

**Independent Auditor's Report  
on the Supplementary Information**

To the Board of Directors of  
The Community Hospital Association  
McCook, Nebraska:

We have audited the consolidated financial statements of The Community Hospital Association (Hospital) as of and for the years ended June 30, 2019 and 2018, and have issued our report thereon, dated September 6, 2019, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The supplementary information submitted herewith is as follows:

1. Balance Sheets – Hospital Only
2. Statements of Operations – Hospital Only
3. Statements of Changes in Net Assets – Hospital Only
4. Statements of Cash Flows – Hospital Only

*SEIM JOHNSON, LLP*

Omaha, Nebraska,  
September 6, 2019.

# The Community Hospital Association

## Balance Sheets – Hospital Only June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,789,292	5,732,626
Receivables -		
Patients, net of allowance for doubtful accounts of \$1,610,000 in 2019 and \$1,577,000 in 2018	7,407,964	6,270,131
Other	703,478	109,032
Inventories	1,746,787	1,677,255
Prepaid expenses	1,230,477	1,086,046
Estimated third-party payor settlements	<u>--</u>	<u>370,598</u>
Total current assets	17,877,998	15,245,688
Assets limited as to use	4,322,017	3,830,879
Investments	7,921,364	9,165,970
Property and equipment, net	33,835,828	32,366,941
Other assets	<u>183,275</u>	<u>198,821</u>
Total assets	<u>\$ 64,140,482</u>	<u>60,808,299</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Current portion of long-term debt	\$ 296,647	2,444,131
Accounts payable		
Trade	695,454	847,728
Construction and equipment	1,551,248	--
Accrued salaries, vacation and benefits payable	1,929,687	1,526,318
Other accrued expenses	745,240	514,975
Estimated third-party payor settlements	<u>906,478</u>	<u>--</u>
Total current liabilities	6,124,754	5,333,152
Long-term debt, net of current portion	14,209,999	14,485,504
Deferred compensation	<u>257,527</u>	<u>219,572</u>
Total liabilities	<u>20,592,280</u>	<u>20,038,228</u>
Net assets:		
Without donor restrictions	<u>43,548,202</u>	<u>40,770,071</u>
Total liabilities and net assets	<u>\$ 64,140,482</u>	<u>60,808,299</u>

## The Community Hospital Association

### Statements of Operations – Hospital Only June 30, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
REVENUE WITHOUT DONOR RESTRICTIONS:		
Net patient service revenue	\$ 48,303,201	45,188,840
Provision for bad debts	<u>(1,224,138)</u>	<u>(1,369,263)</u>
Net patient service revenue, less provision for bad debts	47,079,063	43,819,577
Other operating revenue	<u>1,687,271</u>	<u>1,595,426</u>
Total revenue without donor restrictions	<u>48,766,334</u>	<u>45,415,003</u>
EXPENSES:		
Salaries and wages	17,125,457	16,131,978
Employee health and welfare	5,760,224	6,331,488
Supplies and other	18,998,568	17,142,165
Depreciation	4,269,710	4,271,145
Interest	621,903	736,422
Insurance	<u>193,332</u>	<u>202,509</u>
Total expenses	<u>46,969,194</u>	<u>44,815,707</u>
OPERATING INCOME	<u>1,797,140</u>	<u>599,296</u>
NONOPERATING GAINS, NET:		
Investment income, net	556,570	519,760
Unrestricted gifts, grants and bequests	<u>424,421</u>	<u>105,812</u>
Nonoperating gains, net	<u>980,991</u>	<u>625,572</u>
EXCESS OF REVENUE OVER EXPENSES	<u>2,778,131</u>	<u>1,224,868</u>
INCREASE NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 2,778,131</u>	<u>1,224,868</u>

## The Community Hospital Association

### Statements of Changes in Net Assets – Hospital Only June 30, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Operating income	\$ 1,797,140	599,296
Nonoperating gains, net	<u>980,991</u>	<u>625,572</u>
Increase in net assets without donor restrictions	<u>2,778,131</u>	<u>1,224,868</u>
INCREASE IN NET ASSETS	2,778,131	1,224,868
NET ASSETS, beginning of year, as restated	<u>40,770,071</u>	<u>39,545,203</u>
NET ASSETS, end of year	<u><u>\$ 43,548,202</u></u>	<u><u>40,770,071</u></u>

## The Community Hospital Association

### Statements of Cash Flows – Hospital Only June 30, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from patients and third-party payors	\$ 47,218,306	43,447,131
Cash received from others	1,517,246	1,924,364
Cash paid for employee salaries and related benefits	(22,252,047)	(22,550,319)
Cash paid to suppliers	(19,558,137)	(17,616,471)
Interest paid	(600,761)	(711,053)
Investment income received	556,570	519,760
	<u>6,881,177</u>	<u>5,013,412</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Withdrawals from investments	1,244,606	3,593,231
Deposits to assets limited as to use, net	(453,183)	(216,963)
Deductions from other assets	15,546	2,116
Purchase of property and equipment, net	(4,187,349)	(2,784,495)
	<u>(3,380,380)</u>	<u>593,889</u>
Net cash provided by (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES;		
Payments on long-term debt	<u>(2,444,131)</u>	<u>(2,773,103)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	1,056,666	2,834,198
CASH AND CASH EQUIVALENTS, beginning of year	<u>5,732,626</u>	<u>2,898,428</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 6,789,292</u>	<u>5,732,626</u>

## The Community Hospital Association

### Statements of Cash Flows – Hospital Only (Continued) June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase in net assets	\$ 2,778,131	1,224,868
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation expense	4,269,710	4,271,145
Amortization of debt issuance costs	21,142	25,369
Gain on disposal of property and equipment	--	(8,167)
(Increase) decrease in current assets:		
Receivables:		
Patient	(1,137,833)	(161,444)
Affiliate	--	11,071
Other	(594,446)	220,222
Inventories	(69,532)	(51,395)
Prepaid expenses	(144,431)	(30,917)
Estimated third-party payor settlements	370,598	(211,002)
Increase (decrease) in current liabilities:		
Accounts payable	(152,274)	(189,485)
Accrued salaries, vacation, and benefits payable	403,369	(70,910)
Other accrued expenses	230,265	(15,943)
Estimated third-party payor settlements	906,478	--
Net cash provided by operating activities	\$ <u>6,881,177</u>	<u>5,013,412</u>