of the actual return versus the benchmark. We regularly monitor the active risk of the Master Trust by a statistical regression of the return series of the actual portfolio to that of the policy benchmark.

16. Professional Liability Insurance

We insure substantially all of our professional and general liability risk on a claims-made basis in cooperation with other healthcare organizations in the Greater Boston area through a risk-retention group, Controlled Risk Insurance Company of Vermont, Inc. (CRICO). The Company owns 11% of CRICO. The policies cover claims made during their respective terms, but not those occurrences for which claims may be made after expiration of the policy. Management intends to renew its coverage on a claims-made basis and has no reason to believe that it will be prevented from such renewal.

We follow the accounting policy of establishing reserves to cover the ultimate costs of medical malpractice claims, which include costs associated with litigating or settling claims. The liability also includes an estimated tail liability, established to cover all malpractice claims incurred but not reported to the insurance company as of the end of the year. The total malpractice liability of $573,796 and $576,038 as of September 30, 2024 and 2023, respectively, is presented as an accrued professional liability in the consolidated balance sheets. These reserves have been recorded on a discounted basis using an interest rate of 5.0% and 6.0% as of September 30, 2024 and 2023, respectively.

We also recognize an insurance receivable from CRICO at the same time that it recognizes the liability, measured on the same basis as the liability, subject to the need for a valuation allowance for uncollectible amounts. The insurance receivable of $442,072 and $441,834 as of September 30, 2024 and 2023, respectively, is reported as a component of other assets in the consolidated balance sheets.

Management is not aware of any claims against us or factors affecting CRICO that would cause the expense for professional liability risks to vary materially from the amount provided.

(in thousands of dollars)

17. Concentration of Credit Risk

Financial instruments that potentially subject us to concentration of credit risk consist of patient accounts receivable, research grants receivable, pledges receivable, premiums receivable, certain investments and interest rate swaps.

Mass General Brigham provider organizations receive a significant portion of payments for services rendered from a limited number of government and commercial third-party payers, including Medicare, Medicaid, Blue Cross and Blue Shield of Massachusetts, Harvard Pilgrim Health Care and Tufts Health Plan. Research funding is provided through many government and private sponsors. The Health Plan receives a portion of premium revenue from the Commonwealth.

Pledges receivable are due from multiple donors. We assess the credit risk for pledges based on history and the financial wherewithal of donors, most of which are individuals or organizations well known to us.

Investments, which include government and agency securities, stocks and corporate bonds, private partnerships and other investments, are not concentrated in any corporation or industry or with any single counterparty. Alternative investments are less liquid than other investments. The reported values of the alternative investments may differ significantly from the values that would have been used had a ready market for those securities existed. These instruments may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, absence of oversight, dependence upon key individuals, emphasis on speculative investments and nondisclosure of portfolio composition.

We minimize our credit risk exposure under interest rate swap agreements by utilizing several counterparties and requiring the counterparties to post collateral for our benefit when the fair value of the swap is positive. We minimize our counterparty risk by contracting with nine counterparties, none of which accounts for more than 20% of the aggregate notional amount of the swap contracts.

18. Net Assets

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

	September 30, 2024	September 30, 2023
Net assets with donor restrictions		
Charity care	$ 223,251	$ 193,671
Buildings and equipment	506,830	851,037
Clinical care, research and academic	3,216,044	2,694,448
	$ 3,946,125	$ 3,739,156

Endowment

Our endowment consists of numerous individual funds established for a variety of purposes and includes both endowment funds with donor restrictions and funds designated by boards to function as endowment. We have interpreted UPMIFA as requiring the preservation of the value of the original contribution of the endowment funds with donor restrictions absent explicit donor

(in thousands of dollars)

stipulations to the contrary. As a result of this interpretation, we classify net assets with donor restrictions, the original value of all contributions with donor stipulations to maintain in perpetuity, accumulated gains required to be maintained in perpetuity by explicit donor stipulation or accumulated gains which have been appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, we consider several factors in making a determination to appropriate or accumulate endowment funds with donor restrictions. These factors include: the duration and preservation of the fund; the purposes of the organization and the endowment fund with donor restrictions; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the organization; and the investment policies of the organization.

Endowment Funds with Deficits

From time to time, the value of assets associated with individual endowment funds with donor restrictions may fall below the value of the initial and subsequent donor contribution amounts. These deficits generally result from unfavorable market fluctuations that occurred after the investment of new contributions with donor restrictions or subsequent endowment additions. When such endowment deficits exist, they are classified as a reduction to net assets with donor restrictions.

The following presents the endowment net asset composition by type of fund as of September 30, 2024 and 2023 and the changes in endowment assets for the years ended September 30, 2024 and 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net asset composition by type of fund as of September 30, 2024			
Endowment funds with donor restrictions	$ -	$ 2,929,226	$ 2,929,226
Endowment funds with board designations	1,662,338	-	1,662,338
Total funds	$ 1,662,338	$ 2,929,226	$ 4,591,564

(in thousands of dollars)

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in endowment net assets			
Endowment net assets at September 30, 2023	$ 1,368,005	$ 2,441,991	$ 3,809,996
Investment return			
Investment income	1,660	2,851	4,511
Net realized and unrealized appreciation	261,492	452,078	713,570
Total investment return	263,152	454,929	718,081
Contributions	10,624	142,349	152,973
Appropriation of endowment assets for expenditure	(61,076)	(107,076)	(168,152)
Other changes	81,633	(2,967)	78,666
Total changes	294,333	487,235	781,568
Endowment net assets at September 30, 2024	$ 1,662,338	$ 2,929,226	$ 4,591,564

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net asset composition by type of fund as of September 30, 2023			
Endowment funds with donor restrictions	$ -	$ 2,441,991	$ 2,441,991
Endowment funds with board designations	1,368,005	-	1,368,005
Total funds	$ 1,368,005	$ 2,441,991	$ 3,809,996

(in thousands of dollars)

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in endowment net assets			
Endowment net assets at September 30, 2022	$ 1,285,916	$ 2,167,346	$ 3,453,262
Investment return			
Investment loss	(296)	(498)	(794)
Net realized and unrealized appreciation	129,862	216,938	346,800
Total investment return	129,566	216,440	346,006
Contributions	9,396	151,356	160,752
Appropriation of endowment assets for expenditure	(59,336)	(101,597)	(160,933)
Other changes	2,463	8,446	10,909
Total changes	82,089	274,645	356,734
Endowment net assets at September 30, 2023	$ 1,368,005	$ 2,441,991	$ 3,809,996

19. Functional Expenses

Expenses by functional classification are allocated based on management's judgement, the nature of the expense and historical experience. Such classifications and allocations are as follows:

	Healthcare Services	Research and Academic	Insurance	General and Administrative	Year Ended September 30, 2024
Operating expenses					
Employee compensation and benefit expense	$ 8,762,016	$ -	$ 82,892	$ 1,419,870	$ 10,264,778
Supplies and other expenses	5,182,240	-	94,827	263,209	5,540,276
Medical claims and related expenses	-	-	1,505,038	-	1,505,038
Direct research and noresearch sundry expenses	-	2,240,832	-	-	2,240,832
Depreciation and amortization expenses	691,739	-	-	86,598	778,337
Interest expense	100,276	-	-	75,003	175,279
Total operating expenses	$ 14,736,271	$ 2,240,832	$ 1,682,757	$ 1,844,680	$ 20,504,540

(in thousands of dollars)

Direct research and nonresearch sundry expenses include $1,339,705 of employee compensation and benefit expense and $901,127 of supplies and other expenses for the year ended September 30, 2024.

	Healthcare Services	Research and Academic	Insurance	General and Administrative	Year Ended September 30, 2024
Nonoperating expenses					
Employee compensation and benefit expense	$ -	$ -	$ -	$ 85,449	$ 85,449
Supplies and other expenses	-	-	-	24,244	24,244
Interest expense	-	-	-	57,567	57,567
Pension related interest costs	368,476	52,972	-	63,197	484,645
Total nonoperating expenses	$ 368,476	$ 52,972	$ -	$ 230,457	$ 651,905

	Healthcare Services	Research and Academic	Insurance	General and Administrative	Year Ended September 30, 2023
Operating expenses					
Employee compensation and benefit expense	$ 8,296,219	$ -	$ 72,326	$ 1,290,735	$ 9,659,280
Supplies and other expenses	4,644,283	-	80,980	250,893	4,976,156
Medical claims and related expenses	-	-	1,086,589	-	1,086,589
Direct research and noresearch sundry expenses	-	2,066,518	-	-	2,066,518
Depreciation and amortization expenses	687,592	-	-	86,971	774,563
Interest expense	104,199	-	-	64,566	168,765
Total operating expenses	$ 13,732,293	$ 2,066,518	$ 1,239,895	$ 1,693,165	$ 18,731,871

Direct research and nonresearch sundry expenses include $1,228,043 of employee compensation and benefit expense and $838,475 of supplies and other expenses for the year ended September 30, 2023.

	Healthcare Services	Research and Academic	Insurance	General and Administrative	Year Ended September 30, 2023
Nonoperating expenses					
Employee compensation and benefit expense	$ -	$ -	$ -	$ 78,209	$ 78,209
Supplies and other expenses	-	-	-	37,363	37,363
Interest expense	-	-	-	63,720	63,720
Pension related interest costs	341,062	49,229	-	56,030	446,321
Total nonoperating expenses	$ 341,062	$ 49,229	$ -	$ 235,322	$ 625,613

20. Contingencies

We are subject to complaints, claims and litigation which arise in the normal course of business. In addition, we are subject to reviews and investigations by various federal and state government agencies to assure compliance with applicable laws, some of which are subject to different interpretations. Governmental review of compliance by healthcare organizations has increased.

(in thousands of dollars)

21. Subsequent Events

We have assessed the impact of subsequent events through December 18, 2024, the date the audited financial statements were issued. During this period, there were no subsequent events that require adjustment to the audited financial statements.