

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2022 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2022 or fiscal plan year beginning 07/01/2022 and ending 06/30/2023	
A	This return/report is for: ☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B	This return/report is: ☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C	If the plan is a collectively-bargained plan, check here.▶ ☒
D	Check box if filing under: ☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)
E	If this is a retroactively adopted plan permitted by SECURE Act section 201, check here.▶ ☐

Part II	Basic Plan Information—enter all requested information		
1a	Name of plan HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. RETIREM	1b	Three-digit plan number (PN) ▶ 004
		1c	Effective date of plan 04/01/1998
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. 2171 28TH STREET SW ALLENTOWN, PA 18103	2b	Employer Identification Number (EIN) 23-1709244
		2c	Plan Sponsor's telephone number 610-791-2222
		2d	Business code (see instructions) 812320

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.			
Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.			
SIGN HERE	Filed with authorized/valid electronic signature.	06/13/2024	LORI OFNER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN 3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN
5 Total number of participants at the beginning of the plan year		5 356
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits c Other retired or separated participants entitled to future benefits..... d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)..... h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested.....		 6a(1) 342 6a(2) 375 6b 18 6c 25 6d 418 6e 0 6f 418 6g 292 6h 11
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2J 2F 2G 3F 3H 2T b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☒ 1 A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2022 Form M-1 annual report. If the plan was not required to file the 2022 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500. ► Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2022 This Form is Open to Public Inspection
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For calendar plan year 2022 or fiscal plan year beginning 07/01/2022 and ending 06/30/2023		
A Name of plan HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. RETIREM	B Three-digit plan number (PN) ►	004
C Plan sponsor's name as shown on line 2a of Form 5500 HOSPITAL CENTRAL SERVICES COOPERATIVE, INC.	D Employer Identification Number (EIN) 23-1709244	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions	Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier MASSACHUSETTS MUTUAL LIFE INSURANCE COMPANY
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(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
04-1590850	65935	780118-01	66	07/01/2022	06/30/2023

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.
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(a) Total amount of commissions paid	(b) Total amount of fees paid

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end.....	4	1060740
5	Current value of plan's interest under this contract in separate accounts at year end.....	5	0

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount..... Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan, check here ▶ ☐**7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ **GROUP ANNUITY CONTRACT**

b	Balance at the end of the previous year	7b	1066057
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c	Additions: (1) Contributions deposited during the year	7c(1)	72512	
	(2) Dividends and credits.....	7c(2)	0	
	(3) Interest credited during the year.....	7c(3)	16275	
	(4) Transferred from separate account.....	7c(4)	13469	
	(5) Other (specify below)	7c(5)	65026	

▶ **LOAN PAYMENTS**

(6) Total additions.....	7c(6)	167282
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d	Total of balance and additions (add lines 7b and 7c(6))	7d	1233339
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e Deductions:

(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	158785	
(2) Administration charge made by carrier.....	7e(2)	3762	
(3) Transferred to separate account.....	7e(3)	6280	
(4) Other (specify below)	7e(4)	3772	

▶ **LOAN**

(5) Total deductions.....	7e(5)	172599
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f	Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	1060740
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Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
b ☐ Dental
c ☐ Vision
d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
f ☐ Long-term disability
g ☐ Supplemental unemployment
h ☐ Prescription drug
i ☐ Stop loss (large deductible)
j ☐ HMO contract
k ☐ PPO contract
l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received	9a(1)		
(2) Increase (decrease) in amount due but unpaid	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	0
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	0
(4) Claims charged		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions	9c(1)(A)		
(B) Administrative service or other fees	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses	9c(1)(D)		
(E) Taxes	9c(1)(E)		
(F) Charges for risks or other contingencies	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	0
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves		9d(2)	
(3) Other reserves		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount. Specify nature of costs.	10b	

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2022
		This Form is Open to Public Inspection.

For calendar plan year 2022 or fiscal plan year beginning 07/01/2022 and ending 06/30/2023	
A Name of plan HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. RETIREM	B Three-digit plan number (PN) ▶ 004
C Plan sponsor's name as shown on line 2a of Form 5500 HOSPITAL CENTRAL SERVICES COOPERATIVE, INC.	D Employer Identification Number (EIN) 23-1709244

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. ☐ Yes ☒ No
- b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

EMPOWER ANNUITY INSURANCE COMPANY

8515 EAST ORCHARD ROAD
GREENWOOD VILLAGE, CO 80111

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
64	RECORDKEEPER	4628	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

MORGAN STANLEY

1585 BROADWAY
NEW YORK NY, NY 10036

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	INVESTMENT ADVISOR	2667	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2022 This Form is Open to Public Inspection
For calendar plan year 2022 or fiscal plan year beginning 07/01/2022 and ending 06/30/2023		
A Name of plan HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. RETIREM		B Three-digit plan number (PN) ► 004
C Plan sponsor's name as shown on line 2a of Form 5500 HOSPITAL CENTRAL SERVICES COOPERATIVE, INC.		D Employer Identification Number (EIN) 23-1709244

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	0	0
(2) Participant contributions.....	1b(2)	0	0
(3) Other.....	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	0	0
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common.....	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants).....	1c(7)	0	0
(8) Participant loans.....	1c(8)	231604	183447
(9) Value of interest in common/collective trusts.....	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts.....	1c(11)	0	0
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	1537251	1761344
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	1066057	1060741
(15) Other	1c(15)	0	0

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	0	0
(2) Employer real property	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	2834912	3005532

Liabilities

g Benefit claims payable	1g	0	0
h Operating payables	1h		
i Acquisition indebtedness	1i	0	0
j Other liabilities	1j	0	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	2834912	3005532
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	138140	
(B) Participants	2a(1)(B)	126658	
(C) Others (including rollovers)	2a(1)(C)	9442	
(2) Noncash contributions	2a(2)	0	
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		274240
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans	2b(1)(E)	11504	
(F) Other	2b(1)(F)	16176	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		27680
(2) Dividends: (A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	78931	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		78931
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		0
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		127440
c Other income	2c		3646
d Total income. Add all income amounts in column (b) and enter total	2d		511937
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	312680	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other	2e(3)	11597	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		324277
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions)	2g		12412
h Interest expense	2h		0
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	2536	
(3) Investment advisory and management fees	2i(3)	2092	
(4) Other	2i(4)	0	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		4628
j Total expenses. Add all expense amounts in column (b) and enter total	2j		341317
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		170620
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CLIFTON LARSON ALLEN LLP

(2) EIN: 41-0746749

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)

	Yes	No	Amount
4a		X	

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		200000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)			
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?			
4k		X	
l Has the plan failed to provide any benefit when due under the plan?			
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2022 This Form is Open to Public Inspection.
For calendar plan year 2022 or fiscal plan year beginning 07/01/2022 and ending 06/30/2023		
A Name of plan HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. RETIREM		B Three-digit plan number (PN) ► 004
C Plan sponsor's name as shown on line 2a of Form 5500 HOSPITAL CENTRAL SERVICES COOPERATIVE, INC.		D Employer Identification Number (EIN) 23-1709244
Part I Distributions		
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): 20-3691708 04-1590850		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3
Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)		
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ☐ Yes ☐ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived).....		6a
b Enter the amount contributed by the employer to the plan for this plan year.....		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ☐ Yes ☐ No ☐ N/A		
Part III Amendments		
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☐ No		
Part IV ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.		
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock?..... ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)..... ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?..... ☐ Yes ☐ No		
For Paperwork Reduction Act Notice, see the Instructions for Form 5500.		
Schedule R (Form 5500) 2022 v. 220413		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that (1) contributed more than 5% of total contributions to the plan during the plan year or (2) was one of the top-ten highest contributors (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14	Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:	
a	The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....	14a
b	The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)	14b
c	The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment)	14c
15	Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:	
a	The corresponding number for the plan year immediately preceding the current plan year.....	15a
b	The corresponding number for the second preceding plan year.....	15b
16	Information with respect to any employers who withdrew from the plan during the preceding plan year:	
a	Enter the number of employers who withdrew during the preceding plan year	16a
b	If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....	16b
17	If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐	

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

20 PBGC missed contribution reporting requirements. If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

**HOSPITAL CENTRAL SERVICES COOPERATIVE, INC.
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



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HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hospital Central Services Cooperative, Inc. and Subsidiaries
Allentown, Pennsylvania

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Hospital Central Services Cooperative, Inc. and Subsidiaries (the Company), which comprise the consolidated balance sheets as of June 30, 2023, and the related consolidated statements of revenues and expenses and comprehensive income, equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hospital Central Services Cooperative, Inc. and Subsidiaries as of June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company 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.

Other Matter

The consolidated financial statements of Hospital Central Services Cooperative, Inc. and Subsidiaries as of June 30, 2022 were audited by Concannon Miller & Co., P.C., whose shareholders and professional staff joined CliftonLarsonAllen LLP as of November 1, 2022, and has subsequently ceased operations. Concannon Miller & Co., P.C.'s report, dated October 31, 2022, expressed an unmodified opinion on those financial statements.

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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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



CliftonLarsonAllen LLP

Bethlehem, Pennsylvania
December 14, 2023

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,308,615	\$ 2,752,469
Investments, at Fair Value	6,048,166	4,405,325
Accounts Receivable:		
Trade, Less: Allowance for Credit Losses of \$878,868 for 2023 and \$759,869 for 2022	11,014,602	9,860,397
Other	39,672	51,776
Inventories:		
New Linen	1,624,568	1,904,516
Supplies	380,934	485,782
Circulating Linen	9,947,237	9,370,090
Prepaid Expenses	191,083	198,820
Total Current Assets	<u>30,554,877</u>	<u>29,029,175</u>
PROPERTY, PLANT, AND EQUIPMENT, NET	28,061,547	31,367,577
OPERATING LEASE RIGHT-OF-USE ASSETS, NET	6,628,948	-
FINANCE LEASE RIGHT-OF-USE ASSETS, NET	3,073,750	-
OTHER ASSETS		
Security and Insurance Deposits	125,017	125,017
Note Receivable	5,761,600	5,761,600
Interest Rate Swap Benefit	782,087	17,855
Total Other Assets	<u>6,668,704</u>	<u>5,904,472</u>
Total Assets	<u><u>\$ 74,987,826</u></u>	<u><u>\$ 66,301,224</u></u>

See accompanying Notes to Consolidated Financial Statements.

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Current Portion of Capital Lease Obligations	\$ -	\$ 397,187
Operating Lease Liabilities - Current Portion	1,745,511	-
Finance Lease Liabilities - Current Portion	808,230	-
Current Portion of Term Debt	1,268,238	1,160,055
Accounts Payable	5,456,398	5,014,036
Accrued Expenses	3,469,898	3,077,124
Due to Affiliates	<u>2,135,327</u>	<u>1,588,391</u>
Total Current Liabilities	14,883,602	11,236,793
LONG-TERM LIABILITIES		
Capital Lease Obligations, Net of Current Portion	-	1,987,258
Operating Lease Liabilities - Long-Term Portion	4,874,619	-
Finance Lease Liabilities - Long-Term Portion	2,159,764	-
Term Debt, Net of Current Portion	24,944,929	25,916,016
Interest Rate Swap Obligation	-	1,658
Deferred Tax Liability	986,224	998,197
Accrued Pension Liability	<u>1,932,941</u>	<u>2,160,048</u>
Total Long-Term Liabilities	<u>34,898,477</u>	<u>31,063,177</u>
Total Liabilities	49,782,079	42,299,970
EQUITY		
Certificates of Equity	3,080,553	3,080,553
Allocated to Patronage Dividends	1,369,060	1,369,060
Unallocated	22,759,545	21,797,927
Accumulated Other Comprehensive Income:		
Cumulative Unrealized Loss on Investments	(224,408)	(222,215)
Minimum Pension Liability	<u>(1,811,166)</u>	<u>(2,023,965)</u>
Subtotal	25,173,584	24,001,360
Noncontrolling Interest	<u>32,163</u>	<u>(106)</u>
Total Equity	<u>25,205,747</u>	<u>24,001,254</u>
Total Liabilities and Equity	<u>\$ 74,987,826</u>	<u>\$ 66,301,224</u>

See accompanying Notes to Consolidated Financial Statements.

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF REVENUES AND EXPENSES AND
COMPREHENSIVE INCOME
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
REVENUES	\$ 92,753,181	\$ 86,199,533
DIRECT EXPENSES	<u>64,959,543</u>	<u>60,482,112</u>
GROSS MARGIN	27,793,638	25,717,421
OTHER OPERATING EXPENSES		
Departmental	20,016,693	18,979,125
Corporate General and Administrative	<u>6,785,903</u>	<u>6,359,849</u>
Total Other Operating Expense	<u>26,802,596</u>	<u>25,338,974</u>
INCOME FROM OPERATIONS	991,042	378,447
OTHER INCOME (EXPENSE)		
Interest Expense - Affiliate	(210,649)	(58,013)
Interest Expense - Other	(851,787)	(786,161)
Interest Income - Affiliate	119,130	41,390
Change in Value of Swaps	765,890	242,111
Unrealized Gain (Loss) on Equity Investments	11,864	(80,256)
Miscellaneous Expense, Net of Income	156,632	466,842
Gain on Sale of Assets	<u>1,450</u>	<u>510</u>
Total Other Expense	<u>(7,470)</u>	<u>(173,577)</u>
INCOME BEFORE INCOME TAXES	983,572	204,870
INCOME TAX EXPENSE		
Current	8,761	-
Deferred	<u>(19,076)</u>	<u>16,280</u>
Total Income Tax Expense	<u>(10,315)</u>	<u>16,280</u>
NET INCOME	993,887	188,590
NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS	<u>32,270</u>	<u>(183)</u>
NET INCOME ATTRIBUTABLE TO HOSPITAL CENTRAL SERVICES COOPERATIVE, INC.	<u>\$ 961,617</u>	<u>\$ 188,773</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

NET INCOME ATTRIBUTABLE TO HOSPITAL CENTRAL SERVICES COOPERATIVE, INC.	\$ 961,617	\$ 188,773
OTHER COMPREHENSIVE INCOME (LOSS)		
Unrealized Loss on Investments	(2,193)	(291,843)
Minimum Pension Liability, Net of Tax Benefit of \$121,776 and \$136,803 in 2023 and 2022, Respectively	<u>212,799</u>	<u>(71,113)</u>
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO HOSPITAL CENTRAL SERVICES COOPERATIVE, INC.	<u>\$ 1,172,223</u>	<u>\$ (174,183)</u>

See accompanying Notes to Consolidated Financial Statements.

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EQUITY
YEARS ENDED JUNE 30, 2023 AND 2022

	Certificates of Equity	Allocated to Patronage Dividends	Unallocated	Accumulated Other Comprehensive Income:	Noncontrolling Interest	Total
BALANCE - JUNE 30, 2021	\$ 3,080,553	\$ 1,369,060	\$ 21,609,154	\$ (1,883,224)	\$ 77	\$ 24,175,620
Cumulative Unrealized Loss on Investments				(291,843)		
Pension Funded Status Adjustment				(71,113)		
Net Income (Loss)	-	-	188,773	-	(183)	188,590
BALANCE - JUNE 30, 2022	3,080,553	1,369,060	21,797,927	(2,246,180)	(106)	24,364,210
Cumulative Unrealized Loss on Investments				(2,193)		(2,193)
Pension Funded Status Adjustment				212,799		212,799
Net Income	-	-	961,617	-	32,270	993,887
BALANCE - JUNE 30, 2023	<u>\$ 3,080,553</u>	<u>\$ 1,369,060</u>	<u>\$ 22,759,545</u>	<u>\$ (2,035,574)</u>	<u>\$ 32,163</u>	<u>\$ 25,205,747</u>

See accompanying Notes to Consolidated Financial Statements.

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 993,887	\$ 188,590
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	2,234,142	2,543,452
Noncash Operating Lease Expense	(8,818)	-
Amortization of Financing Right of Use Assets	412,062	-
Amortization of Debt Issuance Costs	7,760	7,761
Change in Value of Swaps	(765,890)	(242,111)
Realized Loss on Investments	47,417	-
Unrealized Loss on Equity Investments	(11,862)	(80,256)
Deferred Income Taxes	(26,280)	16,280
Gain on Sale of Assets	(1,450)	(510)
(Increase) Decrease in Assets:		
Accounts Receivable, Trade	(1,154,205)	(824,572)
Accounts Receivable, Other	12,104	6,737
Inventories	(192,351)	(648,410)
Prepaid Expenses	7,736	(45,296)
Due from Affiliates	(1,432,506)	12,250
Security and Insurance Deposits	-	23,000
Increase (Decrease) in Liabilities:		
Accounts Payable	442,362	859,110
Accrued Expenses	392,774	397,359
Due to Affiliates	1,979,442	(13,569)
Net Cash Provided by Operating Activities	<u>2,936,324</u>	<u>2,199,815</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	492,082	(1,383,369)
Proceeds from Sale of Investments	(2,172,671)	489,981
Proceeds on Sale of Assets	1,450	510
Purchases of Property, Plant, and Equipment	(1,310,593)	(1,971,902)
Net Cash Used by Investing Activities	<u>(2,989,732)</u>	<u>(2,864,780)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Term Debt	333,220	442,060
Repayments of Term Debt	(1,203,134)	(790,814)
Debt Issuance Costs	(750)	-
Principal Payments on Finance Leases	(519,782)	-
Proceeds from Capital Lease Obligations	-	1,055,828
Repayments of Capital Lease Obligations	-	(316,528)
Net Cash Provided (Used) by Financing Activities	<u>(1,390,446)</u>	<u>390,546</u>
NET DECREASE IN CASH	(1,443,854)	(274,419)
Cash - Beginning of Year	<u>2,752,469</u>	<u>3,026,888</u>
CASH - END OF YEAR	<u><u>\$ 1,308,615</u></u>	<u><u>\$ 2,752,469</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	<u><u>\$ 572,877</u></u>	<u><u>\$ 406,638</u></u>

See accompanying Notes to Consolidated Financial Statements.

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 DESCRIPTION OF BUSINESS

Hospital Central Services Cooperative, Inc. is a Pennsylvania cooperative corporation whose members consist of Hospital Central Services, Inc., also an affiliate through common management, and approximately 25 hospitals.

The Company's operations have historically included separate divisions for its laundry and group purchasing services. During 2016, the Company created Hospital Central Services Cartage, LLC, a wholly owned subsidiary, which manages the Company's transportation services.

On June 2, 2021, the Company entered into a New Markets Tax Credit transaction (which is more fully described in Note 5) which led to the creation of HCSC-QALICB, Inc., a majority owned subsidiary, which will hold the property re-constructed in Camden, New Jersey.

All significant interdivisional and intercompany accounts and transactions have been eliminated for purposes of presenting total company consolidated financial statements. Hospital Central Services Cooperative, Inc. along with its subsidiaries are collectively referred to as the "Company."

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company's consolidated 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).

Accounts Receivable

Trade accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for credit losses for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining collectability of specific customer accounts: customer creditworthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The balance in the allowance for credit losses at June 30, 2023 and 2022 was \$878,869 and \$759,869, respectively.

Inventories

Inventories consist of linen and laundry supplies. Each is stated at the lower of cost or net realizable value on a first-in, first-out basis.

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Circulating Linen

The entire cost of linen supplied to a hospital is initially included in the circulating linen account, with one half of the cost charged to expense over a six-month period after installation. As a result, after one year, only one-half of the installation cost remains in the circulating linen asset account. Linen costs incurred in providing ongoing laundry services are charged to expense as the linen is placed in service, except for significant changes to the linen supply levels, which are capitalized on the same basis as initial linen installations.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation. Depreciation and amortization are provided by the straight-line method over the estimated useful lives of the related assets which are typically three to forty years. Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Related gain or loss from such transactions is credited or charged to income.

Certificates of Equity/Patronage Dividends

In accordance with its articles and bylaws, the Company allocates to its patrons, patronage dividends, as determined for income tax purposes, in cash and patronage certificates in such proportion as determined by its board of directors. The certificates do not bear interest, are not marketable securities and may not be sold, transferred, pledged, or otherwise disposed.

Revenue Recognition

The Company recognizes revenue according to the provisions contained in Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, which requires that service fee revenue be recognized at the point in time when the contract specific performance obligation have been satisfied.

The Company collects substantially all of its revenue from the rental of linens, garments and other materials to hospitals and other health care providers. Revenues are recognized when linen and supplies are shipped to customers. Provisions for discounts to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

The Company did not have any contract assets or liabilities as of June 30, 2023 or 2022.

As identified above, the vast majority of the Company's revenues are recognized at a point in time when the performance obligations are satisfied based upon transfer of control of the product or service to a customer. For merchandise sold, this transfer typically occurs upon shipment of the items to the customer. The Company assesses the sale or service agreement to determine the proper transfer recognition. Generally, payment is received at the point of sale and contracts do not have any financing components.

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

In the rental of linen, the Company provides shipping services to deliver some of its products. Shipping and handling costs that occur before the customer obtains control of the goods are deemed to be fulfillment activities and are accounted for as fulfillment costs. The Company has made an accounting policy election (as permitted under Accounting Standards Update (ASU) 2016-10, *Identifying Performance Obligations and Licensing*) to recognize any shipping and handling costs that are incurred after the customer obtains control of the goods as fulfillment costs which are accrued at the time of revenue recognition.

Shipping and Handling

The Company's shipping and handling costs are included in cost of goods sold (presented as direct expenses) for all periods presented.

Defined Benefit Pension Plan (Laundry Division)

Pension expense is actuarially computed using the unit credit cost method. The Company's funding policy is to contribute amounts to the plan sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as the Company may determine to be appropriate from time to time.

Concentration of Credit Risk

The Company may be subject to credit risk to its cash, which is placed with high credit-quality financial institutions. The Federal Deposit Insurance Corporation (FDIC) coverage is \$250,000 for all accounts. From time to time, the Company may have amounts on deposit in excess of the FDIC limits. The Company had at-risk balances of \$1,090,964 and \$2,475,000 at June 30, 2023 and 2022, respectively.

Comprehensive Income

Comprehensive income consists of net income and other gains and losses affecting stockholders' equity that, under GAAP, are excluded from net income. For the Company, the item consists of the minimum pension liability, net of tax, on the laundry divisions defined benefit pension plan and any unrealized gain (loss) on the Company's investments.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes resulting from timing differences that arise primarily from using accelerated methods of tax depreciation, capitalizing of certain circulating linen for financial statement purposes, while expensing linen costs for tax purposes, recognizing a minimum pension liability which is not currently deductible for income tax purposes, and benefits of net operating loss carryovers. The deferred tax assets and liabilities represent the future consequences of those differences, which will either be taxable or deductible when the assets or liabilities are recovered or settled.

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Company complies with the accounting guidance for uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more-likely-than-not the position will be sustained upon examination by the tax authorities. Such tax positions initially and subsequently need to be measured at the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts.

The Company believes that it has appropriate support for the income tax positions taken and that its accruals for tax liabilities are adequate for all open tax years based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter.

Derivatives and Hedging Activity

The Company has adopted the accounting alternative offered to nonpublic entities in FASB ASC 815-20 for certain variable rate borrowings involving receive-variable, pay-fixed interest rate swaps. All derivative instruments are recorded on the consolidated balance sheet at their respective fair values. For all hedging relationships, the Company formally documents the hedging relationship and its risk management objective and strategy for undertaking the hedge, the hedging instrument, the item, the nature of the risk being hedged, how the hedging instrument's effectiveness in offsetting the hedged risk will be assessed and a description of the method of measuring ineffectiveness. This process includes linking all derivatives that are designated as cash flow hedges to specific assets and liabilities on the consolidated balance sheet or to specific firm commitments or forecasted transactions.

The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items. Changes in the fair value of a derivative that is highly effective and that is designed and qualifies as a cash flow hedge are recorded in other comprehensive income (loss) to the extent that the derivative is effective as a hedge, until earnings are affected by the variability in cash flows of the designated hedged item. The ineffective portion of the change in fair value of a derivative instrument that qualifies as either a fair value hedge or a cash flow hedge is reported in earnings. The Company does not use the agreements for speculative or trading purposes.

Fair Value of Financial Instruments

The Company complies with the provisions of FASB ASC Topic 820, *Fair Value Measurements and Disclosures* (ASC 820). Under ASC 820, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

ASC 820 establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The fair value of the interest rate swap obligation was determined to be a Level 2 input.

In addition, the Company accounts for its investments according to FASB ASC Topic 320, *Investments - Debt and Equity Securities*, which requires the Company to classify its investments in marketable debt and equity securities as "held to maturity" if it has the positive intent and ability to hold the securities to maturity.

All other marketable debt and equity securities are classified as "available for sale." Securities classified as "available for sale" are carried in the consolidated financial statements at fair value. Realized gains and losses, determined using the first-in, first-out (FIFO) method, are included in earnings; unrealized holding gains and losses on debt securities are reported as a separate component of stockholders' equity; and unrealized gains and losses on equity securities are reported in earnings. All investments as of June 30, 2023 and 2022 are classified as available for sale.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Accordingly, actual results could differ from those estimates and assumptions.

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among Company's by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption through a cumulative effect adjustment, with certain practical expedients available.

The Company elected the available practical expedients to account for existing capital leases and operating leases as financing leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at least commencement.

As a result of the adoption of the new lease accounting guidance, the Company recognized on July 1, 2022, finance lease liabilities at the carrying amount of the capital lease obligation on June 30, 2022, of \$2,384,445 and finance ROU assets at the carrying amount of the capital lease assets of \$2,112,432. The Company also recognized on July 1, 2022, operating lease liabilities of \$8,418,304, which represents the present value of the remaining operating lease payments of \$9,121,520, discounted using a risk-free rate of 3.19%, and an operating ROU asset of \$8,418,304, which represents the operating lease liability of \$8,418,304.

There was no adjustment to net assets as a result of recording the lease liability and ROU asset. The standard had a material impact on the balance sheet but did not have a material impact on the statements of revenues and expenses, and cash flows.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets and lease liabilities on the statement of financial position. ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Company has elected to recognize payments for short term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Company has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

In evaluating contracts to determine if they qualify as a lease, the Company considers factors such as if they Company has obtained substantially all of the rights to the underlying asset through exclusivity, if the Company can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

NOTE 3 INVESTMENTS

The Company's investments are recorded at fair value and have been categorized based upon a fair value hierarchy, in accordance with ASC 820 (see Note 1). Based on that hierarchy, as of June 30, 2023 and 2022, all of the Company's investment in cash equivalents and mutual funds were considered to be Level 1 investments and those in the various bonds were considered to be Level 2 investments.

At June 30, 2023, the cost, estimated fair value, and unrealized gains and losses on investments are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash Equivalents	\$ 1,169,794	\$ -	\$ -	\$ 1,169,794
Mutual Funds	1,272,055	-	(68,391)	1,203,664
Corporate Bonds	1,556,578	589	(150,003)	1,407,164
International Bonds	272,151	-	(18,875)	253,276
Government Bonds	2,070,470	4,971	(61,172)	2,014,269
Total	<u>\$ 6,341,048</u>	<u>\$ 5,560</u>	<u>\$ (298,441)</u>	<u>\$ 6,048,167</u>

At June 30, 2022, the cost, estimated fair value, and unrealized gains and losses on investments are as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash Equivalents	\$ 146,002	\$ -	\$ -	\$ 146,002
Mutual Funds	1,272,055	-	(80,256)	1,191,799
Corporate Bonds	1,512,656	174	(138,173)	1,374,657
International Bonds	289,626	-	(20,314)	269,312
Government Bonds	1,487,536	1,322	(65,303)	1,423,555
Total	<u>\$ 4,707,875</u>	<u>\$ 1,496</u>	<u>\$ (304,046)</u>	<u>\$ 4,405,325</u>

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 INVESTMENTS (CONTINUED)

At June 30, 2023 and 2022, 89 and 87, respectively, bonds contributed to the unrealized losses disclosed above. No such losses were deemed to be other-than-temporarily impaired. Net unrealized holding losses on available-for-sale debt securities in the amount of \$2,193 and \$291,843 for the years ended June 30, 2023 and 2022, respectively, have been included in other comprehensive income. Net unrealized holding gains (losses) on available-for-sale equity securities in the amount of \$11,864 and (\$80,256) for the years ended June 30, 2023 and 2022, respectively, have been included in earnings.

Contractual maturities for investments at June 30, 2023, are as follows:

	Fair Value
Due in One Year or Less	\$ 846,775
Due in Two to Five Years	1,019,803
Due after Five Years	1,808,130
Total	<u>\$ 3,674,708</u>

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such change could materially affect the amounts reported in the consolidated balance sheets.

NOTE 4 PROPERTY, PLANT, AND EQUIPMENT

	2023	2022
Land and Improvements	\$ 2,405,043	\$ 2,405,043
Buildings and Improvements	20,873,700	20,793,960
Equipment, Furniture, and Fixtures	39,162,356	41,491,184
Vehicles	541,476	539,285
Construction in Progress	497,215	271,668
Subtotal	<u>63,479,790</u>	<u>65,501,140</u>
Less: Accumulated Depreciation and Amortization	<u>35,418,243</u>	<u>34,133,563</u>
Total Property and Equipment	<u>\$ 28,061,547</u>	<u>\$ 31,367,577</u>

Total depreciation and amortization expense for the years ended June 30, 2023 and 2022 was \$2,234,142 and \$2,543,451, respectively.

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 NOTE RECEIVABLE

On July 2, 2020, the Company provided a \$5,761,600 loan to an investment fund, the proceeds of which were invested in a community development entity established to provide loans to entities who are involved in projects qualified under the Federal New Market Tax Credit program (the Program) for community revitalization and economic development efforts. The note receivable resulting from this loan is secured by a security interest in the investment fund. The note receivable requires quarterly interest payments at 1% beginning September 10, 2020 and continuing quarterly through July 2027. Beginning September 2027, payments of interest and principal will be paid quarterly until maturity in March 2050.

Total funding to this investment fund amounted to \$8,320,000. Upon receipt of these funds, the investment fund invested \$8,000,000 of these proceeds into NJCC CDE Field, LLC, a community development entity (CDE), with the difference being retained to pay fees related to these transactions. The CDE in turn made loans to the Company which are included in Note 8.

In conjunction with the loan to the investment fund, the Company entered into an option agreement with the owner of the investment fund, wherein the owner of the investment fund would offer to sell the investment fund to the Company, or the Company could compel the investment fund to sell the investment to the Company. Terms of the sale under either option are stipulated by the option agreement. The option is available to either the Company or the owner of the investment fund on September 10, 2027 or thereafter.

Upon execution of the option, the Company would become the owner of the CDE.

NOTE 6 LINE OF CREDIT

The Company has a credit facility agreement with a bank for borrowings up to \$8,000,000. Of that amount, a maximum of \$4,024,228 may be borrowed for working capital at the bank's prime rate plus .50% (8.25% at June 30, 2023), with a floor rate of 4.75%. The remainder will be used for letters of credit to securitize the Company's and the Company's affiliates' workers' compensation insurance programs (see Note 7). The total amount of advances shall not exceed a calculated borrowing base percentage of eligible accounts receivable and inventory. The advances on the credit facility are secured by substantially all current assets of the Company and the agreement is renewable on an annual basis. This line of credit is due on demand with no set expiration date. There were no outstanding advances on the credit line at June 30, 2023 and 2022, respectively.

Under the terms of the line of credit, the Company is subject to meet certain financial covenants including debt service coverage ratio and debt to tangible net worth ratio. At June 30, 2023, the Company believes it was in compliance with or had obtained waivers from the lender for all such covenants.

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 LETTERS OF CREDIT

The Company has outstanding letters of credit with a bank for \$3,730,650 expiring on various dates in the coming years. No drawings have been taken as of June 30, 2023. As disclosed in Note 6, the letters of credit serve as security for the Companies' maximum potential liability under their workers' compensation policy.

NOTE 8 TERM DEBT

<u>Description</u>	<u>2023</u>	<u>2022</u>
Note payable to Pennsylvania Industrial Development Authority, payable in monthly installments of \$14,739 including fixed interest at 2.25% through August 2031; secured by property.	\$ 1,355,059	\$ 1,499,675
Mortgage note payable to bank, payable in monthly installments of \$15,698 subject to variable principal payments based on interest charged at LIBOR plus 1.5%, through maturity in September 2024; subject to a swap agreement disclosed below.	233,668	401,835
Note payable to bank; requires monthly payments of \$8,360, including interest, through July 2023, followed by variable payments through maturity in July 2034; secured by property.	1,048,762	1,115,011
Note payable (Non-Bank Qualified Tax Free); requiring monthly payments at a 2.995% fixed rate over the 15-year term expiring in December 2029, secured by equipment; subject to a swap agreement disclosed below.	3,509,000	3,935,300
Note payable to a bank requiring quarterly interest only payments, at a fixed rate of interest of 3.70%, until June 2022 followed by payments of principal and interest beginning September 2022 and continuing until December 2027. Final payment due upon maturity on January 31, 2028.	3,459,740	3,584,100
Note payable to a bank requiring quarterly interest only payments, at a fixed rate of interest of 3.70%, until June 2022 followed by payments of principal and interest beginning September 2022 and continuing until December 2027. Final payment due upon maturity on January 31, 2028.	1,136,977	1,177,500

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 TERM DEBT (CONTINUED)

<u>Description</u>	<u>2023</u>	<u>2022</u>
Note payable to a bank requiring quarterly interest only payments, at a fixed rate of interest of 6.50%, until June 2022 followed by payments of principal and interest beginning September 2022 and continuing until December 2027. Final payment due upon maturity on January 31, 2028.	\$ 974,789	\$ 1,000,000
Note payable to a bank requiring monthly interest only payments, at a fixed rate of interest of 6.11%, until March 2023, followed by payments of principal and interest beginning March 2023, and continuing until January 2028. Final payment due upon maturity on February 7, 2028.	29,319	-
Note payable to a bank requiring monthly interest only payments, at a fixed rate of interest of 6.11%, until March 2023, followed by payments of principal and interest beginning March 2023, and continuing until January 2028. Final payment due upon maturity on February 7, 2028.	174,272	-
Note payable to a bank requiring monthly interest only payments, at a fixed rate of interest of 6.11%, until March 2023, followed by payments of principal and interest beginning March 2023, and continuing until January 2028. Final payment due upon maturity on February 7, 2028.	99,925	-
Mortgage note payable to a bank with maximum borrowings of \$6,410,000 requiring interest only payments, at a variable rate based on LIBOR, beginning August 2020, followed by variable payments of principal ranging from \$14,869 to \$16,914, plus interest beginning August 2022, final payment of principal due upon maturity on January 31, 2028; subject to a swap agreement disclosed below.	6,241,996	6,410,000
Notes payable to a CDE (Note 5) requiring interest only payments, at a fixed rate of interest of 1.22%, followed by payments of principal and interest beginning July 2027 which are sufficient to fully amortize the loan as of the maturity date in March 2050.	8,000,000	8,000,000
Total	26,263,507	27,123,421
Less: Current Portion	1,275,685	1,160,055
Term Debt, Net of Current Portion	<u>\$ 24,987,822</u>	<u>\$ 25,963,366</u>

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 TERM DEBT (CONTINUED)

At June 30, 2023, term debt maturities are as follows:

<u>Year Ending June 30.</u>	<u>Principal Payments</u>	<u>Amortization of Debt Issuance Costs</u>	<u>Total, Net of Amortization</u>
2024	\$ 1,275,685	\$ 7,447	\$ 1,268,238
2025	1,168,825	7,447	1,161,378
2026	1,165,618	7,447	1,158,171
2027	1,085,190	7,447	1,077,743
2028	6,473,588	7,447	6,466,141
Thereafter	15,094,601	13,104	15,081,497
Total	<u>\$ 26,263,507</u>	<u>\$ 50,340</u>	<u>\$ 26,213,167</u>

Under the terms of certain loan agreements, the Company is subject to meet certain financial covenants including debt service coverage ratio and debt to tangible net worth ratio. At June 30, 2023, the Company believes it was in compliance with or had obtained waivers from the lender for all such covenants.

The Company entered into an interest rate swap agreement in 2015, with a commercial bank, which matched the related outstanding debt, having an initial notional amount of \$6,500,000 and a notional amount of \$3,509,000 and \$3,935,300 at June 30, 2023 and 2022, respectively. This agreement effectively changed the Companies' interest rate exposure on its floating rate mortgage note payable to approximately 3%. The resulting swap benefit was \$83,754 and \$17,855 at June 30, 2023 and 2022, respectively, and is included in long-term assets on the consolidated balance sheets.

The Company entered into a second interest rate swap agreement with an effective date of September 2018 which converted the variable rate of interest charged on the mortgage note payable disclosed above to an effective fixed interest rate of 4.8%. This agreement had a notional amount of \$234,364 and \$412,531 at June 30, 2023 and 2022, respectively. The resulting swap benefit (obligation) was \$3,216 and (\$1,658) at June 30, 2023 and 2022, respectively, and is included in long-term assets (liabilities) on the consolidated balance sheets.

The Company entered into a third interest rate swap agreement with an effective date of August 2022 which converted the variable rate of interest charged on the mortgage note payable disclosed above to an effective fixed interest rate of 2.82%. This agreement had a notional amount of \$6,246,441 at June 30, 2023. The resulting swap benefit was \$695,117 at June 30, 2023 and is included in long-term assets on the consolidated balance sheets.

The effectiveness of these swap agreements is reflected in the consolidated statements of revenue and expenses and comprehensive income as interest income. The interest income, or effectiveness, related to the swap agreements for the term debt was \$765,890 and \$242,111 for the years ended June 30, 2023 and 2022, respectively.

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 PROVISION FOR INCOME TAXES

The provision for income taxes consists of current and deferred tax (benefits) expenses as follows:

	2023		2022	
	Current Expense	Deferred Benefit	Current Expense	Deferred Expense
Federal	\$ 8,761	\$ (19,076)	\$ -	\$ 16,280
State	-	-	-	-
Total	<u>\$ 8,761</u>	<u>\$ (19,076)</u>	<u>\$ -</u>	<u>\$ 16,280</u>

The approximate income tax effects of each type of temporary difference giving rise to the Company's deferred tax liability are as follows:

	2023	2022
Depreciation	\$ 1,036,000	\$ 968,000
Bad Debts	(55,000)	(48,000)
Net Operating Loss Carryforward	(209,000)	(125,000)
Circulating Linen	627,000	590,000
Deferred Compensation	(284,000)	(245,000)
Contributions	(7,000)	(5,000)
Subtotal	1,108,000	1,135,000
Accrued Pension Benefit	(121,776)	(136,803)
Net Deferred Tax Liability	<u>\$ 986,224</u>	<u>\$ 998,197</u>

The deferred tax (benefit) expense of (\$19,076) and \$16,280, are exclusive of the change in the accrued pension liability due to such items being included solely on the consolidated statements of revenue and expenses and comprehensive income for each of the years ended June 30, 2023 and 2022, respectively.

NOTE 10 EMPLOYEE RETIREMENT PLANS

Defined Benefit Pension Plan

The Company has a noncontributory defined benefit pension plan covering all union employees of the Company, except Kingston drivers and mechanics, over 21 years of age with one year of service who are not covered under any other negotiated defined benefit plan.

FASB ASC 715, *Compensation – Retirement Plans*, has resulted from a comprehensive project to improve an employer's reporting of its defined benefit pension obligation. It strives to recognize the overfunded or underfunded status of the plan as it is reported as an asset or liability in its statements of financial position and changes in unrestricted net assets in the year of adoption.

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Defined Benefit Pension Plan (Continued)

Net periodic pension cost for the plan is comprised of the following:

	<u>2023</u>	<u>2022</u>
Plan Service Cost	\$ 281,773	\$ 423,464
Interest on Projected Benefit Obligations	567,937	515,594
Actual Return on Assets	(661,095)	(845,820)
Net Amortization and Deferral	390	-
Net Periodic Pension Cost	<u>\$ 189,005</u>	<u>\$ 93,238</u>

The following table summarizes the funded status of the Company's defined benefit pension plan and the related amounts recognized in the Company's consolidated balance sheets as of June 30, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Actuarial Present Value of Benefit Obligations	\$ 13,141,570	\$ 12,884,605
Fair Value of Plan Assets	<u>11,208,629</u>	<u>10,724,557</u>
Excess of Projected Benefit Obligations Over Plan Assets	1,932,941	2,160,048
Unrecognized Net Loss	(19,985)	(1,291,969)
Adjustment to Recognize Minimum Liability	19,985	1,291,969
Accrued Pension Liability	<u>\$ 1,932,941</u>	<u>\$ 2,160,048</u>

The assumptions used as of June 30, 2023 and 2022 in determining the pension expense and funded status information shown above were as follows:

	<u>2023</u>	<u>2022</u>
Discount Rate	5.00%	4.50%
Long-Term Rate of Return on Assets	7.50%	7.50%

The Company's strategy is to allocate 100% of the plan assets into various pooled separate mutual fund accounts.

Under its terms, the plan is permitted to invest only in securities and other assets that provide adequate liquidity to pay benefits. Foreign securities and other foreign assets have a target allocation of 10% of total plan assets.

Benefits expected to be paid by the plan during the ensuing five years and thereafter are approximately as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 517,726
2025	555,937
2026	637,118
2027	674,513
2028	685,675
Thereafter	3,607,996

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 EMPLOYEE RETIREMENT PLANS (CONTINUED)

Defined Benefit Pension Plan (Continued)

The Company has a defined contribution retirement plan covering certain union employees over the age of 21 and who have one year of service. Participants may contribute up to 50% of their pre-tax or after-tax (Roth) compensation as defined in the plan, subject to certain Internal Revenue Service limitations. The Company contributes a fixed amount per employee annually for all eligible union employees who have completed a minimum of 1,000 hours of service and are employed on the last day of the plan year. The Company's contributions to the plan for the years ended June 30, 2023 and 2022 were approximately \$132,000 and \$109,000, respectively.

The retirement plan's investments are self-directed among various mutual funds and a guaranteed income fund.

NOTE 11 ASC 842 – LEASES

The Company leases facilities and equipment under noncancelable operating leases expiring through June 2049. The Company is also the lessee of certain equipment under financing leases that expire through June 2030. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Company's leases for the year ended June 30, 2023:

Lease Costs:

Finance Lease Costs:

Amortization of Right-of-Use Assets	\$ 417,482
Interest on Lease Liabilities	118,663
Total Finance Lease Costs	<u>536,145</u>
Operating Lease Costs	1,973,849
Total Lease Costs	<u>\$ 2,509,994</u>

Other Information:

Cash Flows from Financing Leases	\$ 641,789
Cash Flows from Operating Leases	2,910,425
Right-of-Use Assets Obtained in Exchange for:	
Financing Lease Liabilities	3,491,232
Operating Lease Liabilities	8,418,304
Weighted-Average Remaining Lease Term -	
Financing Leases	4.80 Years
Weighted-Average Remaining Lease Term -	
Operating Leases	3.37 Years
Weighted-Average Discount Rate - Financing Leases	3.96%
Weighted-Average Discount Rate - Operating Leases	3.19%

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 11 ASC 842 – LEASES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023 is as follows:

<u>Year Ending June 30.</u>	<u>Financing Leases</u>	<u>Operating Leases</u>
2024	\$ 907,229	\$ 1,924,687
2025	555,716	1,619,976
2026	555,716	1,312,497
2027	545,795	928,957
2028	387,036	612,132
Thereafter	318,239	740,604
Undiscounted Cash Flows	3,269,731	7,138,853
(Less) Imputed Interest	(301,737)	(518,723)
Total Present Value	<u>\$ 2,967,994</u>	<u>\$ 6,620,130</u>
Current Lease Liabilities	\$ 808,230	\$ 1,745,511
Long-Term Lease Liabilities	2,159,764	4,874,619
Total	<u>\$ 2,967,994</u>	<u>\$ 6,620,130</u>

Operating lease assets were \$8,418,304 and related accumulated amortization was \$1,789,356 at June 30, 2023.

NOTE 12 ASC 840 – LEASES

The Company is obligated under capital leases covering certain equipment that expire through June 2027. The Company also entered into a sale-leaseback transaction for equipment. The Company sold equipment to a bank for \$975,530 and in turn leased it back under a 7-year capital lease with rent payments of \$9,736 per month. At June 30, 2022, the gross amount of equipment was \$2,746,966 and related accumulated amortization was \$634,534.

The Company leases additional office and warehouse space and equipment under noncancelable operating leases expiring through June 2031.

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 12 ASC 840 – LEASES (CONTINUED)

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments were:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>	<u>Operating Leases</u>
2023	\$ 480,879	\$ 1,521,013
2024	725,457	1,395,781
2025	373,292	1,221,346
2026	373,292	940,405
Thereafter	678,130	584,406
Total Minimum Lease Payments	2,631,050	<u>\$ 5,662,951</u>
Less: Amount Representing Interest	246,605	
Present Value of Minimum Capital Lease Payments	2,384,445	
Less: Current Portion of Capital Lease Obligations	397,187	
Capital Lease Obligations, Net of Current Portion	<u>\$ 1,987,258</u>	

Total rent expense for the year ended June 30, 2022 for operating leases was approximately \$1,517,380.

NOTE 13 RELATED PARTY TRANSACTIONS

The Company shares the cost of management services with its affiliates. The shared costs are for services that include data processing, accounting, human resources and management. The costs of these services for the years ended June 30, 2023 and 2022 were \$5,773,731 and \$5,263,098, respectively.

Amounts due (to) from affiliates are the result of ordinary business activities conducted by the Company. The balances bear interest at the affiliate's line of credit rate which is the bank's prime rate less 2%. There are no repayment terms.

The Company had outstanding balances due from (to) affiliates in the following amounts as of June 30, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Due from (to) HCS, Inc.	\$ 173,051	\$ (5,173)
Due to HCSC Enterprises, Inc.	(3,155,230)	(2,276,368)
Due from HCSC-Blood Center	846,852	693,150
Net Due to Affiliates	<u>\$ (2,135,327)</u>	<u>\$ (1,588,391)</u>

Interest expense, net of interest income, from affiliates for the years ended June 30, 2023 and 2022 amounted to \$91,519 and \$16,623, respectively.

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 14 ECONOMIC DEPENDENCY

During the year ended June 30, 2023, the Company had one major customer that accounted for \$13,510,958 in revenue (14% of total revenue). During the year ended June 30, 2022, the Company had one major customer that accounted for \$12,539,892 in revenue (14% of total revenue). The accounts receivable from these customers at June 30, 2023 and 2022 was \$1,089,052 and \$547,591, respectively.

NOTE 15 RECLASSIFICATIONS

Certain reclassifications have been made to the prior year consolidated financial statements. These reclassifications had no material effect on the prior year net income.

NOTE 16 SUBSEQUENT EVENTS

The Company has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through December 14, 2023, the date the financials were available to be issued. No events or transactions have occurred subsequent to year-end that require recognition or disclosure in the consolidated financial statements.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
Hospital Central Services Cooperative, Inc. and Subsidiaries
Allentown, Pennsylvania

We have audited the accompanying consolidating and combining financial statements of Hospital Central Services Cooperative, Inc. and Subsidiaries as of and for the year ended June 30, 2023, and have issued our report thereon dated December 14, 2023, which contained an unmodified opinion on those consolidating and combining financial statements. Our audits were conducted for the purpose of forming an opinion on the consolidating and combining financial statements as a whole. The Consolidating and Combining Balance Sheets, Consolidating and Combining Statements of Revenues and Expenses and Comprehensive Income (Loss), Consolidating and Combining Statements of Equity, and Consolidating and Combining Statements of Cash Flows are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidating and combining financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidating and combining financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating and combining financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material aspects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bethlehem, Pennsylvania
December 14, 2023

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
CONSOLIDATING AND COMBINING BALANCE SHEETS
JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	HCSC Cooperative, Inc.		HCSC		Eliminations	2023	2022
	HCSC Laundry	HCSC Group Purchasing	Cartage, LLC	QALICB, LLC			
ASSETS							
CURRENT ASSETS							
Cash	\$ 703,714	\$ 46,373	\$ 15,114	\$ 543,414	\$ -	\$ 1,308,615	\$ 2,752,469
Investments, at Fair Value	6,048,166	-	-	-	-	6,048,166	4,405,325
Accounts Receivable:							
Trade, Less: Allowance for Credit Losses of	11,014,602	-	-	-	-	11,014,602	9,860,397
\$878,868 for 2023 and \$759,869 for 2022	39,672	-	-	-	-	39,672	51,776
Other							
Inventories:							
New Linen	1,624,568	-	-	-	-	1,624,568	1,904,516
Supplies	380,934	-	-	-	-	380,934	485,782
Circulating Linen	9,947,237	-	-	-	-	9,947,237	9,370,090
Prepaid Expenses	178,613	-	12,470	-	-	191,083	198,820
Due from Affiliates	-	3,106,338	-	1,320,150	(4,426,488)	-	-
Total Current Assets	29,937,506	3,152,711	27,584	1,863,564	(4,426,488)	30,554,877	29,029,175
PROPERTY, PLANT, AND EQUIPMENT, NET							
	13,967,409	-	447,271	13,646,867	-	28,061,547	31,367,577
OPERATING LEASE RIGHT-OF-USE ASSETS, NET							
	16,631,077	-	5,409,811	-	(15,411,940)	6,628,948	-
FINANCE LEASE RIGHT-OF-USE ASSETS, NET							
	3,073,750	-	-	-	-	3,073,750	-
OTHER ASSETS							
Security and Insurance Deposits	124,356	-	571	90	-	125,017	125,017
Note Receivable	5,761,600	-	-	-	-	5,761,600	5,761,600
Investment in Subsidiaries, at Cost	1,325,377	-	-	-	(1,325,377)	-	-
Interest Rate Swap Benefit	86,970	-	-	695,117	-	782,087	17,855
Total Other Assets	7,298,303	-	571	695,207	(1,325,377)	6,668,704	5,904,472
Total Assets	\$ 70,908,045	\$ 3,152,711	\$ 5,885,237	\$ 16,205,638	\$ (21,163,805)	\$ 74,987,826	\$ 66,301,224

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
CONSOLIDATING AND COMBINING BALANCE SHEETS (CONTINUED)

JUNE 30, 2023 AND 2022

(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	HCSC Cooperative, Inc.					Eliminations	2023	2022
	HCSC Laundry	HCSC Group Purchasing	HCSC Cartage, LLC	HCSC QALICB, LLC				
LIABILITIES AND EQUITY								
CURRENT LIABILITIES								
Current Portion of Capital Leases Obligations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 397,187
Operating Lease Liabilities - Current Portion	884,150	-	1,315,874	-	(454,513)	1,745,511	-	-
Finance Lease Liabilities - Current Portion	808,230	-	-	-	-	808,230	-	-
Current Portion of Term Debt	1,085,531	-	-	182,707	-	1,268,238	-	1,160,055
Accounts Payable	5,130,535	-	325,863	-	-	5,456,398	-	5,014,036
Accrued Expenses	3,449,320	9,608	10,970	-	-	3,469,898	-	3,077,124
Due to Affiliates	6,428,222	-	133,593	-	(4,426,488)	2,135,327	-	1,588,391
Total Current Liabilities	17,785,988	9,608	1,786,300	182,707	(4,881,001)	14,883,602	-	11,236,793
LONG-TERM LIABILITIES								
Capital Lease Obligations, Net of Current Portion	-	-	-	-	-	-	-	1,987,258
Operating Lease Liabilities - Long-Term Portion	15,840,699	-	4,093,937	-	(15,060,017)	4,874,619	-	-
Finance Lease Liabilities - Long-Term Portion	2,159,764	-	-	-	-	2,159,764	-	-
Term Debt, Net of Current Portion	10,885,640	-	-	14,059,289	-	24,944,929	-	25,916,016
Interest Rate Swap Obligation	-	-	-	-	-	-	-	1,658
Deferred Tax Liability	2,020,175	(1,033,951)	-	-	-	986,224	-	998,197
Accrued Pension Liability	1,932,941	-	-	-	-	1,932,941	-	2,160,048
Total Long-Term Liabilities	32,839,219	(1,033,951)	4,093,937	14,059,289	(15,060,017)	34,898,477	-	31,063,177
Total Liabilities	50,625,207	(1,024,343)	5,880,237	14,241,996	(19,941,018)	49,782,079	-	42,299,970
EQUITY								
Certificates of Equity	2,689,824	390,729	-	-	-	3,080,553	-	3,080,553
Allocated to Patronage Dividends	-	1,369,060	-	-	-	1,369,060	-	1,369,060
Unallocated	19,628,588	2,417,265	5,000	1,931,479	(1,222,787)	22,759,545	-	21,797,927
Accumulated Other Comprehensive Income (Loss):								
Cumulative Unrealized Loss on Investments	(224,408)	-	-	-	-	(224,408)	-	(222,215)
Minimum Pension Liability	(1,811,166)	-	-	-	-	(1,811,166)	-	(2,023,965)
Subtotal	20,282,838	4,177,054	5,000	1,931,479	(1,222,787)	25,173,584	-	24,001,360
Noncontrolling Interest	-	-	-	32,163	-	32,163	-	(106)
Total Equity	20,282,838	4,177,054	5,000	1,963,642	(1,222,787)	25,205,747	-	24,001,254
Total Liabilities and Equity	\$ 70,908,045	\$ 3,152,711	\$ 5,885,237	\$ 16,205,638	\$ (21,163,805)	\$ 74,987,826	\$ -	\$ 66,301,224

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
CONSOLIDATING AND COMBINING STATEMENTS OF REVENUES AND EXPENSES
AND COMPREHENSIVE INCOME

YEARS ENDED JUNE 30, 2023 AND 2022

(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	HCSC Cooperative, Inc.		HCSC		HCSC		HCSC		Eliminations		2023	2022
	HCSC	HCSC Group	Purchasing		Cartage, LLC		QALICB, LLC					
	Laundry		\$	252	\$	13,038,137	\$	938,504	\$	(20,629,199)	\$	86,199,533
REVENUES												
DIRECT EXPENSES												
				65		13,033,967		720,519		(20,731,789)	64,959,543	60,482,112
GROSS MARGIN				187		4,170		217,985		102,590	27,793,638	25,717,421
OTHER OPERATING EXPENSES												
Departmental				(311)		-		-		-	20,016,693	18,979,125
Corporate General and Administrative				30,493		-		12,500		-	6,785,903	6,359,849
Total Other Operating Expenses				30,182		-		12,500		-	26,802,596	25,338,974
INCOME FROM OPERATIONS				(29,995)		4,170		205,485		102,590	991,042	378,447
OTHER INCOME (EXPENSE)												
Interest Expense - Affiliate				-		(621)		20,150		-	(210,649)	(58,013)
Interest Expense - Other				(1,482)		(3,549)		(275,361)		-	(851,787)	(786,161)
Interest Income - Affiliate				119,130		-		-		-	119,130	41,390
Change in Value of Swaps				-		-		695,117		-	765,890	242,111
Unrealized Gain (Loss) on Equity Investments				-		-		-		-	11,864	(80,256)
Miscellaneous Expense, Net of Income				-		-		-		-	156,632	466,842
Gain on Sale of Assets				1,450		-		-		-	1,450	510
Total Other Expense				117,648		(4,170)		439,906		-	(7,470)	(173,577)
INCOME BEFORE INCOME TAXES				87,653		-		645,391		102,590	983,572	204,870
INCOME TAX EXPENSE (BENEFIT)												
Current				8,761		-		-		-	8,761	-
Deferred				-		-		-		-	(19,076)	16,280
Total Income Tax Expense				8,761		-		-		-	(10,315)	16,280
NET INCOME				78,892		-		645,391		102,590	993,887	188,590
NET INCOME (LOSS) ATTRIBUTABLE TO NONCONTROLLING INTERESTS				-		-		32,270		-	32,270	(183)
NET INCOME ATTRIBUTABLE TO HOSPITAL CENTRAL SERVICES COOPERATIVE, INC.				78,892		-		613,121		102,590	961,617	188,773
				\$		\$		\$		\$	\$	\$

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
CONSOLIDATING AND COMBINING STATEMENTS OF REVENUES AND EXPENSES
AND COMPREHENSIVE INCOME (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

CONSOLIDATING/COMBINING AND COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	HCSC Cooperative, Inc.		HCSC		HCSC		HCSC		Eliminations	2023	2022
	HCSC	HCSC Group	Laundry	Purchasing	Cartage, LLC	QALICB, LLC	QALICB, LLC	QALICB, LLC			
NET INCOME ATTRIBUTABLE TO HOSPITAL CENTRAL SERVICES COOPERATIVE, INC.	\$ 167,014	\$ 78,892	\$ -	\$ -	\$ -	\$ 613,121	\$ 613,121	\$ 102,590	\$ 961,617	\$ 188,773	
OTHER COMPREHENSIVE INCOME (LOSS)											
Unrealized Gain (Loss) on Debt Investments	(2,193)	-	-	-	-	-	-	-	(2,193)	(291,843)	
Minimum Pension Liability, Net of Tax Benefit of \$121,776 and \$136,803 in 2023 and 2022, Respectively	212,799	-	-	-	-	-	-	-	212,799	(71,113)	
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO HOSPITAL CENTRAL SERVICES COOPERATIVE, INC.	<u>\$ 377,620</u>	<u>\$ 78,892</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 613,121</u>	<u>\$ 613,121</u>	<u>\$ 102,590</u>	<u>\$ 1,172,223</u>	<u>\$ (174,183)</u>	

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
CONSOLIDATING AND COMBINING STATEMENTS OF EQUITY
YEARS ENDED JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	Balance 2021	Net Income 2022	Paid-In Capital	Balance 2022	Net Income 2023	Balance 2023
HCSC - LAUNDRY DIVISION						
Certificates of Equity	\$ 2,689,824	\$ -	\$ -	\$ 2,689,824	\$ -	\$ 2,689,824
Cumulative Unrealized Loss on Investments	69,628	-	(291,843)	(222,215)	(2,193)	(224,408)
Pension Funded Status Adjustment	(1,952,852)	-	(71,113)	(2,023,965)	212,799	(1,811,166)
Unallocated	19,270,084	191,490	-	19,461,574	167,014	19,628,588
HCSC - GROUP PURCHASING DIVISION						
Certificates of Equity	390,729	-	-	390,729	-	390,729
Allocated to Patronage Dividends	1,369,060	-	-	1,369,060	-	1,369,060
Unallocated	2,337,605	768	-	2,338,373	78,892	2,417,265
HCSC - CARTAGE						
Unallocated	5,000	-	-	5,000	-	5,000
HCSC - QALICB						
Unallocated	1,321,842	(3,485)	-	1,318,357	613,121	1,931,479
Noncontrolling Interest	77	(183)	-	(106)	32,270	32,163
Elimination - Unallocated	(1,325,377)	-	-	(1,325,377)	102,590	(1,222,787)
Total	\$ 24,175,620	\$ 188,590	\$ (362,956)	\$ 24,001,254	\$ 1,204,493	\$ 25,205,747
CONSOLIDATED AND COMBINED TOTALS						
Certificates of Equity	\$ 3,080,553	\$ -	\$ -	\$ 3,080,553	\$ -	\$ 3,080,553
Allocated to Patronage Dividends	1,369,060	-	-	1,369,060	-	1,369,060
Cumulative Unrealized Loss on Investments	69,628	-	(291,843)	(222,215)	(2,193)	(224,408)
Pension Funded Status Adjustment	(1,952,852)	-	(71,113)	(2,023,965)	212,799	(1,811,166)
Unallocated Attributable to Hospital Central Services Cooperative, Inc.	21,609,154	188,773	-	21,797,927	961,617	22,759,545
Unallocated Attributable to Noncontrolling Interest	77	(183)	-	(106)	32,270	32,163
Total	\$ 24,175,620	\$ 188,590	\$ (362,956)	\$ 24,001,254	\$ 1,204,493	\$ 25,205,747

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
CONSOLIDATING AND COMBINING STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income
Adjustments to Reconcile Net Income to Net Cash
Provided by Operating Activities:
Depreciation and Amortization
Noncash Operating Lease Expense
Amortization of Financing Right of Use Assets
Amortization of Debt Issuance Costs
Change in Value of Swaps
Realized Loss on Investments
Unrealized Loss on Equity Investments
Deferred Income Taxes
Gain on Sale of Assets
(Increase) Decrease in Assets:
Accounts Receivable, Trade
Accounts Receivable, Other
Inventories
Prepaid Expenses
Due from Affiliates
Security and Insurance Deposits
Increase (Decrease) in Liabilities:
Accounts Payable
Accrued Expenses
Due to Affiliates
Net Cash Provided by Operating Activities

	HCSC Cooperative, Inc.		HCSC		HCSC		Eliminations		2023	2022
	HCSC Laundry	HCSC Group Purchasing	Cartage, LLC	QALICB, LLC	Cartage, LLC	QALICB, LLC				
\$	167,014	\$ 78,892	\$ -	\$ -	\$ -	\$ 645,391	\$ 102,590	\$	993,887	\$ 188,590
	1,310,846	-	202,777	-	202,777	720,519	-		2,234,142	2,543,452
	93,772	-	-	-	-	-	(102,590)		(8,818)	-
	412,062	-	-	-	-	-	-		412,062	-
	7,760	-	-	-	-	-	-		7,760	7,761
	(70,773)	-	-	-	-	(695,117)	-		(765,890)	(242,111)
	47,417	-	-	-	-	-	-		47,417	-
	(11,862)	-	-	-	-	-	-		(11,862)	(80,256)
	(26,280)	-	-	-	-	-	-		(26,280)	16,280
	(1,450)	-	-	-	-	-	-		(1,450)	(510)
	(1,154,205)	-	-	-	-	-	-		(1,154,205)	(824,572)
	12,104	-	-	-	-	-	-		12,104	6,737
	(192,351)	-	-	-	-	-	-		(192,351)	(648,410)
	20,201	5	(12,470)	-	(12,470)	-	-		7,736	(45,296)
	-	(112,356)	-	-	-	(1,320,150)	-		(1,432,506)	12,250
	-	-	-	-	-	-	-		-	23,000
	195,697	-	246,665	-	246,665	-	-		442,362	859,110
	373,398	8,406	10,970	-	10,970	-	-		392,774	397,359
	2,165,510	-	(186,068)	-	(186,068)	-	-		1,979,442	(13,569)
	3,348,860	(25,053)	261,874	-	261,874	(649,357)	-		2,936,324	2,199,815
	492,082	-	-	-	-	-	-		492,082	(1,383,369)
	(2,172,671)	-	-	-	-	-	-		(2,172,671)	489,981
	1,450	-	-	-	-	-	-		1,450	510
	(1,040,317)	-	(270,276)	-	(270,276)	-	-		(1,310,593)	(1,971,902)
	(2,719,456)	-	(270,276)	-	(270,276)	-	-		(2,989,732)	(2,864,780)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Investments
Proceeds from Sale of Investments
Proceeds on Sale of Assets
Purchases of Property, Plant, and Equipment
Net Cash Used by Investing Activities

HOSPITAL CENTRAL SERVICES COOPERATIVE, INC. AND SUBSIDIARIES
CONSOLIDATING AND COMBINING STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)

	HCSC Cooperative, Inc.		HCSC		HCSC	Eliminations		2023	2022
	HCSC Laundry	HCSC Group Purchasing	Cartage, LLC	QALICB, LLC					
CASH FLOWS FROM FINANCING ACTIVITIES									
Proceeds from Line of Credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayments on Line of Credit	-	-	-	-	-	-	-	-	-
Proceeds from Term Debt	333,220	-	-	-	-	-	333,220	442,060	
Repayments of Term Debt	(1,035,129)	-	-	(168,005)	-	-	(1,203,134)	(790,814)	
Debt Issuance Costs	(750)	-	-	-	-	-	(750)	-	-
Principal Payments on Finance Leases	(519,782)	-	-	-	-	-	(519,782)	-	-
Proceeds from Capital Lease Obligations	-	-	-	-	-	-	-	1,055,828	
Repayments of Capital Lease Obligations	-	-	-	-	-	-	-	(316,528)	
Net Cash Provided (Used) by Financing Activities	(1,222,441)	-	-	(168,005)	-	-	(1,390,446)	390,546	
NET DECREASE IN CASH	(593,037)	(25,053)	(8,402)	(817,362)	-	-	(1,443,854)	(274,419)	
Cash - Beginning of Year	1,296,751	71,426	23,516	1,360,776	-	-	2,752,469	3,026,888	
CASH - END OF YEAR	<u>\$ 703,714</u>	<u>\$ 46,373</u>	<u>\$ 15,114</u>	<u>\$ 543,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,308,615</u>	<u>\$ 2,752,469</u>	
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION									
Cash Paid During the Year for Interest	\$ 571,395	\$ 1,482	\$ 3,549	\$ 275,361	\$ -	\$ -	\$ 572,877	\$ 406,638	

SCHEDULE OF ASSETS (HELD AT END OF YEAR)**Hospital Central Services Cooperative, Inc. Retirement Savings Plan****29-OCT-22 to 30-JUN-23****10-JUL-23 00:19:55**

INVESTMENT OPTION	MATURITY DATE	INTEREST RATE	COST OF ASSETS	CURRENT VALUE
1RRCTX			10,177.78	10,449.80
1RFDTX			34,687.35	35,984.06
1RFETX			85,322.07	89,585.86
1RFFTX			58,408.85	61,148.94
1RFGTX			395,189.56	421,851.28
1RFHTX			105,931.67	112,417.70
1RFITX			63,934.78	67,721.28
1RFKTX			83,273.70	88,963.62
1RFUTX			51,838.40	55,177.18
1RFVTX			13,208.96	13,778.02
1VWILX			74,274.92	85,210.68
1TIREX			5,625.84	5,595.78
1QUAZX			22,642.47	25,370.96
1FSSNX			5,997.05	6,130.65
1FRCSX			17,648.18	18,140.25
1BMGKX			15,771.04	18,346.82
1DFVEX			14,712.90	14,987.65
1RMFGX			62,098.60	62,698.04
1FXAIX			10,714.60	12,251.51
1JUEMX			259,107.78	285,517.63
1VWUAX			94,972.67	116,038.99
1PTRQX			149,472.90	151,964.11
1MGDSB1		1.700	1,046,738.90	1,057,092.21
			2,681,750.97	2,816,423.02
PARTICIPANT LOANS	VARIOUS	4.250-9.250	183,031.33	183,446.95
FORFEITURES			5,623.78	5,661.54

SCHEDULE OF ASSETS (HELD AT END OF YEAR)**Hospital Central Services Cooperative, Inc. Retirement Savings Plan****29-OCT-22 to 30-JUN-23****10-JUL-23 00:19:55**

INVESTMENT OPTION	MATURITY DATE	INTEREST RATE	COST OF ASSETS	CURRENT VALUE
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LEGEND

INVESTMENT OPTION:

1RRCTX American Funds 2020 Trgt Date Retire R6
 1RFETX American Funds 2030 Trgt Date Retire R6
 1RFGTX American Funds 2040 Trgt Date Retire R6
 1RFITX American Funds 2050 Trgt Date Retire R6
 1RFUTX American Funds 2060 Trgt Date Retire R6
 1VWILX Vanguard International Growth Adm
 1QUAZX AB Small Cap Growth Z
 1FRCSX Franklin Small Cap Value R6
 1DFVEX DFA U.S. Vector Equity I
 1FXAIX Fidelity 500 Index
 1VWUAX Vanguard US Growth Adm
 1MGDSB1 General Account

1RFDTX American Funds 2025 Trgt Date Retire R6
 1RFFTX American Funds 2035 Trgt Date Retire R6
 1RFHTX American Funds 2045 Trgt Date Retire R6
 1RFKTX American Funds 2055 Trgt Date Retire R6
 1RFVTX American Funds 2065 Trgt Date Retire R6
 1TIREX TIAA-CREF Real Estate Sec Instl
 1FSSNX Fidelity Small Cap Index
 1BMGKX BlackRock Mid-Cap Growth Equity K
 1RMFGX American Funds American Mutual R6
 1JUEMX JPMorgan US Equity R6
 1PTRQX PGIM Total Return Bond R6

COST OF ASSETS: The original cost of the assets in each investment option as of the last day of the plan year

CURRENT VALUE: The value of all assets in each investment option as of the last day of the plan year