

**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 and Affiliate (together the Organization) as of and for the years ended June 30, 2020 and 2019, and have issued our report thereon, dated December 22, 2020, 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,  
December 22, 2020.

## The Community Hospital Association and Affiliate

### Balance Sheets – Hospital Only June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 25,267,153	6,789,292
Receivables -		
Patients, net of allowance for doubtful accounts of \$1,966,000 in 2020 and \$1,610,000 in 2019	7,723,717	7,407,964
Other	731,355	703,478
Inventories	1,923,005	1,746,787
Prepaid expenses	1,206,164	1,230,477
Estimated third-party payor settlements	2,505,587	--
	<u>39,356,981</u>	<u>17,877,998</u>
Total current assets		
Assets limited as to use	4,586,492	4,322,017
Investments	7,004,979	7,921,364
Property and equipment, net	40,138,900	33,835,828
Other assets	214,669	183,275
	<u>91,302,021</u>	<u>64,140,482</u>
Total assets		
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Current portion of long-term debt	\$ 2,268,308	296,647
Accounts payable		
Trade	804,300	695,454
Construction and equipment	1,184,486	1,551,248
Accrued salaries, vacation and benefits payable	2,086,964	1,929,687
Other accrued expenses	614,622	745,240
Estimated third-party payor settlements	--	906,478
Refundable advances	13,434,216	--
	<u>20,392,896</u>	<u>6,124,754</u>
Total current liabilities		
Long-term debt, net of current portion	22,450,975	14,209,999
Deferred compensation	286,044	257,527
	<u>43,129,915</u>	<u>20,592,280</u>
Total liabilities		
Net assets:		
Without donor restrictions	48,172,106	43,548,202
	<u>91,302,021</u>	<u>64,140,482</u>
Total liabilities and net assets		

# The Community Hospital Association and Affiliate

## Statements of Operations – Hospital Only June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
REVENUE WITHOUT DONOR RESTRICTIONS:		
Net patient service revenue	\$ 50,600,992	48,303,201
Provision for bad debts	<u>(1,822,822)</u>	<u>(1,224,138)</u>
Net patient service revenue, less provision for bad debts	48,778,170	47,079,063
Other operating revenue	<u>4,944,033</u>	<u>1,687,271</u>
Total revenue without donor restrictions	<u>53,722,203</u>	<u>48,766,334</u>
EXPENSES:		
Salaries and wages	18,926,345	17,125,457
Employee health and welfare	6,412,225	5,760,224
Supplies and other	19,318,015	18,998,568
Depreciation	4,544,084	4,269,710
Interest	562,926	621,903
Insurance	<u>214,476</u>	<u>193,332</u>
Total expenses	<u>49,978,071</u>	<u>46,969,194</u>
OPERATING INCOME	<u>3,744,132</u>	<u>1,797,140</u>
NONOPERATING GAINS, NET:		
Investment income, net	387,637	556,570
Unrestricted gifts, grants and bequests	<u>492,135</u>	<u>424,421</u>
Nonoperating gains, net	<u>879,772</u>	<u>980,991</u>
EXCESS OF REVENUE OVER EXPENSES	<u>4,623,904</u>	<u>2,778,131</u>
INCREASE NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 4,623,904</u>	<u>2,778,131</u>

## The Community Hospital Association and Affiliate

### Statements of Changes in Net Assets – Hospital Only June 30, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Operating income	\$ 3,744,132	1,797,140
Nonoperating gains, net	<u>879,772</u>	<u>980,991</u>
Increase in net assets without donor restrictions	<u>4,623,904</u>	<u>2,778,131</u>
INCREASE IN NET ASSETS	4,623,904	2,778,131
NET ASSETS, beginning of year	<u>43,548,202</u>	<u>40,770,071</u>
NET ASSETS, end of year	<u>\$ 48,172,106</u>	<u>43,548,202</u>

# The Community Hospital Association and Affiliate

## Statements of Cash Flows – Hospital Only June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from patients and third-party payors	\$ 58,484,568	47,218,306
Cash received from others	5,416,168	1,517,246
Cash paid for employee salaries and related benefits	(25,311,911)	(22,252,047)
Cash paid to suppliers	(19,575,550)	(19,558,137)
Interest paid	(562,926)	(600,761)
Investment income received	387,637	556,570
	<u>18,837,986</u>	<u>6,881,177</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Withdrawals from investments	916,385	1,244,606
Deposits to assets limited as to use, net	(235,958)	(453,183)
(Additions to) deductions from other assets	(31,394)	15,546
Purchase of property and equipment, net	(11,221,795)	(4,187,349)
	<u>(10,572,762)</u>	<u>(3,380,380)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES;		
Proceeds from long term debt and interim construction loan	10,509,285	--
Payments on long-term debt	(296,648)	(2,444,131)
	<u>10,212,637</u>	<u>(2,444,131)</u>
Net cash provided by (used in) financing activities		
INCREASE IN CASH AND CASH EQUIVALENTS	18,477,861	1,056,666
CASH AND CASH EQUIVALENTS, beginning of year	<u>6,789,292</u>	<u>5,732,626</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 25,267,153</u>	<u>6,789,292</u>

## The Community Hospital Association and Affiliate

### Statements of Cash Flows – Hospital Only (Continued) June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase in net assets	\$ 4,623,904	2,778,131
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation expense	4,544,084	4,269,710
Amortization of debt issuance costs	--	21,142
Gain on disposal of property and equipment	7,877	--
(Increase) decrease in current assets:		
Receivables:		
Patient	(315,753)	(1,137,833)
Other	(27,877)	(594,446)
Inventories	(176,218)	(69,532)
Prepaid expenses	24,313	(144,431)
Estimated third-party payor settlements	(2,505,587)	370,598
Increase (decrease) in current liabilities:		
Accounts payable	108,846	(152,274)
Accrued salaries, vacation, and benefits payable	157,277	403,369
Other accrued expenses	(130,618)	230,265
Estimated third-party payor settlements	(906,478)	906,478
Refundable advances	13,434,216	--
Net cash provided by operating activities	\$ <u>18,837,986</u>	<u>6,881,177</u>