

Audited Financial Statements

CMU Medical Education Partners

*Years Ended June 30, 2025 and 2024  
with Report of Independent Auditors*

CMU Medical Education Partners

Audited Financial Statements

Years Ended June 30, 2025 and 2024

Contents

Report of Independent Auditors.....1

Balance Sheets .....3

Statements of Operations .....4

Statements of Changes in Net Assets.....5

Statements of Cash Flows .....6

Notes to Financial Statements.....7

## Report of Independent Auditors

To the Board of Trustees of  
CMU Medical Education Partners  
Saginaw, Michigan

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Saginaw Cooperative Hospitals, Inc. d/b/a CMU Medical Education Partners (a not-for-profit organization), which comprise the balance sheets as of June 30, 2025 and 2024, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CMU Medical Education Partners as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CMU Medical Education Partners and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 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 CMU Medical Education Partners' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CMU Medical Education Partners' 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2025, on our consideration of CMU Medical Education Partners' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CMU Medical Education Partners' internal control over financial reporting and compliance.

*Andrews Hooper Pavlik PLC*

Saginaw, Michigan  
August 15, 2025

# CMU Medical Education Partners

## Balance Sheets

	June 30	
	2025	2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,080,935	\$ 1,225,099
Cash – designated funds	151,788	142,183
Investments	3,081,555	4,525,515
Accounts receivable – patient services, net of allowance for credit losses of \$531,039 for 2025 and \$353,210 for 2024 and contractual allowance of \$1,313,542 for 2025 and \$1,241,746 for 2024	1,258,075	1,136,445
Receivables – member hospitals	598,365	959,811
Receivables – funding support	765,908	963,018
Prepaid expenses	1,209,155	1,120,844
Total current assets	8,145,781	10,072,915
Investments whose use is limited:		
Investments held for designated purposes	1,198,880	1,091,829
Investments held for 457(b) plan participants	6,082,027	5,185,181
Investments held for MiDocs Program	1,030,000	975,000
Total investments whose use is limited	8,310,907	7,252,010
Other assets	13,540	13,540
Intangible right-of-use asset - operating leases	4,160,204	4,863,079
Intangible right-of-use asset - financing lease	463,973	462,744
Leasehold improvements, furniture, and equipment, net	2,390,680	2,889,738
Total assets	<u>\$ 23,485,085</u>	<u>\$ 25,554,026</u>
<b>Liabilities and net assets</b>		
Current liabilities:		
Accounts payable	\$ 722,109	\$ 1,075,076
Payroll and related liabilities	3,786,998	3,709,138
Other payables	7,794	1,794
Deferred revenue	10,000	434,859
Current portion of operating lease liability	811,200	816,396
Current portion of financing lease liability	136,092	115,848
Total current liabilities	5,474,193	6,153,111
Long-term liabilities:		
Deferred obligations – MIDOCs program	1,030,000	1,066,506
Amounts due 457(b) plan participants	6,082,027	5,185,181
Malpractice liability	200,000	200,000
Operating lease liability – net of current portion	3,349,004	4,046,683
Financing lease liability – net of current portion	327,881	346,896
Total liabilities	16,463,105	16,998,377
Net assets:		
Without donor restrictions	7,021,980	8,555,649
Total net assets	7,021,980	8,555,649
Total liabilities and net assets	<u>\$ 23,485,085</u>	<u>\$ 25,554,026</u>

See accompanying notes.

# CMU Medical Education Partners

## Statements of Operations

	<b>Year Ended June 30</b>	
	<b>2025</b>	<b>2024</b>
Revenue and other support:		
Net patient service revenue	\$ 19,547,693	\$ 16,953,776
Quality incentive programs:		
PPAP/SNAF	1,613,467	2,186,379
Other incentive programs	509,133	368,339
Contract revenue	16,414,351	15,202,925
Member hospitals contribution	24,671,376	21,112,553
Donations and grants:		
Contributed office space	714,568	714,568
Other donations and grant	869,950	1,393,889
Other revenue	271,078	348,925
Investment income	334,782	671,811
Total unrestricted revenues and other support	<b>64,946,398</b>	<b>58,953,165</b>
Operating expenses:		
Salaries, wages, and payroll taxes	46,839,050	41,960,239
Employee benefits	7,324,047	6,800,574
Other employee benefits	229,491	231,291
Recruiting	421,869	259,209
Consumable supplies	1,324,428	1,235,784
Educational supplies and services	558,895	462,854
Consulting and contractual services	2,671,087	2,048,435
Communications	257,722	290,276
Continuing medical education	453,831	308,886
Education, conferences, and travel	739,265	685,447
Insurance	1,622,953	1,618,654
Facility and equipment	2,415,683	2,377,508
Other expenses	347,530	455,159
Depreciation	599,281	583,336
Patient credit loss expenses	781,614	623,944
Total operating expenses	<b>66,586,746</b>	<b>59,941,596</b>
Revenue and other support over (under) operating expenses	<b>(1,640,348)</b>	<b>(988,431)</b>
Other nonoperating revenue (expense):		
Net investment income and interest	114,467	126,123
Professional liability expense	(7,788)	(6,930)
Change in net assets without donor restrictions	<b>\$ (1,533,669)</b>	<b>\$ (869,238)</b>

See accompanying notes.

CMU Medical Education Partners

Statements of Changes in Net Assets

Years Ended June 30, 2025 and 2024

	<b>Net Assets Without Donor Restrictions</b>		<b>Total</b>
	<b>Undesignated</b>		<b>Net Assets</b>
Net assets as of July 1, 2023	\$ 9,424,887	\$	9,424,887
Revenues under expenses	(869,238)		(869,238)
Net assets as of June 30, 2024	8,555,649		8,555,649
Revenues under expenses	(1,533,669)		(1,533,669)
Net assets as of June 30, 2025	<u>\$ 7,021,980</u>	<u>\$</u>	<u>7,021,980</u>

# CMU Medical Education Partners

## Statements of Cash Flows

	<b>Year Ended June 30</b>	
	<b>2025</b>	<b>2024</b>
<b>Operating activities</b>		
Net change in net assets without donor restrictions	\$ (1,533,669)	\$ (869,238)
Adjustments to reconcile net change in net assets without donor restrictions to net cash from operating activities:		
Depreciation	599,281	583,336
Net unrealized gain on investments	(114,467)	(126,123)
Change in assets and liabilities:		
Patient accounts receivable	(121,630)	27,369
Other receivables	558,556	42,821
Prepaid expenses	(88,311)	208,167
Accounts payable	(352,967)	(240,178)
Payroll and related liabilities and other payables	83,860	175,086
Deferred revenue and other obligations	(461,365)	(1,039,153)
Net cash from operating activities	(1,430,712)	(1,237,913)
<b>Investing activities</b>		
Purchases of leasehold improvements, furniture, and equipment	(100,223)	(435,337)
Net sales (purchases) of investments	1,396,376	(862,367)
Net cash from investing activities	1,296,153	(1,297,704)
Net change in cash and cash equivalents	(134,559)	(2,535,617)
Cash, cash equivalents, and designated funds at beginning of year	1,367,282	3,902,899
Cash, cash equivalents, and designated funds at end of year	<u>\$ 1,232,723</u>	<u>\$ 1,367,282</u>



# CMU Medical Education Partners

## Notes to Financial Statements

June 30, 2025

### **1. Nature of Operations and Summary of Significant Accounting Policies**

#### **Nature of Operations**

Saginaw Cooperative Hospitals, Inc. (Corporation), d/b/a CMU Medical Education Partners is a Michigan nonprofit corporation located in Saginaw, Michigan. The Corporation was incorporated in Michigan in 1968 and is a tax-exempt organization pursuant to §501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. The Corporation is organized on a non-stock membership basis. The Corporation is subject to a Master Affiliation Agreement, which supersedes the original Member Agreement, and provides Central Health Advancement Solutions (CHAS) with a 90% membership interest in CMU Medical Education Partners (CMU Partners); MyMichigan Medical Center Saginaw (formerly Ascension St. Mary's Hospital, Inc.) (MyMichigan) with a 5% membership interest; and Covenant Medical Center, Inc. (Covenant) with a 5% membership interest. CHAS is a Michigan nonprofit corporation organized on a non-stock membership basis. The sole member of CHAS is the Board of Trustees of Central Michigan University.

The purpose of the Corporation is to integrate medical education, research, and service primarily for the training of medical residents and other medical related personnel. The Corporation operates under a Master Affiliation Agreement (Agreement) between the Corporation, the Central Michigan University Board of Trustees, CHAS, MyMichigan, and Covenant. The Agreement, and its amendments, cover the operation and funding of the Corporation's medical residency program as it relates to training the hospitals' medical residents. The new Agreement became effective January 1, 2025.

#### **Cash and Cash Equivalents**

For purposes of the statements of cash flows, cash and cash equivalents consists of savings and checking account balances and cash accounts classified as designated accounts.

#### **Use of Estimates**

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

# CMU Medical Education Partners

## Notes to Financial Statements

June 30, 2025

### 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

#### Basis of Accounting and Presentation

The financial statements of the Corporation have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Corporation to report information regarding its financial position and activities according to the following mutually exclusive net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Corporation's management and the Board of Directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of operations.

#### Measure of Operations

The statements of operations reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Corporation's ongoing medical services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

#### Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. Gifts are reported as net assets with donor restrictions support if they are received with donor stipulations that limit the use of the contributions. When a donor restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of operations as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements. There were no net assets with donor restrictions at June 30, 2025 or 2024.

# CMU Medical Education Partners

## Notes to Financial Statements

June 30, 2025

### **1. Nature of Operations and Summary of Significant Accounting Policies (continued)**

#### **Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly exchange between market participants. Authoritative guidance requires that fair value measurements incorporate all assumptions that market participants would use in pricing an asset or liability, including assumptions about risk. Authoritative guidance establishes a fair value hierarchy that prioritizes inputs used to measure fair value according to their observability in the market.

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

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

For the fiscal years ended June 30, 2025 and 2024, the application of valuation techniques applied to similar assets and liabilities has been consistent.

#### **Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value based on quoted market prices as of the balance sheet date. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues and other support over (under) operating expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are included as part of revenues and other support over (under) operating expenses.

# CMU Medical Education Partners

## Notes to Financial Statements

June 30, 2025

### **1. Nature of Operations and Summary of Significant Accounting Policies (continued)**

#### **Revenues and Other Support Over (Under) Operating Expenses**

The statements of operations include revenues and other support over (under) operating expenses. Changes in net assets without donor restrictions, which are excluded from revenues and other support over (under) operating expenses, include unrealized gains and losses on investments whose use is limited.

#### **Deposits with Financial Institutions**

The Corporation maintains interest-bearing deposits, with a bank located in Saginaw, Michigan, which are recorded in the financial statements as cash and funds held by the trustee. At year end and at times during the year, the Corporation had balances in these accounts that exceeded federal deposit insurance limits.

#### **Significant Concentrations of Credit Risk**

Financial instruments which potentially subject the Corporation to concentrations of credit risk consist principally of cash and investments included in assets whose use is limited. The Corporation invests temporary cash in money market securities in various banks, commercial paper of industrial and other companies with high credit ratings, and securities backed by the United States Government. The Corporation holds the majority of its investments in equity and fixed income mutual funds, these represent substantially all the total investment at June 30, 2025 and 2024.

#### **Leasehold Improvements, Furniture, and Equipment**

Leasehold improvements, furniture, and equipment are stated at cost. Leasehold improvements, furniture, and equipment purchases in excess of \$1,000 are depreciated over their estimated useful lives using the straight-line method. Assets under capital lease obligations are amortized on the straight-line method over the estimated useful lives of the related assets. Such amortization is included in depreciation in the financial statements.

#### **Leases and Right-of-Use Assets**

The Corporation contracts for the use of certain assets. At contract inception, the Corporation determines if an arrangement is or contains a lease and only reassesses its determination if the terms and conditions of the arrangement are changed. A lease conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If the arrangement is determined to be or contain a lease, the lease is assessed for classification as either an operating or finance lease at the lease commencement date, defined as the date on which the leased asset is made available for use by the Corporation. When the Corporation is the lessee, for each lease with a term greater than twelve months, it records a right-of-use asset and a lease liability.

# CMU Medical Education Partners

## Notes to Financial Statements

June 30, 2025

### **1. Nature of Operations and Summary of Significant Accounting Policies (continued)**

#### **Leases and Right-of-Use Assets (continued)**

A right-of-use asset represents the economic benefit conveyed to the Corporation by the right to use the underlying asset over the lease term. A lease liability represents the obligation to make lease payments arising from the use of the asset over the lease term. Lease liabilities are measured at lease commencement and calculated as the present value of the future lease payments in the contract using the rate implicit in the contract, when available. If an implicit rate is not readily determinable, the Corporation uses an incremental borrowing rate measured as the rate at which the Corporation could borrow, on a fully collateralized basis, a commensurate loan in the same currency over a period consistent with the lease term at the commencement date. The Corporation may also elect to use a risk-free rate.

Right-of-use assets are measured as the amount of the initial lease liability plus initial direct costs and prepaid lease payments, less lease incentives granted by the lessor. The lease term is measured as the noncancelable period in the contract, adjusted for any options to extend or terminate when it is reasonably certain the Corporation will extend the lease term via such options based on an assessment of economic factors present as of the lease commencement date. Purchase options are also evaluated against the “reasonably certain” criteria. The Corporation has elected the practical expedient to not recognize leases with a lease term of twelve months or less.

Components of a lease are split into three categories: lease components, non-lease components, and non-components. The fixed and in-substance fixed contract consideration (including any consideration related to non-components) are allocated, based on the respective relative fair values, to the lease components and non-lease components. The Corporation has elected the practical expedient to account for lease and non-lease components together as a single lease component for all underlying assets and allocate all of the contract consideration to the lease component only.

The Corporation’s operating leases are presented in the balance sheet as operating lease right-of-use assets, classified as noncurrent assets, and operating lease liabilities, classified as current and noncurrent liabilities. Operating lease expense is recognized on a straight-line basis over the lease term. Variable costs associated with a lease, such as maintenance and utilities, are not included in the measurement of the lease liabilities and right-of-use assets but rather are expensed when the events determining the amount of variable consideration to be paid have occurred.

Disclosures about the Corporation’s leasing activities are presented in Note 14.

# CMU Medical Education Partners

## Notes to Financial Statements

June 30, 2025

### 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

#### Revenue from Contracts with Customers

The Corporation's contracts with customers and method of revenue recognition include the following:

- Patient service revenue: Patient service revenue and an accounts receivable are recorded when patient services are performed. Services are arranged in accordance with a patient's explicit or implied consent to receive services. Payment for services is collected from a combination of sources, including self-pay by the patient or responsible party, commercial insurance, and governmental programs. Revenue from services covered by third-party payors is subject to adjustments based on contractual allowances with the third-party payors. Revenue and estimated contractual adjustments are recorded at the time services are provided. Estimated contractual adjustments are applied to accounts receivable using a portfolio approach based on the Corporation's departments and payor experience. Charity care is not considered an element of patient service revenue under U.S. GAAP.
- Contractual medical services with hospitals and other healthcare organizations: Revenue from these services is based on agreements to provide medical residents and professional personnel to Central Michigan University, Covenant, MyMichigan, and other healthcare providers. Revenue is recorded based on pre-determined rates and is recognized at the time services are provided.
- Other Services: These services include contracts under quality incentive programs and other contracts with outside organizations. Incentive revenue is based on contractual arrangements with various providers and is not subject to reasonable estimation prior to the performance of services. Accordingly, this revenue is recorded when received. Other contract revenue is recorded based on the performance obligations and transaction prices within the contract.
- Charity Care: This is provided through the V. K. Volk Fund. See Note 9 for additional details related to this Fund. These funds are used only for outpatient care and only one time per patient. If a patient is unable to pay for outpatient services and exhausted all other options, the collections clerk will obtain financial information about the patient to determine if the patient is considered to be in need. Charity care provided totaled \$6,815 for the year ended June 30, 2025 and \$7,430 for the year ended June 30, 2024.

# CMU Medical Education Partners

## Notes to Financial Statements

June 30, 2025

### **1. Nature of Operations and Summary of Significant Accounting Policies (continued)**

#### **Net Patient Service Revenue and Patient Accounts Receivable**

The Corporation has agreements with third-party payors that provide for reimbursements to the Corporation at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Corporation's established rates for services and amounts reimbursed by third-party payors.

Patient accounts receivable are recorded at the Corporation's established rates with contractual adjustments, charity allowances, policy discounts, and the provision for uncollectible accounts deducted to arrive at net patient accounts receivable. The Corporation pursues collection of all past due accounts. Accounts are written off when they are deemed uncollectible.

The Corporation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. Significant concentrations of accounts receivable at June 30, 2025 include Medicare (20.5%), Blue Cross (16.7%), Medicaid (24.2%), and other commercial insurers (12.4%), and self-pay (26.2%). Significant concentrations of accounts receivable at June 30, 2024 include Medicare (27.4%), Blue Cross (13.1%), Medicaid (23.1%), and other commercial insurers (15.1%), and self-pay (21.3%).

The allowance is calculated as a percentage of outstanding receivable balances for patient pay receivables and commercial insurance receivables. Percentages have been developed based on historical collection information, current and future economic conditions, as well as the financial health of the Corporation's customers. The allowance is increased by the provision charged to operations and reduced by charge-offs.

#### **Estimated Professional Liability**

The provision for estimated self-insured medical malpractice claims is management's estimates of the costs for both reported claims and claims incurred but not reported.

#### **Contributed Nonfinancial Assets (In-Kind Contributions)**

Contributed nonfinancial assets are recorded at their estimated fair value determined on the date of contribution and are reported as in-kind contributions on the accompanying statements of operations.

#### **Advertising**

The Corporation expenses advertising costs as incurred. Advertising costs were \$25,272 for the year ended June 30, 2025 and \$7,198 for the year ended June 30, 2024.

# CMU Medical Education Partners

## Notes to Financial Statements

June 30, 2025

### 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

#### Functional Expenses

The financial statements report certain expense categories that are attributable to more than one healthcare service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function are allocated as shown below:

<b>Expense</b>	<b>Method of Allocation</b>
Salaries, wages, payroll taxes, employee benefits, and other employee benefits	Time and effort
Consumable supplies	Relative program activity
Consulting and contractual services	Relative program activity
Insurance	Relative program activity
Facility and equipment	Relative program activity
Other expenses	Relative program activity
Depreciation	Relative program activity

#### Subsequent Events

Management has evaluated subsequent events for potential recognition or disclosure in the financial statements through August 15, 2025, which is also the date the financial statements were available to be issued.

### 2. Liquidity and Availability

The Corporation has financial assets available within one year of the balance sheet date to meet cash needs for general expenditures as shown in the table below. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Corporation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.



CMU Medical Education Partners

Notes to Financial Statements

June 30, 2025

**2. Liquidity and Availability (continued)**

Financial assets as of June 30 include the following:

	2025	2024
Cash and cash equivalents	\$ 1,232,723	\$ 1,367,282
Accounts receivable – patient services	1,258,075	1,136,445
Receivables – member hospitals	598,365	959,811
Receivables – funding support	765,908	963,018
Investments	11,392,462	11,777,525
Total financial assets	15,247,533	16,204,081
Less amounts not available to be used within one year:		
Investments whose use is limited	8,310,907	7,252,010
Financial assets available to meet general expenditures over the next twelve months	\$ 6,936,626	\$ 8,952,071

**3. Patient Accounts Receivable**

The detail of patient accounts receivable is as follows:

Department	June 30, 2025		
	Patient	Insurance	Total
Behavioral Health	\$ 90,078	\$ 224,319	\$ 314,397
Family Medicine	61,965	174,503	236,468
Internal Medicine	133,225	452,170	585,395
OB/GYN	249,840	796,801	1,046,641
Pediatrics	98,795	246,004	344,799
Surgery	192,171	615,660	807,831
Subtotal	826,074	2,509,457	3,335,531
Unapplied payments	-	(232,875)	(232,875)
Subtotal	826,074	2,276,582	3,102,656
Less:			
Contractual allowances	-	1,313,542	1,313,542
Allowance for credit losses	531,039	-	531,039
Net patient accounts receivable	\$ 295,035	\$ 963,040	\$1,258,075

# CMU Medical Education Partners

## Notes to Financial Statements

June 30, 2025

### 3. Patient Accounts Receivable (continued)

As of June 30, 2025, unapplied payments of \$232,875 had been collected from third-party payors for which specific patient accounts were not yet identified.

Department	June 30, 2024		
	Patient	Insurance	Total
Behavioral Health	\$ 70,026	\$ 192,035	\$ 262,061
Family Medicine	41,408	218,594	260,002
Internal Medicine	90,154	334,577	424,731
OB/GYN	169,808	546,180	715,988
Pediatrics	92,474	162,289	254,763
Surgery	119,022	899,002	1,018,024
Subtotal	582,892	2,352,677	2,935,569
Unapplied payments	-	(204,168)	(204,168)
Subtotal	582,892	2,148,509	2,731,401
Less:			
Contractual allowances	-	1,241,746	1,241,746
Allowance for credit losses	353,210	-	353,210
Net patient accounts receivable	\$ 229,682	\$ 906,763	\$1,136,445

As of June 30, 2024, unapplied payments of \$204,168 had been collected from third-party payors for which specific patient accounts were not yet identified.

### 4. Property and Equipment

Property and equipment includes leasehold improvements, furniture, and equipment.

	June 30	
	2025	2024
Total property and equipment	\$ 8,344,094	\$ 8,688,870
Less: accumulated depreciation	5,953,414	5,799,132
	<u>\$ 2,390,680</u>	<u>\$ 2,889,738</u>

CMU Medical Education Partners

Notes to Financial Statements

June 30, 2025

**5. Investments**

Fair values of assets measured on a recurring basis at June 30, 2025 and 2024 are as follows:

<b>Fair Value Measurements at Reporting Date Using</b>				
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>June 30, 2025</b>				
Current investments:				
Fixed income	\$ 1,132,370	\$ 1,132,370	\$ -	\$ -
Cash and money market funds	79,274	79,274	-	-
Equity investments	1,451,653	1,451,653	-	-
Mutual funds	418,258	418,258	-	-
	<b>3,081,555</b>	<b>3,081,555</b>	-	-
Limited-use investments:				
Cash and money market funds	66,339	66,339	-	-
Equity funds	749,233	749,233	-	-
Fixed income funds	383,308	383,308	-	-
	<b>1,198,880</b>	<b>1,198,880</b>	-	-
457(b) plan investments:				
Mutual funds	6,082,027	6,082,027	-	-
MIDocs investments:				
Cash	1,030,000	1,030,000	-	-
	<b>\$ 11,392,462</b>	<b>\$ 11,392,462</b>	<b>\$ -</b>	<b>\$ -</b>

CMU Medical Education Partners

Notes to Financial Statements

June 30, 2025

**5. Investments (continued)**

<b>Fair Value Measurements at Reporting Date Using</b>				
	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>June 30, 2024</b>				
Current investments:				
Fixed income	\$ 1,653,637	\$ 1,653,637	\$ -	\$ -
Money market funds	112,496	112,496	-	-
Equity investments	2,184,892	2,184,892	-	-
Mutual funds	574,490	574,490	-	-
	4,525,515	4,525,515	-	-
Limited-use investments:				
Cash and money market funds	41,582	41,582	-	-
Equity funds	674,574	674,574	-	-
Fixed income funds	375,673	375,673	-	-
	1,091,829	1,091,829	-	-
457(b) plan investments:				
Mutual funds	5,185,181	5,185,181	-	-
MIDocs investments				
Cash	975,000	975,000	-	-
	<u>\$ 11,777,525</u>	<u>\$ 11,777,525</u>	<u>\$ -</u>	<u>\$ -</u>

**6. Medical Educational Funding**

Under the provisions of the Master Affiliation Agreement that became effective July 1, 2021, 95% of the direct graduate medical education (DGME), indirect medical education (IME), and other graduate medical education (GME) funding received by the Hospitals passes through to the Corporation.

# CMU Medical Education Partners

## Notes to Financial Statements

June 30, 2025

### 7. Related Party Receivables and Payables

Related party receivables include the following amounts at June 30:

	<b>2025</b>	<b>2024</b>
Receivables - member hospitals		
MyMichigan	\$ 292,035	\$ 622,283
Covenant	306,330	337,528
	<b>598,365</b>	959,811
Included in receivables – funding support		
CMU	\$ 74,433	\$ 225,913

Accounts payable included the following related party payable at June 30:

	<b>2025</b>	<b>2024</b>
CMU	\$ 94,627	\$ 233,460

### 8. Net Assets

There were no net assets with donor restrictions as of June 30, 2025 or June 30, 2024.

### 9. Saginaw Community Foundation Endowment

The Saginaw Community Foundation (Foundation) holds the endowment funds for the V. K. Volk Fund, which was established through a contribution from Dr. V. K. Volk. The purpose of the fund is to provide a source of revenue to assist with charity care for patients served by the Corporation. The Foundation holds variance power over the fund and distribution from the fund and, therefore, this is not recorded on the balance sheet. As of June 30, 2025, the balance of the fund was \$148,951 and \$141,064 as of June 30, 2024. The funds available to spend as of June 30, 2025 were \$6,657 and \$6,815 as of June 30, 2024. The Corporation received \$6,815 in grants from the endowment fund in 2025 and \$7,430 in 2024.

# CMU Medical Education Partners

## Notes to Financial Statements

June 30, 2025

### 10. Revenue from Contracts with Customers

Each revenue transaction contains a single delivery element and revenue is recognized at the time services are provided. There were no significant services in process as of June 30, 2025 or June 30, 2024.

Revenue from contracts with customers consisted of the following for the year ended June 30:

Revenue Stream	2025	2024
Patient service revenue, gross	\$ 35,937,239	\$ 30,866,182
Less: contractual adjustments	(16,389,546)	(13,912,406)
Net patient service revenue	19,547,693	16,953,776
Contractual services with hospitals and other healthcare providers included within overall contract revenue	12,126,166	11,235,902
Quality incentive programs	2,122,600	2,554,718
Total revenue from contracts with customers	\$ 33,796,459	\$ 30,744,396

As of June 30, 2025, 2024, and 2023, the Corporation had significant receivables related to contracts with customers. These balances are detailed in Notes 3 and 7. During the years ended June 30, 2025, 2024, and 2023, the Corporation had no significant credit loss expenses on revenue from its contractual services with hospitals or from its other non-patient services. Credit loss expenses, as reported in the statements of operations, relates to patient service revenue.

The beginning and closing balances of the Corporation's receivables from contracts with customers for the year ended June 30, were as follows:

	2025		2024	
	Beginning Balance	Ending Balance	Beginning Balance	Ending Balance
Accounts receivable - patient services	\$ 1,136,445	\$ 1,258,075	\$ 1,163,814	\$ 1,136,445
Receivables - member hospitals	\$ 959,811	\$ 598,365	\$ 1,157,943	\$ 959,811

The following economic factors affect the nature, amount, timing, and uncertainty of the Corporation's revenue and cash flows as indicated:

- Economic trends: Rising costs, the demand for health services, and potential shortages of healthcare workers affect conditions related to revenue. Economic pressures faced by patients can affect revenue collectability.

## CMU Medical Education Partners

### Notes to Financial Statements

June 30, 2025

#### **10. Revenue from Contracts with Customers (continued)**

- Geographical location of customers: Revenue from customers is derived from patients and healthcare providers located primarily in the Great Lakes Bay Region of Michigan and the surrounding area; therefore, revenue correlates to the medical needs of communities within this region.
- Healthcare industry: Revenue is affected by changes in medical regulations, rising costs, and availability of medical personnel.

#### **11. Grant Programs**

The Corporation receives grants from different sources. Among those received are the ones described below.

*MIDOCs* – The Corporation, through Central Michigan University, participates in the State of Michigan’s MIDOCs program, which is a state-funded program set up to expand graduate medical education residency positions in select specialties to recruit and retain physicians in underserved areas in the state of Michigan. MIDOCs residencies may feature a variety of enhanced curricular elements in areas such as ambulatory care, quality improvement, population health, interprofessional collaboration, and care of diverse and underserved populations. The Corporation receives support under this program. Additionally, residents may also receive up to \$75,000 for loan repayment of qualifying educational loans. Residents must also agree to forego any sub-specialty training for at least two years post-residency. The Corporation records deferred obligations for amounts held for the satisfaction of student education loan repayment. Revenue of \$3,168,188 was recorded for 2025 and \$2,847,023 was recorded for 2024. Deferred revenue was \$1,030,000 as of June 30, 2025 and \$1,066,506 as of June 30, 2024.

*Teaching Health Center Graduate Medical Education (THCGME) Program* – Central Michigan University College of Medicine – CMU Medical Education Partners was a THCGME grant winner for both the Internal Medicine and Psychiatry residency program, and an eligible entity due to its status as a community-based ambulatory patient care center that has been part of a GME consortium for more than 50 years that operates an accredited primary care residency program. Central Michigan University College of Medicine/CMU Medical Education Partners is part of a GME consortium which includes two community hospitals, a university medical school and CMU Medical Education partners, an educational institution. This grant provides \$160,000 in revenue per resident position. Revenue of \$1,119,997 was recorded in 2025 and \$1,120,000 was recorded in 2024.

## CMU Medical Education Partners

### Notes to Financial Statements

June 30, 2025

#### **11. Grant Programs (continued)**

*CMU Health Women and Children's Center* – The Corporation is the beneficiary of two grants awarded to Central Michigan University for the establishment of a CMU Health Women's and Children's Center. The total amount awarded is \$3,000,000 with each grant being \$1,500,000. Under the grant funding agreement, CMU will reimburse the Corporation from the grant for actual expenses incurred relating to the CMU Health Women and Children's Center up to the total amount awarded. The Corporation received and recorded \$680,184 for the year ended June 30, 2025 and \$1,134,000 for the year ended June 30, 2024.

#### **12. Contributed Nonfinancial Assets (In-Kind Contributions)**

As further described in Note 14, building space locations in Saginaw, Michigan, are contributed on an annual basis by two related parties. Each contributed building space is valued at its estimated fair value on the basis of recent comparable lease prices in the Saginaw, Michigan real estate market. Revenue recognized for the contributed nonfinancial asset for Corporation's 1000 Houghton Avenue location was \$600,600 for the years ended June 30, 2025 and 2024 and \$113,968 for the Corporation's 1015 S. Washington Avenue location for the years ended June 30, 2025 and 2024. These amounts are included in revenue and program expenses in the statements of operations. There are no associated donor restrictions on the contributions.

#### **13. Retirement Plans**

##### *Money Accumulation Pension Plan*

In 1974, the Corporation established a money accumulation pension plan for all eligible employees. Any employee who has completed more than 1,000 hours of service and has attained the age of 21 is eligible to participate.

The Corporation contributed 4 percent of the participants' pay into the program for each of the years ended June 30, 2025 and 2024. The cost to the Corporation was \$1,062,813 for the year ended June 30, 2025 and \$1,096,444 for the year ended June 30, 2024.

##### *457(b) Plan*

During 2021, the Corporation established a 457(b) plan for certain management employees which will be payable upon the employee's retirement or termination. The deferred compensation accounts are shown as both assets and liabilities on the Corporation's financial statements and are available to creditors in the event of liquidation of the Corporation. The balance of the plan was \$6,082,027 as of June 30, 2025 and \$5,185,181 as of June 30, 2024.



## CMU Medical Education Partners

### Notes to Financial Statements

June 30, 2025

#### **14. Leases and Right-of-Use Assets**

During 2013, the Corporation entered into a 30-year lease agreement with Covenant for the occupancy of a portion of the Clinical Arts and Education Center, that has been occupied by the Corporation since 1978. Under the terms of the lease, the Corporation pays Covenant \$1 annually. Management of the Corporation has estimated that the fair value of the lease is approximately \$600,600 per year. For each of the years ended June 30, 2025 and 2024, \$600,600 is recorded as contribution revenue (included in donations and grant revenue) with an equal amount recorded as facility expense.

During 2021, the Corporation entered into a 10-year lease agreement with MyMichigan for the occupancy of 1015 S. Washington Avenue, Saginaw. In 2023, the Corporation signed an amendment to the original agreement to lease additional space. Under the terms of the lease, the Corporation pays MyMichigan \$0- annually. Management of the Corporation has estimated that the fair value of the lease is approximately \$113,968 per year. For the years ended June 30, 2025 and 2024, \$113,968 was recorded as contribution revenue (included in donations and grant revenue) with an equal amount recorded as facility expense.

#### *Operating Leases*

In 2018, the Corporation entered into a lease agreement with SSP Associates that covers the period through January 2028. Monthly lease payments are \$12,800 and lease expense was \$153,600 for the years ended June 30, 2025 and 2024. The estimates of the Corporation's intangible right-of-use asset and related lease liability is based on an assumption that the five additional 5-year lease option is reasonably likely to be exercised.

In 2013, the Corporation entered into a 15-year lease with MSA Ventures II LLC for commercial office space in Saginaw, Michigan. Monthly lease payments are \$16,421 and lease expense was \$197,052 for the years ended June 30, 2025 and 2024. The estimates of the Corporation's intangible right-of-use asset and related lease liability is based on an assumption that the two additional 5-year lease options are reasonably likely to be exercised.

In 2017, the Corporation began a 10-year lease agreement with Central Michigan University upon the completion of construction for the occupancy of a School of Medicine Building in Saginaw, Michigan. Monthly lease payments are \$38,879 and lease expense was \$466,551 for the years ended June 30, 2025 and 2024. The estimates of the Corporation's intangible right-of-use asset and related lease liability is based on an assumption that the 10-year lease option is reasonably likely to be exercised.

The Corporation had one operating lease for equipment that expired during the year ended June 30, 2025.

# CMU Medical Education Partners

## Notes to Financial Statements

June 30, 2025

### 14. Leases and Right-of-Use Assets (continued)

#### *Finance Leases*

The Corporation has four leases for equipment that meets the criteria for a finance lease. Termination of the lease generally is prohibited unless there is a violation under the lease agreement.

#### *Short-Term Leases*

The Corporation leases certain equipment on a demand basis. The Corporation has elected the practical expedient for these short-term leases as the lease terms are less than 12 months. Total short-term lease expense included in operating expenses was \$40,857 for the year ended June 30, 2025 and \$109,992 for the year ended June 30, 2024.

#### *All Leases*

The Corporation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

#### *Quantitative Disclosures*

The lease cost and other required information, excluding in-kind rent, for the year ended June 30 are:

	2025	2024
Lease costs		
Finance lease cost:		
Amortization of right-of-use asset	\$ 102,030	\$ 68,676
Interest on lease liabilities	(30,372)	2,982
Operating lease cost	831,456	836,652
Short-term lease cost	40,857	109,992
Total lease costs	<u>\$ 943,971</u>	<u>\$ 1,018,302</u>

CMU Medical Education Partners

Notes to Financial Statements

June 30, 2025

**14. Leases and Right-to-Use Assets (continued)**

*Quantitative Disclosures (continued)*

	<b>2025</b>	<b>2024</b>
Other information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ (30,372)	\$ 2,982
Finance cash flows from finance leases	\$ 102,030	\$ 68,676
Operating cash flows from operating leases	\$ 831,456	\$ 836,652
Weighted-average remaining lease term:		
Finance leases	<b>3.65 years</b>	4.32 years
Operating leases	<b>9.22 years</b>	9.62 years
Weighted-average discount rate:		
Finance lease	<b>3.47%</b>	3.40%
Operating leases	<b>2.74%</b>	2.73%

*Maturity Analysis of Lease Liability*

Future minimum lease payments and reconciliation to the balance sheet at June 30, 2025.

	<b>Operating Leases</b>	<b>Financing Lease</b>	
	<b>Related Party</b>	<b>Non-Related Party</b>	<b>Total</b>
2026	\$ 811,200	\$ 139,620	\$ 950,820
2027	811,200	139,620	950,820
2028	357,052	130,769	487,821
2029	366,012	65,962	431,974
2030	366,012	17,829	383,841
Thereafter	2,020,689	-	2,020,689
Total	4,732,165	493,800	5,225,965
Less interest	(571,961)	(29,827)	(601,788)
Lease liabilities	\$ 4,160,204	\$ 463,973	\$ 4,624,177

# CMU Medical Education Partners

## Notes to Financial Statements

June 30, 2025

### 15. Professional Liability Insurance

The Corporation was self-insured for professional medical malpractice through December 31, 2010 for claims based on occurrences on or before December 31, 2010. Under that self-insurance program, the Corporation had:

- Determined aggregate limits of \$100,000/\$300,000 for residents and \$200,000/\$600,000 for doctors.
- Established a trust fund and placed the management of the fund with an independent fiduciary who has legal title to it and is responsible for its administration and control.

The estimated overfunding of the liability at June 30 is as follows:

	<b>2025</b>	<b>2024</b>
Investments designated for professional liability funding	<b>\$ 1,198,880</b>	\$ 1,091,829
Less: Estimated professional liability under self-insurance	<b>200,000</b>	200,000
Estimated over funding of liability	<b><u>\$ 998,880</u></b>	<u>\$ 891,829</u>

Claim losses based upon occurrences prior to July 1, 1986 remain insured under prior insurance policies subject to the policy limits.

The Corporation has commercial insurance coverage for professional medical malpractice. Coverage consists of \$2,000,000 per occurrence with an annual aggregate to \$12,000,000.

Malpractice and other claims have been asserted against the Corporation by various claimants. Such claims are in various stages of processing, and some may be litigated. Accordingly, management and counsel cannot determine the ultimate outcome of the actions commenced. In the opinion of management, all such matters are adequately covered by prior and existing insurance policies and the Self-Insurance Trust Fund.

## CMU Medical Education Partners

### Notes to Financial Statements

June 30, 2025

#### **16. Claims and Contingencies**

The Corporation periodically is subject to claims and lawsuits that arise in the ordinary course of business. It is the opinion of management that, as of June 30, 2025, the disposition or ultimate resolution of such claims and lawsuits will not have an adverse material effect on the financial position of the Corporation.

#### **17. Risks and Uncertainties**

The Corporation invests in various investment securities. These investments 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 values of investment securities will occur in the near-term and long-term and that such changes could materially affect the amounts reported in the balance sheets.

CMU Medical Education Partners

Notes to Financial Statements

June 30, 2025

**18. Functional Expenses**

The Corporation provides general health care services to communities within its geographic location. Operating expenses related to providing these program and support services for the year ended June 30, 2025 are as follows:

	Program Services				Support Services	
	Clinical Services	Education	MiDOCS	THC	Admini-stration	Total
<b>Operating expenses</b>						
Salaries, wages, and payroll taxes	\$24,164,194	\$17,948,286	\$1,840,253	\$ 773,117	\$2,113,200	\$46,839,050
Employee benefits	3,395,536	2,847,049	595,718	173,187	312,557	7,324,047
Other employee benefits	20,789	42,269	1,269	377	164,787	229,491
Recruiting	332,814	65,770	1,234	77	21,974	421,869
Consumable supplies	1,292,325	21,298	106	-	10,699	1,324,428
Educational supplies and services	42,780	374,947	8,314	3,289	129,565	558,895
Consulting and contractual services	1,848,125	287,026	397,195	-	138,741	2,671,087
Communications	157,118	38,164	1,270	555	60,615	257,722
Continuing medical education	182,769	238,194	23,043	9,825	-	453,831
Education, conferences, and travel	154,953	534,381	17,606	7,165	25,160	739,265
Insurance	704,060	761,194	35,487	19,351	102,861	1,622,953
Facility and equipment and other expenses	1,224,665	1,108,323	249,326	109,009	71,890	2,763,213
Depreciation	104,022	59,406	-	-	435,853	599,281
Patient credit loss expenses	781,614	-	-	-	-	781,614
Total operating expenses	<u>\$34,405,764</u>	<u>\$24,326,307</u>	<u>\$3,170,821</u>	<u>\$1,095,952</u>	<u>\$3,587,902</u>	<u>\$66,586,746</u>

CMU Medical Education Partners

Notes to Financial Statements

June 30, 2025

**18. Functional Expenses (continued)**

Operating expenses related to providing these program and support services for the year ended June 30, 2024 are as follows:

	Program Services				Support Services	
	Clinical Services	Education	MiDOCS	THC	Admini- stration	Total
<b>Operating expenses</b>						
Salaries, wages, and payroll taxes	\$20,322,366	\$16,754,291	\$1,760,865	\$582,136	\$2,540,581	\$41,960,239
Fringe benefits	2,957,325	2,836,814	538,114	98,610	369,711	6,800,574
Other employee benefits	11,080	35,361	1,442	770	182,638	231,291
Recruiting	138,578	58,881	1,811	-	59,939	259,209
Consumable supplies	1,197,150	17,422	-	-	21,212	1,235,784
Educational supplies and services	33,474	367,628	6,961	2,079	52,712	462,854
Consulting and contractual services	1,335,129	307,844	206,085	-	199,377	2,048,435
Communications	189,849	43,428	1,125	450	55,424	290,276
Continuing medical education	61,440	217,345	22,018	7,983	100	308,886
Education, conferences, and travel	141,472	492,921	15,873	5,479	29,702	685,447
Insurance	680,821	774,526	61,071	16,965	85,271	1,618,654
Facility and equipment and other expenses	1,058,126	1,180,487	232,141	101,473	260,440	2,832,667
Depreciation	84,832	61,025	-	-	437,479	583,336
Patient credit loss expenses	623,944	-	-	-	-	623,944
<b>Total operating expenses</b>	<b>\$28,835,586</b>	<b>\$23,147,973</b>	<b>\$2,847,506</b>	<b>\$815,945</b>	<b>\$4,294,586</b>	<b>\$59,941,596</b>