



Management's Discussion and Analysis  
and Financial Statements  
December 31, 2024 and 2023

# Park Hospital District dba Estes Park Health

Park Hospital District dba Estes Park Health

Table of Contents

December 31, 2024 and 2023

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Independent Auditor’s Report.....	1
Management’s Discussion and Analysis .....	4
Financial Statements	
Statements of Net Position .....	10
Statements of Revenues, Expenses, and Changes in Net Position .....	12
Statements of Cash Flows .....	13
Statements of Financial Position—Discretely Presented Component Unit.....	15
Statements of Activities and Changes in Net Assets—Discretely Presented Component Unit.....	16
Notes to Financial Statements .....	17
Required Supplementary Information	
Schedule of Revenues and Expenses – Budget and Actual.....	34
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	35
Schedule of Findings and Questioned Costs .....	37



## Independent Auditor's Report

The Board of Directors  
Park Hospital District dba Estes Park Health  
Estes Park, Colorado

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of Park Hospital District dba Estes Park Health (Medical Center), which comprise the statements of net position as of December 31, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position and statements of cash flows, and the statements of financial position and related statements of activities of its discretely presented component unit Estes Park Medical Center Foundation dba Estes Park Health Foundation, as of and for the years then ended, and the related notes to the financial statements, which collectively comprise the Medical Center's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Medical Center as of December 31, 2024 and 2023, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Governmental Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Medical Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***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 Medical Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities 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 auditor's 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 GAAS and *Governmental 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 GAAS and *Governmental 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 Medical Center'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 Medical Center'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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budget to actual schedule on page 34 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 of the limited procedures.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2025 on our consideration of the Medical Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Medical Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Medical Center's internal control over financial reporting and compliance.

*Eide Bailly LLP*

Denver, Colorado  
May 2, 2025

Our discussion and analysis for Estes Park Health (Medical Center) provides an overview of the Medical Center's financial activities for the fiscal years ended December 31, 2024, 2023, and 2022. Please read it in conjunction with the Medical Center's financial statements, which begin on page 10.

### **Using This Annual Report**

The Medical Center's financial statements consist of three statements – a Statement of Net Position; a Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. These financial statements and related notes provide information about the activities of the Medical Center including resources held by the Medical Center but restricted for specific purposes by contributors, grantors, or enabling legislation.

### **The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position**

One of the most important questions asked about the Medical Center's finances is, "Is the Medical Center, as a whole, better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Change in Net Position report information about the Medical Center's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Medical Center's net position and changes in them. You can think of the Medical Center's net position, the difference between assets, deferred outflow of resources, liabilities, and deferred inflow of resources as one way to measure the Medical Center's financial health, or financial position. Over time, increases or decreases in the Medical Center's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Medical Center's patient base and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Medical Center.

### The Statement of Cash Flows

The final required statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing and capital and related financing activities. It provides answers to such questions as, "Where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period."

### Financial Highlights

Significant financial changes, which are explained in subsequent sections of Management's Discussion and Analysis, for the years ended December 31, 2024 and 2023 are as follows:

Year ended	December 31, 2024		December 31, 2023	
Change in operating revenues	\$ 1,777,379	3.1%	\$ 3,884,856	7.3%
Change in operating expenses	(409,692)	-0.6%	(745,965)	-1.2%
Change in operating loss	2,187,071	34.6%	4,630,821	42.3%
Change in nonoperating revenues (expenses)	271,016	6.2%	2,003,760	84.2%
Change in change in net position	2,616,708	151.0%	6,302,223	78.4%

### The Medical Center's Net Position

The Medical Center's net position is the difference between its assets, liabilities and deferred inflow of resources in the Statement of Net Position on pages 10 and 11.

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets			
Current assets	\$ 23,598,997	\$ 24,332,583	\$ 18,423,243
Other noncurrent assets	10,350,103	9,880,498	13,533,434
Capital assets, net	<u>34,296,800</u>	<u>35,440,301</u>	<u>36,801,153</u>
Total assets	<u>\$ 68,245,900</u>	<u>\$ 69,653,382</u>	<u>\$ 68,757,830</u>
Liabilities and Deferred Inflows of Resources			
Long-term debt outstanding	\$ 10,655,048	\$ 12,044,759	\$ 12,272,104
Other current and noncurrent liabilities	<u>13,071,536</u>	<u>13,949,788</u>	<u>12,245,962</u>
Total liabilities	23,726,584	25,994,547	24,518,066
Deferred Inflows of Resources	<u>4,396,016</u>	<u>4,419,678</u>	<u>3,268,042</u>
Total liabilities and deferred inflows of resources	<u>28,122,600</u>	<u>30,414,225</u>	<u>27,786,108</u>
Net Position:			
Net investment in capital assets	16,679,112	15,533,135	16,671,740
Restricted, expendable	3,096,860	3,314,166	3,521,102
Unrestricted	<u>20,347,328</u>	<u>20,391,856</u>	<u>20,778,880</u>
Total net position	<u>40,123,300</u>	<u>39,239,157</u>	<u>40,971,722</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 68,245,900</u>	<u>\$ 69,653,382</u>	<u>\$ 68,757,830</u>

**Operating Results and Changes in the Medical Center's Net Position**

The following table highlights the Medical Center's operations and changes in net position.

	2024	2023	2022
Operating Revenues			
Net patient service revenue	\$ 58,277,321	\$ 56,339,059	\$ 52,506,250
Other revenue	283,185	444,068	392,021
Total operating revenues	<u>58,560,506</u>	<u>56,783,127</u>	<u>52,898,271</u>
Operating Expenses			
Salaries, wages, and employee benefits	32,067,288	32,084,976	30,130,370
Supplies and other	11,117,703	11,101,479	9,822,990
Professional fees and purchased services	15,832,630	16,080,625	19,234,470
Depreciation and amortization	3,683,397	3,843,630	4,668,845
Total operating expenses	<u>62,701,018</u>	<u>63,110,710</u>	<u>63,856,675</u>
Operating Loss	<u>(4,140,512)</u>	<u>(6,327,583)</u>	<u>(10,958,404)</u>
Nonoperating Revenues (Expenses)			
Property tax revenues	4,997,476	3,442,966	3,497,779
Interest expense	(687,125)	(797,164)	(710,108)
Investment income (loss)	588,292	520,185	(752,167)
Gain (loss) on disposal of capital assets	19,945	(43,805)	(237)
Noncapital contributions and grants	19,472	14,206	22,190
Employee Retention Credit	-	1,838,087	-
Other nonoperating revenues and expenses	(282,776)	(590,207)	323,051
Total nonoperating revenues (expenses), net	<u>4,655,284</u>	<u>4,384,268</u>	<u>2,380,508</u>
Revenues in Excess of Expenses (Expenses in Excess of Revenues) Before Capital Contributions	514,772	(1,943,315)	(8,577,896)
Capital Contributions	<u>369,371</u>	<u>210,750</u>	<u>543,108</u>
Change in Net Position	884,143	(1,732,565)	(8,034,788)
Net Position, Beginning of Year	<u>39,239,157</u>	<u>40,971,722</u>	<u>49,006,510</u>
Net Position, End of Year	<u>\$ 40,123,300</u>	<u>\$ 39,239,157</u>	<u>\$ 40,971,722</u>

### Operating Loss

The first component of the overall change in the Medical Center's net position is its operating loss, generally, the difference between net patient service revenues and the expenses incurred to perform those services. In 2024, 2023, and 2022, the Medical Center reported operating losses.

#### Changes in the primary components of operating results are:

Year ended	December 31, 2024		December 31, 2023	
Change in net patient service revenue	\$ 1,938,262	3.4%	\$ 3,832,809	7.3%
Change in salaries and benefits	(17,688)	-0.1%	1,954,606	6.5%
Change in professional fees and purchased services	(247,995)	-1.5%	(3,153,845)	-16.4%
Change in supplies and other expenses	16,224	0.1%	1,278,489	13.0%

The increase in net patient revenue from 2023 to 2024 was due to a combination of the optimization in prices and increase in volumes. Expenses remained similar from 2023 to 2024 due to a focus on expense management. Salaries and benefits increased while professional fees and purchased services decreased from 2022 to 2023 due to the transition of contract to employed staff. Supplies and other expenses increased from 2022 to 2023 due to increased supply costs.

### Nonoperating Revenues (Expenses)

Nonoperating revenues (expenses) consist primarily of property tax revenue to support operations, interest expense on debt and leases, noncapital contributions and grants, and gains (losses) on the disposal of capital assets. Changes in nonoperating revenues (expenses) are as follows:

Year ended	December 31, 2024		December 31, 2023	
Total nonoperating revenues (expenses), net	\$ 271,016	6.2%	\$ 2,003,760	84.2%

The increase from 2023 to 2024 was due to increased property tax revenues as a result of increased property values. The increase from 2022 to 2023 was due to the Employee Retention Credit of \$1.8 million.

### The Medical Center's Cash Flows

Changes in the Medical Center's cash flows are consistent with changes in operating income and nonoperating revenues and expense.

Year ended	2024	2023
Change in net cash from (used for) operating activities	\$ (1,520,076)	\$ 10,252,545
Change in net cash from non capital related financing activities	1,262,165	(183,237)
Change in net cash used for capital and related financing activities	(1,772,131)	1,507,242
Change in net cash from (used for) investing activities	(3,750,128)	3,407,590

### Capital Assets

During 2024, the Medical Center had additions of approximately \$2,585,000 of capital assets and right to use assets and had approximately \$34,297,000 invested in capital assets and right to use assets, net of accumulated depreciation and amortization, as detailed in Note 4 to the financial statements. During 2023, the Medical Center purchased approximately \$2,539,000 of capital assets and had approximately \$35,440,000 invested in capital assets and right to use assets, net of accumulated depreciation and amortization. This investment in capital assets includes land, land improvements, buildings and improvements, equipment, construction in progress, and right to use leased assets.

### Long-Term Debt

During 2024, the Medical Center added no additional lease liabilities and had approximately \$6,482,000 in outstanding lease liabilities at year end (Note 5).

### Contacting the Medical Center's Financial Management

This financial report is designed to provide our patients, suppliers, and creditors with a general overview of the Medical Center's finances and to show the Medical Center's accountability for the money it receives. If you have questions about this report or need additional information, contact Estes Park Health Chief Financial Officer, 555 Prospect Avenue, Estes Park, Colorado, 80517.

Park Hospital District dba Estes Park Health

Statements of Net Position  
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Current Assets		
Cash and cash equivalents	\$ 6,754,841	\$ 7,320,283
Restricted cash	1,471,811	1,442,838
Assets held as collateral for debt agreement	1,625,049	1,871,328
Receivables		
Patient, net of estimated uncollectables of approximately \$1,617,000 in 2024 and \$1,442,000 in 2023	5,723,218	5,717,494
Property taxes and other	4,644,595	4,573,257
Employee Retention Credit	1,838,087	1,838,087
Supplies	1,084,305	981,457
Prepaid expenses	457,091	587,839
Total current assets	<u>23,598,997</u>	<u>24,332,583</u>
Noncurrent Investments		
Investments	<u>10,350,103</u>	<u>9,880,498</u>
Capital Assets		
Capital assets not being depreciated	646,833	518,273
Depreciable capital assets, net	26,846,468	27,221,472
Right to use subscription IT assets, net	587,285	643,046
Right to use leased assets, net	6,216,214	7,057,510
Total capital assets	<u>34,296,800</u>	<u>35,440,301</u>
Total assets	<u>\$ 68,245,900</u>	<u>\$ 69,653,382</u>

Park Hospital District dba Estes Park Health  
Statements of Net Position  
December 31, 2024 and 2023

	2024	2023
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Current maturities of long-term debt	\$ 1,407,360	\$ 1,389,528
Current maturities of leases	710,390	937,326
Current maturities of subscription IT liabilities	222,822	342,324
Accounts payable	1,740,663	2,387,218
Interest payable	133,845	149,829
Estimated third-party payor settlements	1,600,000	1,135,938
Accrued expenses		
Salaries, wages, and related liabilities	1,791,643	1,506,533
Compensated absences	842,745	907,863
Total current liabilities	8,449,468	8,756,559
Noncurrent Liabilities		
Long-term debt, less current maturities	9,247,688	10,655,231
Leases, less current maturities	5,771,568	6,340,932
Subscription IT liabilities, less current maturities	257,860	241,825
Total noncurrent liabilities	15,277,116	17,237,988
Total liabilities	23,726,584	25,994,547
Deferred Inflows of Resources - Property Taxes	4,396,016	4,419,678
Net Position		
Net investment in capital assets	16,679,112	15,533,135
Restricted, expendable	3,096,860	3,314,166
Unrestricted	20,347,328	20,391,856
Total net position	40,123,300	39,239,157
Total liabilities, deferred inflow of resources, and net position	\$ 68,245,900	\$ 69,653,382

Park Hospital District dba Estes Park Health  
Statements of Revenues, Expenses, and Changes in Net Position  
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues		
Net patient service revenue, net of provision for bad debts of approximately \$2,141,000 in 2024 and \$1,602,000 in 2023	\$ 58,277,321	\$ 56,339,059
Ancillary services	283,185	444,068
Total operating revenues	58,560,506	56,783,127
Operating Expenses		
Salaries and wages	27,115,796	26,143,877
Employee benefits	4,951,492	5,941,099
Professional fees and purchased services	15,832,630	16,080,625
Supplies	6,365,436	6,512,004
Utilities and rent expense	1,016,072	941,710
Insurance	498,032	473,920
Repairs and maintenance	219,054	325,197
Depreciation and amortization	3,683,397	3,843,630
Other	3,019,109	2,848,648
Total operating expenses	62,701,018	63,110,710
Operating Loss	(4,140,512)	(6,327,583)
Nonoperating Revenues (Expenses)		
Property tax revenues	4,997,476	3,442,966
Interest expense	(687,125)	(797,164)
Investment income	588,292	520,185
Gain (loss) on disposal of capital assets	19,945	(43,805)
Noncapital contributions and grants	19,472	14,206
Employee Retention Credit	-	1,838,087
Other nonoperating expenses	(282,776)	(590,207)
Nonoperating revenues, net	4,655,284	4,384,268
Revenues in Excess of (Less Than) Expenses Before Capital Contributions	514,772	(1,943,315)
Capital Contributions	369,371	210,750
Change in Net Position	884,143	(1,732,565)
Net Position, Beginning of the Year	39,239,157	40,971,722
Net Position, End of Year	\$ 40,123,300	\$ 39,239,157

Park Hospital District dba Estes Park Health

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Activities		
Receipts from and on behalf of patients and other	\$ 58,735,659	\$ 59,196,218
Payments to and on behalf of employees	(31,847,296)	(31,807,605)
Payments to suppliers and contractors	(27,584,972)	(26,726,029)
Other receipts and payments	<u>283,185</u>	<u>444,068</u>
Net Cash from (used for) Operating Activities	<u>(413,424)</u>	<u>1,106,652</u>
Noncapital Related Financing Activities		
Property taxes supporting operations	4,902,476	3,645,577
Grants and contributions	<u>19,472</u>	<u>14,206</u>
Net Cash from Noncapital Financing Activities	<u>4,921,948</u>	<u>3,659,783</u>
Capital and Capital Related Financing Activities		
Purchase and construction of capital assets	(2,239,753)	(1,261,381)
Proceeds from the sale of capital assets	24,550	12,017
Principal payments on long-term debt	(1,389,711)	(227,345)
Principal payments on leases	(796,300)	(834,639)
Principal payments on subscription IT liabilities	(435,769)	(473,052)
Interest paid	(687,125)	(808,956)
Capital contributions	<u>369,371</u>	<u>210,750</u>
Net Cash used for Capital and Capital Related Financing Activities	<u>(5,154,737)</u>	<u>(3,382,606)</u>
Investing Activities		
Sales of investments	-	4,075,000
Purchases of investments	-	(581,640)
Distributions of noncurrent cash and investments	217,306	206,936
Dividend and interest income	<u>(107,562)</u>	<u>159,576</u>
Net Cash from Investing Activities	<u>109,744</u>	<u>3,859,872</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	(536,469)	5,243,701
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>8,763,121</u>	<u>3,519,420</u>
Cash, Cash Equivalents, and Restricted Cash End of Year	<u>\$ 8,226,652</u>	<u>\$ 8,763,121</u>

Park Hospital District dba Estes Park Health

Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents	\$ 6,754,841	\$ 7,320,283
Restricted cash	1,471,811	1,442,838
Total Cash and Cash Equivalents	<u>\$ 8,226,652</u>	<u>\$ 8,763,121</u>
Reconciliation of Operating Loss to Net Cash from (used for) Operating Activities		
Operating loss	\$ (4,140,512)	\$ (6,327,583)
Adjustments to reconcile operating loss to net cash		
From operating activities		
Depreciation and amortization	3,683,397	3,843,630
Provision for bad debts	2,141,315	1,602,498
Changes in assets and liabilities		
Patient receivables	(2,147,039)	(1,583,389)
Other receivables	-	(149,829)
Estimated third-party payor settlements	464,062	2,838,050
Supplies	(102,848)	480,694
Prepaid expenses	130,748	(160,209)
Accounts payable	(662,539)	294,754
Accrued salaries, compensated absences, and other	219,992	268,036
Net Cash from (used for) Operating Activities	<u>\$ (413,424)</u>	<u>\$ 1,106,652</u>
Supplemental Disclosure of Noncash Capital and Capital Related Financing Activities		
Lease liability for the acquisition of right to use leased assets	\$ -	\$ 953,974
Subscription liability for the acquisition of a right to use subscription asset	\$ 332,302	\$ 370,636

Park Hospital District dba Estes Park Health  
Statements of Financial Position—Discretely Presented Component Unit  
Estes Park Medical Center Foundation  
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 439,241	\$ 610,233
Promises to give	<u>100</u>	<u>360,028</u>
Total current assets	<u>439,341</u>	<u>970,261</u>
Other Assets		
Property and equipment, net	3,101	3,664
Investments	<u>4,709,890</u>	<u>3,844,626</u>
Total other assets	<u>4,712,991</u>	<u>3,848,290</u>
Total assets	<u>\$ 5,152,332</u>	<u>\$ 4,818,551</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	<u>\$ 157,645</u>	<u>\$ 86,110</u>
Net Assets		
Without donor restrictions	1,691,095	1,545,314
With donor restrictions	<u>3,303,592</u>	<u>3,187,127</u>
Total net assets	<u>4,994,687</u>	<u>4,732,441</u>
Total liabilities and net assets	<u>\$ 5,152,332</u>	<u>\$ 4,818,551</u>

Park Hospital District dba Estes Park Health  
Statements of Activities and Changes in Net Assets—Discretely Presented Component Unit  
Estes Park Medical Center Foundation  
Years Ended December 31, 2024 and 2023

	2024	2023
Revenues and Other Support Without Donor Restrictions		
Contributions	\$ 57,661	\$ 138,370
Net investment return	322,183	322,700
Net assets released from restrictions	554,123	267,514
Total revenue and gains	933,967	728,584
Expenses		
Grants and contributions to Estes Park Health	290,487	249,243
Salaries and benefits	356,199	298,539
Advertising and marketing	22,601	23,250
Professional fees	43,707	17,571
Office and other	75,192	33,829
Total expenses	788,186	622,432
Changes in Net Assets Without Donor Restrictions	145,781	106,152
Changes in Net Assets With Donor Restrictions		
Contributions	404,451	588,479
Contributions restricted to endowment	2,500	-
Restricted investment return	263,637	338,045
Net assets released from restrictions	(554,123)	(267,514)
Changes in Net Assets With Donor Restrictions	116,465	659,010
Change in Net Assets	262,246	765,162
Net Assets, Beginning of the year	4,732,441	3,967,279
Net Assets, End of Year	\$ 4,994,687	\$ 4,732,441

**Note 1 - Reporting Entity and Summary of Significant Accounting Policies**

The financial statements of the Park Hospital District dba Estes Park Health (Medical Center) have been prepared in accordance with generally accepted accounting principles in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting and reporting policies and practices used by the Medical Center are described below.

**Reporting Entity**

The Medical Center operates a 23-bed critical access hospital (Hospital) and the Family Medical Center (Clinic), located in Estes Park, Colorado. The Medical Center is organized as a political subdivision of the State of Colorado and has been recognized by the Internal Revenue Service as exempt from federal income taxes under Internal Revenue Code Section 501(a). The Medical Center is governed by a Board of Directors consisting of five members elected by the residents of Park Hospital District. The Medical Center is not a component unit of another governmental entity.

For financial reporting purposes, the Medical Center has included all funds, organizations, agencies, boards, commissions, and authorities. The Medical Center has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Medical Center are such that the exclusion would cause the Medical Center's financial situation to be misleading or incomplete. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Medical Center to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Medical Center.

**Discretely Presented Component Unit**

The Estes Park Medical Center Foundation (Foundation) is a 501(c)(3) organization whose sole purpose is to support the Medical Center. The Foundation conducts fundraising campaigns on behalf of the Medical Center. The Foundation has been determined to be a component unit and is presented as a discretely presented component unit in the Medical Center's financial statements. Complete financial statements of the Foundation may be obtained by contacting the Foundation's Executive Office.

**Measurement Focus and Basis of Accounting**

Measurement focus refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned, and expenses are recorded when the liability is incurred.

**Basis of Presentation**

The statement of net position displays the Medical Center's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. Net position is reported in the following components:

*Net investment in capital assets* consists of net capital assets and net leased assets reduced by the outstanding balances of any related debt obligations, lease liabilities, and deferred inflows or resources attributable to the acquisition, construction or improvement of those assets or related debt obligations and increased by balances of deferred outflows of resources related to those assets or debt obligations.

*Restricted net position:*

Expendable – Expendable net position results when constraints placed on net position use are either externally imposed or imposed through enabling legislation.

Nonexpendable – Nonexpendable net position is subject to externally imposed stipulations which require them to be maintained permanently by the Medical Center.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position often has constraints on resources imposed by management, which can be removed or modified.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Medical Center's policy is to first apply the expense toward the most restrictive resources and then toward unrestricted resources.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding internally designated or restricted cash and investments. For purposes of the statement of cash flows, the Medical Center's considers all cash and investments with an original maturity of three months or less as cash and cash equivalents.

**Patient Receivables, Net**

Patient receivables are uncollateralized patient and third-party payor obligations. Payments of patient receivables are allocated to the specific claims identified in the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management’s estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write off and recovery information in determining the estimated bad debt provision.

**Property Tax Receivable and Revenues**

Property tax receivable represents taxes certified by the County Commissioners of Larimer County to be collected in the next fiscal year. Taxes are assessed on January 1 and are due in one installment on April 30 or in two installments on February 28 and June 15 of each year. Revenue from property taxes is recognized in the year for which the taxes are levied.

**Supplies**

Supplies are stated at lower of cost (first-in, first-out) or market and are expensed when used.

**Noncurrent Investments**

Noncurrent investments includes unrestricted and undesignated investments, internally designated investments which are set aside by the Board of Directors for future capital improvements and debt retirement, over which the Board retains control and may at its discretion subsequently use for other purposes, and investments restricted by donors. Investments are measured at fair value.

**Investment Income**

Interest, dividends, gains and losses, both realized and unrealized, on investments and deposits are included in nonoperating revenues when earned.

**Capital Assets**

Property and equipment acquisitions in excess of \$5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. The estimated useful lives of capital assets are as follows:

Land improvements	8-40 years
Buildings and improvements	5-40 years
Equipment	3-25 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net position and are excluded from revenues in excess of expenses. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net position.

**Right to Use Leased Assets**

Right to use leased assets are recognized at the lease commencement date and represent the Medical Center's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method. The amortization period varies from 3 to 20 years.

**Right to Use Subscription IT Assets**

Right to use subscription IT assets are recognized at the subscription commencement date and represent the Medical Center's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. Amortization is included in depreciation and amortization in the financial statements. The amortization period varies from 2 to 5 years.

**Impairment of Long-Lived Assets**

The Medical Center considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying value of assets is appropriate. No impairment was identified for the years ended December 31, 2024 and 2023.

**Compensated Absences**

The Medical Center's employees earn paid time-off (PTO) days for vacation and sick leave at varying rates depending on years of service. Employees may accumulate PTO up to a specified maximum. Employees are paid for accumulated PTO upon termination.

**Estimated Health Claims Payable**

The Medical Center provides for self-insurance reserves for estimated incurred but not reported claims for its employee health plan. These reserves, which are included in current liabilities on the statement of net position, are estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in the operating results in the period in which the change in estimate is identified.

### **Lease Liabilities**

Lease liabilities represent the Medical Center's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the Medical Center.

### **Subscription Liabilities**

Subscription liabilities represent the Medical Center's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments is discounted based on a borrowing rate determined by the Medical Center.

### **Deferred Inflows of Resources**

Deferred inflows of resources represent an increase in net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The deferred inflow of resources reported in the financial statements are unavailable property taxes. The property taxes will be recognized as revenue in the year in which the taxes are levied and become available.

### **Operating Revenues and Expenses**

The Medical Center's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues and expenses of the Medical Center result from exchange transactions associated with providing health care services - the Medical Center's principal activity, and the costs of providing those services, including depreciation and amortization and excluding interest cost. All other revenues and expenses are reported as nonoperating.

### **Net Patient Service Revenue**

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. Payment arrangements include prospectively determined rates, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

**Colorado Healthcare Affordability and Sustainability Enterprise**

The Medical Center participates in the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE), approved by the Centers for Medicare and Medicaid Services (CMS), under which all hospitals in the state are assessed a fee based on bed size and payor mix. The State of Colorado uses the fees to supplement state budget funds for the Medicaid program, which brings matching federal monies into the program, enabling the State of Colorado to fund Medicaid payments to hospitals at a higher rate than would otherwise be possible. The Medical Center paid approximately \$1,488,000 and \$1,335,000 in CHASE fees for the years ended December 31, 2024 and 2023, which were recorded in operating expenses. The Medical Center received approximately \$5,770,000 and \$4,735,000 of supplemental payments for the years ended December 31, 2024 and 2023, which are recorded as part of net patient service revenue.

**Grants and Contributions**

The Medical Center may receive grants as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after expenses in excess of revenues.

**Employee Retention Credit**

The Coronavirus Aid, Relief, and Economic Security Act provided an employee retention credit (the credit) which is a refundable tax credit against certain employment taxes for eligible employers. The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 expanded the availability of the credit, extended the credit through September 30, 2021, and increased the credit to 70% of qualified wages, capped at \$7,000 per quarter. During the years ended December 31, 2024 and 2023, the Medical Center recognized a \$0 and \$1,838,087 benefit, respectively, related to the credit which is presented in the statement of revenues, expenses, and changes in net position as nonoperating revenue.

**Budgets**

The Medical Center adopts an annual budget in accordance with Colorado Statutes. The budgeted revenue and expenditures are used by management as a control device during the year. Budgets are adopted on a basis that is consistent with generally accepted accounting principles.

**Note 2 - Net Patient Service Revenue**

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

**Medicare** – The Medical Center is licensed as a Critical Access Hospital (CAH). The Medical Center is reimbursed for most acute care services under a cost reimbursement methodology with final settlement determined after submission of annual cost reports by the Medical Center and are subject to audits thereof by the Medicare Administrative Contractor (MAC). The Medical Center’s Medicare cost reports have been audited by the MAC through the year ended December 31, 2021. Clinical services are paid on a cost basis or fixed fee schedule.

**Medicaid** – Inpatient services and outpatient 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.

**Commercial**—The Medical Center has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the Medical Center under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Concentration of gross revenues by major payor accounted for the following percentages of the Medical Center’s patient service revenues for the years ended December 31, 2024 and 2023:

	2024	2023
Medicare	36%	36%
Medicaid	11%	13%
Other third-party payors	51%	49%
Self pay	2%	2%
	<u>100%</u>	<u>100%</u>

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenue for the years ended December 31, 2024 and 2023 increased approximately \$100,000 in each year, due to removal of allowances previously estimated that are no longer necessary as a result of final settlements and years that are no longer likely subject to audits, reviews, and investigations.

**Note 3 - Deposits and Investments**

The carrying amounts of deposits and investments as of December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Carrying Amount		
Cash and deposits	\$ 9,851,701	\$ 10,634,449
Noncurrent investments	<u>10,350,103</u>	<u>9,880,498</u>
Total	<u>\$ 20,201,804</u>	<u>\$ 20,514,947</u>

Deposits and investments are reported in the following statement of net position captions:

	<u>2024</u>	<u>2023</u>
Included in the Following Statement of Financial Position Captions		
Cash and cash equivalents	\$ 6,754,841	\$ 7,320,283
Restricted cash	1,471,811	1,442,838
Assets held as collateral for debt agreement	1,625,049	1,871,328
Noncurrent investments	<u>10,350,103</u>	<u>9,880,498</u>
	<u>\$ 20,201,804</u>	<u>\$ 20,514,947</u>

**Deposits – Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure or investment company failure, the Medical Center's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The Medical Center's deposit policy for custodial credit risk requires compliance with the provisions of state law.

PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2024 and 2023, the Medical Center's deposits in banks were entirely covered by federal depository insurance and PDPA.

## Investments

The Medical Center’s long-term investments are reported at fair value. At December 31, 2024 and 2023, the Medical Center’s investments consisted of the following:

Investment Type	Amount	Rating	Investment Maturities (in Years)		
			Less Than 1	1 - 5	6 - 10
Cash	\$ 131,407				
Municipal bonds	398,752	AAA	398,752	-	-
Government securities	9,819,944	AA- to AA+	7,460,963	2,358,981	-
	<u>\$ 10,350,103</u>		<u>\$ 7,859,715</u>	<u>\$ 2,358,981</u>	<u>\$ -</u>

  

Investment Type	Amount	Rating	Investment Maturities (in Years)		
			Less Than 1	1 - 5	6 - 10
Municipal bonds	\$ 396,648	AAA	\$ -	\$ 396,648	\$ -
Government securities	9,483,850	AA- to AA+	-	9,483,850	-
	<u>\$ 9,880,498</u>		<u>\$ -</u>	<u>\$ 9,880,498</u>	<u>\$ -</u>

The Medical Center uses fair value to measure investments. Government securities and corporate bonds are considered Level 2 measurements, which utilize inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These measurements include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

## Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Medical Center’s investment policy does not contain a provision that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

## Credit Risk

State Statutes limit the investment in bonds, debentures, or notes of any corporation to be rated “A” or higher by nationally recognized statistical rating organizations. As of December 31, 2024 and 2023, the Medical Center was compliant with State Statutes with regard to credit risk. The Medical Center has no investment policy that would further limit its investment options.

**Note 4 - Capital Assets**

Capital asset additions, transfers, retirements, and balances for the year ended December 31, 2024 are as follows:

	Balance, December 31, 2023	Additions	Transfers and Disposals	Balance, December 31, 2024
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 513,973	\$ -	\$ -	\$ 513,973
Construction in progress	4,300	128,560	-	132,860
Total capital assets not being depreciated	<u>\$ 518,273</u>	<u>\$ 128,560</u>	<u>\$ -</u>	<u>\$ 646,833</u>
<b>Capital Assets Being Depreciated</b>				
Land improvements	\$ 842,885	\$ -	\$ -	\$ 842,885
Building	43,291,901	113,951	(45,615)	43,360,237
Equipment and vehicles	13,232,334	2,010,301	(934,728)	14,307,907
Total capital assets being depreciated	<u>57,367,120</u>	<u>2,124,252</u>	<u>(980,343)</u>	<u>58,511,029</u>
<b>Accumulated Depreciation</b>				
Land improvements	(560,637)	(45,060)	-	(605,697)
Building	(20,249,411)	(1,337,737)	42,928	(21,544,220)
Equipment and vehicles	(9,335,600)	(1,078,850)	899,806	(9,514,644)
Total accumulated depreciation	<u>(30,145,648)</u>	<u>\$ (2,461,647)</u>	<u>\$ 942,734</u>	<u>(31,664,561)</u>
Net Depreciable Capital Assets	<u>\$ 27,221,472</u>			<u>\$ 26,846,468</u>
<b>Right to Use Leased Assets being amortized</b>				
Building	\$ 6,843,826	\$ -	\$ -	\$ 6,843,826
Equipment	2,833,363	-	(20,800)	2,812,563
Total right to use leased assets being amortized	<u>9,677,189</u>	<u>-</u>	<u>(20,800)</u>	<u>9,656,389</u>
<b>Accumulated Amortization</b>				
Building	(1,226,184)	(342,192)	-	(1,568,376)
Equipment	(1,393,495)	(499,104)	20,800	(1,871,799)
Total accumulated amortization	<u>(2,619,679)</u>	<u>\$ (841,296)</u>	<u>\$ 20,800</u>	<u>(3,440,175)</u>
Net Right to Use Leased Assets	<u>\$ 7,057,510</u>			<u>\$ 6,216,214</u>
Right to Use Subscription IT Assets	\$ 1,358,022	\$ 332,302	\$ (208,055)	\$ 1,482,269
Less Accumulated Amortization	<u>(714,976)</u>	<u>(380,454)</u>	<u>200,446</u>	<u>(894,984)</u>
Net Right to Use Subscription It Assets	<u>\$ 643,046</u>	<u>\$ (48,152)</u>	<u>\$ (7,609)</u>	<u>\$ 587,285</u>
Capital Assets, Net	<u>\$ 35,440,301</u>			<u>\$ 34,296,800</u>

Park Hospital District dba Estes Park Health

Notes to Financial Statements

December 31, 2024 and 2023

Capital asset additions, transfers, retirements, and balances for the year ended December 31, 2023 are as follows:

	Balance, December 31, 2022	Additions	Transfers and Disposals	Balance, December 31, 2023
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 513,973	\$ -	\$ -	\$ 513,973
Construction in progress	42,435	1,214,046	(1,252,181)	4,300
Total capital assets not being depreciated	<u>\$ 556,408</u>	<u>\$ 1,214,046</u>	<u>\$ (1,252,181)</u>	<u>\$ 518,273</u>
<b>Capital Assets Being Depreciated</b>				
Land improvements	\$ 842,885	\$ -	\$ -	\$ 842,885
Building	43,165,460	-	126,441	43,291,901
Equipment and vehicles	12,725,135	-	507,199	13,232,334
Total capital assets being depreciated	<u>56,733,480</u>	<u>-</u>	<u>633,640</u>	<u>57,367,120</u>
<b>Accumulated Depreciation</b>				
Land improvements	(507,674)	(52,963)	-	(560,637)
Building	(18,851,499)	(1,397,912)	-	(20,249,411)
Equipment and vehicles	(8,838,256)	(1,062,134)	564,790	(9,335,600)
Total accumulated depreciation	<u>(28,197,429)</u>	<u>\$ (2,513,009)</u>	<u>\$ 564,790</u>	<u>(30,145,648)</u>
Net Depreciable Capital Assets	<u>\$ 28,536,051</u>			<u>\$ 27,221,472</u>
<b>Right to Use Leased Assets being amortized</b>				
Building	\$ 6,843,826	\$ -	\$ -	\$ 6,843,826
Equipment	2,183,868	953,974	(304,479)	2,833,363
Total right to use leased assets being amortized	<u>9,027,694</u>	<u>953,974</u>	<u>(304,479)</u>	<u>9,677,189</u>
<b>Accumulated Amortization</b>				
Building	(883,993)	(342,191)	-	(1,226,184)
Equipment	(1,148,265)	(540,870)	295,640	(1,393,495)
Total accumulated amortization	<u>(2,032,258)</u>	<u>\$ (883,061)</u>	<u>\$ 295,640</u>	<u>(2,619,679)</u>
Net Right to Use Leased Assets	<u>\$ 6,995,436</u>			<u>\$ 7,057,510</u>
Right to Use Subscription IT Assets	\$ 1,239,914	\$ 370,636	\$ (252,528)	\$ 1,358,022
Less Accumulated Amortization	<u>(526,656)</u>	<u>(440,848)</u>	<u>252,528</u>	<u>(714,976)</u>
Net Right to Use Subscription It Assets	<u>\$ 713,258</u>	<u>\$ (70,212)</u>	<u>\$ -</u>	<u>\$ 643,046</u>
Capital Assets, Net	<u>\$ 36,801,153</u>			<u>\$ 35,440,301</u>

**Note 5 - Lease Obligations**

The Medical Center entered into various agreements to buildings and medical equipment. The leases terminate at various dates through May 2040. Under the terms of the lease agreements, the Medical Center pays monthly base rents ranging from \$123 to \$35,665.

During the years ended December 31, 2024 and 2023, the Medical Center recorded approximately \$841,000 and \$883,000, respectively, in amortization expense and approximately \$187,000 and \$169,000, respectively, in interest expense related to the leases. When there is no interest rate explicitly stated in the lease agreement, the Medical Center used a discount rate of 0.50% based on its incremental borrowing rate.

Remaining principal and interest payments on leases are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 710,390	\$ 164,771	\$ 875,161
2026	490,929	146,056	636,985
2027	472,677	130,193	602,870
2028	424,725	114,586	539,311
2029	409,751	101,271	511,022
2030-2034	1,798,152	362,509	2,160,661
2035-2039	1,998,048	141,852	2,139,900
2040	177,286	1,039	178,325
	<u>\$ 6,481,958</u>	<u>\$ 1,162,277</u>	<u>\$ 7,644,235</u>

**Note 6 - Long-Term Liabilities**

A schedule of changes in the Medical Center's long-term liabilities for 2024 and 2023 is as follows:

	Balance, December 31, 2023	Additions	Reductions or Payments	Balance, December 31, 2024	Due Within One Year
Promissory Notes, Series 2016	\$ 10,170,000	\$ -	\$ (1,140,000)	\$ 9,030,000	\$ 1,175,000
2020 Promissory Note	1,874,759	-	(249,711)	1,625,048	232,360
Leases (Note 5)	7,278,258	-	(796,300)	6,481,958	710,390
Compensated Absences	907,863	-	(65,118)	842,745	842,745
	<u>\$ 20,230,880</u>	<u>\$ -</u>	<u>\$ (2,251,129)</u>	<u>\$ 17,979,751</u>	<u>\$ 2,960,495</u>
	Balance, December 31, 2022	Additions	Reductions or Payments	Balance, December 31, 2023	Due Within One Year
Promissory Notes, Series 2016	\$ 10,170,000	\$ -	\$ -	\$ 10,170,000	\$ 1,140,000
2020 Promissory Note	2,102,104	-	(227,345)	1,874,759	249,528
Leases (Note 5)	7,158,527	954,370	(834,639)	7,278,258	937,326
Compensated Absences	977,104	-	(69,241)	907,863	907,863
	<u>\$ 20,407,735</u>	<u>\$ 954,370</u>	<u>\$ (1,131,225)</u>	<u>\$ 20,230,880</u>	<u>\$ 3,234,717</u>

\*The change in the compensated absences liability is presented as a net change.

**Promissory Notes, Series 2016**

During 2016, the Medical Center refinanced its Limited Tax-Revenue Bonds Series 2006 (Bonds) with Promissory Notes, Series 2016 (Notes). The Notes bear interest of 1.85% and 2.90% with the interest being paid semiannually on each January 1 and July 1 and principal being due in varying annual installments through December 31, 2031. The Notes are secured by the Medical Center's pledged revenues.

**2020 Promissory Note**

The Medical Center has a note payable with a financial institution for \$2,500,000, the proceeds of which were used to fund the construction of the Urgent Care Clinic buildout. Beginning April 30, 2021, monthly payments of \$22,361 are due through maturity of March 30, 2031. Interest accrues at the Bank of Colorado Estes Park 12-month Public Funds Certificate of Deposit Rate plus 1% (2.00% as of December 31, 2024 and 2023). The promissory note is secured by a certificate of deposit held by the financial institution.

**Restrictive Covenants**

Under the terms of the 2016 and 2020 promissory notes, the Medical Center is required to maintain certain deposits with the lenders. Such deposits are included in restricted cash under debt agreement on the statement of net position. The promissory note agreements also require the Medical Center satisfy certain financial and nonfinancial covenants.

Scheduled debt service requirements for the Medical Center’s long-term debt are as follows:

Years Ending December 31,	Long-Term Debt		Total
	Principal	Interest	
2025	\$ 1,407,360	\$ 279,672	\$ 1,687,032
2026	1,446,519	239,933	1,686,452
2027	1,491,293	198,999	1,690,292
2028	1,531,163	157,196	1,688,359
2029	1,581,132	113,069	1,694,201
2030-2031	3,197,581	91,821	3,289,402
	<u>\$ 10,655,048</u>	<u>\$ 1,080,690</u>	<u>\$ 11,735,738</u>

**Note 7 - Subscription-Based Information Technology Arrangements (SBITAs)**

The Medical Center has entered into various SBITA contracts, primarily for electronic health record and general ledger software subscriptions, as well as other minor software subscriptions. The Medical Center utilized incremental borrowing rates ranging from 0.71% to 4.63%, consistent with similar borrowing arrangements. The Medical Center is required make various yearly or monthly principal and interest payments through February 2029. A summary of the changes in subscription IT liabilities during the years ended December 31, 2024 and 2023 follows:

	December 31, 2023 Balance	Additions	Deductions	December 31, 2024 Balance	Amounts Due Within One Year
Subscription IT liabilities	<u>\$ 584,149</u>	<u>\$ 332,302</u>	<u>\$ (435,769)</u>	<u>\$ 480,682</u>	<u>\$ 222,822</u>
	January 1, 2023 Balance	Additions	Deductions	December 31, 2023 Balance	Amounts Due Within One Year
Subscription IT liabilities	<u>\$ 698,782</u>	<u>\$ 358,419</u>	<u>\$ (473,052)</u>	<u>\$ 584,149</u>	<u>\$ 342,324</u>

Remaining principal and interest payments on subscriptions are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 222,822	\$ 20,214	\$ 243,036
2026	147,985	10,627	158,612
2027	66,033	4,768	70,801
2028	36,042	1,782	37,824
2029	7,800	100	7,900
	<u>\$ 480,682</u>	<u>\$ 37,491</u>	<u>\$ 518,173</u>

**Note 8 - Pension Plan**

The Medical Center has a defined contribution plan covering substantially all employees who meet age and hour requirements. Employer contributions to the plan are based on a percentage of eligible employee compensation for plan participants. Total pension expense for the years ended December 31, 2024, 2023, and 2022 was approximately \$1,630,000, \$1,620,000 and \$1,450,000, respectively.

**Note 9 - Concentrations**

The Medical Center grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients, at December 31, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Medicare	42%	48%
Medicaid	7%	4%
Other third-party payors	29%	26%
Self pay	22%	22%
	<u>100%</u>	<u>100%</u>

**Note 10 - Contingencies****Risk Management**

The Medical Center is exposed to various risks of loss from torts; theft or damage of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

**Malpractice Insurance**

The Medical Center has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim and an annual aggregate limit of \$3 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured.

**Litigation, Claims, and Disputes**

The Medical Center is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Medical Center.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity with respect to investigations and allegations concerning possible violations by health care providers of regulations could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient and resident services.

**Self-Funded Health Plan**

The Medical Center is self-funded for health benefits for eligible employees and their dependents. The Medical Center, in connection with this plan, recognizes health benefit expenses 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 Medical Center. The Medical Center has stop loss insurance to cover catastrophic claims in excess of \$75,000 per claim and an annual aggregate limit of \$4,438,841 for the plan year ended December 31, 2024.

The Medical Center expenses amounts representing the employer's portion of actual claims paid, adjusted for the estimates of liabilities relating to claims resulted from services provided prior to the fiscal year end not to exceed the annual aggregate expense. The estimated liability is included in accrued expenses in the financial statements. These amounts have been estimated based on historical trends and actuarial analysis.

Changes in the balance of claims liabilities during the years ended December 31, 2024 and 2023 are as follows:

Year	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
2024	\$ 500,000	\$ 2,423,526	\$ (2,323,526)	\$ 600,000
2023	445,841	3,096,409	(3,042,250)	500,000

**Paycheck Protection Program (PPP) Loan Review**

The Medical Center applied for and received loan forgiveness from the Small Business Administration (SBA) on its PPP loan in 2021. In accordance PPP loan requirements, the Medical Center is required to maintain PPP loan files and certain underlying supporting documents for periods ranging from three to six years. The Medical Center is also required to permit access to such files upon request by the SBA. Accordingly, there is potential the PPP loan could be subject to further review by the SBA and that previously recognized forgiveness could be reversed based on this review.

**Employee Retention Credit**

The Medical Center’s credit filings remain open for potential examination by the Internal Revenue Service through the statute of limitations, which has varying expiration dates extending through 2027. Any disallowed claims resulting from such examinations could be subject to repayment to the federal government.



Required Supplementary Information  
December 31, 2024

# Park Hospital District dba Estes Park Health

Park Hospital District dba Estes Park Health  
Schedule of Revenues and Expenses – Budget and Actual  
Year Ended December 31, 2024

	Budget	Actual	Variance Favorable/ (Unfavorable)
Operating Revenue			
Net patient service revenue	\$ 59,422,798	\$ 58,277,321	\$ (1,145,477)
Other revenue	326,862	283,185	(43,677)
Total operating revenue	<u>59,749,660</u>	<u>58,560,506</u>	<u>(1,189,154)</u>
Nonoperating Revenues (Expense)			
Property tax revenues	4,322,629	4,997,476	674,847
Interest expense	(553,898)	(687,125)	(133,227)
Capital contributions	175,000	369,371	194,371
Noncapital contributions and grants	25,000	19,472	(5,528)
Gain on disposal of capital assets	-	19,945	19,945
Investment income	303,307	588,292	284,985
Other nonoperating expenses	(210,000)	(282,776)	(72,776)
Total nonoperating revenue (expense), net	<u>4,062,038</u>	<u>5,024,655</u>	<u>962,617</u>
Total revenues	<u>\$ 63,811,698</u>	<u>\$ 63,585,161</u>	<u>\$ (226,537)</u>
Expenses			
Salaries, wages, and employee benefits	\$ 34,566,535	\$ 32,067,288	\$ 2,499,247
Supplies and other	10,717,162	11,117,703	(400,541)
Professional fees and purchased services	13,829,060	15,832,630	(2,003,570)
Depreciation and amortization	3,488,007	3,683,397	(195,390)
Total expenses	<u>62,600,764</u>	<u>62,701,018</u>	<u>(100,254)</u>
Debt Retirement			
Principal paid	<u>1,389,528</u>	<u>1,389,711</u>	<u>(183)</u>
Total expenditures	<u>\$ 63,990,292</u>	<u>\$ 64,090,729</u>	<u>\$ (100,437)</u>

**Notes to Schedule:**

1. Annual budgets are adopted as required by Colorado Statute. Formal budgetary integration is employed as a management control device during the year. Budgets are adopted on a basis that is consistent with generally accepted accounting principles.
2. Appropriations are adopted by resolutions in total. For the year ended December 31, 2024, there were no additional resolutions for supplementary budget and appropriation.
3. Management believes that the Medical Center is compliant with the rules of Colorado's Taxpayer's Bill of Rights (TABOR).



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Directors  
Park Hospital District dba Estes Park Health  
Estes Park, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Audit Standards*), the financial statements of Park Hospital District dba Estes Park Health (Medical Center) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Park Hospital District dba Estes Park Health's basic financial statements and the statements of financial position and related statements of activities of its discretely presented component unit, the Estes Park Medical Center Foundation dba Estes Park Health Foundation, and have issued our report thereon dated May 2, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Medical Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Medical Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Medical Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Medical Center's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Medical Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Medical Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Medical Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Denver, Colorado  
May 2, 2025

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**Financial Statement Findings**

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None reported.