

**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, 2021 and 2020, and have issued our report thereon, dated July 11, 2022, 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 Cash Flows – Hospital Only

SEIM JOHNSON, LLP

Omaha, Nebraska,
July 11, 2022.

The Community Hospital Association and Affiliate

Balance Sheets – Hospital Only June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 25,389,714	25,267,153
Receivables -		
Patients	5,934,426	6,290,665
Other	925,652	731,355
Patient customer contracts	1,274,272	1,433,052
Inventories	2,065,795	1,923,005
Prepaid expenses	1,834,922	1,206,164
Estimated third-party payor settlements	<u>2,958,293</u>	<u>2,583,000</u>
Total current assets	40,383,074	39,434,394
Assets limited as to use	4,969,500	4,586,492
Investments	7,603,026	7,004,979
Property and equipment, net	43,773,034	40,138,900
Other assets	<u>338,207</u>	<u>214,669</u>
Total assets	<u>\$ 97,066,841</u>	<u>91,379,434</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current portion of long-term debt	\$ 321,434	2,268,308
Accounts payable		
Trade	1,373,735	804,300
Construction and equipment	785,455	1,184,486
Accrued salaries, vacation and benefits payable	2,816,666	2,086,964
Other accrued expenses	560,126	614,622
Refundable advances	<u>10,790,818</u>	<u>13,511,629</u>
Total current liabilities	16,648,234	20,470,309
Long-term debt, net of current portion	25,187,107	22,450,975
Deferred compensation	<u>429,393</u>	<u>286,044</u>
Total liabilities	<u>42,264,734</u>	<u>43,207,328</u>
Net assets:		
Without donor restrictions	<u>54,802,107</u>	<u>48,172,106</u>
Total net assets	<u>54,802,107</u>	<u>48,172,106</u>
Total liabilities and net assets	<u>\$ 97,066,841</u>	<u>91,379,434</u>

The Community Hospital Association and Affiliate

Statements of Operations – Hospital Only June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
REVENUE WITHOUT DONOR RESTRICTIONS:		
Patient service revenue	\$ 50,993,927	48,778,170
Other operating revenue	<u>8,077,638</u>	<u>4,944,033</u>
Total revenue without donor restrictions	<u>59,071,565</u>	<u>53,722,203</u>
EXPENSES:		
Salaries and wages	19,934,135	18,926,345
Employee health and welfare	7,285,341	6,412,225
Supplies and other	20,289,837	19,318,015
Depreciation	4,719,379	4,544,084
Interest	907,089	562,926
Insurance	<u>231,319</u>	<u>214,476</u>
Total expenses	<u>53,367,100</u>	<u>49,978,071</u>
OPERATING INCOME	<u>5,704,465</u>	<u>3,744,132</u>
NONOPERATING GAINS, NET:		
Investment income, net	734,614	387,637
Unrestricted gifts, grants and bequests	<u>190,922</u>	<u>492,135</u>
Nonoperating gains, net	<u>925,536</u>	<u>879,772</u>
INCREASE NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 6,630,001	4,623,904
NET ASSETS, beginning of year	<u>48,172,106</u>	<u>43,548,202</u>
NET ASSETS, end of year	<u>\$ 54,802,107</u>	<u>48,172,106</u>

The Community Hospital Association and Affiliate

Statements of Cash Flows – Hospital Only June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from patients and third-party payors	\$ 48,412,842	58,484,568
Cash received from others	3,719,230	5,416,168
Cash paid for employee salaries and related benefits	(26,544,270)	(25,311,911)
Cash paid to suppliers	(20,723,269)	(19,575,550)
Interest paid	(907,089)	(562,926)
Investment income received	734,614	387,637
	<u>4,692,058</u>	<u>18,837,986</u>
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Deposits to) withdrawals from investments	(598,047)	916,385
Deposits to assets limited as to use, net	(239,659)	(235,958)
Additions to other assets	(123,538)	(31,394)
Purchase of property and equipment, net	<u>(8,747,511)</u>	<u>(11,221,795)</u>
	<u>(9,708,755)</u>	<u>(10,572,762)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES;		
Proceeds from long term debt and interim construction loan	5,448,808	10,509,285
Payments on long-term debt	<u>(309,550)</u>	<u>(296,648)</u>
	<u>5,139,258</u>	<u>10,212,637</u>
Net cash provided by financing activities		
INCREASE IN CASH AND CASH EQUIVALENTS	122,561	18,477,861
CASH AND CASH EQUIVALENTS, beginning of year	<u>25,267,153</u>	<u>6,789,292</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 25,389,714</u>	<u>25,267,153</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION:		
Paycheck Protection Program loan forgiveness	<u>\$ 4,350,000</u>	<u>--</u>

The Community Hospital Association and Affiliate

Statements of Cash Flows – Hospital Only (Continued) June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase in net assets	\$ 6,630,001	4,623,904
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Paycheck protection program loan forgiveness	(4,350,000)	--
Depreciation expense	4,719,379	4,544,084
Gain (loss) on disposal of property and equipment	(5,033)	7,877
(Increase) decrease in current assets:		
Receivables:		
Patient	356,239	(315,753)
Other	(194,297)	(27,877)
Patient customer contracts	158,780	--
Inventories	(142,790)	(176,218)
Prepaid expenses	(628,758)	24,313
Estimated third-party payor settlements	(375,293)	(2,505,587)
Increase (decrease) in current liabilities:		
Accounts payable	569,435	108,846
Accrued salaries, vacation, and benefits payable	729,702	157,277
Other accrued expenses	(54,496)	(130,618)
Estimated third-party payor settlements	--	(906,478)
Refundable advances	(2,720,811)	13,434,216
Net cash provided by operating activities	\$ <u>4,692,058</u>	<u>18,837,986</u>