

# DELAWARE HEALTH INFORMATION NETWORK

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FINANCIAL STATEMENT AUDIT  
FISCAL YEAR ENDED JUNE 30, 2024 & 2025



# DELAWARE HEALTH INFORMATION NETWORK

## REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2024 & 2025

### BACKGROUND

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This engagement was performed in accordance with 16 Del. C. § 10303(a)(18) and Del. C. § 2906.

The Delaware Health Information Network (DHIN) was created by the General Assembly in 1997 as a public-private partnership to benefit all Delawareans. DHIN became a public instrumentality of the State in 2011.

DHIN is the sole corporate member of the Delaware Center for Health Innovation Inc. (DCHI), a charitable nonstock corporation incorporated in 2014. DCHI was created to further the efforts of the Delaware Health Care Commission (DHCC). The goal of DHIN is to advance the creation of a statewide health information network and to address Delaware's need for timely, reliable, and relevant healthcare information. DHIN's major operation is the design and implementation of an integrated statewide health system.

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### KEY INFORMATION AND FINDINGS

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This audit contains an unmodified opinion on the financial statements for Fiscal Years 2024 and 2025. An unmodified opinion is sometimes referred to as a "clean" opinion, in which the auditor expresses an opinion that the financial statements are presented fairly, in all material respects, an entity's financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America.

During fiscal year 2025, management identified that certain customer invoices contained incorrect service periods, resulting in revenue being recognized in an improper reporting period. Management has corrected this error which resulted in a prior period adjustment of \$480,191 to beginning net position.

During the years ended June 30, 2025 and 2024, DHIN recognized \$5,016,766 and \$3,821,572, respectively, in nonoperating revenue from the State of Delaware, Department of Health and Social Services, Division of Medicaid and Medical Assistance (DMMA). DHIN and DMMA have entered into a professional services agreement for health care claims database (HCCD) configuration and integration services.



# DELAWARE HEALTH INFORMATION NETWORK

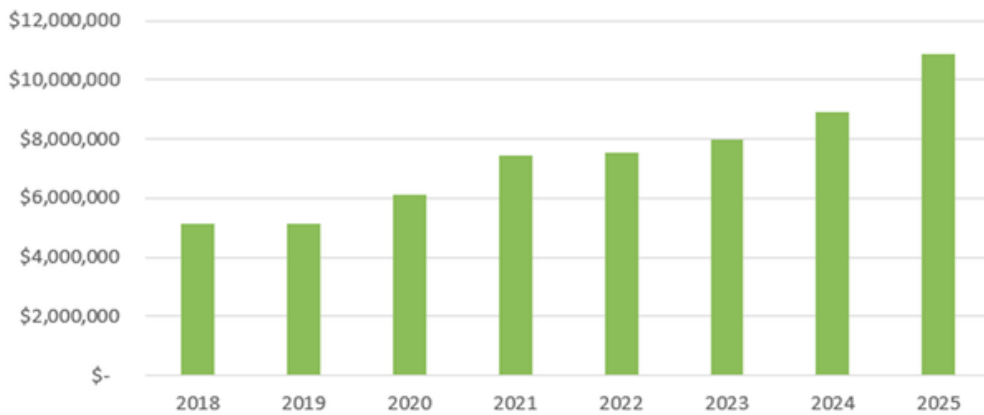
## REPORT SUMMARY FISCAL YEAR ENDED JUNE 30, 2024 & 2025

DHIN provides services to managed care organizations (MCOs) who are contracted with the State of Delaware to deliver Medicaid program health care services on behalf of the Division of Medicaid. DHIN recorded \$1,593,232 and \$1,884,004 in community health record fees from these MCOs during the years ended June 30, 2025 and 2024, respectively.

DHIN employed approximately 51 and 57 employees during Fiscal Year 2024 and 2025 at a cost of \$7,684,097 and \$8,297,172, respectively, representing approximately 54.5% and 55.5% of total Fiscal Year 2024 and 2025 operating expenses. The average cost per employee was \$150,669 for Fiscal Year 2024 and \$145,564 for Fiscal Year 2025, which signifies the entity is a highly specialized operation.

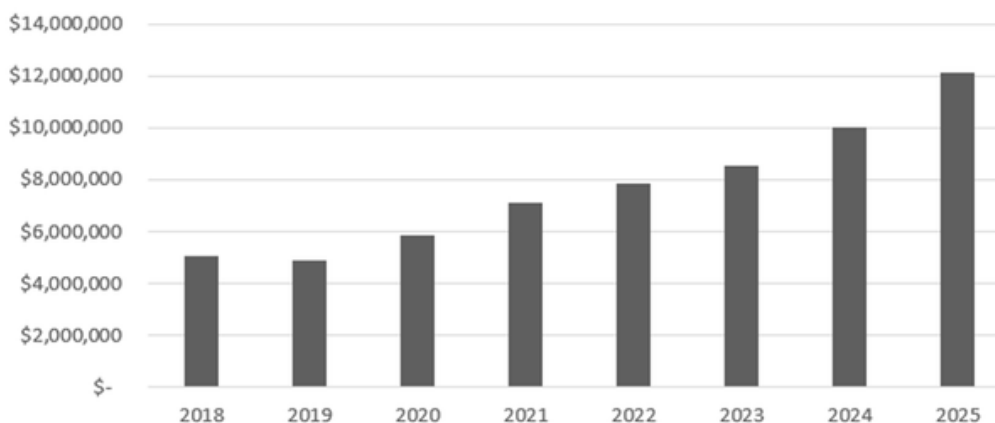
DHIN maintained cash and investment balances as of June 30, 2025 and 2024, totaling \$10,891,667 and \$8,898,497, respectively which represents a 111% increase from the Fiscal Year ended June 30, 2018.

Cash and Investments by Fiscal Year



DHIN recognized a change in net position (net income) of \$1,036,806 during Fiscal Year 2024 and \$2,110,619 during Fiscal Year 2025. DHIN increased its net position by \$7.1 million (140.4%) since the Fiscal Year ended June 30, 2018.

Net Position by Fiscal Year



**Delaware Health Information Network**

**Financial Statements,  
Independent Auditor's Reports, and Single  
Audit**

**June 30, 2025 and 2024**

**Delaware Health Information Network**  
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***Independent Auditor's Report***

To the Board of Directors  
Delaware Health Information Network

***Report on the Financial Statements***

***Opinion***

We have audited the accompanying financial statements of the business-type activities of Delaware Health Information Network (DHIN) as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise DHIN's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DHIN as of June 30, 2025 and 2024, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 DHIN and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

To the Board of Directors  
Delaware Health Information Network

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 DHIN's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibility 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 generally accepted auditing standards 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 generally accepted auditing standards 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 DHIN's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DHIN's ability to continue as a going concern for a reasonable period of time.

To the Board of Directors  
Delaware Health Information Network

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.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information - Schedule of Expenditures of Federal Awards***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise DHIN's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2026, our consideration of DHIN's internal control over financial reporting and on our tests of its

To the Board of Directors  
Delaware Health Information Network

compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the DHIN's 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 DHIN's internal control over financial reporting and compliance.

*Belfint, Lyons & Shuman, P.A.*

March 17, 2026  
Wilmington, Delaware

## **Management's Discussion and Analysis**

**Delaware Health Information Network**  
**Management's Discussion and Analysis**  
**June 30, 2025 and 2024**

As management of the Delaware Health Information Network (DHIN), we offer readers of DHIN's financial statements this narrative overview and analysis of the financial activities of DHIN for the fiscal years ended June 30, 2025 and 2024 (FY 2025 And FY 2024).

DHIN was enacted by the Delaware General Assembly in 1997 as a public-private partnership for the benefit of all citizens of Delaware to advance the creation of a statewide health information network and to address Delaware's needs for timely, reliable, and relevant health care information. Effective January 1, 2011, DHIN became its own self-governing entity as a public instrumentality of the State of Delaware (State).

DHIN is not required to have a legally adopted budget. Thus, presentation of budgetary comparison information is not required and is not included within management's discussion and analysis.

**Financial Highlights**

In 2025, DHIN reported a total operating revenue of \$9,976,704, a slight decrease compared to the previous year's \$10,490,746. Core services contributed \$9,301,481 to the \$9,976,704. DHIN's core service offerings include results delivery and maintaining the community health record. Results delivery enables healthcare providers to receive timely, accurate, and secure lab, imaging, and diagnostic results directly into their electronic health records or through the DHIN portal, supporting efficient clinical decision making and reducing duplicate testing. The community health record aggregates patient information across multiple care settings, providing a comprehensive, longitudinal view of a patient's health history and supporting care coordination, population health management, and public health initiatives across the state.

Operating expenses increased to \$14,960,108, up from \$14,088,837 in 2024, with notable increases in personnel costs, contractual nontechnical expenses, and administration.

DHIN reported an operating loss of \$4,983,404 as of June 30, 2025, compared to a loss of \$3,598,091 in the prior year. However, strong nonoperating revenue of \$7,094,023, including grant revenue of \$5,504,766 and investment income of \$681,731, contributed to a positive change in net position of \$2,110,619 for the year ended June 30, 2025.

Net position at the end of FY 2025 increased to \$12,155,222, up from \$10,044,603 at the beginning of the year.

**Delaware Health Information Network**  
**Management's Discussion and Analysis - Continued**  
**June 30, 2025 and 2024**

**Financial Highlights - Continued**

Total FY 2024 operating revenue increased by approximately 13.4% from FY 2023, driven by higher results delivery and expanded value-added services. However, operating expenses rose nearly 18.6%, primarily due to higher personnel costs, software maintenance, and administrative support, resulting in an operating loss of \$3,598,091 compared to \$2,624,586 in FY 2023. Nonoperating revenue, including grants and investment income, increased by 38.5%, offsetting much of the operating shortfall. DHIN's net position grew to \$10,044,603 as of June 30, 2024, an increase of 11.5% from FY 2023.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to DHIN's basic financial statements. DHIN's basic financial statements are comprised of four components: statement of net position; statement of revenues, expenses, and changes in net position; statement of cash flows; and notes to financial statements.

***The Statement of Net Position*** - presents information on all of DHIN's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position, when read in conjunction with other data, may serve as a useful indicator of whether the financial position of DHIN is improving or deteriorating.

***The Statement of Revenues, Expenses, and Changes in Net Position*** - presents information detailing how DHIN's operations generated revenues and expenses, regardless of the timing of cash flows.

***The Statement of Cash Flows*** - presents information detailing DHIN's cash receipts and payments during the fiscal year classified by principal sources and uses and segregated into key elements.

***The Notes to Financial Statements*** - provide additional information that is essential to a full understanding of the data provided in the financial statements.

The financial statements of DHIN have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, fees, charges, and other exchange revenues are recognized when earned, and expenses are recognized when incurred.

Nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met.

**Delaware Health Information Network**  
**Management’s Discussion and Analysis - Continued**  
**June 30, 2025 and 2024**

**Overview of the Financial Statements - Continued**

DHIN’s activities are financed and operated as an enterprise fund such that costs and expenses of providing services are recovered primarily through user charges.

**Financial Analysis**

Assets and Liabilities:

Total assets as of June 30, 2025, increased by 6.5% from \$13,146,598 in FY 2024 to \$14,004,486 in FY 2025. The increase is primarily driven by a significant rise in investments, which grew by \$2.71 million (33.9%), reflecting new investment inflows.

Capital assets, net, as of June 30, 2025, decreased sharply by \$1.48 million (58.4%), due to amortization of DHIN’s subscription-based information technology arrangements.

Total liabilities as of June 30, 2025, decreased significantly by \$1.25 million (40.4%), from \$3,101,995 in FY 2024 to \$1,849,264 in FY 2025, due to payments on subscription-based information technology arrangement obligations.

Between fiscal years 2023 and 2024, DHIN’s total assets decreased slightly by approximately 3.8%, from \$13,671,493 million to \$13,146,598. Capital assets declined by 37% during FY 2024, due to amortization of DHIN’s subscription-based information technology arrangements.

Cash and cash equivalents declined by nearly 80.9% during fiscal year 2024, reflecting the use of cash resources for the purchase of investments.

Total liabilities as of June 30, 2024, declined by 33.5%, from \$4,663,697 to \$3,101,995. This reduction was largely attributable to payments on subscription-based information technology arrangement obligations, which dropped by 37.7%.

Net Position:

During fiscal year 2025, management identified that certain customer invoices contained incorrect service periods, resulting in revenue being recognized in improper reporting periods. Management has corrected this error. The correction resulted in adjustments to and restatements of beginning net position as follows:

	Beginning of Year Net Position - June 30, 2023	Beginning of Year Net Position - June 30, 2024
As Previously Reported	\$ 7,858,899	\$ 8,527,606
Error Correction	461,722	480,191
As Restated	<u>\$ 8,320,621</u>	<u>\$ 9,007,797</u>

**Delaware Health Information Network**  
**Management's Discussion and Analysis - Continued**  
**June 30, 2025 and 2024**

**Financial Analysis - Continued**

Unrestricted net position increased by \$2,110,619 (21.0%), from \$10,044,603 in FY 2024 to \$12,155,222 in FY 2025.

Unrestricted net position increased by \$1,036,806 (11.5%), from \$9,007,797 in FY 2023 to \$10,044,603 in FY 2024.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 181,475	\$ 898,290	\$ 4,693,001
Investments	10,709,922	8,000,207	3,298,819
Trade Receivables, Net	1,551,681	1,208,502	1,272,652
Federal Grant Receivable	57,493	-	-
Prepaid Expenses	437,666	489,179	369,861
<b>Total Current Assets</b>	<u>12,938,237</u>	<u>10,596,178</u>	<u>9,634,333</u>
<b>Other Assets</b>			
Lease Deposit	6,979	6,979	6,979
Capital Assets, Net	1,059,270	2,543,441	4,030,182
<b>Total Other Assets</b>	<u>1,066,249</u>	<u>2,550,420</u>	<u>4,037,161</u>
<b>Total Assets</b>	<u>\$ 14,004,486</u>	<u>\$ 13,146,598</u>	<u>\$ 13,671,494</u>
<b>Liabilities and Net Position</b>			
<b>Current Liabilities</b>			
Accounts Payable and Accrued Expenses	\$ 853,766	\$ 658,421	\$ 678,885
Unearned Revenue	38,552	39,343	98,510
Current Maturities of Lease Liabilities	-	84,268	77,876
Current Maturities of Subscription-based Information Technology Arrangements	918,897	1,434,962	1,404,195
<b>Total Current Liabilities</b>	<u>1,811,215</u>	<u>2,216,994</u>	<u>2,259,466</u>
<b>Other Liabilities</b>			
Lease Liabilities, Net of Current Maturities	-	-	84,268
Subscription-Based Information Technology Arrangements, Net of Current Maturities	38,049	885,001	2,319,963
<b>Total Other Liabilities</b>	<u>38,049</u>	<u>885,001</u>	<u>2,404,231</u>
<b>Total Liabilities</b>	<u>1,849,264</u>	<u>3,101,995</u>	<u>4,663,697</u>
<b>Net Position</b>			
Unrestricted	12,155,222	10,044,603	9,007,797
<b>Total Liabilities and Net Position</b>	<u>\$ 14,004,486</u>	<u>\$ 13,146,598</u>	<u>\$ 13,671,494</u>

**Delaware Health Information Network**  
**Management's Discussion and Analysis - Continued**  
**June 30, 2025 and 2024**

**Financial Analysis - Continued**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<b>Operating Revenue</b>			
<b>Core Services</b>			
Results Delivery	\$ 5,495,220	\$ 5,640,983	\$ 4,788,558
Community Health Record (CHR)	3,806,261	3,966,247	3,926,037
<b>Total Core Services</b>	<u>9,301,481</u>	<u>9,607,230</u>	<u>8,714,595</u>
<b>Value Added Services:</b>			
CHR-Viewing by Providers	207,656	216,333	194,623
Medication History Access	30,130	31,990	24,520
Encounter Notification Services	72,510	75,775	83,550
CCD Exchange	92,625	28,207	3,920
Claims Database	-	33,250	14,800
Professional Services	272,302	497,961	218,508
<b>Total Value Added Services</b>	<u>675,223</u>	<u>883,516</u>	<u>539,921</u>
<b>Total Operating Revenue</b>	<u>9,976,704</u>	<u>10,490,746</u>	<u>9,254,516</u>
<b>Operating Expenses</b>			
Personnel	8,297,172	7,684,097	7,049,780
Licenses and Software Maintenance	1,636,186	1,742,901	1,033,946
Contractual (Nontechnical)	1,650,399	1,224,075	1,008,375
Administration	1,257,335	1,024,901	716,174
Marketing	135,559	138,396	169,094
Implementation Costs	276,176	273,718	17,918
Depreciation and Amortization	1,609,986	1,597,698	1,738,801
Technology Refresh	97,295	403,051	145,014
<b>Total Operating Expenses</b>	<u>14,960,108</u>	<u>14,088,837</u>	<u>11,879,102</u>
<b>Operating Loss</b>	<u>(4,983,404)</u>	<u>(3,598,091)</u>	<u>(2,624,586)</u>
<b>Nonoperating Revenue (Expenses)</b>			
Grant Revenue	5,504,766	3,499,116	2,545,059
State Appropriation	502,206	347,455	282,784
Cost Aware	503,539	308,266	428,013
Investment Income	681,731	654,046	292,917
Interest on Capital Asset - Related Debt	(98,219)	(173,986)	(202,991)
<b>Total Nonoperating Revenue</b>	<u>7,094,023</u>	<u>4,634,897</u>	<u>3,345,782</u>
<b>Change in Net Position</b>	<u>2,110,619</u>	<u>1,036,806</u>	<u>721,196</u>
<b>Net Position - Beginning of Year as Originally Reported</b>	10,044,603	8,527,606	7,858,899
Adjustment	-	480,191	461,722
<b>Net Position - Beginning of Year as Restated</b>	10,044,603	9,007,797	8,320,621
<b>Change in Financial Reporting Entity</b>	-	-	(34,020)
<b>Net Position - End of Year</b>	<u>\$ 12,155,222</u>	<u>\$ 10,044,603</u>	<u>\$ 9,007,797</u>

**Delaware Health Information Network**  
**Management's Discussion and Analysis - Continued**  
**June 30, 2025 and 2024**

**Financial Analysis - Continued**

Total FY 2025 operating revenue decreased by 4.9% from \$10,490,746 in FY 2024 to \$9,976,704 in FY 2025.

Despite the decline, total operating revenue during FY 2025 remained above FY 2023 levels (up 7.8%).

Total FY 2025 operating expenses increased by 6.2%, reaching \$14,960,109 in FY 2025. The primary driver of the increase was personnel costs, which grew by 8.0%, reflecting salary adjustments and expanded staffing.

Total FY 2025 nonoperating revenue increased significantly to \$7,094,023, up \$2.46 million (53.1%) from FY 2024. The largest contributor was grant revenue, which increased by \$2.01 million (57.3%), largely due to a federal grant awarded to support ongoing initiatives and system enhancements.

In FY 2024, DHIN experienced growth in total operating revenue, increasing by approximately 13.4% from \$9,254,516 in FY 2023 to \$10,490,746 in FY 2024. Operating expenses increased by 18.6%, from \$11,879,102 in FY 2023 to \$14,088,837 in FY 2024. Personnel costs saw an increase of 9% from FY 2023 to FY 2024.

Nonoperating revenue improved notably in 2024, growing by 38.5% from \$3,345,782 in FY 2023 to \$4,634,897 in FY 2024. This improvement was largely due to increased grant revenue and investment income, which helped offset the operational losses.

On April 24, 2023, DHIN resigned and withdrew as the sole corporate member of the Delaware Center for Health Innovation, Inc. (DCHI). The removal of a component unit from its financial reporting entity is considered a change to, or within, the financial reporting entity. A change to, or within, the financial reporting entity is reported by adjusting the current reporting period's beginning net position for the effect of the change as if the change occurred as of the beginning of the reporting period. DHIN reduced its net position as of July 1, 2022, by \$34,020 for the effect of removing DCHI as a component unit.

**Contacting DHIN's Financial Management**

This financial report is designed to provide interested parties with a general overview of DHIN's finances and to demonstrate DHIN's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Delaware Health Information Network, 107 Wolf Creek Blvd #2, Dover, Delaware 19901.

## **Financial Statements**

**DELAWARE HEALTH INFORMATION NETWORK**  
**Statements of Net Position**  
**June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 181,475	\$ 898,290
Investments	10,709,922	8,000,207
Trade Receivables, Net	1,551,681	1,208,502
Federal Grant Receivable	57,493	-
Prepaid Expenses	437,666	489,179
<b>Total Current Assets</b>	<u>12,938,237</u>	<u>10,596,178</u>
<b>Other Assets</b>		
Lease Deposit	6,979	6,979
Capital Assets, Net	1,059,270	2,543,441
<b>Total Other Assets</b>	<u>1,066,249</u>	<u>2,550,420</u>
<b>Total Assets</b>	<u><u>\$ 14,004,486</u></u>	<u><u>\$ 13,146,598</u></u>
<b>Liabilities and Net Position</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Expenses	\$ 853,766	\$ 658,421
Unearned Revenue	38,552	39,343
Current Maturities of Lease Liabilities	-	84,268
Current Maturities of Subscription-Based Information Technology Arrangements	918,897	1,434,962
<b>Total Current Liabilities</b>	<u>1,811,215</u>	<u>2,216,994</u>
<b>Other Liabilities</b>		
Subscription-Based Information Technology Arrangements, Net of Current Maturities	38,049	885,001
<b>Total Other Liabilities</b>	<u>38,049</u>	<u>885,001</u>
<b>Total Liabilities</b>	<u>1,849,264</u>	<u>3,101,995</u>
<b>Net Position</b>		
Unrestricted	12,155,222	10,044,603
<b>Total Liabilities and Net Position</b>	<u><u>\$ 14,004,486</u></u>	<u><u>\$ 13,146,598</u></u>

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

**DELAWARE HEALTH INFORMATION NETWORK**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended June 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Operating Revenue</b>		
<b>Core Services</b>		
Results Delivery	\$ 5,495,220	\$ 5,640,983
Community Health Record (CHR)	3,806,261	3,966,247
<b>Total Core Services</b>	9,301,481	9,607,230
<b>Value Added Services:</b>		
CHR-Viewing by Providers	207,656	216,333
Medication History Access	30,130	31,990
Encounter Notification Services	72,510	75,775
CCD Exchange	92,625	28,207
Claims Database	-	33,250
Professional Services	272,302	497,961
<b>Total Value Added Services</b>	675,223	883,516
<b>Total Operating Revenue</b>	9,976,704	10,490,746
<b>Operating Expenses</b>		
Personnel	8,297,172	7,684,097
Licenses and Software Maintenance	1,636,186	1,742,901
Contractual (Nontechnical)	1,650,399	1,224,075
Administration	1,257,335	1,024,901
Marketing	135,559	138,396
Implementation Costs	276,176	273,718
Depreciation and Amortization	1,609,986	1,597,698
Technology Refresh	97,295	403,051
<b>Total Operating Expenses</b>	14,960,108	14,088,837
<b>Operating Loss</b>	(4,983,404)	(3,598,091)
<b>Nonoperating Revenue (Expenses)</b>		
Grant Revenue	5,504,766	3,499,116
State Appropriation	502,206	347,455
Cost Aware	503,539	308,266
Investment Income	681,731	654,046
Interest on Capital Asset - Related Debt	(98,219)	(173,986)
<b>Total Nonoperating Revenue</b>	7,094,023	4,634,897
<b>Change in Net Position</b>	2,110,619	1,036,806
<b>Net Position - Beginning of Year as Originally Reported</b>	10,044,603	8,527,606
Adjustment (See Note 12 for Details)	-	480,191
<b>Net Position - Beginning of Year as Restated</b>	10,044,603	9,007,797
<b>Net Position - End of Year</b>	\$ 12,155,222	\$ 10,044,603

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

**DELAWARE HEALTH INFORMATION NETWORK**

**Statement of Cash Flows**

**Years Ended June 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Cash Flow from Operating Activities</b>		
Cash Received from Customers	\$ 9,534,515	\$ 10,321,743
Cash Payments to Suppliers	(4,834,359)	(4,725,660)
Cash Payments to Employees for Services Including Benefits	(8,170,686)	(7,731,275)
<b>Net Cash from Operating Activities</b>	<b>(3,470,530)</b>	<b>(2,135,192)</b>
<b>Cash Flow from Investing Activities</b>		
Deposits into Investments	(5,278,000)	(6,100,000)
Withdrawals from Investments	3,250,016	2,052,658
Interest and Dividends	344,807	245,079
Reinvested Interest and Dividends	(344,807)	(245,079)
<b>Net Cash from Operating Activities</b>	<b>(2,027,984)</b>	<b>(4,047,342)</b>
<b>Cash Flow from Noncapital Financing Activities</b>		
Nonoperating Grant Revenue	6,453,018	4,154,837
<b>Cash Flow from Capital and Related Financing Activities</b>		
Capitalized Information Technology Arrangements Implementation Costs	(15,851)	(110,957)
Principal Payments on Lease Obligations	(84,268)	(77,876)
Principal Payments on Subscription-Based Information Technology Arrangements	(1,472,981)	(1,404,195)
Interest Payments on Lease Obligations and Subscription-Based Technology Arrangements	(98,219)	(173,986)
<b>Net Cash from Capital and Related Financing Activities</b>	<b>(1,671,319)</b>	<b>(1,767,014)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(716,815)</b>	<b>(3,794,711)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>898,290</b>	<b>4,693,001</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 181,475</b>	<b>\$ 898,290</b>
<b>Noncash Investing and Financing Activity</b>		
Lease Obligations Arising from Obtaining Right-of-Use Assets	<b>\$ 109,964</b>	<b>\$ -</b>
<b>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities</b>		
Operating Loss	\$ (4,983,404)	\$ (3,598,091)
Adjustment to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization	1,609,986	1,597,698
(Increase) Decrease in Assets:		
Accounts Receivable	(343,179)	64,150
Prepaid Expenses	51,513	(119,318)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	195,345	(20,464)
Unearned Revenue	(791)	(59,167)
<b>Net Cash Used by Operating Activities</b>	<b>\$ (3,470,530)</b>	<b>\$ (2,135,192)</b>

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

**Delaware Health Information Network**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**Note 1: Nature of Activities**

**Reporting Entity** - Delaware Code, Title 16, Chapter 103, effective January 1, 2011, created a public instrumentality of the State of Delaware (State) known as the Delaware Health Information Network (DHIN). DHIN is governed by 19 voting directors. Of these 19 directors, 15 are appointed by the State's Governor. The Director of the Office of Management and Budget, the Chief Information Officer of the Department of Technology and Information, the Secretary of the Department of Health and Social Services, and the Comptroller General, or their designees, serve as the remaining four directors.

DHIN is a related organization of the State and has not met the criteria to be included in the State's Annual Comprehensive Financial Report. DHIN's activities are financed and operated as an enterprise fund such that costs and expenses of providing services are recovered primarily through user charges.

**Organization and Operations** - DHIN was created as a public-private partnership for the benefit of all citizens of Delaware to advance the creation of a statewide health information network and to address Delaware's needs for timely, reliable, and relevant health care information.

DHIN's major operation is the design and implementation of an integrated, statewide health data system. This health care system shares real-time clinical information among all health care providers (office practices, hospitals, labs, diagnostic facilities, etc.) across the state to improve patient outcomes and patient-provider relationships, while reducing service duplication and the rate of increase in health care spending.

DHIN's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing U.S. GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established and used by DHIN are discussed in Note 2 of the financial statements.

**Note 2: Summary of Significant Accounting Policies**

**Basis of Accounting** - Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. The financial statements of DHIN have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, fees, charges, and other exchange revenues are recognized when earned, and expenses are recognized when incurred. Nonexchange revenues, including intergovernmental revenues and grants, are reported when all eligibility requirements have been met.

**Delaware Health Information Network**  
**Notes to Financial Statements - Continued**  
**June 30, 2025 and 2024**

**Note 2: Summary of Significant Accounting Policies - Continued**

**Operating Revenues and Expenses** - DHIN's operating revenues consist of charges for services. DHIN's operating expenses consist of the cost of providing those services. Core revenue is shown net of discounts and allowances. For the years ended June 30, 2025 and 2024, there were no discounts or allowances.

**Cash and Cash Equivalents** - Cash and cash equivalents are demand deposits, short-term investments, and other deposits held by financial institutions with original maturities of three months or less. At June 30, 2025 and 2024, cash and cash equivalents consisted only of demand deposits held by financial institutions.

DHIN maintains cash balances at one financial institution located in Dover, Delaware. All deposit accounts were insured up to \$250,000 per institution by the Federal Deposit Insurance Corporation. Uninsured cash balances as of June 30, 2025 and 2024, totaled \$0 and \$659,120, respectively.

**Investments** - DHIN invests in cash and mutual funds which have no fixed maturity date. As of June 30, 2025 and 2024, the asset mix of investments consisted of the following:

	<u>2025</u>	<u>2024</u>
	Fair Value (Level 1)	Fair Value (Level 1)
Investments		
Cash (62% and 53% as of June 30, 2025 and 2024, respectively)	\$ 6,579,694	\$ 4,214,213
Fixed Income Securities (14% and 19% as of June 30, 2025 and 2024, respectively)	1,519,193	1,517,836
Equity Securities (24% and 28% as of June 30, 2025 and 2024, respectively)	<u>2,611,035</u>	<u>2,268,158</u>
Total Investments at Fair Value	<u>\$ 10,709,922</u>	<u>\$ 8,000,207</u>

Realized gains and losses are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of revenues, expenses, and changes in net position. Dividends are recorded on the ex-dividend date. Interest is recorded on the accrual basis. Investment loss is reported as nonoperating revenue on the statement of revenues, expenses, and changes in net position.

**Valuation** - DHIN categories its investments using the fair value measurements identified in the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset

**Delaware Health Information Network**  
**Notes to Financial Statements - Continued**  
**June 30, 2025 and 2024**

**Note 2: Summary of Significant Accounting Policies - Continued**

***Investments - Continued***

Valuation - Continued - and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

*Level 1* - Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets.

*Level 2* - Valuations based on quoted prices for similar assets or liabilities in active markets of identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3* - Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques are not based on market, exchange, dealer, or broker-traded transactions. Transactions are recorded on the trade date.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of DHIN's deposit accounts with a single issuer. For investments, the concentration risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. DHIN limits investments to highly rated investments rate by the S&P. DHIN does not have any individual issuer limits. DHIN's investment policy does not permit investments in short sales, purchase of letter stock or private placement, leveraged transactions, purchases of securities not readily marketable, commodities transactions, real estate, limited partnerships, hedge funds, alcohol, tobacco, gaming or adult entertainment business.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, DHIN would not be able to recover the value of its uncollateralized deposits that are in the process of an outside party. Deposit accounts are exposed to custodial risk if the deposits are uninsured, are not registered in the name of DHIN, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent, but not DHIN's name. Custodial credit risk for investments is the risk that in the event of a failure of the counterparty to a transaction, DHIN will not be able to recover the value of investments or collateral securities that are in possession of an outside party. DHIN's investments are fully collateralized.

**Delaware Health Information Network**  
**Notes to Financial Statements - Continued**  
**June 30, 2025 and 2024**

**Note 2: Summary of Significant Accounting Policies - Continued**

***Investments - Continued***

***Inherent Rate Risk*** - Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of investments. Fair value fluctuates with interest rates and increasing interest rates could cause fair value to decline below the original cost. To limit DHIN's exposure to fair value losses arising from increasing interest rates and to remain sufficiently liquid to enable DHIN to meet all operating requirements which might be anticipated, DHIN's investment policy limits investments to stock and bonds held in mixed index-based funds. Investments are collateralized by the securities in the fund.

***Use of Estimates*** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Receivables*** - All receivables are reported net of estimated uncollectible amounts. Accounts are written off when management deems, they are uncollectible. As of fiscal years ended June 30, 2025 and 2024, all amounts were determined by management to be collectible.

***Prepaid Expenses*** - Prepaid expenses represent payments for expenses that have not been incurred as of year-end. Prepaid expenses as of fiscal years ended June 30, 2025 and 2024, consist largely of insurance and software support expenses.

***Capital Assets*** - DHIN capitalizes all software and equipment with costs of \$5,000 or greater per unit. Buildings with a cost of \$100,000 or greater are capitalized. These assets are depreciated and amortized using the straight-line method over the estimated useful life of the related asset.

Right-to-use leased assets are initially measured at the present value of the corresponding liability, adjusted for payments made at or before the lease commencement date, plus certain initial direct costs. Right-to-use leased assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription-based information technology arrangements (SBITAs) are recorded at the present value of the subscription liability plus payments made at the commencement of the subscription term and implementation costs, less incentives received at the commencement of the subscription term. SBITAs are amortized systematically over the shorter of the subscription term or the useful life of the underlying IT asset.

**Delaware Health Information Network**  
**Notes to Financial Statements - Continued**  
**June 30, 2025 and 2024**

**Note 2: Summary of Significant Accounting Policies - Continued**

***Lessee Accounting*** - Lease liabilities are initially measured at the commencement of the lease term at the present value of payments expected to be made during the lease term. Lease liabilities are subsequently reduced by the principal portion of payments made.

Key estimates and judgments made by DHIN in measuring lease liabilities and right-to-use leased assets are as follows:

*Discount rate* - DHIN uses the interest rate implicit in the lease, if readily determinable, or DHIN's estimated incremental borrowing rate.

*Lease term* - The lease term includes the period during which DHIN has a noncancelable right to use the underlying asset, plus periods covered by DHIN's options to extend or terminate a lease if it is reasonably certain that DHIN will exercise or not exercise those options, respectively.

*Lease payments* - Lease payments included in the measurement of lease liabilities include fixed payments required under the leases, variable payments that are fixed in substance or dependent on an index or rate, and any purchase price option that DHIN is reasonably certain to exercise.

DHIN monitors changes in circumstances that would require a remeasurement of its lease liabilities and right-to-use leased assets and performs remeasurements in the period that those changes in circumstances become known if such changes are expected to significantly affect the amount of the lease liabilities.

***Subscription-Based Information Technology Arrangements (SBITAs) Accounting*** - Subscription liabilities are initially measured at the commencement of the arrangement at the present value of payments expected to be made during the subscription term. Subscription liabilities are subsequently reduced by the principal portion of payments made.

Key estimates and judgments made by DHIN in measuring subscription liabilities and assets are as follows:

*Discount Rate* - DHIN uses the interest rate implicit in the arrangement, if readily determinable, or DHIN's estimated incremental borrowing rate.

*Subscription Term* - The subscription term includes the period during which DHIN has a noncancelable right to use the underlying IT assets, plus periods covered by DHIN's options to extend or terminate the arrangement if it is reasonably certain that DHIN will exercise or not exercise those options, respectively.

**Delaware Health Information Network**  
**Notes to Financial Statements - Continued**  
**June 30, 2025 and 2024**

**Note 2: Summary of Significant Accounting Policies - Continued**

***Subscription-Based Information Technology Arrangements (SBITAs) Accounting - Continued***

Subscription Payments - Subscription payments included in the measurement of subscription liabilities include fixed payments required under the arrangement, variable payments that are fixed in substance or dependent on an index or rate, and any purchase price option that DHIN is reasonably certain to exercise.

DHIN monitors changes in circumstances that would require a remeasurement of its subscription liabilities and assets and performs remeasurements in the period that those changes in circumstances become known if such changes are expected to significantly affect the amount of the subscription liabilities.

**Unearned Revenue** - DHIN's unearned revenue consists of cash received for which the services have not yet been provided. DHIN will recognize the revenue once they have performed these services.

**Net Position** - GASB defines net position into three categories:

Invested in Capital Assets, Net of Related Debt - Consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted Net Position - Components of net position that are externally restricted by creditors (such as through debt covenants), grantors (both federal and state), contributors, or laws or regulations of other governments. Restrictions may also be imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - Components of net position whose use is not externally restricted, although their use may be limited by other factors such as board designation.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), DHIN's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

DHIN expenses costs as incurred for project development and management. Costs relating to project development and management include expenses for travel, equipment, and consulting.

**Administration Expense** - Administrative expenses consist of non-people-related overhead expenses.

**Delaware Health Information Network**  
**Notes to Financial Statements - Continued**  
**June 30, 2025 and 2024**

**Note 2: Summary of Significant Accounting Policies - Continued**

**Income Taxes** - DHIN meets the definition of an affiliate of a government unit as defined by the Internal Revenue Service and is exempt from federal income tax under section 501(a). In addition, DHIN is exempt from filing Form 990, *Return of Organization Exempt from Income Tax*, under section 1.6033-2(g)(6) of the *Income Tax Regulations*.

**Subsequent Events** - DHIN's policy is to evaluate events and transactions subsequent to its year end for potential recognition in the financial statements or disclosure in the notes to the financial statements. Management has evaluated all events and transactions through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

**Note 3: Related-Party Transactions**

Certain members of DHIN's Board of Directors hold key positions in organizations that utilize DHIN services. Additionally, DHIN receives both operating and nonoperating revenue from the State of Delaware, which is a related party of DHIN (Note 1). Activity with these organizations as of and during the years ended June 30, 2025 and 2024, is as follows:

- DHIN recorded a total of \$3,833,095 and \$3,782,409 in results delivery revenue from related parties during the years ended June 30, 2025 and 2024, respectively. \$626,511 and \$600,237 were due from these related parties as of June 2025 and 2024, respectively.
- During FY 2025 and FY 2024, DHIN recognized \$1,140,813 and \$1,119,254, respectively, in community health record fees from the State Employee Health Fund. As of June 30, 2025 and 2024, \$75,917 and \$94,273, respectively, was due from the State Employee Health Fund.
- DHIN provides services to managed care organizations (MCOs) who are contracted with the State of Delaware to deliver Medicaid program health care services on behalf of the Division of Medicaid. DHIN recorded \$1,593,232 and \$1,884,004 in community health record fees from these MCOs during the years ended June 30, 2025 and 2024, respectively. At June 30, 2025 and 2024, \$216,768 and \$105,602, respectively, was due from these MCOs.
- During FY 2025 and 2024, DHIN recognized \$503,539 and \$308,266 in nonoperating income from the Delaware Healthcare Commission (DHCC), respectively. DHCC has collaborated with DHIN to create CostAware, a website developed to help Delawareans understand how their health care dollars are spent by comparing the variation of average costs for different episodes of care and medical services based on actual medical claims in Delaware. As of June 30, 2025 and 2024, \$32,847 and \$39,537, respectively, was due from DHCC.

**Delaware Health Information Network**  
**Notes to Financial Statements - Continued**  
**June 30, 2025 and 2024**

**Note 3: Related-Party Transactions - Continued**

- During the years ended June 30, 2025 and 2024, DHIN recognized \$5,016,766 and \$3,821,572, respectively, in nonoperating revenue from the State of Delaware, Department of Health and Social Services, Division of Medicaid and Medical Assistance (DMMA). DHIN and DMMA have entered into a professional services agreement for health care claims database (HCCD) configuration and integration services. As of June 30, 2025 and 2024, \$374,067 and \$118,833, respectively, was due from DMMA.

**Note 4: Capital Assets**

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Furniture and Equipment	\$ 14,458	\$ -	\$ -	\$ 14,458
Software	395,988	-	-	395,988
Right-to-Use Leased Building	236,414	-	-	236,414
Subscription-Based Information Technology Arrangements	5,643,526	125,815	-	5,769,341
Total	6,290,386	125,815	-	6,416,201
Accumulated Depreciation and Amortization	(3,746,945)	(1,609,986)	-	(5,356,931)
Capital Assets - Net	<u>\$ 2,543,441</u>	<u>\$ (1,484,171)</u>	<u>\$ -</u>	<u>\$ 1,059,270</u>

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Furniture and Equipment	\$ 14,458	\$ -	\$ -	\$ 14,458
Software	395,988	-	-	395,988
Right-to-Use Leased Building	236,414	-	-	236,414
Subscription-based Information Technology Arrangements	5,532,569	110,957	-	5,643,526
Total	6,179,429	110,957	-	6,290,386
Accumulated Depreciation and Amortization	(2,149,247)	(1,597,698)	-	(3,746,945)
Capital Assets - Net	<u>\$ 4,030,182</u>	<u>\$ (1,486,741)</u>	<u>\$ -</u>	<u>\$ 2,543,441</u>

**Delaware Health Information Network**  
**Notes to Financial Statements - Continued**  
**June 30, 2025 and 2024**

**Note 5: Lease Agreements and Subscription-Based Information Technology Arrangements (SBITAs)**

During FY 2023, DHIN entered into a 36-month lease agreement for office space. Monthly lease payments during FY 2023, 2024, and 2025 were \$6,991, \$6,991, and \$7,204, respectively.

The lease has been recorded as a right-to-use asset at the present value of the future minimum payments as of the inception date using an estimated incremental borrowing rate of 4.75%.

DHIN has SBITAs that are used for various software licenses and remote hosting arrangements. The SBITAs have been recorded at the present value of the future minimum payments as of the inception date using estimated incremental borrowing rates ranging from 4.75% to 8.25%.

Payments on lease obligations and SBITAs for years succeeding June 30, 2025 are summarized as follows:

Years Ending June 30	Lease Obligation	SBITAs
2026	\$ -	\$ 943,243
2027	-	41,002
Total Future Payments on Lease Obligations	-	984,245
Less: Amount Representing Imputed Interest	-	27,299
Present Value of Future Minimum Lease Payments	-	956,946
Less: Current Maturities	-	918,897
Present Value of Future Minimum Lease Payments - Net of Current Maturities	<u>\$ -</u>	<u>\$ 38,049</u>

Payments on short-term leases and SBITAs are recognized as expenses based on the provisions of the lease/arrangement. Short-term leases and SBITAs are defined as having a maximum possible term of 12 months or less, including any options to extend, regardless of their probability of being exercised.

Total short-term lease payments recognized by DHIN as expenses during FY 2025 and FY 2024 were not material to the financial statements.

**Delaware Health Information Network**  
**Notes to Financial Statements - Continued**  
**June 30, 2025 and 2024**

**Note 6: Long-Term Obligations**

Long-Term obligation activity during the year ended June 30, 2025 and 2024 was as follows:

	2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Lease Obligation	\$ 84,268	\$ -	\$ (84,268)	\$ -	\$ -
Subscription-based Information Technology Arrangements	2,319,963	125,815	(1,488,832)	956,946	918,897
Total	<u>\$ 2,404,231</u>	<u>\$ 125,815</u>	<u>\$ (1,573,100)</u>	<u>\$ 956,946</u>	<u>\$ 918,897</u>
	2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Lease Obligation	\$ 162,144	\$ -	\$ (77,876)	\$ 84,268	\$ 84,268
Subscription-based Information Technology Arrangements	3,724,158	110,957	(1,515,152)	2,319,963	1,434,962
Total	<u>\$ 3,886,302</u>	<u>\$ 110,957</u>	<u>\$ (1,593,028)</u>	<u>\$ 2,404,231</u>	<u>\$ 1,519,230</u>

**Note 7: Retirement Benefits**

DHIN sponsors a defined contribution plan covering all full-time employees. Employees may contribute to the plan immediately upon employment and contributions are matched 3%. Defined contribution expense for DHIN was \$142,987 and \$133,189 during FY 2025 and FY 2024, respectively. Plan provisions and contribution requirements are established and may be amended by DHIN's board of directors.

**Note 8: Concentrations**

Large volumes of business transacted with a particular customer, supplier, lender, grantor, or contributor may lead to an organization having a concentration in that particular area. DHIN experienced the following concentrations during the fiscal years ended June 30, 2025 and 2024:

**Delaware Health Information Network**  
**Notes to Financial Statements - Continued**  
**June 30, 2025 and 2024**

**Note 8: Concentrations - Continued**

*Major Customers* - Three major customers accounted for approximately 70% and 69% of results delivery revenue during the years ended June 30, 2025 and 2024, respectively. These customers were related parties as of June 30, 2025 and 2024 (Note 3). Additionally, two major insurance companies accounted for approximately 79% and 82% of community health record revenue during the years ended June 30, 2025 and 2024, respectively. These two insurance companies are required by the State to submit claims information to DHIN.

**Note 9: Net Position**

As of June 30, 2025 and 2024, DHIN had no restricted components of net position.

**Note 10: Commitments and Contingencies**

In the normal course of business, there are various commitments and contingencies outstanding which are not reflected in these financial statements. In the opinion of management, the outcome of such events, if any, will not have a material effect on DHIN's financial statements.

**Note 11: Subsequent Event**

Subsequent to year end, DHIN entered into a lease agreement for office space. The lease has a term of two years, commencing July 1, 2025, and ending June 30, 2027, with an option to extend in one-year increments at market rates, provided the lessee is not in default and provides at least six months' notice prior to exercising the option.

Under the terms of the lease, monthly rent for the first lease year (July 1, 2025 through June 30, 2026) is \$9,365. For the second lease year (July 1, 2026 through June 30, 2027), monthly rent is \$9,804.

In accordance with GASB Statement No. 87, Leases, the lease will be recorded in FY 2026 as a capital asset and a corresponding lease liability.

**Delaware Health Information Network**  
**Notes to Financial Statements - Continued**  
**June 30, 2025 and 2024**

**Note 12: Correction of an Error in Previously Issued Financial Statements**

During fiscal year 2025, management identified that certain customer invoices contained incorrect service periods, resulting in revenue being recognized in an improper reporting period. Management has corrected this error. The correction resulted in adjustments to and restatements of beginning net position as follows:

	<u>Beginning of Year Net Position - June 30, 2024</u>
As Previously Reported	\$ 8,527,606
Error Correction	<u>480,191</u>
As Restated	<u>\$ 9,007,797</u>



***Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards***

To the Board of Directors of  
Delaware Health Information Network

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Delaware Health Information Network (DHIN), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, and have issued our report thereon dated March 17, 2026.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered DHIN's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of DHIN's internal control. Accordingly, we do not express an opinion on the effectiveness of DHIN's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Directors of  
Delaware Health Information Network

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-01, 2024-02, 2025-01 and 2025-02 that we consider to be material weaknesses.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether DHIN's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### ***DHIN's Response to Findings***

*Government Auditing Standards* require the auditor to perform limited procedures on DHIN's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. DHIN's response was not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of DHIN's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Belfint, Lyons & Shuman, P.A.*

March 17, 2026  
Wilmington, Delaware



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Certified Public Accountants

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***Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control over Compliance Required by the Uniform Guidance***

To the Board of Directors  
Delaware Health Information Network

***Report on Compliance for Each Major Federal Program***

*Opinion on Each Major Federal Program*

We have audited Delaware Health Information Network's (DHIN) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of DHIN's major federal programs for the year ended June 30, 2025. DHIN's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, DHIN complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

*Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of DHIN and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of DHIN's compliance with the compliance requirements referred to above.

To the Board of Directors  
Delaware Health Information Network

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to DHIN's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on DHIN's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about DHIN's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 DHIN's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of DHIN's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of DHIN's internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of Directors  
Delaware Health Information Network

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Report on Internal Control over Compliance***

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section on the previous page and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Belfint, Lyons & Shuman, P.A.*

March 17, 2026  
Wilmington, Delaware

**Delaware Health Information Network  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025**

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Assistance Listing Number</b>	<b>Expenditures</b>	<b>Expenditures to Subrecipients</b>
<b>Direct Programs</b>			
Department of Health and Human Services Community Project Funding/Congressionally Directed Spending - Non-Construction	93.493	\$ 990,305	\$ -
Total Expenditures of Federal Awards		<u>\$ 990,305</u>	<u>\$ -</u>

See notes to schedule of expenditures of federal awards.

**Delaware Health Information Network**  
**Notes to Schedule of Expenditures of Federal Awards**  
**June 30, 2025**

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of Delaware Health Information Network (DHIN) under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the activities of the operations of DHIN, it is not intended to and does not present the net position, changes in net position, or cash flows of DHIN.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

DHIN has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**DELAWARE HEALTH INFORMATION NETWORK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2025**

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of Auditor's Report Issued:		<b>Unmodified</b>
Internal Control Over Financial Reporting:		
• Material Weakness(es) Identified?	<u>    x    </u> Yes	<u>          </u> No
• Significant Deficiencies Identified that are Not Considered to be Material Weaknesses?	<u>          </u> Yes	<u>    x    </u> No
Noncompliance Material to Financial Statements Noted?	<u>          </u> Yes	<u>    x    </u> No

**Federal Awards**

Internal Control Over Major Programs:		
• Material Weakness(es) Identified?	<u>          </u> Yes	<u>    x    </u> No
• Significant Deficiencies Identified that are not Considered to be Material Weaknesses?	<u>          </u> Yes	<u>    x    </u> No

Type of Auditor's Report Issued on Compliance for Major Programs:		<b>Unmodified</b>
Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR Section 200.516(a)?	<u>          </u> Yes	<u>    x    </u> No

Identification of Major Programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program</u>
93.493	Community Project Funding/Congressionally Directed Spending - Non-Construction
Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$ 750,000
Auditee Qualified as Low-Risk Auditee?	<u>          </u> Yes <u>    x    </u> No

**DELAWARE HEALTH INFORMATION NETWORK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2025**

**II. FINANCIAL STATEMENT FINDINGS**

**Reference Number: 2024-01 and 2025-01**

**Type of Finding: Material Weakness**

**Subscription-Based IT Arrangements (SBITA's)**

**Condition:** DHIN did not update its *Governmental Accounting Standards Board* (GASB) Statement No. 96 subscription-based information technology arrangement (SBITA) calculations during the years ended June 30, 2025 and June 30, 2024.

**Criteria:** Effective internal controls over financial reporting should ensure that all material account balances, including those related to SBITA as required by GASB Statement No. 96, are accurately calculated, updated, and recorded in the proper reporting period to prevent or detect material misstatements on a timely basis.

**Cause:** During the year of implementation of GASB Statement No. 96, DHIN relied on the auditor to assist in developing and calculating the initial SBITA amounts. In subsequent fiscal years, DHIN did not establish internal procedures to independently update these calculations, resulting in the continued use of prior-year amounts.

**Effect:** The failure to update the SBITA calculations resulted in a material misstatement to the June 30, 2025 and 2024 financial statements. The auditor proposed correction of the misstatement through a journal entry each year, which DHIN management reviewed and approved for posting.

**Recommendation:** DHIN should develop and implement procedures to ensure that GASB Statement No. 96 SBITA calculations are updated annually and reviewed for accuracy and completeness as part of the year-end financial reporting process. If DHIN chooses to engage the auditor to assist with updating these calculations, this service should be clearly documented as a nonaudit service, and management should retain responsibility for the financial statements and related controls.

**DELAWARE HEALTH INFORMATION NETWORK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**  
**JUNE 30, 2025**

**II. FINANCIAL STATEMENT FINDINGS - CONTINUED**

**Reference Number: 2024-02 and 2025-02**  
**Type of Finding: Material Weakness**  
**Revenue Recognition**

**Condition:** DHIN recognizes revenue in the period in which its performance obligations are satisfied. During the year ended June 30, 2023, the service periods stated on certain customer invoices did not accurately reflect the timing in which performance obligations were satisfied. As a result, revenue was recognized in an incorrect reporting period.

**Criteria:** In accordance with generally accepted accounting principles revenue should be recognized in the period in which performance obligations are satisfied. Additionally, source documents such as invoices should accurately reflect the service period to ensure proper revenue cutoff and reliable financial reporting.

**Cause:** Review controls were not designed to identify inaccuracies in the service periods reflected on customer invoices.

**Effect:** Prior to fiscal year 2024, certain revenue was recorded in a fiscal year to which it did not relate due to inaccurate service periods reflected on invoices. A correction was made in fiscal year 2024 through a prior period adjustment.

**Recommendation:** We recommend management implement procedures to ensure invoice service periods agree to underlying service documentation prior to issuance so that revenue is recorded in the period in which performance obligations are satisfied.

**DELAWARE HEALTH INFORMATION NETWORK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED  
JUNE 30, 2025**

**III. Federal Award Findings and Questioned Costs - None**

**IV. Summary Schedule of Prior Year Audit Findings - There were no prior year audit findings.**



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Empowering Data-Driven Decisions

November 19, 2025

Randy Gaboriault, Chair  
Jonathan Kauffman, Vice Chair  
Faith Rentz, Secretary  
Meredith Stewart-Tweedie, Treasurer

Joey Bonano  
Stephen Costantino  
Jeffrey E. Hawtof, MD  
A. Richard Heffron  
Randeep Kahlon, MD  
William E. Kirk, III, Esq.  
Gregory Lane  
Stephen Lawless  
Kathleen S. Matt, PhD  
Troy McDaniel

Regarding the SBITA's:

1) BL&S and I discussed the inclusion of the SBITA related assets and liabilities into our financial reporting documents, as given these are new and relatively complex concepts for board level and layman level readers, adding these items would create confusion to the reader. BL&S agreed, and per the attached e-mail DHIN began adding the following footnote to its Balance sheet: "The reporting balance sheet does not include assets and liabilities required under GASB 87, Leases, and GASB 96, Subscription-based Information Technology Arrangements."

2) At the conclusion of the previous FY23 audit, BLS provided the given adjustments for DHIN to use. However, DHIN was not given the composition/backup of the contracts and associated values that went into the calculations, and thus did not have the sufficient inputs (including guidance for the interest rate to use for each vendor) to make the adjustments. This necessary information was not provided until the matter was brought to DHIN's attention in early November 2025. In addition, given that BLS made the adjustments in prior years, the expectation was that BLS would make them again on behalf of DHIN. Per the guidance listed in 1) above, DHIN's published financial statements did not include the assets and liabilities and thus were not misstated.) Per the above guidance, DHIN does not foresee including the SBITA's in its financial reporting going forward. Thank you for the link to the GASB 96 course that was recently provided in a separate e-mail. DHIN will be taking this course and will determine afterwards if it will be making the required QuickBooks entries or if it will request BLS to provide the entries, as it has done in years past.

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Empowering Data-Driven Decisions  
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Regarding the Cutoff of Receivable and Revenue Recognition – as BLS has indicated, this has been an ongoing issue with this customer to comply with their internal reporting. To clarify, the issue is not improper revenue recognition or misstatement of revenue, as the amounts recognized are agreed upon with the customer and are consistent with the methodology used with similar DHIN customers. DHIN will continue to work with this customer and will monitor its invoices for proper timing.

Michael Sims  
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