OneCare Vermont Accountable Care Organization, LLC

Financial Statements
December 31, 2020 and 2019

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Report of Independent Auditors

To the Board of Managers
of OneCare Vermont Accountable Care Organization, LLC

We have audited the accompanying financial statements of OneCare Vermont Accountable Care Organization, LLC (the "Organization"), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations and comprehensive income, of changes in members' equity and of cash flows for the years then ended.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Organization's preparation and fair presentation of the financial statements 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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OneCare Vermont Accountable Care Organization, LLC as of December 31, 2020 and 2019 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PricewaterhouseCoopers LLP

July 16, 2021

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OneCare Vermont Accountable Care Organization, LLC
Balance Sheets
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	$ 35,545,587	$ 17,917,788
Restricted cash	4,000,000	9,883,775
Accounts receivable	464,628	2,726,501
Accounts receivable from participants, contract risk settlement	32,956,428	12,216,624
Accounts receivable from payors, contract risk settlement	22,745,621	4,717,550
Prepaid expenses and other assets	217,980	213,727
Total current assets	95,930,244	47,675,965
Property and equipment, net	40,741	53,312
Total assets	$ 95,970,985	$ 47,729,277
Liabilities and Equity		
Current liabilities		
Accounts payable and accrued expenses	$ 14,124,629	$ 9,139,617
Accounts payable to participants, contract risk settlement	10,760,535	3,266,266
Accounts payable to payors, contract risk settlement	59,175,677	18,788,225
Due to related parties	2,181,975	2,467,329
Current portion of deferred revenue and other liabilities	3,477,610	790,678
Note payable	-	4,124,849
Total current liabilities	89,720,426	38,576,964
Long-term deferred revenue and other liabilities	564,130	3,465,884
Total long-term liabilities	564,130	3,465,884
Total liabilities	90,284,556	42,042,848
Members' equity	50,000	50,000
Retained surplus	5,636,429	5,636,429
Total members' equity	5,686,429	5,686,429
Total liabilities and members' equity	$ 95,970,985	$ 47,729,277

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

OneCare Vermont Accountable Care Organization, LLC
Statements of Operations and Comprehensive Income
Years Ended December 31, 2020 and 2019

	2020	2019
Revenue		
Contract revenue	$ 11,194,712	$ 10,771,692
Participation fees	15,273,570	25,842,028
Administrative revenue	3,897,306	2,697,815
Consulting revenue	193,289	355,289
Settlement revenue	32,986	415,240
Other revenue	255,830	362,384
Total revenue	30,847,693	40,444,448
Expenses		
Population health management expenses		
Care reform initiatives	16,803,431	19,688,249
Settlement expense	-	725,576
Total population health management expenses	16,803,431	20,413,825
Other operating expenses		
Salaries, payroll taxes and fringe benefits	8,346,024	7,721,134
Software, software licenses and software maintenance	2,806,528	2,600,557
Consulting, legal and purchased services	1,637,954	2,622,296
Travel, supplies and other	1,253,756	2,397,463
Total other operating expenses	14,044,262	15,341,450
Total expenses	30,847,693	35,755,275
Net income and comprehensive income	$ -	$ 4,689,173

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

OneCare Vermont Accountable Care Organization, LLC
Statements of Changes in Members' Equity
Years Ended December 31, 2020 and 2019

	University of Vermont Medical Center	Dartmouth-Hitchcock Health	Total
Balances at December 31, 2018	$ 498,629	$ 498,627	$ 997,256
Net income and comprehensive income	2,344,586	2,344,587	4,689,173
Balances at December 31, 2019	$ 2,843,215	$ 2,843,214	$ 5,686,429
Net income and comprehensive income	-	-	-
Balances at December 31, 2020	$ 2,843,215	$ 2,843,214	$ 5,686,429

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

OneCare Vermont Accountable Care Organization, LLC
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Net income and comprehensive income	$ -	$ 4,689,173
Adjustments to reconcile net income and comprehensive income to net cash provided by operating activities		
Depreciation expense	12,571	6,189
Increase (decrease) in cash resulting from a change in		
Accounts receivable, trade	2,261,873	197,107
Accounts receivable from participants, contract risk settlement	(20,739,804)	9,813,266
Accounts receivable from payors, contract risk settlement	(18,028,071)	851,028
Prepaid expenses and other assets	(4,253)	(77,049)
Due to/from related parties	(285,354)	(2,263,009)
Accounts payable and accrued expenses	4,985,012	(7,033,655)
Accounts payable to participants, contract risk settlement	7,494,269	1,453,324
Accounts payable to payors, contract risk settlement	40,387,452	(6,854,441)
Deferred revenue and other liabilities	(214,822)	2,686,430
Net cash provided by operating activities	15,868,873	3,468,363
Cash flows from investing activities		
Purchases of property and equipment	-	(59,501)
Net cash used in investing activities	-	(59,501)
Cash flows from financing activities		
Repayment of note payable, related party	(4,124,849)	-
Net cash used in financing activities	(4,124,849)	-
Net increase in cash and cash equivalents and restricted cash	11,744,024	3,408,862
Cash and cash equivalents and restricted cash		
Beginning of year	27,801,563	24,392,701
End of year	$ 39,545,587	$ 27,801,563
Supplemental disclosure of cash flow information:		
Cash paid for interest, related party	$ 118,160	$ 195,930

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

1. Organization

OneCare Vermont Accountable Care Organization, LLC (the "Organization" or "OneCare") was formed in May 2012 as a statewide Accountable Care Organization ("ACO"). The Organization was formed as a joint venture between the University of Vermont Medical Center, Inc. ("UVM Medical Center") (a wholly controlled subsidiary of the University of Vermont Health Network, "UVM Health Network"), a Vermont nonprofit corporation, and Dartmouth-Hitchcock Health ("D-HH"), a New Hampshire nonprofit corporation. The Organization's mission is to partner with local health care providers to transform Vermont's health care system to one that focuses on health goals by providing actionable data and innovative payments that foster better outcomes for all. The Organization is focused on three core strategies: network performance management, data and analytics and payment reform. The Organization joins an extensive, statewide network of providers and communities implementing health care payment reform and population health management.

The Organization's network of participating providers (the "Participants") includes Vermont hospitals (including UVM Medical Center) along with their employed physicians and providers, Dartmouth-Hitchcock (a New Hampshire hospital whose sole corporate member is D-HH), federally qualified health centers, independent practices, home health providers, designated agencies for mental health and substance abuse, area agencies on aging, and skilled nursing facilities. Each Participant has entered into a Risk-Bearing Participant & Preferred Provider Agreement with OneCare and each Participant has agreed to become and remain accountable for the quality, cost and overall care of attributed lives.

OneCare has entered into population based "next generation" accountable care program agreements with the State of Vermont Department of Vermont Health Access ("DVHA"), the Centers for Medicare and Medicaid ("CMS"), BlueCross BlueShield of Vermont ("BCBSVT") and MVP Health Care, Inc. ("MVP"). These agreements are designed to align with the Vermont All-Payer Accountable Care Organization Model agreement between the State of Vermont and CMS. The attribution of beneficiaries under these agreements occurs prospectively at the beginning of the program year. Beneficiaries cannot be added during the program year but beneficiaries may become ineligible for attribution during the program year for various reasons.

Through the Vermont Medicaid Next Generation ("VMNG") ACO program, an Expected Total Cost of Care ("ETCOC") is established to serve as the basis from which financial performance will be assessed. From the ETCOC, DVHA pays the Organization a monthly Value-Based Care Payment, which includes an administrative fee and a Fixed Prospective Payment ("FPP") for two cohorts (Traditional and Expanded) of attributed members (compared to one in 2019). OneCare utilizes the FPP to reimburse providers participating in the Organization's FPP model a fixed amount, based on attributed lives, which the Participants accept in lieu of being paid for covered services on a fee for service basis. The Organization also makes payments on a per beneficiary basis to participating hospitals and providers. Fee-for-service payments from the State of Vermont continue for all other non-hospital provider Participants, for all providers who are not a Participant, and for all services that are not covered under the ETCOC. Administrative fees are funded monthly and include a payment of $6.50 per attributed beneficiary per month, of which the Organization retains 50% and distributes 50% to the Participants for the Traditional Cohort, and $5 per attributed beneficiary per month, of which the Organization retains 65% and distributes 35% to the Participants for the Expanded Cohort.

Through the CMS Vermont Modified Next Generation ACO Model participation agreement, CMS pays the Organization an All Inclusive Population Based Payment ("AIPBP"). The AIPBP is intended to provide funding for the organization to pay its participating hospitals a fixed amount,

based on attributed lives, which the hospitals accept in lieu of being paid for covered services on a fee-for-service basis. Fee-for-service payments continue for all non-hospital provider participants, for all providers who are not a Participant, and for all services that are not covered under the AIPBP. Under this agreement, CMS has agreed to advance potential shared savings to OneCare. OneCare uses these dollars to fund programs related to the Vermont Blueprint for Health programs. All monies advanced are at risk and is subject to potential repayment.

Through the BCBSVT Commercial Next Generation Accountable Care Organization program agreement, BCBSVT and the Organization have entered into a risk arrangement specific to BCBSVT's Qualified Health Plan. Under this arrangement in 2020, the Organization received a monthly fixed payment from BCBSVT, based on attributed lives, which was passed through to one participating hospital. In 2020 and 2019, all other participating hospitals were paid by BCBSVT on a fee-for-service basis. Additionally, BCBSVT and the Organization have entered into a Primary Payer program agreement, where a portion of BCBSVT's primary payor population is at risk. In 2020 and 2019, OneCare received $3.25 per attributed beneficiary per month under these agreements all of which has or will be distributed to providers.

In 2020, the Organization and MVP entered into a Commercial Next Generation Accountable Care Organization program. OneCare received $3.25 per attributed beneficiary per month, which has or will be distributed to providers.

In 2019, the Organization entered into a risk arrangement with UVM Medical Center whereby the members of UVM Medical Center's self-funded medical plan (the "Plan") utilizing a primary care physician within the Organization's network of providers are covered. UVM Medical Center paid $3.25 per attributed beneficiary per month to the Organization under this plan, which was distributed to Participants for primary care and ACO based payment reform. In 2020, the members covered under this program were transitioned into the BCBSVT Primary Payer program.

In March 2020 the outbreak of COVID-19 caused domestic and global disruption in operations for health care providers and associated organizations, including the postponement of elective and non-urgent care. This caused a temporary statewide de-prioritization of value-based care initiatives, and created uncertainty regarding the healthcare trends that ultimately affect shared savings or losses. In response, management worked with payors to mitigate downside risk for 2020. In addition, OneCare worked with the State of Vermont to ensure providers had access to CARES Act funding to help cover their settlement obligation to OneCare. Risk mitigation strategies that continued into 2021 include reduced downside risk corridors and a continued focus on maintaining reasonable participation fees through operating expense monitoring.

2. Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting periods. Significant estimates include either a receivable or payable for the final year-end risk settlements under each payor contract, along with amounts due

to Participants based on achieving defined annual quality metrics. Accordingly, actual results could differ from those estimates.

New Accounting Guidance

In May 2014, the FASB issued ASU No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*. The ASU replaces most existing revenue recognition guidance in GAAP and implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard was effective for the Organization in 2019, however, as a response to COVID-19, the FASB allowed for the effective date to be extended by one year, and the Organization elected this deferral and adopted this standard on January 1, 2020.

The standard permits the use of either the modified retrospective or cumulative effect transition method. Management selected the modified retrospective transition method. Management has applied the standard to contracts that were not completed at the date of adoption. The adoption of Topic 606 did not have an impact on the results of operations. Disclosures in the *Revenue Recognition* note have been updated as required by the standard.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which requires a lessee to recognize a right-of-use asset and a lease liability for most leases, initially measured at the present value of the lease payments, on its balance sheet. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis. The guidance also expands the required quantitative and qualitative disclosures surrounding leases. In response to COVID-19, the FASB allowed for the effective date of this guidance to be extended to annual periods beginning after December 15, 2021 or fiscal year 2022 for OneCare, and the Organization elected this deferral. The Organization is evaluating the impact of the new guidance on the financial statements.

Revenue Recognition

Revenue from contracts with customers under Topic 606 include revenue from the following categories: participation fees, administrative revenue, consulting revenue and other revenues. The Organization also has contract revenue accounted for under ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. In regards to revenue recognized under Topic 606, the Organization recognizes revenue upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which OneCare expects to be entitled in exchange for those goods or services. At contract inception, the Organization identifies the performance obligation for each promise to transfer a good or service (or bundle of goods or services) that is distinct. For the majority of the Organization's operations, the primary performance obligation is to provide various support services, such as data reporting software and support, training, data analysis, data reporting and clinical leadership. The consideration received for goods and services may include variable components. Variable consideration is included in the transaction price to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Organization satisfies its performance obligations and recognizes revenue ratably over the period in which services are provided to Participants.

Participation Fees
Participation fees are approved by the Board of Managers on an annual basis for the purpose of funding budgeted expenses not funded from other sources and are billed on a monthly, fixed rate for each Participant. Expenses include certain OneCare administrative costs, population health management and care coordination fees, payment pilots, the Value Based Incentive Fund ("VBIF") and other OneCare board-approved programs. Revenue is recognized on a monthly basis as services are performed.

As the budget is the basis for Participation fees, it is expected that variation between actual and budgeted expenses will occur in the normal course of business, which may result in an unintended, but substantial profit or loss for the Organization. If this type of normal variation occurs, the Board of Managers, may, at their discretion, issue credits to Participants or in the case of a loss, increase Participation fees. For the year ended December 31, 2020, credits issued to Participants and included in accounts payable and accrued expenses totaled $3,137,167. There were no credits issued for the year ended December 31, 2019.

Administrative Revenue
Administrative revenue represents amounts earned by OneCare to provide administrative coordination services under the VMNG contract and is calculated based on monthly attribution and a contracted per member per month rate. To the extent certain attributed members were or should have been ineligible in any given month, a portion of the administrative fee may be recouped by DVHA at year-end settlement representing variable consideration under this contract.

Consulting Revenue
The Organization performs certain data management, reporting and support services to other organizations. Revenue from these transactions is recognized when obligations under the terms of the respective contracts are satisfied. Revenue from these transactions is measured as the amount of consideration the Organization expects to receive for those services.

Contract Revenue
The Organization contracts with DVHA to perform certain initiatives accounted for under ASU 2018-08. The programs within contract revenue are deemed to be non-exchange transactions and revenue is recognized when conditions (if any) are met. Revenue is earned once the Organization's performance to achieve certain milestones is completed and thus deemed unconditional. A summary of revenue under the DVHA contract for the years ended December 31, 2020 and 2019, respectively, are as follows:

	2020	2019
Health Information Technology	$ 2,800,000	$ 4,250,000
Primary Prevention Development Funding	-	1,100,000
Complex Care Coordination	4,494,710	5,421,692
Delivery System Related Investment Funding	3,900,002	-
Total contract revenue	$ 11,194,712	$ 10,771,692

Other Revenue
Other revenue represents interest income and income from other initiatives outside of the Organization's four primary payor contracts. Interest income is not subject to ASC 606 and thus continues to be recognized on a monthly basis as earned. The other initiatives are evaluated under either Topic 606 or ASU 2018-08 and revenue is recognized accordingly.

Contract Asset/Liability Balances
The Organization generally satisfies its performance obligations when it provides its Participants with various support services. The timing of OneCare's performance may differ from the timing of the Participants' payments, which may result in the recognition of a contract asset or a contract liability. At both December 31, 2020 and 2019, there were no material contract assets with customers.

At December 31, the Organization's contract liabilities, recorded in current and long-term deferred revenue and other liabilities are as follows:

	2020	2019
Beginning balance	$ (4,126,118)	$ (1,324,077)
Revenue recognized	774,824	1,121,761
Revenue deferred	(572,950)	(3,923,802)
Ending balance	$ (3,924,244)	$ (4,126,118)

Amounts not recognized relate to performance obligations under Participation agreements primarily associated with population health management programs and initiatives which the Board of Managers elected to postpone to future years.

Value-Based-Incentive Funds
The Organization has quality incentive programs under each of its contracts which allow for funds to be distributed to Participants based on targeted quality measures and in accordance with organization policy. Under the arrangement with DVHA, the Organization is required to fund the VBIF to a prescribed level. In light of the impact of COVID-19, in 2020, quality measures were waived as long as reporting requirements to DVHA were met, and thus 100% of the quality scores were deemed to be earned. In 2019, the Organization retained 50% of the undistributed quality funds for ongoing quality improvement initiatives. The remaining 50% was payable to DVHA. DVHA allows the Organization to withhold monies from the FPP to fund the VBIF, however, in both 2020 and 2019 the Organization funded the VBIF via participation fees, in the amount of $5,114,243 and $4,056,334, respectively. Total quality incentives earned by Participants for the years ended December 31, 2020 and 2019 were $4,602,819 and $3,853,517, respectively.

The Organization funded a VBIF pool for Participants in the Medicare program, in the amounts of $0 and $2,479,049 for the years ended December 31, 2020 and 2019, respectively. Total quality incentives earned by Participants were $0 and $2,277,750 in 2020 and 2019, respectively.

Under the arrangements with BCBSVT, the Organization funded VBIF pools for Participants in the amounts of $615,254 and $524,151 for the years ended December 31, 2020 and 2019, respectively. Total quality incentives earned by Participants were $553,729 and $422,233 in 2020 and 2019, respectively.

Under the UVM Medical Center's Plan in 2019, the contract specified that the VBIF pool would be funded only through shared savings achieved. No shared savings were earned, therefore no pool

existed in 2019. In 2018, the Plan provided funding for the VBIF pool, which totaled $82,725, however, it was agreed these dollars would be distributed based on 2019 results. Total quality incentives earned by Participants in 2019 from the 2018 pool were $56,137.

Contract Risk Settlements

The Organization has agreed to risk-based medical spending targets for the full attributed populations during the performance year, which is from January 1st to December 31st. The Organization is liable to the payors if actual costs exceed the established targets or is entitled to shared savings if actual costs are less than the targets (within established corridors). The Organization records, as an asset or liability at December 31, 2020 and 2019, the savings or losses estimated under each contract either due from or due to the payors. Participants will fund any amount due to the payors or will receive a distribution of savings under the contracts. Additionally, under the CMS and BCBSVT contracts, as part of the settlement for the performance year, the payors will compare the difference between the total payments paid to the Organization by the respective payor to the fee for service equivalent cost (AIPBP Reconciliation). Any difference will either result in additional payment to, or a recoupment from, the payors. In the case of CMS, a review of this reconciliation is performed 18 months after initial settlement. OneCare recorded a $791,792 change in estimate in 2019 related to the 2018 CMS contract as a receivable from CMS and payable to Participants. In November 2020, the Board of Managers voted to pay these dollars to Participants upon receipt. The Organization cannot estimate the impact of the 18 month review of the AIPBP Reconciliation as it relates to the 2019 or 2020 CMS contracts and thus will record these settlements in subsequent years once known. These amounts could be material.

OneCare enters into agreements with Participants as deemed necessary to limit these Participants' upside and downside risk under their participation agreements. Under the terms of these agreements, any settlements forfeited by these participants are recorded as contract risk settlement revenue or expense by the Organization. This arrangement resulted in net revenue of $32,986 in 2020 and net expense to the Organization of $310,336 in 2019. These amounts are included in contract risk settlement revenue or expense in the statement of operations and comprehensive income.

Contract risk settlements receivable from and payable to the payors consisted of the following at December 31, 2020 and 2019:

	2020	2019
CMS	$ 6,013,973	$ 4,717,550
Medicaid	15,759,975	-
BCBSVT	125,000	-
MVP	846,673	-
Total accounts receivable from payors, contract risk settlement	$ 22,745,621	$ 4,717,550
CMS	$ 51,277,786	$ 12,272,929
Medicaid	6,505,293	6,505,293
BCBSVT	1,392,598	10,003
Total accounts payable to payors, contract risk settlement	$ 59,175,677	$ 18,788,225

Other Activity Under Payor Contracts
Other than administrative revenue and contract revenue under the VMNG contract, all other activity associated with OneCare's accountable care payor contracts is treated on a pass-through basis and does not represent revenue or expense to the Organization. Following the guidance in Topic 606, the Organization is deemed to be an agent, as they are acting as a conduit and arranging for the principals (the Participants) to provide healthcare-related services to patients that are specified under the contracts.

A summary of the cash flows under each of the Organization's contracts that is not reflected in the statement of operations and comprehensive income is as follows for the years ended December 31, 2020 and 2019, respectively:

	2020	2019
Vermont Medicaid Next Generation ACO Program		
FPP	$ 166,179,372	$ 112,650,242
Administrative	3,534,955	2,697,815
Total VMNG	$ 169,714,327	$ 115,348,057
CMS Vermont Modified Next Generation ACO Program		
AIPBP	$ 225,017,612	$ 240,135,708
Advanced Shared Savings	8,401,658	8,021,268
Total CMS	$ 233,419,270	$ 248,156,976
BCBSVT Commercial Next Generation ACO Program		
FPP	$ 4,241,052	$ -
Population health management fee	696,664	702,465
Total BCBSVT Commercial	$ 4,937,716	$ 702,465
BCBSVT Primary Payor Program		
Population health management fee	$ 2,900,622	$ 1,419,187
Total BCBSVT Primary Payor Program	$ 2,900,622	$ 1,419,187
UVM Medical Center Self-funded Medical Plan		
Population health management fees	$ -	$ 372,457
Total UVM Medical Center Self-funded Medical Plan	$ -	$ 372,457
MVP Health Plan		
Population health management fees	$ 363,669	$ -
Total MVP Health Plan	$ 363,669	$ -

Included above are payments to related parties (Note 6).

Population Health Management Expenses
Population health management expenses are those expenses funded by the Organization that provide direct financial benefit to Participants and network organizations.

Cash and Cash Equivalents
Cash and cash equivalents include all liquid investments with maturities of three months or less when purchased.

Restricted Cash
In connection with the Organization's CMS Modified Next Generation ACO Model participation agreement, OneCare is required to provide a financial guarantee for repayment of amounts owed to CMS as shared losses and/or other monies owed. In 2020, $5,800,851 was collateralized by a standby letter of credit held against the line of credit the Organization holds with TD Bank. In 2019, $5,983,775 was placed in escrow and recorded as restricted cash. The amount specified by CMS must be maintained until final settlement under the contract for the performance year. As such, the escrow account was closed on September 11, 2020. Additionally, in connection with the VMNG participation agreement, the Green Mountain Care Board ("GMCB") required OneCare to attain a level of reserves for potential risk payments totaling $4,000,000 and $3,900,000 during 2020 and 2019, respectively. These amounts are included as restricted cash on the balance sheet.

Accounts Receivable
Accounts receivable consist primarily of revenue earned under the Organization's complex care coordination, informatics and other care intervention agreements with DVHA, participation fees, amounts due under consulting arrangements and amounts due from payers outside the annual settlement process. Accounts receivable are stated at amounts billed, net of related reserves, as applicable (Note 3).

Prepaid Expenses and Other Current Assets
Prepaid expenses and other current assets include miscellaneous items primarily related to insurance, software licenses and software maintenance contracts.

Property and equipment
Property and equipment are shown at cost when purchased, net of accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful lives of 7 years for furniture and fixtures and 22 months for leasehold improvements, which is the remaining term of the existing lease. Property and equipment as of December 31, 2020 and 2019 are shown in the table below:

	2020	2019
Furniture and Fixtures	$ 49,548	$ 49,548
Leasehold Improvements	9,953	9,953
Total	$ 59,501	$ 59,501
Less: accumulated depreciation	(18,760)	(6,189)
Net property and equipment	$ 40,741	$ 53,312

Depreciation expense was $12,571 and $6,189 in 2020 and 2019, respectively.

Due to Related Parties
Due to related parties primarily includes operating expenses that are processed by UVM Medical Center and billed to the Organization, along with other transactions between the two organizations.

Accounts Payable and Accrued Expenses
Accounts payable and accrued expenses include amounts due to vendors, employees and Participants. Amounts due to Participants were $11,571,145 and $7,277,797 at December 31, 2020 and 2019, respectively.

Deferred Revenue
Cash received as advance deposits for undelivered services, are recorded within deferred revenue until the services are performed. Revenue related to ACO contracts or other remaining undelivered performance obligations is deferred and recognized upon completion of the underlying performance criteria. Deferred revenue classified as a long-term liability represents participation fees paid by Participants specific to programs that did not take place and thus performance obligations have not been met.

Income Taxes
The Organization is a limited liability corporation that was treated as a partnership for federal income tax purposes until October 2020.

In April 2021, the Organization was granted 501(c)(3) tax filing status by the Federal Government retroactive to October 2020, but continues to be organized as a limited liability corporation and based on FASB financial reporting guidance, will continue to present financial statements consistent with those of a business entity.

Members' Equity
Each founding member made an initial contribution of $25,000. Each of the members agreed to make additional capital contributions in an amount equal to fifty percent of capital requirements of the Organization determined by the operating and capital budget approved by the Organization's Board of Managers. No member may make additional contributions of capital, withdraw capital, lend or advance, or receive interest on capital, without unanimous consent of the Board of Managers. Any profits or losses of the Organization are allocated among the members based on the percentage of capital contribution.

3. Accounts Receivable

Accounts receivable consisted of the following at December 31, 2020 and 2019:

	2020	2019
Participation fees	$ 343,389	$ 1,121,332
Contract receivables	-	1,404,379
Other	121,239	200,790
Total accounts receivable	$ 464,628	$ 2,726,501

4. Line of Credit

On March 5, 2020, the Organization entered into a loan agreement with TD Bank with a total commitment of $10,000,000. Under the agreement, a line of credit is available that can be used solely for the issuance of standby letters of credit in favor of CMS to support the financial guarantees in connection with the CMS Vermont Modified Next Generation ACO Model participation agreement. The line of credit expires on the loan maturity date of March 5, 2022. Any amounts outstanding bear interest at a rate equal to LIBOR plus an applicable margin. The loan agreement is guaranteed by Dartmouth-Hitchcock, and either the UVM Medical Center or UVM Health Network. The loan agreement requires the Organization to provide TD Bank with audited financial statements 210 days after its fiscal year-end. During 2020, a standby letter of credit was issued against the loan agreement to cover a financial guaranty required under the arrangement with CMS. An amendment was executed late in 2020 to remove the financial guaranty requirement

and the standby letter of credit was released on January 28, 2021. At December 31, 2020 there are no amounts outstanding.

5. Note Payable

In 2018, the Organization entered into a note payable totaling $4,124,849 with UVM Health Network in order to establish an escrow account required under the provisions of the CMS Vermont Modified Next Generation ACO Model participation agreement. As of December 31, 2020 the note was paid in full and there were no additional escrow requirements under this agreement. Interest (at a rate of 3.75%) was payable monthly commencing on July 1, 2018 and all principal was due and payable by December 31, 2020. Accrued interest was fully paid at December 31, 2020 and 2019.

6. Related Party Transactions

The Organization, given the nature of its business and relationship with the UVM Health Network and D-HH has entered into various transactions with D-HH and Participating affiliates of the UVM Health Network, including: UVM Medical Center, Central Vermont Medical Center ("CVMC") and Porter Medical Center ("PMC") during the ordinary course of business. The following amounts have been recorded as accounts receivable/(payable) in the Organization's balance sheet at December 31, 2020 and 2019, respectively:

	UVM Medical Center		Other Related Organizations	
	2020	2019	2020	2019
Participation fees receivable	$ -	$ -	$ 322,884	$ 1,126,379
UVM Medical Center self-funded medical plan premiums receivable	$ -	$ 372,457	$ -	$ -
Contract risk settlement	$ (2,706,222)	$ (3,118,916)	$ (2,563,813)	$ 2,824,151
CMS AIPBP settlement	$ 19,560,780	$ 4,898,386	$ 9,782,515	$ (727,953)

The following amounts have been recorded as revenue/(expense) in the Organization's statement of operations and comprehensive income for the years ended December 31, 2020 and 2019, respectively:

	UVM Medical Center		Other Related Organizations	
	2020	2019	2020	2019
Particpation fees	$ 5,845,922	$ 11,751,051	$ 3,369,478	$ 5,160,038
Administrative expense reimbursements	$ (11,529,150)	$ (12,804,142)	$ -	$ -

UVM Medical Center provides various administrative services to the Organization, including the processing of payroll and accounts payable transactions. All employees of the Organization are UVM Medical Center employees and are covered under UVM Medical Center's insurance policies and employee benefit plans. Additionally, population health management expenses are incurred with all Participants, including UVM Medical Center, Central Vermont Medical Center, Porter Medical Center and D-HH in the normal course of business by the Organization in 2020 and 2019.

Included within operating expenses are $245,458 and $240,662 of rental expense (excluding common area and maintenance charges) for the years ended December 31, 2020 and 2019, respectively, related to office space.

Through March 31, 2020, the Organization had a services agreement to provide data management and reporting services to Adirondacks ACO, LLC, an ACO operating in the State of New York. One of the partners to the Adirondacks ACO is Champlain Valley Physicians Hospital, a wholly owned subsidiary of the UVM Health Network. The Organization recorded $54,000 and $216,000 in revenue related to this services agreement for the years ended December 31, 2020 and 2019, respectively.

7. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash, restricted cash and cash equivalents. At December 31, 2020 and 2019, one financial institution held all of the Organization's cash and cash equivalents. The Organization maintains balances in operating accounts above federally insured limits.

A summary of revenue and accounts receivable by type is as follows for the years ended December 31, 2020 and 2019, respectively:

Revenue

	2020	2019
Participating providers	50%	65%
Medicaid		
Administrative	13%	6%
Contracts	36%	27%
Contracted commercial plans	0%	0%
Other organizations	1%	2%
	100%	100%

Accounts Receivable

	2020	2019
Participating providers	59%	68%
Medicaid	28%	7%
CMS	11%	24%
Contracted commercial plans	2%	0%
Other organizations	0%	1%
	100%	100%

8. Contingencies

The Organization is party in various legal proceedings and potential claims arising in the ordinary course of its business. In addition, the health care industry as a whole is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations is subject to government review and interpretation as well as regulatory actions, which could result in the imposition of significant fines and penalties. Management does not believe that these matters will have a material adverse effect on the Organization's financial position or results of operations.

The Organization is not currently party to any material legal proceedings. At each reporting date, the Organization evaluates whether a potential loss amount or a potential range of losses is probable and reasonably estimable under the provisions of the authoritative guidance that addresses accounting for contingencies.

9. Subsequent Events

The Organization has assessed the impact of subsequent events through July 16, 2021, the date the audited financial statements were available and has concluded that there were no such events that require adjustment to the audited financial statements or disclosure in the notes to the audited financial statements other than the Organization being granted 501(c)(3) tax filing status as discussed in Note 2.