



**HUERFANO COUNTY HOSPITAL DISTRICT  
D/B/A SPANISH PEAKS REGIONAL HEALTH CENTER**

**Financial Statements**

**For the Years Ended December 31, 2021 and 2020**

**Supplementary Information**

**For the Year Ended December 31, 2021**

**And**

**Independent Auditors' Report**

**HUERFANO COUNTY HOSPITAL DISTRICT  
D/B/A SPANISH PEAKS REGIONAL HEALTH CENTER**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Huerfano County Hospital District  
d/b/a Spanish Peaks Regional Health Center  
Walsenburg, Colorado

### Opinion

We have audited the accompanying financial statements of Huerfano County Hospital District, dba Spanish Peaks Regional Health Center (the District), which comprise the statements of net position as of December 31, 2021, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the 2021 financial statements referred to above present fairly, in all material respects, the financial position of Huerfano County Hospital District as of December 31, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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.

### Prior Period Financial Statements

The financial statements of the District as of December 31, 2020 were audited by other auditors whose report dated September 29, 2021 expressed an unmodified opinion on those statements.

### 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.

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 the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' 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 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 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 the District'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 the District's ability to continue as a going concern for a reasonable period of time.

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.

### **Other Matters**

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

## Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2021 financial statements as a whole. The schedule of budget and actual revenues and expenses as listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 2021 financial statements as a whole.

*Stockman Kast Ryan + Co. LLP*

September 26, 2022

**HUERFANO COUNTY HOSPITAL DISTRICT  
D/B/A SPANISH PEAKS REGIONAL HEALTH CENTER**

**STATEMENTS OF NET POSITION  
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 12,431,137	\$ 10,510,372
Cash held for residents	111,514	153,523
Patient accounts receivable, net	3,589,731	2,099,936
Property taxes receivable	1,016,633	944,820
Estimated third-party payer settlements		737,609
Supplies	591,154	545,773
Other current assets	561,999	292,026
Total current assets	<u>18,302,168</u>	<u>15,284,059</u>
<b>NON-CURRENT CASH AND INVESTMENTS</b>		
Internally designated	2,428,494	2,419,886
Assets whose use is limited		
Investments held as collateral on long-term debt	1,500,000	1,500,000
Held by Colorado State Treasurer	270,204	270,204
Cash restricted by donors	77,269	53,370
Total non-current cash and investments	<u>4,275,967</u>	<u>4,243,460</u>
<b>CAPITAL ASSETS, NET</b>	<u>8,980,379</u>	<u>9,006,346</u>
<b>TOTAL</b>	<u><u>\$ 31,558,514</u></u>	<u><u>\$ 28,533,865</u></u>

(Continued)

**HUERFANO COUNTY HOSPITAL DISTRICT  
D/B/A SPANISH PEAKS REGIONAL HEALTH CENTER**

**STATEMENTS OF NET POSITION  
DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 705,225	\$ 497,754
Accrued expenses and other current liabilities	1,345,154	1,163,640
Unearned revenue		173,957
Deposits from residents	111,514	153,523
Estimated third-party payer settlements	52,631	
Current maturities of long-term debt	480,695	3,373,821
Total current liabilities	2,695,219	5,362,695
<b>LONG-TERM DEBT</b>	<u>1,363,862</u>	<u>2,844,263</u>
Total liabilities	4,059,081	8,206,958
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred property tax revenues	<u>1,007,633</u>	<u>935,572</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>5,066,714</u>	<u>9,142,530</u>
<b>NET POSITION</b>		
Net investment in capital assets	7,135,822	6,050,529
Restricted expendable	1,847,473	1,823,574
Unrestricted	17,508,505	11,517,232
Total net position	<u>26,491,800</u>	<u>19,391,335</u>
<b>TOTAL</b>	<u>\$ 31,558,514</u>	<u>\$ 28,533,865</u>

See notes to financial statements

(Concluded)

**HUERFANO COUNTY HOSPITAL DISTRICT  
D/B/A SPANISH PEAKS REGIONAL HEALTH CENTER**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Net patient service revenue	\$ 25,876,202	\$ 23,832,428
Other operating revenue	<u>1,723,786</u>	<u>2,214,071</u>
Total operating revenues	<u>27,599,988</u>	<u>26,046,499</u>
<b>OPERATING EXPENSES</b>		
Salaries, wages and employee benefits	18,151,534	18,022,733
Purchased services and professional fees	3,305,622	3,222,046
Supplies and other	5,206,639	4,469,153
Depreciation	<u>1,321,050</u>	<u>1,195,840</u>
Total operating expenses	<u>27,984,845</u>	<u>26,909,772</u>
LOSS FROM OPERATIONS	<u>(384,857)</u>	<u>(863,273)</u>
<b>NON-OPERATING INCOME (EXPENSE)</b>		
Forgiveness of debt	3,642,730	
Non-capital grants and gifts	2,550,076	4,982,971
Property taxes	1,011,973	951,805
Investment income	30,652	38,232
Interest expense	(81,422)	(105,945)
Other	<u>(1,238)</u>	<u>4,182</u>
Non-operating income, net	<u>7,152,771</u>	<u>5,871,245</u>
REVENUES OVER EXPENSES BEFORE CAPITAL GRANTS AND GIFTS	6,767,914	5,007,972
CAPITAL GRANTS AND GIFTS	<u>332,551</u>	<u>99,950</u>
INCREASE IN NET POSITION	7,100,465	5,107,922
NET POSITION, BEGINNING OF YEAR	<u>19,391,335</u>	<u>14,283,413</u>
NET POSITION, END OF YEAR	<u>\$ 26,491,800</u>	<u>\$ 19,391,335</u>

See notes to financial statements

**HUERFANO COUNTY HOSPITAL DISTRICT  
D/B/A SPANISH PEAKS REGIONAL HEALTH CENTER**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>OPERATING ACTIVITIES</b>		
Receipts from and on behalf of patients	\$ 25,176,647	\$ 23,511,194
Payments to suppliers and contractors	(8,318,747)	(7,858,174)
Payments to employees	(18,018,506)	(18,626,355)
Other receipts, net	1,255,157	2,507,449
Net cash provided by (used in) operating activities	<u>94,551</u>	<u>(465,886)</u>
<b>NON-CAPITAL FINANCING ACTIVITIES</b>		
Property taxes supporting operations	1,011,973	953,321
Non-capital grants and gifts	2,550,076	5,156,928
Other	(1,238)	1,684
Net cash provided by non-capital financing activities	<u>3,560,811</u>	<u>6,111,933</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital grants and gifts	332,551	99,950
Purchase of capital assets	(1,295,083)	(630,465)
Proceeds from issuance of long-term debt		3,262,268
Principal payments on long-term debt	(730,797)	(717,214)
Interest paid	(81,422)	(116,940)
Net cash provided by (used in) capital and related financing activities	<u>(1,774,751)</u>	<u>1,897,599</u>
<b>INVESTING ACTIVITIES</b>		
Investment income	30,652	38,232
Purchase of investments	(200,000)	(400,000)
Proceeds from maturities of investments	189,470	431,061
Net cash provided by investing activities	<u>20,122</u>	<u>69,293</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,900,733</b>	<b>7,612,939</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b><u>12,848,416</u></b>	<b><u>5,235,477</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 14,749,149</u></b>	<b><u>\$ 12,848,416</u></b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION</b>		
Cash and cash equivalents	\$ 12,431,137	\$ 10,510,372
Cash held for residents	111,514	153,523
Cash held by Colorado State Treasurer	270,204	270,204
Cash restricted by donors	77,269	53,370
Internally designated	1,859,025	1,860,947
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b><u>\$ 14,749,149</u></b>	<b><u>\$ 12,848,416</u></b>

(Continued)

**HUERFANO COUNTY HOSPITAL DISTRICT  
D/B/A SPANISH PEAKS REGIONAL HEALTH CENTER**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Loss from operations	\$ (384,857)	\$ (863,273)
Depreciation	1,321,050	1,195,840
Changes in operating assets and liabilities		
Patient accounts receivable	(1,489,795)	588,105
Estimated third-party payor settlements	790,240	(909,339)
Accounts payable and other current liabilities	173,019	(770,597)
Other	(315,106)	293,378
Net cash provided by (used in) operating activities	<u>\$ 94,551</u>	<u>\$ (465,886)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Forgiveness of debt	<u>\$ 3,642,730</u>	
Capital lease obligations incurred for capital assets		<u>\$ 433,837</u>

See notes to financial statements

(Concluded)

# HUERFANO COUNTY HOSPITAL DISTRICT D/B/A SPANISH PEAKS REGIONAL HEALTH CENTER

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations and Reporting Entity** — Huerfano County Hospital District d/b/a Spanish Peaks Regional Health Center (the District) is a political subdivision formed under the Colorado Revised Statutes as a local service and improvement district to provide medical care to the residents of Huerfano County, Colorado, including Walsenburg. The District supports and operates the Spanish Peaks Hospital (the Hospital), a 20-bed facility that is certified as a Critical Access Hospital. In addition, a 120-bed Spanish Peaks Veterans Community Living Center (the Nursing Home) is operated by the District adjacent to the Hospital. The District has component units but is not a component unit of another governmental entity.

In November 1993, the District entered into a contract for the operation of the Nursing Home with the state of Colorado for the benefit of the Department of Human Services. Under the terms of the contract, the District is responsible for the costs associated with operating the facility; in return, all revenue, bank accounts and receivables accrue to the benefit of the District. The original term of the contract was 20 years and is renewable at the District's option for successive 10-year terms up to 99 years from the original commencement date.

As discussed above, expenditures made in excess of revenues earned by the Nursing Home are the responsibility of the District.

The District is organized to finance and operate a hospital and a nursing home. As required by accounting principles generally accepted in the United States of America, these financial statements present the District and each of its component units. The component units are included in the District's reporting entity because of the significance of their operational or financial relationships with the District.

**Basis of Accounting and Presentation** — The financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions.

Government-mandated nonexchange transactions that are not program specific (such as county appropriations), property taxes, investment income and interest on capital assets-related debt are included in nonoperating income and expense. The District first applies restricted net positions when an expense or outlay is incurred for purposes for which both restricted and unrestricted net positions are available.

**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, liabilities and deferred inflows of resources 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.

**Cash and Cash Equivalents**— The District considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2021 and 2020, cash equivalents consisted primarily of certificates of deposit.

**Patient Accounts Receivable** — The District reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. Patient accounts receivable are due in full when billed. The District provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

**Supplies**—Supply inventories are stated at the lower of cost or market. Costs are determined using the first-in, first-out (FIFO) method.

**Investments and Investment Income** — Investments in U.S. Treasury obligations and in nonnegotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value.

Investment income includes dividend and interest income, realized gains and losses on investments carried at other than fair value and the net change for the year in the fair value of investments carried at fair value.

**Capital Assets** — Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The following estimated useful lives are being used by the District:

Buildings and leasehold improvements	10 – 40 years
Equipment and computer software	3 – 10 years

The District evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss.

No asset impairment was recognized during the years ended December 31, 2021 and 2020.

**Compensated Absences**— District policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

**Risk Management**— The District is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters other than medical malpractice and employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

**Deferred Inflows of Resources**— The District reports decreases in net position that relate to future periods as deferred inflows of resources in a separate section of its statements of net position.

**Net Position** — Net position of the District is classified in three components on its statements of net position.

- Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the District, including amounts deposited with trustees as required by debt agreements, reduced by the outstanding balances of any related borrowings.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

**Net Patient Service Revenue**— The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. The provision for uncollectible accounts totaled \$58,275 and \$417,333 for the years ended December 31, 2021 and 2020, respectively. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

**Charity Care** — The District provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the District does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue. The costs of charity care provided under the District's charity care policy were \$479,269 and \$427,789 in 2021 and 2020, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

**Property Taxes** — The District received approximately 3% of its financial support from property taxes in both 2021 and 2020. These funds were used to support operations. Property taxes are assessed in January and are due in one installment on April 30 or in two installments on February 28 and June 15 of each year. Property tax revenue is recognized in the year for which the taxes are levied.

**Income Taxes** — As an essential government function of the County, the District is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the District is subject to federal income tax on any unrelated business taxable income.

**Nursing Home Cost Allocations** — Costs for the use of shared facilities, common areas and joint operations are allocated between the Nursing Home and the District in accordance with Medicare and Medicaid principles and guidelines. Allocation bases, such as direct salary dollars, and square footage are used to allocate the costs accumulated in the various departments between the two facilities.

**Subsequent Events** — The District has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

## 2. NET PATIENT SERVICE REVENUE

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. These payment arrangements include:

*Medicare.* The District is designated as a Critical Access Hospital and is reimbursed on a cost basis. The District is reimbursed at tentative rates with final settlement determined after submission of annual cost reports by the District and audit thereof by the Medicare fiscal intermediary.

*Medicaid.* Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Most outpatient services are reimbursed under a cost-reimbursement methodology. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the District and audits thereof by Medicaid.

Approximately 75% and 74% of net patient service revenue are from participation in the Medicare and Medicaid programs for the years ended December 31, 2021 and 2020, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

The state of Colorado has implemented a fee on hospitals to generate matching funds to the state from federal sources through the Colorado Healthcare Accountability and Sustainability Enterprise (CHASE).

During the years ended December 31, 2021 and 2020, the impact on the District's financial statements was as follows:

	<b>2021</b>	<b>2020</b>
CHASE supplemental payments included in net patient service revenue	\$ 3,673,109	\$ 2,843,128
CHASE fee expense	<u>(426,112)</u>	<u>(437,177)</u>
Effect of CHASE payments and fees	<u>\$ 3,246,997</u>	<u>\$ 2,405,951</u>

The CHASE provider fee payments have been recorded as an operating expense and the supplemental payments received have been recorded as an adjustment to net patient service revenue in the accompanying financial statements.

### 3. PATIENT ACCOUNTS RECEIVABLE, NET

The District grants credit without collateral to its patients, many of whom are insured under third-party payer agreements. Patient accounts receivable at December 31, 2021 and 2020 consisted of:

	<b>2021</b>	<b>2020</b>
Medicare	\$ 1,753,094	\$ 1,258,081
Medicaid	786,504	465,926
Other third-party payers	2,510,781	974,201
Patients	<u>545,325</u>	<u>538,766</u>
Total	5,595,704	3,236,974
Less allowance for contractual adjustments and uncollectible accounts	<u>(2,005,973)</u>	<u>(1,137,038)</u>
Patient accounts receivable, net	<u>\$ 3,589,731</u>	<u>\$ 2,099,936</u>

### 4. DEPOSITS, INVESTMENTS AND INVESTMENT INCOME

**Deposits** — Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

The Colorado Public Deposit Protection Act (the PDPA) requires financial institutions to collateralize any uninsured public deposits. The bank balance is insured by federal insurance (FDIC) for up to \$250,000 for interest and noninterest bearing accounts. Any excess of deposit accounts over the FDIC limit that is not insured is covered by collateral pledged by the financial institution in accordance with the PDPA.

At December 31, 2021 and 2020, \$15,682,108 and \$12,413,500, respectively, of the District's bank balances of \$16,977,020 and \$13,651,743, respectively, were exposed to custodial credit risk as follows:

	<b>2021</b>	<b>2020</b>
Insured (FDIC) or collateralized with securities held by the District	\$ 1,294,912	\$ 1,238,243
Uninsured and collateral held by pledging financial Institution's trust department or agent in other than the District's name	15,411,904	12,143,296
Held by Colorado State Treasurer	<u>270,204</u>	<u>270,204</u>
Total	<u>\$ 16,977,020</u>	<u>\$ 13,651,743</u>

**Investments** — The District may legally invest in certificates of deposit, money market accounts and direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities. It may also invest to a limited extent in equity securities. Money market accounts are valued based on quoted prices in active markets, certificates of deposit are valued at cost, which approximates fair value, and U.S. Treasury notes are priced by the asset custodian based on quoted prices for identical or similar assets in inactive markets.

**Interest Rate Risk** – As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy is limited to purchasing securities that mature within one year from the date of purchase for operating funds and five years or less from the date of purchase for capital reserves. A U.S. Treasury note was acquired to use as collateral on a note payable to bank and has a maturity date of August 31, 2026.

**Credit Risk** – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. As of December 31, 2021 and 2020, the District's only investments consist of money market accounts, certificates of deposit, and the U.S. Treasury note discussed above.

**Concentration of Credit Risk** – The District's policy is to not have any single investment exceed one-third of the total portfolio, except for U.S. Treasury securities and federal agencies.

**Foreign Currency Risk** – This risk is related to adverse effects on the fair value of an investment from changes in exchange rates. The District's investment policy does not permit foreign currency holdings.

**Summary of Carrying Values** — The carrying values of deposits and investments shown above are included in the statements of net position as follows:

	<b>2021</b>	<b>2020</b>
Carrying Value:		
Bank deposits	\$ 14,474,550	\$ 12,573,917
US Treasury note	1,500,000	1,500,000
Certificates of Deposit	569,469	558,939
On deposit with Colorado State Treasurer	270,204	270,204
Cash on hand	<u>4,395</u>	<u>4,295</u>
Total	<u>\$ 18,666,091</u>	<u>\$ 14,907,355</u>

Included in the following statement of net position captions:

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	\$ 12,431,137	\$ 10,510,372
Cash held for residents	111,514	153,523
Noncurrent cash and investments:		
Internally designated	2,428,494	2,419,886
Investments to be held as collateral on long term debt	1,500,000	1,500,000
Held by Colorado State Treasurer	270,204	270,204
Cash restricted by donors	<u>77,269</u>	<u>53,370</u>
Total	<u>\$ 18,666,091</u>	<u>\$ 14,907,355</u>

## 5. CAPITAL ASSETS

Capital assets activity is as follows for the years ended December 31, 2021 and 2020:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>2021:</b>					
Land	\$ 17,633				\$ 17,633
Buildings and leasehold improvements	22,264,139	\$ 174,936			22,439,072
Equipment	12,065,531	615,544		\$ 134,535	12,815,610
Construction in progress	<u>134,635</u>	<u>504,603</u>		<u>(134,535)</u>	<u>504,703</u>
	<u>34,481,938</u>	<u>1,295,083</u>	<u>\$ —</u>	<u>—</u>	<u>35,777,021</u>
Less accumulated depreciation:					
Buildings and leasehold improvements	15,488,479	562,280			16,050,759
Equipment	<u>9,987,113</u>	<u>758,770</u>			<u>10,745,883</u>
	<u>25,475,592</u>	<u>1,321,050</u>	<u>—</u>	<u>—</u>	<u>26,796,642</u>
Capital assets, net	<u>\$ 9,006,346</u>	<u>\$ (25,967)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,980,379</u>

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Ending Balance</b>
<b>2020:</b>					
Land	\$ 17,633				\$ 17,633
Buildings and leasehold improvements	22,216,611	\$ 41,599		\$ 5,929	22,264,139
Equipment	11,101,521	964,010			12,065,531
Construction in progress	88,220	52,344		(5,929)	134,635
	<u>33,423,985</u>	<u>1,057,953</u>	<u>\$ —</u>	<u>—</u>	<u>34,481,938</u>
Less accumulated depreciation:					
Buildings and leasehold improvements	14,916,903	571,576			15,488,479
Equipment	9,362,849	624,264			9,987,113
	<u>24,279,752</u>	<u>1,195,840</u>	<u>—</u>	<u>—</u>	<u>25,475,592</u>
Capital assets, net	<u>\$ 9,144,233</u>	<u>\$ (137,887)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9,006,346</u>

## 6. LINE OF CREDIT

The District has a line of credit agreement with a financial institution that provides for borrowings of up to \$1,000,000 through the maturity date of October 3, 2022. Interest on the line of credit borrowing is payable monthly at the prime rate less 1.35% with a floor of 3.5%. The line is collateralized by the District's accounts receivable. During 2020, the District repaid the outstanding balance from December 31, 2019 of \$2,498. There were no transactions during 2021.

## 7. LONG TERM DEBT

The following is a summary of long-term debt transactions for the years ended December 31:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>2021:</b>					
Notes payable to banks	\$ 1,579,858		\$ (186,040)	\$ 1,393,818	\$ 262,927
PPP loan	3,262,267		(3,262,267)	—	
Note payable to medical Center	658,270		(658,270)	—	
Capital lease obligations	717,689		(266,950)	450,739	217,768
Total long-term debt	<u>\$ 6,218,084</u>	<u>\$ —</u>	<u>\$ (4,373,527)</u>	<u>\$ 1,844,557</u>	<u>\$ 480,695</u>
<b>2020:</b>					
Notes payable to banks	\$ 1,775,381		\$ (195,523)	\$ 1,579,858	\$ 174,734
PPP loan		\$ 3,262,267		3,262,267	2,535,328
Note payable to medical Center	986,259		(327,989)	658,270	404,192
Capital lease obligations	656,123	433,837	(193,702)	717,689	259,567
Total long-term debt	<u>\$ 3,239,194</u>	<u>\$ 3,696,104</u>	<u>\$ (717,214)</u>	<u>\$ 6,218,084</u>	<u>\$ 3,373,821</u>

**Notes Payable to Banks** — The District has a note payable to bank with an outstanding balance of \$90,886 and \$112,679 as of December 31, 2021 and 2020, respectively, that is due September 15, 2022. Principal is payable annually and interest is payable monthly at 4.6%. The note is secured by real property.

During 2012, the District entered into a promissory note payable to a bank with maximum available borrowings for construction of \$2,500,000. As of December 31, 2021 and 2020, borrowings under the note totaled \$1,302,932 and \$1,467,179, respectively. Interest only payments at 4% were due until November 2013, when principal and interest payments became due monthly. The note matures in October 2027 and is secured by a U.S. Treasury note with a balance of \$1,500,000 as of December 31, 2021. The loan agreement requires the maintenance of certain financial covenants.

The debt service requirements of the notes payable to banks are as follows as of December 31, 2021:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 262,927	\$ 53,244	\$ 316,171
2023	179,149	43,505	222,654
2024	186,443	36,211	222,654
2025	194,255	28,399	222,654
2026	202,281	20,373	222,654
Thereafter	<u>368,763</u>	<u>10,602</u>	<u>379,365</u>
Total	<u>\$ 1,393,818</u>	<u>\$ 192,334</u>	<u>\$ 1,586,152</u>

**Paycheck Protection Program (PPP) Loan** — The CARES Act and other subsequent legislation also provided a Small Business Administration (SBA) loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. The Payroll Protection Program (PPP) loans are forgiven if all employee retention criteria are met and the funds are used for eligible expenses. The Hospital received a PPP loan of \$3,262,267 in April of 2020. The loan had an interest rate of 1%, with monthly payments of \$183,571 due monthly starting seven months after the receipt of the loan. The loan, if not forgiven, matures on April 5, 2022.

The PPP loan is included in the accompanying balance sheet as long-term debt as of December 31, 2020. In August of 2021, the District received legal notice that the PPP loan was forgiven in the amount of \$3,262,267 and recognized the gain from extinguishment within non-operating income.

**Notes Payable to Medical Center** — The District had a note payable to a medical center with an outstanding balance of \$658,270 as of December 31, 2020. Installments of principal and interest, at 4.25%, were due monthly. The District received notice that the note payable to the medical center was forgiven as of August 31, 2021. The principal remaining as of August 31, 2021 amounted to \$380,463 and the District recognized the gain from extinguishment within non-operating income.

**Capital Lease Obligations** — The District is obligated under leases for buildings and equipment that are accounted for as capital leases. Assets under capital leases at December 31, 2021 and 2020, totaled \$1,947,470 and \$2,571,582, net of accumulated depreciation of \$1,316,964 and \$1,456,323, respectively.

The following is a schedule by year of future minimum lease payments under the capital leases together with the present value of the future minimum lease payments as of December 31, 2021:

2022	\$ 223,204
2023	90,696
2024	90,696
2025	<u>57,149</u>
Total minimum lease payments	461,745
Less interest	<u>11,006</u>
Present value of minimum lease payments	<u>\$ 450,739</u>

## 8. RESTRICTED EXPENDABLE NET POSITION

At December 31, 2021 and 2020, restricted expendable net position is available for the following purposes:

	2021	2020
Investments held as collateral on long-term debt	\$ 1,500,000	\$ 1,500,000
Nursing Home expense reserve held by Colorado State Treasurer	270,204	270,204
Resident needs	<u>77,269</u>	<u>53,370</u>
Total restricted expendable net position	<u>\$ 1,847,473</u>	<u>\$ 1,820,880</u>

At December 31, 2021 and 2020, \$2,428,494 and \$2,419,886, respectively, of cash and investments have been designated for future use by the District's Board of Directors. Designated balances remain under the control of the Board of Directors and may be used at their discretion.

## 9. OPERATING LEASES

Noncancelable operating leases for medical and office equipment expire in various years through 2026. Future minimum lease payments on operating leases were as follows as of December 31, 2021:

2022	\$ 131,079
2023	123,814
2024	120,892
2025	86,086
2026	<u>83,856</u>
Future minimum lease payments	<u>\$ 545,727</u>

Lease expense on operating leases for the years ended December 31, 2021 and 2020 totaled \$88,767 and \$91,597, respectively.

## **10. PENSION PLAN**

The District has established and administers the Spanish Peaks Regional Health Center 403(b) Plan (the Plan), a defined contribution plan. Benefit terms may be amended by the District. For all full-time employees meeting the eligibility requirements of the Plan, the employer will make matching contributions of up to 50% of the first 6% of compensation deferred under the compensation reduction election of the employee into the Plan. Employees are permitted to make contributions to the pension plan, up to applicable Internal Revenue Code limits. Employees are immediately vested in their own contributions and earnings on those contributions. Employer contributions into the Plan are subject to a 5-year graded vesting schedule. Non-vested employer contributions are forfeited upon termination of employment. Forfeitures are used to reduce the employer contributions. Except as permitted under the Plan, distributions from an employee's account may not be made earlier than the earliest date on which the employee has severance from employment, dies, becomes disabled, or attains age 59½. Contributions made or accrued by the District totaled \$249,747 and \$239,426 during 2021 and 2020, respectively.

## **11. NURSING HOME EXPENSE RESERVE ACCOUNT**

Under the terms of the operating contract with the state of Colorado (the State), the District is required to establish and fund an expense reserve account, under control of the State, to fund operations should the State be required to assume control of the Nursing Home. The District is required to make annual payments equal to one-half of the Nursing Home's average monthly net accounts receivable balance. The annual payments are to be made until the balance in the fund equals \$660,000. The District is allowed to borrow, interest free, up to 75% of the amount in the account. The balance in the expense reserve account (net of outstanding loans) was \$270,204 as of December 31, 2021 and 2020, and is included in noncurrent cash and investments (see Note 4). Accordingly, the District had net borrowings from the account of \$389,796 as of December 31, 2021 and 2020. Should the State assume control of the Nursing Home, the District would be required to repay the amount borrowed.

## **12. VETERANS' HEALTH ADMINISTRATION GRANT REVENUE**

The Nursing Home receives Veterans Health Administration grant revenues as a contractor of the state of Colorado for the purpose of providing nursing home care to eligible veterans. For the years ended December 31, 2021 and 2020, such grant revenue totaled \$1,274,254 and \$1,850,262, respectively, and is recorded as other operating revenue in the accompanying financial statements.

## **13. RISK MANAGEMENT AND CONTINGENCIES**

**Malpractice Insurance** — The District purchases medical malpractice insurance under a claims-made (or occurrence-basis) policy on a fixed premium basis. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the District's claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

**Litigation, Claims and Disputes** — In the normal course of business, the District is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the District’s commercial insurance. The District evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

**Self-Funded Health Plan** —Commencing in 2021, the District became self-funded for health benefits for eligible employees and their dependents. The District has stop loss insurance to cover claims in excess of \$60,000 per claim. The District recognizes health benefit expenses relating this plan on an accrual basis. An accrued liability is recorded at year-end which estimates the incurred but not reported claims that will be paid by the District. The accrued liability is estimated based on historical trends and actual payments made subsequent to year-end. Activity relating to the self-funded health plan claims liability for the year ended December 31, 2021 is as follows:

Estimated claims liability, January 1, 2021	\$ —
Estimated claims incurred	2,526,521
Claims paid	<u>2,341,521</u>
Estimated claims liability, December 31, 2021	<u>\$ 185,000</u>

**14. TAX, SPENDING AND DEBT LIMITATIONS**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. The District’s financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

The amendment excludes enterprises from its provisions. Enterprises are defined as government-owned businesses authorized to issue revenue bonds and who receive less than 10% of their annual revenue in grants from all state and local governments combined. The District is of the opinion that its operations qualify for this exclusion.

**15. COVID-19 PANDEMIC AND RELATED FUNDING**

Patient volumes and related revenues have been significantly affected by the COVID-19 pandemic as various policies were implemented by federal, state, and local governments in response to the pandemic that led many people to remain at home and forced the closure of or limitations on certain businesses. Admissions and elective surgeries at the District’s facilities were periodically banned or limited as a precautionary measure. The District has also incurred additional costs relating to the COVID-19 pandemic.

In response to the COVID-19 outbreak the Coronavirus Aid, Relief, and Economic Security (CARES) Act, was signed into law on March 27, 2020. The CARES Act authorizes funding to hospitals and other health care providers to be distributed through the Provider Relief Fund. Provider Relief Fund distributions are to be used to prevent, prepare for, and respond to

coronavirus, and shall reimburse the recipient for health care related expenses or lost revenues attributed to COVID-19. Provider Relief Fund distributions received and not used for these purposes by various deadlines are required to be refunded.

The District was awarded \$1,077,058 and \$4,774,821 of Provider Relief Fund distributions during the years ended December 31, 2021 and 2020, respectively. The District has recognized \$1,251,015 and \$4,600,864 of provider relief fund distributions within non-capital grants and gifts in the accompanying statements of revenues, expenses and changes in net position for the years ended December 31, 2021 and 2020, respectively. The unrecognized amount of Provider Relief Fund distributions as of December 31, 2020 of \$173,957 was recorded as unearned revenue in the accompanying statement of net position.

The District will continue to monitor compliance with the terms and conditions of the Provider Relief Fund. The terms and conditions governing the Provider Relief Funds are complex and subject to interpretation and change. If the District is unable to attest to or comply with current or future terms and conditions the District's ability to retain some or all of the distributions received may be affected.

See Note 7 regarding the PPP loan obtained by the District in 2020 and forgiven in 2021.

During the year ended December 31, 2021, the Nursing Home received grants totaling \$929,803 from the Department of Veteran Affairs pursuant to the American Rescue Plan Act, which have been recorded within non-capital grants and gifts within non-operating income in the accompanying statement of revenues, expenses and changes in net position for the year ended December 31, 2021.

The full impact of the COVID-19 pandemic continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 pandemic and the global response to curb its spread, the District is not able to estimate the effects of the COVID-19 pandemic on its results of operations, financial condition, or liquidity.

## 16. CONDENSED COMBINING INFORMATION

The following tables include condensed combining statements of net position information for the District and its blended component units as of December 31, 2021 and 2020:

DECEMBER 31, 2021					
DISTRICT	HOSPITAL	NURSING HOME	ELIMINATIONS	TOTALS	
<b>ASSETS</b>					
Current assets	\$ 6,066,395	\$ 13,399,362	\$ 5,938,970	\$ (7,102,559)	\$ 18,302,168
Non-current cash and investments	4,198,698		77,269		4,275,967
Capital assets, net		6,086,899	2,893,480		8,980,379
Total	<u>\$ 10,265,093</u>	<u>\$ 19,486,261</u>	<u>\$ 8,909,719</u>	<u>\$ (7,102,559)</u>	<u>\$ 31,558,514</u>
<b>LIABILITIES</b>					
Current liabilities		\$ 9,295,839	\$ 501,939	\$ (7,102,559)	\$ 2,695,219
Long-term liabilities		1,363,862			1,363,862
Total liabilities	<u>\$ -</u>	<u>10,659,701</u>	<u>501,939</u>	<u>(7,102,559)</u>	<u>4,059,081</u>
DEFERRED INFLOWS OF RESOURCES	1,007,633				1,007,633
<b>NET POSITION</b>					
Net investment in capital assets		4,339,675	2,796,147		7,135,822
Restricted expendable	1,770,204		77,269		1,847,473
Unrestricted	7,487,256	4,486,885	5,534,364		17,508,505
Total net position	<u>9,257,460</u>	<u>8,826,560</u>	<u>8,407,780</u>	<u>-</u>	<u>26,491,800</u>
Total	<u>\$ 10,265,093</u>	<u>\$ 19,486,261</u>	<u>\$ 8,909,719</u>	<u>\$ (7,102,559)</u>	<u>\$ 31,558,514</u>
DECEMBER 31, 2020					
DISTRICT	HOSPITAL	NURSING HOME	ELIMINATIONS	TOTALS	
<b>ASSETS</b>					
Current assets	\$ 4,963,112	\$ 11,570,990	\$ 4,028,545	\$ (5,278,588)	\$ 15,284,059
Non-current cash and investments	4,190,090		53,370		4,243,460
Capital assets, net		5,919,094	3,087,252		9,006,346
Total	<u>\$ 9,153,202</u>	<u>\$ 17,490,084</u>	<u>\$ 7,169,167</u>	<u>\$ (5,278,588)</u>	<u>\$ 28,533,865</u>
<b>LIABILITIES</b>					
Current liabilities		\$ 10,212,527	\$ 428,756	\$ (5,278,588)	\$ 5,362,695
Long-term liabilities		2,746,930	97,333		2,844,263
Total liabilities	<u>\$ -</u>	<u>12,959,457</u>	<u>526,089</u>	<u>(5,278,588)</u>	<u>8,206,958</u>
DEFERRED INFLOWS OF RESOURCES	935,572				935,572
<b>NET POSITION</b>					
Net investment in capital assets		3,155,547	2,894,982		6,050,529
Restricted expendable	1,770,204		53,370		1,823,574
Unrestricted	6,447,426	1,375,080	3,694,726		11,517,232
Total net position	<u>8,217,630</u>	<u>4,530,627</u>	<u>6,643,078</u>	<u>-</u>	<u>19,391,335</u>
Total	<u>\$ 9,153,202</u>	<u>\$ 17,490,084</u>	<u>\$ 7,169,167</u>	<u>\$ (5,278,588)</u>	<u>\$ 28,533,865</u>

The following tables include condensed combining statements of revenues, expenses and changes in net position information for the District and its blended component units for the years ended December 31, 2021 and 2020:

YEAR END DECEMBER 31, 2021				
DISTRICT	HOSPITAL	NURSING HOME	ELIMINATIONS	TOTALS
<b>OPERATING REVENUES</b>				
Net patient service revenue	\$ 18,103,320	\$ 7,772,882		\$ 25,876,202
Other operating revenue	449,532	1,274,254		1,723,786
Total operating revenues	\$ -	18,552,852	9,047,136	\$ -
<b>OPERATING EXPENSES</b>				
Depreciation		978,830	342,220	1,321,050
Other operating expenses	141	17,550,345	9,113,309	26,663,795
Total operating expenses	141	18,529,175	9,455,529	27,984,845
INCOME (LOSS) FROM OPERATIONS	(141)	23,677	(408,393)	-
<b>NON-OPERATING INCOME (EXPENSE)</b>				
Forgiveness of debt		2,598,804	1,043,926	3,642,730
Non-capital grants and gifts		1,417,021	1,133,055	2,550,076
Property taxes	1,011,973			1,011,973
Other	27,998	(76,120)	(3,886)	(52,008)
Non-operating income, net	1,039,971	3,939,705	2,173,095	-
REVENUES OVER EXPENSES BEFORE CAPITAL GRANTS, GIFTS AND TRANSFERS	1,039,830	3,963,382	1,764,702	6,767,914
CAPITAL GRANTS AND GIFTS		332,551		332,551
CHANGE IN NET POSITION	1,039,830	4,295,933	1,764,702	-
NET POSITION, BEGINNING OF YEAR	8,217,630	4,530,627	6,643,078	19,391,335
NET POSITION, END OF YEAR	\$ 9,257,460	\$ 8,826,560	\$ 8,407,780	\$ -

YEAR END DECEMBER 31, 2020				
DISTRICT	HOSPITAL	NURSING HOME	ELIMINATIONS	TOTALS
<b>OPERATING REVENUES</b>				
Net patient service revenue	\$ 15,048,973	\$ 8,783,455		\$ 23,832,428
Other operating revenue	363,809	1,850,262		2,214,071
Total operating revenues	\$ -	15,412,782	10,633,717	\$ -
<b>OPERATING EXPENSES</b>				
Depreciation		872,931	322,909	1,195,840
Other operating expenses	37,473	15,861,366	9,815,093	25,713,932
Total operating expenses	37,473	16,734,297	10,138,002	26,909,772
INCOME (LOSS) FROM OPERATIONS	(37,473)	(1,321,515)	495,715	-
<b>NON-OPERATING INCOME (EXPENSE)</b>				
Property taxes	951,805			951,805
Non-capital grants and gifts		4,278,746	704,225	4,982,971
Forgiveness of debt				-
Other	37,228	(105,945)	5,186	(63,531)
Non-operating income, net	989,033	4,172,801	709,411	-
REVENUES OVER EXPENSES BEFORE CAPITAL GRANTS, GIFTS AND TRANSFERS	951,560	2,851,286	1,205,126	-
<b>OTHER CHANGES IN NET POSITION</b>				
Capital grants and gifts		99,950		99,950
Transfers	(977,436)	977,436		-
CHANGE IN NET POSITION	(25,876)	3,928,672	1,205,126	-
NET POSITION, BEGINNING OF YEAR	8,243,506	601,955	5,437,952	14,283,413
NET POSITION, END OF YEAR	\$ 8,217,630	\$ 4,530,627	\$ 6,643,078	\$ -

The following tables include condensed combining statements of cash flows information for the District and its blended component units for the years ended December 31, 2021 and 2020:

	<b>YEAR END DECEMBER 31, 2021</b>			
	<b>DISTRICT</b>	<b>HOSPITAL</b>	<b>NURSING HOME</b>	<b>TOTALS</b>
<b>NET CASH PROVIDED BY (USED IN):</b>				
Operating activities	\$ (141)	\$ 339,501	\$ (244,809)	\$ 94,551
Noncapital financing activities	(20,486)	2,452,128	1,129,169	3,560,811
Capital and related financing activities		(1,531,366)	(243,385)	(1,774,751)
Investing activities	18,706	1,416		20,122
Increase (decrease) in cash and cash equivalents	(1,921)	1,261,679	640,975	1,900,733
Cash and cash equivalents, beginning of year	1,860,534	8,723,612	2,264,270	12,848,416
Cash and cash equivalents, end of year	<u>\$ 1,858,613</u>	<u>\$ 9,985,291</u>	<u>\$ 2,905,245</u>	<u>\$ 14,749,149</u>

	<b>YEAR END DECEMBER 31, 2020</b>			
	<b>DISTRICT</b>	<b>HOSPITAL</b>	<b>NURSING HOME</b>	<b>TOTALS</b>
<b>NET CASH PROVIDED BY (USED IN):</b>				
Operating activities	\$ (35,406)	\$ (1,133,921)	\$ 703,441	\$ (465,886)
Noncapital financing activities	(25,119)	6,035,571	101,481	6,111,933
Capital and related financing activities		2,087,804	(190,205)	1,897,599
Investing activities	69,293			69,293
Increase in cash and cash equivalents	8,768	6,989,454	614,717	7,612,939
Cash and cash equivalents, beginning of year	2,123,891	1,462,033	1,649,553	5,235,477
Cash and cash equivalents, end of year	<u>\$ 2,132,659</u>	<u>\$ 8,451,487</u>	<u>\$ 2,264,270</u>	<u>\$ 12,848,416</u>

**HUERFANO COUNTY HOSPITAL DISTRICT  
D/B/A SPANISH PEAKS REGIONAL HEALTH CENTER**

**Supplementary Information**

**HUERFANO COUNTY HOSPITAL DISTRICT  
D/B/A SPANISH PEAKS REGIONAL HEALTH CENTER**

**BUDGET AND ACTUAL REVENUES AND EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>ACTUAL</u>	<u>BUDGET</u>	<b>FAVORABLE (UNFAVORABLE) VARIANCE</b>
<b>OPERATING REVENUES</b>			
Net patient service revenue	\$ 25,876,202	\$ 24,525,846	\$ 1,350,356
Other operating revenue	<u>1,723,786</u>	<u>2,912,183</u>	<u>(1,188,397)</u>
Total operating revenues	<u>27,599,988</u>	<u>27,438,029</u>	<u>161,959</u>
<b>OPERATING EXPENSES</b>			
Salaries, wages and employee benefits	18,151,534	18,601,581	450,047
Other operating expenses	<u>9,833,311</u>	<u>8,508,590</u>	<u>(1,324,721)</u>
Total operating expenses	<u>27,984,845</u>	<u>27,110,171</u>	<u>(874,674)</u>
INCOME (LOSS) FROM OPERATIONS	(384,857)	327,858	(712,715)
NON-OPERATING INCOME, NET	7,152,771	858,813	6,293,958
CAPITAL GRANTS AND GIFTS	<u>332,551</u>	-	<u>332,551</u>
INCREASE IN NET POSITION	<u>\$ 7,100,465</u>	<u>\$ 1,186,671</u>	<u>\$ 5,913,794</u>