

Washington County Nursing Home
Akron, Colorado

Financial Statements
For the Year Ended December 31, 2020

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Independent Auditors' Report

To the Board of Directors
Washington County Nursing Home
Akron, Colorado

We have audited the accompanying financial statements of the Washington County Nursing Home (the Nursing Home), a component unit of Washington County, Colorado, and its discretely presented component unit as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Nursing Home's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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 error or fraud.

Auditors' Responsibility

Our responsibility is to express opinions on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Nursing Home and its discretely presented component unit as of December 31, 2020, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Nursing Home's financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary 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. Such 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 other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Lauer, Szabo & Associates, P.C.

Sterling, Colorado
October 24, 2021

WASHINGTON COUNTY NURSING HOME
Management's Discussion and Analysis
For the year ended December 31, 2020

Financial Highlights

The overall health of Washington County Nursing Home (WCNH) continues to be strong for the year ended December 31, 2020.

- The Statement of Net Position indicates:
 - The current ratio is 5.3:1 in 2020 compared to 7.9:1 in 2019
 - There were total Unrestricted Net Position of \$2,063,860 in 2020 compared to \$1,551,035 in 2019

- The Statement of Revenues, Expenses and Changes in Fund Net Position indicates:
 - An Operating Gain of \$109,535 in 2020 compared to an Operating Gain of \$188,926 in 2019.
 - An increase in Net Position of \$509,633 in 2020 compared to an increase of \$238,806 in 2019.

- The Statement of Cash Flows indicates:
 - \$227,538 cash was provided by operations in 2020 compared to \$184,774 cash provided in 2019.
 - Total cash increased by \$604,886 in 2020 compared to an increase of \$210,400 in 2019.

Using This Annual Report

WCNH's financial statements consist of three statements: A Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and The Statement of Cash Flows. These financial statements and related notes provide information about the activities of WCNH including resources held by WCNH but restricted for specific purposes by contributors and grantors.

The Statement of Net Position reports the financial health of the organization at a particular point in time. The relationship between assets on hand and liabilities owed is very important to that financial health. It also indicates any assets held that are restricted for a particular use.

The Statement of Revenues, Expenses and Changes in Fund Net Position reports the results of operations for the current year. It reveals both the results of operations in the operating income line, and the results of all activities including nonoperating revenues, such as contributions, in the change in net position line.

The Statement of Cash Flows reports cash receipts, cash payments, and changes in cash, resulting from operations, investing, and financing activities.

WCNH's Net Position

Net position is the difference between the Assets and Liabilities on the Statement of Net Position. WCNH has positive Net Position at December 31, 2020 of \$2,079,828 compared to \$1,570,195 at December 31, 2019; this is the cumulative result of operations over the entire life of the organization. Net Position increased in the current year by \$509,633.

Washington County Nursing Home's Net Position

	<u>12/31/2020</u>	<u>12/31/2019</u>
Assets:		
Current assets	\$1,925,022	\$1,223,717
Restricted assets	9,938	5,304
Noncurrent assets	<u>2,217,754</u>	<u>2,236,506</u>
Total assets	<u>\$4,152,714</u>	<u>\$3,465,527</u>
Liabilities:		
Current liabilities	\$361,568	\$155,375
Other liabilities	9,938	5,304
Long-term liabilities	<u>1,701,380</u>	<u>1,734,653</u>
Total liabilities	\$2,072,886	\$1,895,332
Net position:		
Net investment in capital assets	\$15,968	\$19,160
Unrestricted	<u>2,063,860</u>	<u>1,551,035</u>
Total net position	<u>2,079,828</u>	<u>1,570,195</u>
Total liabilities and net position	<u>\$4,152,714</u>	<u>\$3,465,527</u>

Operating Results

WCNH had an operating gain in 2020 of \$109,535 compared to an operating gain of \$188,926 in 2019.

Nonoperating Revenues

The organization received nonoperating revenues from earnings on investments, contributions, grants and County subsidy of \$400,098 and \$67,337 for 2020 and 2019 respectively. The contributions came from various sources that were the result of fund raising on the part of volunteers to the organization. The County subsidy is from a sales tax of 1.50% that is for the support of WCNH, Washington County Clinic and Washington County Ambulance.

Operating Results and Changes in Washington County Nursing Home's Net Position

	<u>12/31/2020</u>	<u>12/31/2019</u>
Operating revenue:		
Residency	\$3,559,621	\$3,411,137
Ancillary	<u>330,720</u>	<u>91,783</u>
Total revenue	\$3,890,341	\$3,502,920
Operating expenses:		
Salaries and benefits	\$2,368,180	\$2,233,854
Supplies, contract services and other	1,409,434	1,076,733
Depreciation and amortization	<u>3,192</u>	<u>3,407</u>
Total operating expenses	<u>\$3,780,806</u>	<u>\$3,313,994</u>
Operating income	\$109,535	\$188,926
Non-operating revenues (expenses)	<u>\$400,098</u>	<u>\$49,880</u>
Change in net position	\$509,633	\$238,806
Net position at beginning of year	<u>\$1,570,195</u>	<u>\$1,331,389</u>
Net position at end of year	<u>\$2,079,828</u>	<u>\$1,570,195</u>

Budget Results

WCNH's Operating Revenues were more than final budget by \$313,856 for the year in 2020. In 2019 Operating Revenues were more than budgeted by \$226,770, reflecting the increase in occupied beds during the year.

In 2020 expenses were \$142,908 under budget and in 2019, expenses were over the anticipated budget by \$97,595.

The change in Net Position did meet budget expectations by \$846,940 in 2020, and \$169,512 in 2019.

Contacting the WCNH's Financial Management

This financial report is designed to provide our residents, their families, suppliers, creditors and donors with a general overview of WCNH's finances and to show WCNH's accountability for the money it receives. If you have any questions about this report or need additional information, contact Brenda Rhea, Nursing Home Administrator, Washington County Nursing Home, Akron, CO 80720.

Basic Financial Statements

The basic financial statements of the Washington County Nursing Home include the following:

Financial statements. The financial statements display information about the reporting government as a whole.

Notes to the financial statements. The notes communicate information essential for the fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

WASHINGTON COUNTY NURSING HOME
Statement of Net Position
December 31, 2020

	<u>Primary Government</u>	<u>Washington County Green House, LLC</u>
Assets		
Current assets		
Cash	\$ 1,439,824	\$ 150,186
Accounts receivable, net of allowance for uncollectible accounts	331,754	
Intergovernmental receivables	105,916	
Prepaid items	47,528	
Total current assets	<u>1,925,022</u>	<u>150,186</u>
Restricted assets		
Cash held in trust for residents	<u>9,938</u>	
Total restricted assets	<u>9,938</u>	-
Noncurrent assets		
Advance to pioneer haven	73,747	
Notes receivable	2,128,039	
Capital assets, net of depreciation	<u>15,968</u>	<u>9,192,958</u>
Total noncurrent assets	<u>2,217,754</u>	<u>9,192,958</u>
Total assets	<u><u>\$ 4,152,714</u></u>	<u><u>\$ 9,343,144</u></u>

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

	<u>Primary Government</u>	<u>Washington County Green House, LLC</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 228,631	
Accrued salaries	97,479	
Current portion of notes payable	35,458	
Total current liabilities	361,568	\$ -
Other liabilities		
Cash held in trust for residents	9,938	
Long-term liabilities		
Accrued compensated absences	50,042	
Notes payable	1,651,338	9,640,000
Total long-term liabilities	1,701,380	9,640,000
Total liabilities	2,072,886	9,640,000
Net position		
Net investment in capital assets	15,968	
Unrestricted (deficit)	2,063,860	(296,856)
Total net position (deficit)	2,079,828	(296,856)
Total liabilities and net position	\$ 4,152,714	\$ 9,343,144

WASHINGTON COUNTY NURSING HOME
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2020

	Primary Government	Washington County Green House, LLC
Operating revenues		
Residency	\$ 3,559,621	
Ancillary	330,720	
Lease revenue		\$ 397,262
Total operating revenues	3,890,341	397,262
Operating expenses		
Nursing	2,386,741	
Medical records	51,269	
Social services	57,414	
Activities	64,712	
Dietary	191,667	
Housekeeping	83,501	
Maintenance	110,440	
Administration	831,870	
Depreciation	3,192	357,886
Total operating expenses	3,780,806	357,886
Operating income	109,535	39,376
Nonoperating revenues (expenses)		
Earnings on investments	21,663	108
Contributions	11,321	
Federal stimulus payments	376,900	
Miscellaneous	7,292	
Interest expense	(17,078)	(347,262)
Total nonoperating revenues (expenses)	400,098	(347,154)
Change in net position	509,633	(307,778)
Net position at beginning of year	1,570,195	10,922
Net position (deficit) at end of year	\$ 2,079,828	\$ (296,856)

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

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WASHINGTON COUNTY NURSING HOME
Statement of Cash Flows
For the Year Ended December 31, 2020

	Primary Government	Washington County Green House, LLC
Cash flows from operating activities		
Receipts from patients	\$ 3,827,187	
Other cash receipts		\$ 397,262
Payments to suppliers	(1,703,277)	
Payments to employees	(1,896,372)	
Net cash provided by operating activities	227,538	397,262
Cash flows from noncapital financing activities		
Miscellaneous receipts	7,292	
Contributions	11,321	
Federal stimulus payments	376,900	
Net cash provided by noncapital financing activities	395,513	-
Cash flows from investing activities		
Receipts from pioneer haven	15,560	
Earnings on investments	21,663	108
Principal payments on long-term debt	(38,310)	
Interest payments	(17,078)	(347,262)
Net cash used by investing activities	(18,165)	(347,154)
Net increase in cash and cash equivalents	604,886	50,108
Cash and cash equivalents at beginning of year	834,938	100,078
Cash and cash equivalents at end of year	\$ 1,439,824	\$ 150,186

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

	Primary Government	Washington County Green House, LLC
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 109,535	\$ 39,376
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	3,192	357,886
Change in assets and liabilities		
Accounts receivable	(63,154)	
Prepaid items	(33,265)	
Accounts payable	197,513	
Accrued salaries	8,327	
Accrued compensated absences	5,390	
Net cash provided by operating activities	<u>\$ 227,538</u>	<u>\$ 397,262</u>

WASHINGTON COUNTY NURSING HOME
Notes to Financial Statements

Note A – Summary of significant accounting policies

This summary of the Washington County Nursing Home's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

The financial statements of the Nursing Home have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

The more significant of the Nursing Home's accounting policies are described below.

A.1 – Reporting entity

The Nursing Home follows Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which activities, organizations, and functions are included within the financial reporting entity. GASB pronouncements set forth the financial accountability of an organization's elected governing body as the basic criterion for including a possible component organization in the primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

Washington County Green House, LLC

The Washington County Green House, LLC is a Colorado organization formed by the Nursing Home in May 2015 to construct, finance and own a nursing home facility in Washington County, Colorado. The Nursing Home created Washington County Green House, LLC for the sole purpose of financing and constructing the facility. By structuring the arrangements for owning and financing the facility to take advantage of new markets tax credits, the Nursing Home significantly reduced the net funding that it must provide to construct the facility.

The members of Washington County Green House, LLC are the Nursing Home and Washington County Housing and Healthcare Access (WCHHA), a Colorado nonprofit corporation. The board of directors of Washington County Green House, LLC consists of three members. The Nursing Home is financially accountable for the Washington County Green House, LLC, and therefore it is a discretely presented component unit.

WASHINGTON COUNTY NURSING HOME
Notes to Financial Statements

Note A – Summary of significant accounting policies (continued)

In May 2015, the Nursing Home’s Washington County Green House, LLC entity financed the project. An equity investor established an investment fund consisting of \$6,611,949 in loan proceeds and \$3,194,100 in contributions, which was invested in two Community Development Entities (CDEs). Washington County Green House, LLC was loaned the proceeds of these funds in four separate loans related to new markets tax credit financing. The proceeds of this financing were used to construct the facility. Washington County Green House, LLC entered into an operating agreement with the Nursing Home upon completion of the facility.

Washington County Nursing Home

The Nursing Home is a component unit of Washington County, Colorado as it became operational under County control on May 11, 1996.

A.2 – Basis of presentation

The basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (revenues) and decreases (expenses) in net position. The statement of cash flows provides information about how the Nursing Home finances and meets its cash flow needs.

A.3 – Encumbrances

Encumbrance accounting is not used by the Washington County Nursing Home.

A.4 – Cash and cash equivalents

For the purposes of the statement of cash flows, the Nursing Home considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

A.5 – Accounts receivable

Accounts receivable consist primarily of amounts due for resident care. No allowance for uncollectible accounts has been reported based upon a review of existing accounts receivable and prior collection experience.

A.6 – Capital assets

All capital assets with a unit cost greater than \$2,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received.

WASHINGTON COUNTY NURSING HOME
Notes to Financial Statements

Note A – Summary of significant accounting policies (continued)

Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until project completion with interest earned on invested proceeds over the same period. No interest was capitalized during the year.

All reported assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	10-30 years
Machinery and equipment	3-5 years

A.7 – Compensated absences

The Nursing Home reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences."

Vacation time off with pay is available to eligible employees to provide opportunities for rest, relaxation and personal pursuits. Eligible full-time employees accrue vacation leave at the rate of twelve days per year for their first four years of employment, with increases every five years up to a maximum of twenty-one days per year upon reaching twenty-five years of service. The amount of paid vacation leave employees receive each year increases with the length of their employment. Vacation leave is a vested benefit and is reported as a liability on the statement of net position.

Sick leave time off with pay is available to eligible employees who are unable to report to work due to illness or injury to himself or herself or an eligible family member. Eligible employees accrue sick leave benefits at the rate of eight hours per month. Upon voluntary resignation or retirement, an employee will be paid one-fourth of accumulated unused sick leave. This portion is considered to be a vested benefit and is reported as a liability on the statement of net position.

A.8 – Net position

Net position reports the differences between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities

WASHINGTON COUNTY NURSING HOME
Notes to Financial Statements

Note A – Summary of significant accounting policies (continued)

imposed on their use either through enabling legislation adopted by the Nursing Home or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Nursing Home applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

A.9 – Operating revenues and expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Nursing Home. These revenues primarily consist of charges for services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Nursing Home. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

A.10 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within control of the board of directors and that are either unusual in nature or infrequent in occurrence.

A.11 – Budgets and budgetary accounting

An annual budget is established for the Nursing Home. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Revenues are budgeted by source, and expenses are budgeted by department and the major divisions thereof and by the principal objects of expense. The legal level of control is considered to be the entity as a whole and expenses may not exceed appropriations at this level. All budget revisions at this level are subject to final review and approval by the board of directors.

The Nursing Home follows these procedures in establishing budgetary data reflected in the financial statements:

- On or before October 15th, the budget officer submits to the board of directors a budget which shall be a complete financial plan for the ensuing fiscal year.
- The budget is prepared using the accrual basis of accounting.
- Public hearings are conducted to obtain comments.
- Prior to December 31st, the budget is legally adopted through passage of an adoption resolution.

WASHINGTON COUNTY NURSING HOME
Notes to Financial Statements

Note B – Cash and investments

Cash and deposits

Colorado State statutes govern the Nursing Home's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the Nursing Home's deposits may not be returned to it. The Nursing Home does not have a deposit policy for custodial credit risk. At year-end, the Nursing Home had total deposits of \$1,464,432, of which \$261,689 were insured and \$1,202,743 were collateralized with securities held by the pledging institution's trust department or agent in the Nursing Home's name. At year-end, Washington County Green House, LLC had total deposits of \$100,186, which were insured in their entirety.

Investments

Authorized investments – Investment policies are governed by Colorado State Statutes and the Nursing Home's own investment policies and procedures. Investments of the Nursing Home may include:

- Obligations of the United States Government, such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

At year-end, the Nursing Home did not have any investments.

WASHINGTON COUNTY NURSING HOME
Notes to Financial Statements

Note C – Capital assets

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Equipment	\$ 59,810	\$ -	\$ -	\$ 59,810
Less accumulated depreciation for:				
Equipment	<u>(40,650)</u>	<u>(3,192)</u>	<u>-</u>	<u>(43,842)</u>
Total capital assets, net of depreciation	<u>\$ 19,160</u>	<u>\$ (3,192)</u>	<u>\$ -</u>	<u>\$ 15,968</u>

Washington County Green House, LLC

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Adjustments</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 10,554,358	\$ -	\$ -	10,554,358
Furniture and fixtures	<u>60,745</u>	<u>-</u>	<u>-</u>	<u>60,745</u>
Total capital assets, being depreciated	<u>10,615,103</u>	<u>-</u>	<u>-</u>	<u>10,615,103</u>
Total capital assets	10,615,103	-	-	10,615,103
Less accumulated depreciation for:				
Buildings and improvements	(1,046,035)	(351,812)	-	(1,397,847)
Furniture and fixtures	<u>(18,224)</u>	<u>(6,074)</u>	<u>-</u>	<u>(24,298)</u>
Total accumulated depreciation	<u>(1,064,259)</u>	<u>(357,886)</u>	<u>-</u>	<u>(1,422,145)</u>
Total capital assets, net of depreciation	<u>\$ 9,550,844</u>	<u>\$ (357,886)</u>	<u>\$ -</u>	<u>\$ 9,192,958</u>

WASHINGTON COUNTY NURSING HOME
Notes to Financial Statements

Note D – Advance to pioneer haven

The Washington County Nursing Home has advanced funds in the amount of \$350,500 to Pioneer Haven, for the purchase of a complex designed for seniors (62 years of age and older) and/or for persons who are disabled. The intent of Pioneer Haven is to repay the advance over a period of no longer than fifteen years as funds become available. The outstanding balance at December 31, 2020 was \$73,747.

Note E – Note receivable

On May 29, 2015, the Nursing Home entered into an agreement with Chase NMTC WCGH Investment Fund, LLC (the Fund) to loan \$2,128,039 to the Fund in order to facilitate financing for the construction of the new facility, which was completed in 2017. The agreement stipulates monthly interest payments for the first seven years, followed by principal and interest payments through loan maturity. The loan bears interest at a rate of 1.00%.

Annual requirements to maturity for the note receivable are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 21,576	\$ 21,576
2022	128,655	21,298	149,953
2023	255,234	19,086	274,320
2024	257,786	16,534	274,320
2025	260,459	13,860	274,319
2026-2030	<u>1,225,905</u>	<u>29,180</u>	<u>1,255,085</u>
Total	<u>\$ 2,128,039</u>	<u>\$ 121,534</u>	<u>\$ 2,249,573</u>

Note F – Long-term debt

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Compensated absences	\$ 44,652	\$ 5,390	\$ -	\$ 50,042	\$ -
Notes from direct borrowings	<u>1,725,106</u>	<u>-</u>	<u>(38,310)</u>	<u>1,686,796</u>	<u>35,458</u>
Totals	<u>\$ 1,769,758</u>	<u>\$ 5,390</u>	<u>\$ (38,310)</u>	<u>\$ 1,736,838</u>	<u>\$ 35,458</u>

WASHINGTON COUNTY NURSING HOME
Notes to Financial Statements

Note F – Long-term debt (Continued)

Notes payable

The Nursing Home entered into a \$1,275,420 note agreement with the Colorado Division of Housing dated May 15, 2015, due in monthly interest only payments through May 1, 2017, followed by monthly payments of \$3,225 through 2057. The interest rate for the agreement is 1.00%. The agreement provided for the disbursement of funds at the Nursing Home's request to facilitate the construction of the new facility. The Nursing Home's outstanding note with the Colorado Division of Housing in the amount of \$1,178,564 is secured by the new facility, including all fixtures and personal property of the Nursing Home. The outstanding note contains (1) a provision that in an event of default as defined in the note agreement, the Colorado Division of Housing may declare all indebtedness to be immediately due and payable, (2) to file a written notice of election and demand for sale with trustee, and (3) take any other appropriate action.

The Nursing Home entered into a \$550,000 note agreement with the Colorado Health Foundation dated May 26, 2015, due in monthly interest only payments through May 1, 2017, followed by monthly payments of \$1,391 through 2057. The interest rate for the agreement is 1.00%. The agreement provided for the disbursement of funds at the Nursing Home's request to facilitate the construction of the new facility. The Nursing Home's outstanding note with the Colorado Health Foundation in the amount of \$508,232 is secured by the new facility, including all fixtures and personal property of the Nursing Home. The outstanding note contains (1) a provision that in an event of default as defined in the note agreement, the Colorado Health Foundation may declare all indebtedness to be immediately due and payable, (2) to file a written notice of election and demand for sale with trustee, and (3) take any other appropriate action.

Annual debt service requirements to maturity for the notes payable are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 35,458	\$ 15,315
2022	39,054	16,335
2023	39,446	15,942
2024	39,842	15,546
2025	40,242	15,146
2026-2030	207,358	69,583
2031-2035	217,985	58,956
2036-2040	229,157	47,785
2041-2045	240,901	36,041
2046-2050	253,247	23,695
2051-2055	266,226	10,716
2056-2057	<u>77,880</u>	<u>586</u>
Total	<u>\$ 1,686,796</u>	<u>\$ 325,646</u>

WASHINGTON COUNTY NURSING HOME
Notes to Financial Statements

Note F – Long-term debt (Continued)

Washington County Green House, LLC

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
Notes from direct borrowings	\$ 9,640,000	\$ _____ -	\$ _____ -	\$ 9,640,000	\$ _____ -

As of December 31, 2020, Washington County Green House, LLC had long-term indebtedness of \$9,640,000. In May of 2015, Washington County Green House, LLC received the proceeds of four note payables to two separate CDEs related to new markets tax credit financing. The proceeds of this financing were used to construct, finance and own nursing home facilities in Akron, Colorado. Each CDE has issued two notes to Washington County Green House, LLC. Total proceeds of the four notes were \$9,640,000. No principal payments were made during the year. The notes payable have interest only payments through 2021.

Washington County Green House, LLC has made sinking fund deposits totaling \$150,000.

The four note agreements are secured by the facility, including all improvements and chattels, as well as receivables. The outstanding notes contain (1) a provision that in an event of default as defined in the note agreement, the lender may declare all indebtedness to be immediately due and payable, (2) to file a written notice of election and demand for sale with trustee, and (3) take any other appropriate action.

Annual debt service requirements to maturity for the notes payable are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ -	\$ 346,299
2022	4,539,576	263,834
2023	112,874	181,712
2024	116,146	178,442
2025	120,557	174,029
2026-2030	666,914	806,020
2031-2035	791,750	681,184
2036-2040	944,439	528,496
2041-2045	1,133,009	339,927
2046-2050	<u>1,214,735</u>	<u>108,522</u>
Total	<u>\$ 9,640,000</u>	<u>\$ 3,608,465</u>

WASHINGTON COUNTY NURSING HOME
Notes to Financial Statements

Note G – Risk management

The Nursing Home is a participant in select insurance pools offered by the Colorado Counties, Inc.

Colorado Workers' Compensation Pool

The Nursing Home is exposed to various risks of loss related to injuries of employees while on the job. The Nursing Home participates in the Colorado Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for its workers' compensation insurance coverage. The Nursing Home's financial contribution for the year was \$56,056. The intergovernmental agreement of formation of the CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Nursing Home is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; claims relating to professional liability; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Note H – Defined contribution plan

The Nursing Home maintains a SIMPLE Plan (the Plan), a defined contribution plan administered by Oppenheimer Funds.

Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Nursing Home board of directors. The Nursing Home's contribution is 3% of covered salary. All eligible employees are allowed to contribute the lesser of 6% of covered salary or \$6,000. For the year, employee contributions totaled \$33,636 and the Nursing Home recognized pension expense of \$6,864.

Employees are immediately vested in their own contributions, Nursing Home contributions, and earnings on those contributions.

WASHINGTON COUNTY NURSING HOME
Notes to Financial Statements

Note I – Commitments and contingencies

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer's Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The Amendment contains tax, spending, revenue and debt limitations that apply to the State of Colorado, all local governments and special districts.

The Washington County Nursing Home considers itself to be an enterprise as defined by TABOR, thus being exempt from the provisions of the Amendment.

In addition, Washington County's electorate approved a ballot issue in May of 1996 that would allow the Washington County Nursing Home (if it should be determined that the Washington County Nursing Home does not qualify as an enterprise) to retain, appropriate, and utilize any and all revenues generated in 1993, 1994 and 1995 in excess of the limits imposed by Article X, Section 20 of the Colorado Constitution, and be authorized to retain, appropriate, collect and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in 1996 and all subsequent years.

Supplementary Information

Supplementary information includes financial schedules not required by the Governmental Accounting Standards Board, not a part of the basic financial statements, but are presented for purposes of additional analysis.

WASHINGTON COUNTY NURSING HOME
Budgetary Comparison Schedule
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Favorable (Unfavorable)
Operating revenues				
Residency	\$ 3,576,485	\$ 3,576,485	\$ 3,559,621	\$ (16,864)
Ancillary			330,720	330,720
Total operating revenues	3,576,485	3,576,485	3,890,341	313,856
Operating expenses				
Nursing	2,152,894	2,152,894	2,386,741	(233,847)
Medical records	43,016	43,016	51,269	(8,253)
Social services	58,901	58,901	57,414	1,487
Activities	44,362	44,362	64,712	(20,350)
Dietary	174,969	174,969	191,667	(16,698)
Housekeeping	76,480	76,480	83,501	(7,021)
Maintenance	138,000	138,000	110,440	27,560
Administration	811,376	811,376	831,870	(20,494)
Depreciation	3,242	3,242	3,192	50
Contingency reserve		420,000		420,000
Total operating expenses	3,503,240	3,923,240	3,780,806	142,434
Operating income (loss)	73,245	(346,755)	109,535	456,290
Nonoperating revenues (expenses)				
Earnings on investments	17,000	17,000	21,663	4,663
Contributions			11,321	11,321
Federal stimulus payments			376,900	376,900
Miscellaneous	10,000	10,000	7,292	(2,708)
Interest expense	(17,552)	(17,552)	(17,078)	474
Total nonoperating revenues (expenses)	9,448	9,448	400,098	390,650
Change in net position	\$ 82,693	\$ (337,307)	509,633	\$ 846,940
Net position at beginning of year			1,570,195	
Net position at end of year			\$ 2,079,828	

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WASHINGTON COUNTY NURSING HOME
Budgetary Comparison Schedule - Expenses
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Nursing				
Salaries	\$ 1,565,811	\$ 1,565,811	\$ 1,613,035	\$ (47,224)
Employee benefits	408,383	408,383	384,161	24,222
Supplies	74,500	74,500	74,037	463
Contract services	33,100	33,100	199,492	(166,392)
Medical director	6,000	6,000	6,000	-
Drugs	34,000	34,000	19,119	14,881
Repairs and maintenance			144	(144)
COVID expenses			59,498	(59,498)
Miscellaneous	31,100	31,100	31,255	(155)
Total nursing	2,152,894	2,152,894	2,386,741	(233,847)
Medical records				
Salaries	29,120	29,120	38,260	(9,140)
Employee benefits	2,327	2,327	8,588	(6,261)
Contract services	10,232	10,232	3,494	6,738
Miscellaneous	1,337	1,337	927	410
Total medical records	43,016	43,016	51,269	(8,253)
Social services				
Salaries	48,191	48,191	49,824	(1,633)
Employee benefits	5,210	5,210	5,329	(119)
Contract services	3,900	3,900	1,850	2,050
Supplies	900	900	164	736
Miscellaneous	700	700	247	453
Total social services	58,901	58,901	57,414	1,487
Activities				
Salaries	31,200	31,200	39,326	(8,126)
Employee benefits	6,262	6,262	18,194	(11,932)
Supplies	5,600	5,600	6,471	(871)
Miscellaneous	1,300	1,300	721	579
Total activities	44,362	44,362	64,712	(20,350)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Dietary				
Salaries	33,280	33,280	37,323	(4,043)
Employee benefits	4,789	4,789	11,635	(6,846)
Contract services	10,500	10,500	16,791	(6,291)
Food and nutritional supplement	110,600	110,600	108,464	2,136
Repairs and maintenance	3,100	3,100	3,144	(44)
Supplies	10,500	10,500	12,274	(1,774)
Miscellaneous	2,200	2,200	2,036	164
Total dietary	174,969	174,969	191,667	(16,698)
Housekeeping				
Salaries	33,280	33,280	37,561	(4,281)
Employee benefits	15,100	15,100	18,003	(2,903)
Supplies	28,100	28,100	27,937	163
Total housekeeping	76,480	76,480	83,501	(7,021)
Maintenance				
Contract services	20,000	20,000	19,528	472
Repairs and maintenance	10,000	10,000	13,880	(3,880)
Supplies	25,000	25,000	7,722	17,278
Utilities	83,000	83,000	69,310	13,690
Total maintenance	138,000	138,000	110,440	27,560
Administration				
Salaries	81,940	81,940	75,232	6,708
Employee benefits	37,642	37,642	31,709	5,933
Contract services	137,500	137,500	138,071	(571)
Facility lease	422,694	422,694	397,262	25,432
Supplies	18,700	18,700	24,115	(5,415)
Insurance	28,500	28,500	38,569	(10,069)
Telephone	19,000	19,000	19,757	(757)
Bad debts	50,000	50,000	29,128	20,872
Miscellaneous	15,400	15,400	78,027	(62,627)
Total administration	811,376	811,376	831,870	(20,494)

(continued)

WASHINGTON COUNTY NURSING HOME
Budgetary Comparison Schedule - Expenses
For the Year Ended December 31, 2020

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Depreciation	3,242	3,242	3,192	50
Debt service interest	17,552	17,552	17,078	474
Contingency reserve		420,000		420,000
Total expenses	<u>\$ 3,520,792</u>	<u>\$ 3,940,792</u>	<u>\$ 3,797,884</u>	<u>\$ 142,908</u>