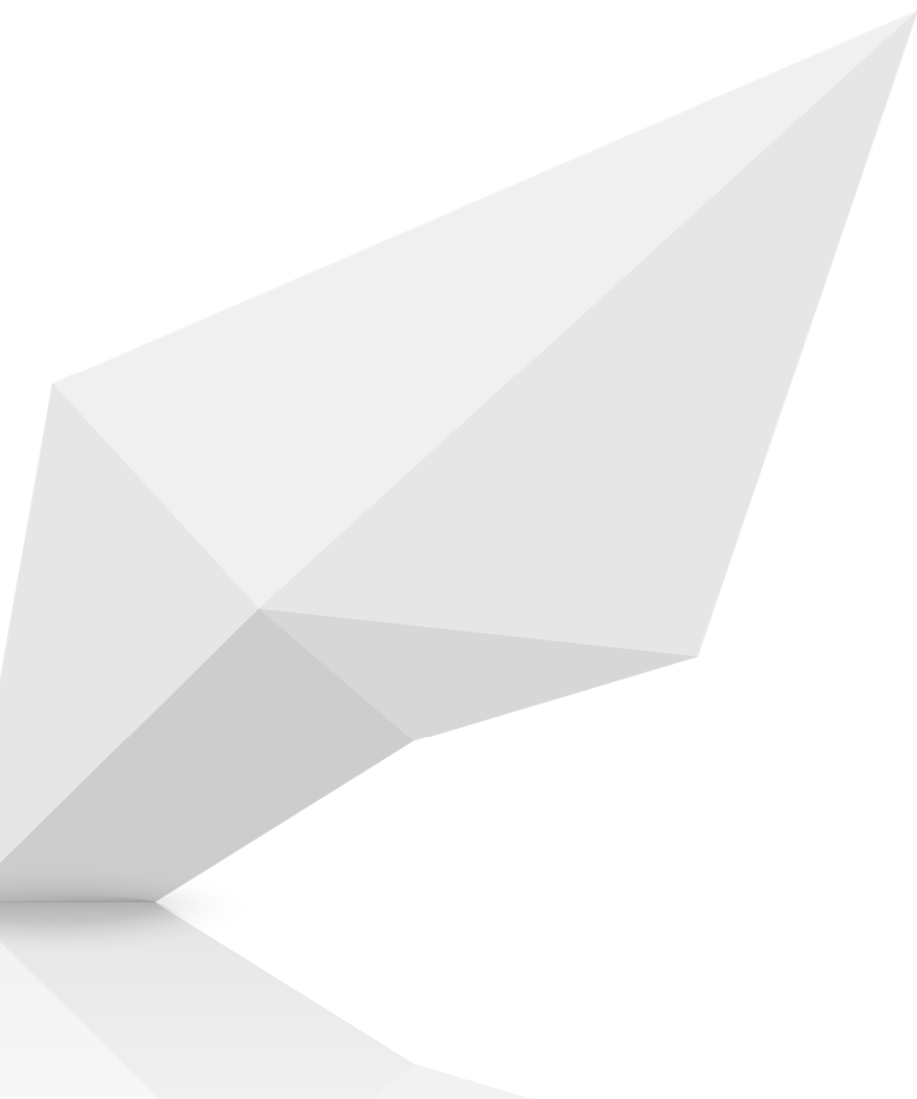


# St. Vincent General Hospital District d/b/a St. Vincent Health

Financial Statements  
and Supplementary Information

Years Ended December 31, 2024 and 2023



## **Independent Auditor's Report**

Board of Directors  
St. Vincent General Hospital District d/b/a St. Vincent Health  
Leadville, Colorado

### ***Report on the Audit of the Financial statements***

#### ***Opinion***

We have audited the accompanying financial statements of St. Vincent General Hospital District d/b/a St. Vincent Health (the "Hospital"), 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 cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of December 31, 2024 and 2023, and the 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 (GAAP).

#### ***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 financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 Hospital 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.

#### ***Responsibilities of Management for the Financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 Hospital'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 *Government 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 *Government 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 Hospital'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 Hospital'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***

GAAP requires that the management's discussion and analysis (MD&A) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. The Hospital has omitted the MD&A that GAAP requires to be presented to supplement the financial statements. Our opinion on the financial statements is not affected by this missing information.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of revenues and expenses - budget and actual are presented for purpose of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2025, on our consideration of the Hospital'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 Hospital'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 Hospital's internal control over financial reporting and compliance.



Wipfli LLP

Spokane, Washington  
June 17, 2025

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Statements of Net Position

<i>December 31,</i>	2024	2023
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,909,450	\$ 589,573
Restricted cash	62,887	15,339
Receivables:		
Patient - net	1,593,686	1,094,582
Estimated third-party payor settlements	-	801,952
Other	44,922	-
Prepaid expenses	133,066	51,356
Inventories	248,995	225,469
Total current assets	3,993,006	2,778,271
Capital assets - Net of accumulated depreciation and amortization	23,947,565	26,377,961
<b>TOTAL ASSETS</b>	<b>\$ 27,940,571</b>	<b>\$ 29,156,232</b>

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Statements of Net Position (Continued)

<i>December 31,</i>	2024	2023
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 485,534	\$ 3,894,604
Accrued compensation expense	946,063	803,881
Unearned revenue	532,738	315,057
Estimated third-party payor settlements	73,656	-
Current portion of long-term liabilities	1,019,086	1,241,894
Total current liabilities	3,057,077	6,255,436
Noncurrent liabilities - Net of current portion	20,340,206	21,357,656
Total liabilities	23,397,283	27,613,092
Deferred inflows of resources - Gain from sale-leaseback transaction	293,335	880,006
Net position:		
Net investment in capital assets	2,588,273	3,778,411
Restricted	62,887	15,339
Unrestricted	1,598,793	(3,130,616)
Total net position	4,249,953	663,134
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 27,940,571</b>	<b>\$ 29,156,232</b>

See accompanying notes to financial statements.

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Statements of Revenues, Expenses, and Changes in Net Position

<i>Years Ended December 31,</i>	2024	2023
Operating revenue:		
Net patient service revenue	\$ 20,492,424	\$ 16,414,484
Other revenue	22,595	22,256
Total operating revenue	20,515,019	16,436,740
Operating expenses:		
Salaries and wages	7,452,686	7,680,699
Employee benefits	2,515,078	2,612,149
Supplies	867,128	1,137,262
Purchased services	5,524,511	7,211,928
Leases and rentals	63,571	201,703
Repairs and maintenance	177,110	100,029
Utilities	397,919	473,646
Insurance	367,113	209,319
Depreciation	2,840,878	3,014,624
Other	196,982	246,605
Total operating expenses	20,402,976	22,887,964
Operating income (loss)	112,043	(6,451,224)
Nonoperating revenue (expense):		
Investment income	1,954	361
Interest expense	(637,095)	(600,995)
Tax levy	2,994,988	2,341,974
Grants and contributions	131,003	730,497
Other	34,909	127,832
Loss on disposal of capital assets	-	(48,000)
Gain on sale leaseback	586,670	586,670
Total nonoperating revenue - net	3,112,429	3,138,339
Income (loss) before capital contributions	3,224,472	(3,312,885)
Capital contributions	362,347	-
Increase (decrease) in net position	3,586,819	(3,312,885)
Net position, beginning of year	663,134	3,976,019
Net position, end of year	\$ 4,249,953	\$ 663,134

See accompanying notes to financial statements.

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Statements of Cash Flows

<i>Years Ended December 31,</i>	2024	2023
<b>Cash flows from operating activities:</b>		
Receipts from and on behalf of patients	\$ 20,868,928	\$ 17,225,305
Payments to suppliers and contractors	(11,108,641)	(8,459,254)
Payments to and on behalf of employees	(9,825,582)	(10,230,655)
Receipts from other operating revenue	(22,327)	77,489
<b>Net cash used in operating activities</b>	<b>(87,622)</b>	<b>(1,387,115)</b>
<b>Cash flows from noncapital financing activities:</b>		
Receipts of grants and contributions	348,684	732,297
Cash received from taxes for operations	2,994,988	2,341,974
Other nonoperating income	34,909	127,846
<b>Net cash provided by noncapital financing activities</b>	<b>3,378,581</b>	<b>3,202,117</b>
<b>Cash flows from capital and related financing activities:</b>		
Purchase of capital assets	(410,482)	(149,386)
Received from disposal of capital assets	-	208,071
Principal payments on long-term debt and leases payable	(1,240,258)	(1,038,118)
Cash paid for interest	(637,095)	(600,995)
Contributions for capital assets	362,347	-
<b>Net cash used in capital and related financing activities</b>	<b>(1,925,488)</b>	<b>(1,580,428)</b>
<b>Cash flows from investing activities - Interest received</b>	<b>1,954</b>	<b>361</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,367,425</b>	<b>234,935</b>
<b>Cash and cash equivalents - Beginning of year</b>	<b>604,912</b>	<b>369,977</b>
<b>Cash and cash equivalents - End of year</b>	<b>\$ 1,972,337</b>	<b>\$ 604,912</b>

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Statement of Cash Flows (Continued)

<i>Years Ended December 31,</i>	2024	2023
Reconciliation of operating income (loss) to net cash used in operating activities:		
Operating income (loss)	\$ 112,043	\$ (6,451,224)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation and amortization	2,840,878	3,014,624
Changes in assets and liabilities:		
Patient receivables - net	(499,104)	348,773
Other receivables	(44,922)	55,233
Prepaid expenses	(81,710)	33,266
Inventories	(23,526)	246,208
Accounts payable	(3,409,068)	841,763
Accrued compensation expense	142,179	62,194
Estimated third-party payor settlements	875,608	462,048
Net cash used in operating activities	\$ (87,622)	\$ (1,387,115)
<b>Reconciliation of cash and cash equivalents to the statement of net position:</b>		
Cash and cash equivalents in current assets	\$ 1,909,450	\$ 589,573
Restricted cash and cash equivalents in current assets	62,887	15,339
Total cash and cash equivalents	\$ 1,972,337	\$ 604,912

See accompanying notes to financial statements.

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### The Entity

St. Vincent General Hospital District d/b/a St. Vincent Health (the "Hospital"), located in Leadville, Colorado, is a political subdivision of the state of Colorado, organized under local healthcare district law. The Hospital operates a community hospital and a primary care clinic.

#### Financial Statement Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

The Hospital's financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when the liability is incurred, regardless of the timing of the cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

#### Use of Estimates

The preparation of the accompanying financial statements in conformity with GAAP requires management to make certain estimates and assumptions that directly affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from these estimates.

The Hospital considers significant accounting estimates to be those which require significant judgments and include the valuation of accounts receivable, including contractual allowances, allowance for doubtful accounts, and the estimated third-party payor settlements.

#### Cash and Cash Equivalents

The Hospital considers all highly liquid debt instruments, including noncurrent cash and cash equivalents, with an original maturity of three months or less to be cash equivalents.

#### Patient Accounts Receivable and Credit Policy

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from local residents, most of whom are insured under third-party payor agreements. The Hospital bills the third-party payors on the patient's behalf, or, if a patient is uninsured, the patient is billed directly.

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Patient Accounts Receivable and Credit Policy** (Continued)

Once claims are settled with the primary payor, any secondary payor is billed, and patients are billed for copay and deductible amounts that are the patients' responsibility. Payments on patient accounts receivable are applied to the specific claim identified on the remittance advice or statement. The Hospital does not have a policy to charge interest on past due accounts.

Patient accounts receivable are recorded in the accompanying statement of net position net of contractual adjustments and an allowance for uncollectible accounts, which reflect management's estimate of the amounts that will not be collected. The carrying amounts of patient accounts receivable are reduced by allowances that reflect management's estimate of the amounts that will not be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to patient accounts receivable. In addition, management provides for probable uncollectible amounts, primarily for uninsured patients and amounts patients are personally responsible for, through a reduction of gross revenue and a credit to the allowance for uncollectible accounts.

In evaluating the collectability of patient accounts receivable, the Hospital analyzes past results and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data from the major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts and a provision for bad debts for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely.

For receivables associated with self-pay patients (which includes patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or undiscounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

#### **Inventories**

Inventories consist of medical, surgical, and pharmaceutical supplies and are stated at the lower of cost, determined by the first-in, first-out method, or net realizable value.

#### **Leases**

The Hospital is the lessee for noncancellable leases of equipment. The Hospital recognizes an intangible right to use asset (lease asset) and lease liability under these agreements. At the commencement of the lease, the Hospital initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Leases (Continued)

The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date. The lease asset is amortized on a straight-line basis over its estimated useful life. The Hospital uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Hospital uses its estimated incremental borrowing rate as the discount rate. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability include fixed payments and a purchase option price, if applicable, that the Hospital is reasonably certain to exercise. The Hospital monitors changes in circumstances that would require a remeasurement of its leases and will remeasure a lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

#### Ad Valorem Taxes

Tax revenue is recognized in the period levied each year. The ad valorem tax levy is recorded as revenue by the Hospital in accordance with the applicable measurement focus and basis of accounting for fiscal year 2024. Lien dates, levy dates, and due dates are described below:

- Lien date - January 1
- Levy date - January 1, succeeding year
- Due dates - February 28 and June 15, succeeding year

#### Capital Assets

Capital assets are stated at historical cost. Maintenance, repairs, and minor replacements are charged to expense as incurred. Intangible right-to-use lease assets are stated at the present value of minimum lease payments. The Hospital's policy is to capitalize all capital asset expenditures exceeding \$5,000. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Intangible right-to-use lease assets are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the intangible right-to-use lease asset. Such amortization is included in depreciation and amortization expense in the accompanying financial statements.

The Hospital estimates the useful lives of assets to be as follows:

Land improvements	7 to 20 years
Buildings and improvements	5 to 40 years
Equipment	3 to 26 years
Lease right of use assets	3 years

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Capital Assets** (Continued)

Gifts of long-lived assets such as land, buildings, or equipment are reported as 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.

#### **Deferred Inflows of Resources**

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents the acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Hospital reports deferred inflows of resources related to its leases.

Lease-related amounts are recognized at the execution of a sale-leaseback transaction and represent the difference between the carrying amount of the asset sold and the amount of consideration received in the transaction. Deferred inflows of resources are amortized over the term of the related lease agreement.

#### **Compensated Absences**

The Hospital's policy is to permit employees to accumulate earned but unused "paid time-off" (PTO) and sick pay benefits. All PTO is accrued when incurred at varying rates depending on the employee's position and contract.

All employees accrue PTO, and sick pay. Unused PTO is accumulated and paid to the employee when the employee terminates employment with the Hospital. Accrued PTO was reported as a current liability at December 31, 2024 and 2023, respectively.

#### **Net Position**

Net position of the Hospital is classified into three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is noncapital net position that must be used for a particular purpose as specified by creditors, grantors, contributors external to the Hospital, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation and includes amounts deposited with trustees as required by revenue bond indenture and note payable escrow agreements. Unrestricted net position is remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

When both restricted and unrestricted resources are available for use, it is the Hospital's policy to use externally restricted resources first.

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Operating Revenue and Expenses**

The Hospital's statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with providing health care services, the Hospital's principal activity. Operating expenses are all expenses incurred to provide health care services, other than financing costs. All other revenue and expenses not meeting these definitions, including property tax revenue, investment income, interest income, and interest expense, are reported as nonoperating revenue and expenses.

#### **Net Patient Service Revenue**

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. Estimated uncollectible revenue is reported as provision for bad debts in the financial statements. 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. Some health care is provided with the knowledge that it will not be reimbursed. This is reported under charity care/financial assistance.

For uninsured patients who do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for services provided. Thus, the Hospital records a provision for bad debts related to uninsured patients in the period the services are provided.

The Hospital participates in the State of Colorado CHASE program, approved by the Centers for Medicare and Medicaid Services (CMS), under which all hospitals in the state were 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 Hospital's expense was approximately \$335,000 for the year ended December 31, 2024, and \$225,000 for the year ended December 31, 2023, in provider fees. The Hospital's revenue was approximately \$4,483,000 and \$2,801,000 of supplemental payments for the years ended December 31, 2024, and 2023, respectively, which is recorded as part of net patient service revenue.

#### **Charity Care**

The Hospital provides care to patients who meet certain criteria under its charity care/financial assistance policy without charge or at amounts less than established rates. The Hospital maintains records to identify the amount of charges foregone for services and supplies furnished under its charity care/financial assistance policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care/financial assistance, they are not reported as net patient service revenue in the accompanying statements of revenues, expenses, and changes in net position.

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Grants and Contributions

From time to time, the Hospital receives grants from the state of Colorado, as well as contributions from individuals and private organizations. Revenue from grants and contributions may be restricted for either specific operating purposes or capital purposes. Amounts that are unrestricted or that are restricted for a specific operating purpose are reported as nonoperating revenue. Amounts restricted for capital acquisitions are reported after nonoperating revenue and expenses.

#### Recently Adopted Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The Hospital has determined the provisions of this guidance had no significant effect on the financial statements.

### Note 2: Cash and Cash Equivalents

*Custodial credit risk:* State law requires collateralization of all deposits with federal depository insurance or other acceptable collateral. The Hospital's cash on deposit with banks is insured through the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. 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 Hospital's investment policy does not address custodial credit risk. 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 the 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, the Hospital's deposits were in banks covered under PDPA, properly collateralized, or were in banks with balances under FDIC limits.

*Interest rate risk:* The Hospital does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Notes to Financial Statements

### Note 3: Concentration of Credit Risk

The Hospital has a concentration of credit risk with respect to unsecured patient accounts receivable. The majority of the Hospital's patients are local residents and are insured under third-party payor agreements.

The mix of patient accounts receivable consisted of the following at December 31:

	2024	2023
Commercial insurance and other third-party payors	44 %	44 %
Medicare	14 %	11 %
Medicaid	9 %	8 %
Patients	33 %	37 %
Totals	100 %	100 %

### Note 4: Reimbursement Arrangements With Third-Party Payors

The Hospital has agreements with third-party payors that provide for reimbursement at amounts that vary from the Hospital's established rates. A summary of the basis of reimbursement with major third-party payors follows:

#### Medicare

The Hospital is licensed as a critical access hospital (CAH). The Hospital is reimbursed for most acute care services under cost reimbursement methodology, with final settlement determined after submission of annual cost reports, which are subject to audits thereof by the Medicare Administrative Contractor (MAC). The Hospital's Medicare cost reports have been final settled by the MAC through the year ended December 31, 2022. Certain services are paid on a fixed fee schedule.

#### Medicaid

Inpatient services and outpatient services after November 1, 2016 rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services prior to November 1, 2016 related to Medicaid beneficiaries are paid at interim rates based on Medicaid cost-to-charge ratio. Retrospective settlements based on audited cost-to-charge ratios are made periodically.

#### Other

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

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Notes to Financial Statements

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### **Note 4: Reimbursement Arrangements With Third-Party Payors** (Continued)

#### **Physician and Professional Services in Rural Health Clinics**

Certain physician and professional services rendered to Medicare and Medicaid beneficiaries qualify for reimbursement as Medicare-approved rural health clinic services. Effective April 1, 2021, Medicare reimbursement for existing provider-based rural health clinics affiliated with hospitals with less than 50 available beds is limited to a per-visit base rate inflated annually by the Medicare Economic Index. All other physician and professional services rendered to Medicare and Medicaid beneficiaries are paid based on prospectively determined fee schedules.

#### **Accounting for Contractual Arrangements**

The Hospital is reimbursed for certain cost-reimbursable items at an interim rate, and final settlements are determined after an audit of the Hospital's related annual cost reports by the respective Medicare and Medicaid fiscal intermediaries. Estimated provisions to approximate the final expected settlements after review by the intermediaries are included in the accompanying financial statements. Differences between the Hospital's estimates and subsequent final settlements by the Medicare and Medicaid fiscal intermediary will be included in future statements of revenue, expenses, and changes in net position.

#### **Compliance**

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and billing regulations. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of fines and penalties, as well as repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

CMS uses recovery audit contractors (RACs) as part of its efforts to ensure accurate payments. RACs search for potentially inaccurate Medicare payments that might have been made to health care providers and that were not detected through existing CMS program integrity efforts. Once the RAC identifies a claim it believes is inaccurate, it makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. Certain states also have hired Medicaid Integrity Contractors (MIC) to perform audits similar to RACs. The Hospital will have the ability to appeal adjustments before final settlement of the claim is made. As of December 31, 2024, the Hospital has not been notified by any RAC or MIC of any potential significant reimbursement adjustments.

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Notes to Financial Statements

### Note 5: Capital Assets

Capital assets activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Depreciable capital assets:					
Land improvements and building	\$ 29,629,653	\$ -	\$ -	\$ -	\$ 29,629,653
Equipment	11,324,296	410,482	-	-	11,734,778
Right-to-use assets	3,001,407	-	-	-	3,001,407
<b>Total depreciable capital assets</b>	<b>43,955,356</b>	<b>410,482</b>	<b>-</b>	<b>-</b>	<b>44,365,838</b>
Less accumulated depreciation/amortization for:					
Land improvements and building	7,233,775	1,348,785	-	-	8,582,560
Equipment	8,887,098	918,812	-	-	9,805,910
Right-to-use assets	1,456,522	573,281	-	-	2,029,803
<b>Total accumulated depreciation/amortization</b>	<b>17,577,395</b>	<b>2,840,878</b>	<b>-</b>	<b>-</b>	<b>20,418,273</b>
<b>Capital assets - net</b>	<b>\$ 26,377,961</b>	<b>\$ (2,430,396)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,947,565</b>

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Notes to Financial Statements

### Note 5: Capital Assets (Continued)

Capital assets activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
<b>Nondepreciable capital assets:</b>					
Land	\$ 48,000	\$ -	\$ -	\$ (48,000)	\$ -
<b>Depreciable capital assets:</b>					
Land improvements and building	29,629,653	-	-	-	29,629,653
Equipment	11,382,995	149,372	-	(208,071)	11,324,296
Right-to-use assets	3,001,407	-	-	-	3,001,407
<b>Total depreciable capital assets</b>	<b>44,014,055</b>	<b>149,372</b>	<b>-</b>	<b>(208,071)</b>	<b>43,955,356</b>
<b>Less accumulated depreciation/amortization for:</b>					
Land improvements and building	5,950,850	1,282,925	-	-	7,233,775
Equipment	7,960,634	926,464	-	-	8,887,098
Right-to-use assets	651,286	805,236	-	-	1,456,522
<b>Total accumulated depreciation/amortization</b>	<b>14,562,770</b>	<b>3,014,624</b>	<b>-</b>	<b>-</b>	<b>17,577,395</b>
<b>Capital assets - net</b>	<b>\$ 29,499,285</b>	<b>\$ (2,865,252)</b>	<b>\$ -</b>	<b>\$ (256,071)</b>	<b>\$ 26,377,961</b>

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Notes to Financial Statements

### Note 6: Long-Term Liabilities

Long-term liabilities activity for the year ended December 31, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Long-term debt:					
<b>Direct borrowings -</b>					
USDA 2021A-1 bonds payable	\$ 8,645,563	\$ -	\$ (182,779)	\$ 8,462,784	\$ 186,703
USDA 2021A-2 bonds payable	7,963,515	-	(167,233)	7,796,282	173,099
Note payable	4,350,910	-	(82,707)	4,268,203	86,792
<b>Total long-term debt</b>	<b>\$ 20,959,988</b>	<b>\$ -</b>	<b>\$ (432,719)</b>	<b>\$ 20,527,269</b>	<b>\$ 446,594</b>
<b>Leases payable</b>	<b>\$ 1,639,562</b>	<b>\$ -</b>	<b>\$ (807,539)</b>	<b>\$ 832,023</b>	<b>\$ 572,492</b>

Long-term liabilities activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Long-term debt:					
<b>Direct borrowings -</b>					
USDA 2021A-1 bonds payable	\$ 8,824,503	\$ -	\$ (178,940)	\$ 8,645,563	\$ 182,779
USDA 2021A-2 bonds payable	8,128,338	-	(164,823)	7,963,515	168,360
Note payable	4,430,697	-	(79,787)	4,350,910	83,216
<b>Total long-term debt</b>	<b>\$ 21,383,538</b>	<b>\$ -</b>	<b>\$ (423,550)</b>	<b>\$ 20,959,988</b>	<b>\$ 434,355</b>
<b>Leases payable</b>	<b>\$ 2,254,130</b>	<b>\$ -</b>	<b>\$ (614,568)</b>	<b>\$ 1,639,562</b>	<b>\$ 807,539</b>

The terms and due dates of the Hospital's long-term debt and leases payable are as follows:

#### USDA 2021A-1 and 2021A-2 bonds payable

Hospital revenue bonds payable to the U.S. Department of Agriculture (USDA), due in monthly installments of \$28,021 and \$30,420, including interest, through December 2056. Collateralized by security agreement.

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Notes to Financial Statements

### Note 6: Long-Term Liabilities (Continued)

#### Notes payable

Mortgage note payable, due in monthly installments of \$22,094, including interest, to December 2051, guaranteed 90% by the USDA. Collateralized by security agreement and real property.

#### Leases payable

The Hospital is a party to lease agreements for buildings and equipment, terms range from 36 to 60 months maturing 2025 through 2027. Discount rates used to calculate the present value of the future lease payments range from 2.50-2.569% and are based on either the discount rate implicit in the lease agreement or the Hospital's estimated incremental borrowing rate at the time of the lease inception.

Sale-leaseback - In 2022 the Hospital entered into a sale-leaseback transaction resulting in a deferred inflow of resources in the amount of \$1,760,011. The deferred inflow of resources will be amortized over the life of the lease through July 2025.

Aggregate future annual principal and interest payments related to long-term debt and leases payable are as follows:

<i>Years Ending December 31,</i>	Direct borrowings		Leases payable	
	Principal	Interest	Principal	Interest
2025	\$ 446,594	\$ 520,352	\$ 572,492	\$ 12,464
2026	456,893	508,925	221,832	3,969
2027	468,645	497,174	37,699	118
2028	480,733	485,086	-	-
2029	493,167	472,652	-	-
2030-2034	2,662,380	2,163,804	-	-
2035-2039	3,035,081	1,794,013	-	-
2040-2044	3,462,981	1,366,113	-	-
2045-2049	3,959,404	869,690	-	-
2050-2054	3,690,564	343,140	-	-
2055-2059	1,370,827	30,549	-	-
<b>Total long-term debt and leases payable</b>	<b>\$ 20,527,269</b>	<b>\$ 9,051,498</b>	<b>\$ 832,023</b>	<b>\$ 16,551</b>

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Notes to Financial Statements

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### Note 7: Charity Care

The Hospital provides health care services and other financial support through various programs that are designed, among other matters, to enhance the health of the community, including the health of low-income patients. Consistent with the mission of the Hospital, health care is provided to patients regardless of their ability to pay, including providing services to those persons who cannot afford health insurance because of inadequate resources.

Patients who meet certain criteria for charity care/financial assistance, generally based on federal poverty guidelines, are provided care based on criteria defined in the Hospital's charity care policy. The Hospital maintains records to identify and monitor the level of charity care/financial assistance it provides. The amount of charges foregone for services and supplies furnished under the Hospital's charity care policy aggregated \$251,457 for the year ended December 31, 2024 and \$27,159 for year ended December 31, 2023.

### Note 8: Deferred Compensation

The Hospital sponsors a 403(b) deferred compensation plan. The plan is available to eligible Hospital employees and permits them to defer a portion of their compensation for retirement purposes. Employer contributions are at the discretion of the Hospital's board of directors. Employees automatically become eligible to contribute at the beginning of employment. The deferred compensation is invested for the participants by the Hospital under the plan agreements.

The Hospital also administers a 401(a) plan, under which all employees over the age of 21 who have completed one year of service are eligible to participate. Participants may defer a portion of their compensation up to specified limits according to the IRC. The Hospital discontinued contributions to the 401(a) plan in 2015 and currently allows for employee contributions only.

### Note 9: Contingencies

#### Risk Management

The Hospital 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; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this coverage in any of the three preceding years.

#### Malpractice

The Hospital 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.

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Notes to Financial Statements

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### **Note 9: Contingencies** (Continued)

#### **Litigation, Claims, and Disputes**

The Hospital 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 Hospital. 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 services.

#### Legal Matter

The Hospital is a party to a legal matter still in preliminary stages with potential uninsured risk exposure of approximately \$480,000. Due to the uncertain outcome of the legal matter, no accrual of the potential liability has been made in the statement of net position.

### **Note 10: Reclassifications**

Certain reclassifications have been made to the 2023 financial statements to conform to the 2024 classifications. In 2023, approximately \$20,526,000 in long-term debt was classified as a current liability because the Hospital did not meet certain debt covenants. The amount has been reported as a long-term liability in the accompanying statements of net position.

## **Supplementary Information**

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# St. Vincent General Hospital District d/b/a St. Vincent Health

## Schedule of Revenues and Expenses - Budget and Actual

<i>Year Ended December 31, 2024</i>	Budget	Actual	Variance Favorable/ (Unfavorable)
<b>Operating revenue:</b>			
Net patient service revenue	\$ 16,983,659	\$ 20,492,424	\$ 3,508,765
Other revenue	424,636	22,595	(402,041)
<b>Total operating revenue</b>	<b>17,408,295</b>	<b>20,515,019</b>	<b>3,106,724</b>
<b>Nonoperating revenue (expense):</b>			
Investment income	-	1,954	1,954
Interest expense	(770,983)	(637,095)	133,888
Tax levy	3,001,162	2,994,988	(6,174)
Grants and contributions	850,000	131,003	(718,997)
Other	640,692	34,909	(605,783)
Capital contributions	-	362,347	362,347
Gain on sale-leaseback	-	586,670	586,670
<b>Total nonoperating revenue (expense)</b>	<b>3,720,871</b>	<b>3,474,776</b>	<b>(246,095)</b>
<b>Total revenues</b>	<b>\$ 21,129,166</b>	<b>\$ 23,989,795</b>	<b>\$ 2,860,629</b>
<b>Operating expenses:</b>			
Salaries and wages	\$ 7,790,344	\$ 7,452,686	\$ (337,658)
Benefits	2,032,095	2,515,078	482,983
Depreciation	3,031,513	2,840,878	(190,635)
Supplies	864,195	867,128	2,933
Purchased services	5,420,415	5,524,511	104,096
Other	1,892,221	1,202,695	(689,526)
<b>Total expenses</b>	<b>21,030,783</b>	<b>20,402,976</b>	<b>(627,807)</b>
Capital budget	-	410,482	410,482
Debt retirement - Principal paid	409,464	432,719	23,255
<b>Total expenditures</b>	<b>\$ 21,440,247</b>	<b>\$ 21,246,177</b>	<b>\$ (194,070)</b>

**Notes to Schedule:**

- Annual budgets are adopted as required by Colorado Statutes. Formal budgetary integration is employed as a management control device during the year. Budgets are adopted on a basis that is consistent with accounting principals generally accepted in the United States of America.

- Management believes that the Hospital is compliant with the rules of Colorado's Taxpayer's Bill of Rights (TABOR).

See Independent Auditor's Report

# St. Vincent General Hospital District d/b/a St. Vincent Health

Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Listing Number	Contract or Award Number	Total Federal Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Community Facilities Loans and Grants	10.766	N/A	\$ 20,508,988
Total U.S. Department of Agriculture			20,508,988
U.S. Department of the Treasury:			
Passed through the State of Colorado, Department of Health Care Policy and Financing			
Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFRP0126	337,347
Total U.S. Department of the Treasury			337,347
Total expenditures of federal awards			\$ 20,846,335

See Independent Auditor's Report

See accompanying notes to schedule of expenditures of federal awards

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Notes to the Schedule of Expenditures of Federal Awards Year Ended December 31, 2024

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### **Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of St. Vincent General Hospital District d/b/a St. Vincent Health (the "Hospital") under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Hospital, it is not intended to and does not present the financial position, changes in net position or cash flows of the Hospital.

### **Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### **Note 3: Community Facilities Loans and Grants**

The Hospital had outstanding loans with the U.S. Department of Agriculture (USDA) as of December 31, 2024, with a balance of \$20,076,269. The loan balance at the beginning of the year was \$20,508,988 and is included in the federal expenditures presented on the Schedule. There were no new loans received during the year ended December 31, 2024.

### **Note 4: Indirect Cost Rate**

The Hospital has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

### **Note 4: Subrecipients**

Of the federal expenditures presented in the Schedule, the Hospital provided no awards to subrecipients.

## **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***

Board of Directors  
St. Vincent General Hospital District d/b/a St. Vincent Health  
Leadville, 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, the statements of net position, revenues, expenses, and changes in net position, and cash flows of St. Vincent General Hospital District d/b/a St. Vincent Health (the "Hospital"), as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements, and have issued our report thereon dated June 17, 2025.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital'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 a combination of deficiencies in internal control, such that there is reasonable possibility that a material misstatement of the Hospital's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 St. Vincent General Hospital District d/b/a St. Vincent Health'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 Hospital'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 Hospital's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Spokane, Washington  
June 17, 2025

## **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance**

Board of Directors  
St. Vincent General Hospital District d/b/a St. Vincent Health  
Leadville, Colorado

### **Report on Compliance for Each Major Federal Program**

#### ***Qualified and Unmodified Opinions***

We have audited St. Vincent General Hospital District d/b/a St. Vincent Health's (the Hospital) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024. The Hospital's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Qualified Opinion on the U.S. Department of Agriculture Community Facilities Loans and Grants***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report the Hospital complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

#### ***Unmodified Opinion on the Other Major Federal Program***

In our opinion, the Hospital complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2024.

#### ***Basis for Qualified and Unmodified Opinions***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the Hospital's compliance with the compliance requirements referred to above.

## *Matters Giving Rise to Qualified Opinion on the U.S. Department of Agriculture Community Facilities Loans and Grants*

As described in the accompanying schedule of findings and questioned costs, the Hospital did not comply with requirements regarding *the U.S. Department of Agriculture Community Facilities Loans and Grants* and associated finding numbers 2024-001 for special tests and provisions and 2024-002 for reporting.

Compliance with such requirements is necessary, in our opinion, for the Hospital to comply with the requirements applicable to that program.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Hospital's federal programs.

### ***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Hospital's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Hospital's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Hospital's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Hospital's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on Internal Control Over Compliance***

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did identify certain deficiencies that we consider to be a material weakness and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over-compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Hospital's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Hospital's response was not subjected to other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Wipfli LLP

Spokane, Washington  
June 17, 2025

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Schedule of Findings and Questioned Costs

Year Ended December 31, 2024

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? \_\_\_\_\_ yes   X   no

Significant deficiency(ies) identified ? \_\_\_\_\_ yes   X   no

Noncompliance material to the financial statements? \_\_\_\_\_ yes   X   no

*Federal Awards*

Internal control over compliance:

Material weakness identified?   X   yes \_\_\_\_\_ no

Significant deficiency(ies) identified?   X   yes \_\_\_\_\_ no

Type of auditor's report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance [2 CFR 200.516(a)]?   X   yes \_\_\_\_\_ no

Identification of major federal programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
10.766	Community Facilities Loans and Grants
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs \$750,000

Auditee qualified as a low-risk auditee? \_\_\_\_\_ yes   X   no

**St. Vincent General Hospital District  
d/b/a St. Vincent Health**

**Schedule of Findings and Questioned Costs (Continued)**

Year Ended December 31, 2024

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**SECTION II - Findings Related to Financial Statements**

None reported

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2024

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### SECTION III - Findings and Questioned Costs Related to Federal Awards

Finding: 2024-001 Debt service reserve fund  
Program Name Title: Community Facilities Loans and Grants  
Federal Assistance Listing Number: 10.766  
Federal Agency: U.S. Department of Agriculture  
Type of Finding: Noncompliance, Material weakness  
Compliance Requirement: Special Tests and Provisions  
Repeat Finding: Yes  
Questioned Cost: None

**Criteria:** 2 CFR 200.303(a) establishes that the auditee must establish and maintain effective internal control over the federal award that provides assurance that the entity is managing the federal award in compliance with federal statutes, regulations, and conditions of the federal award.

**Condition:** The Hospital did not fully fund a debt reserve fund as required by the federal award agreement.

**Cause:** The Hospital has experienced a financial crisis where all available monies were used to fund payroll and pay down immediate debts, resulting in the use of any amounts previously reserved.

**Effect:** The lack of adequate policies governing the monitoring of the required debt covenants and the establishment and funding of reserves increases the risk that employees may not be able to detect and correct noncompliance in a timely manner.

**Recommendation:** We recommend the Hospital fund the required debt reserve fund as soon as possible and provide funds in accordance with the federal award agreement. We also recommend the Hospital create internal controls to monitor debt covenants.

**View of Responsible Officials:** Management agrees with the finding.

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Schedule of Findings and Questioned Costs (Continued)

Year Ended December 31, 2024

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Finding: 2024-002 Preparation of the SEFA  
Program Name Title: Community Facilities Loans and Grants  
Federal Assistance Listing Number: 10.766  
Federal Agency: U.S. Department Agriculture  
Type of Finding: Noncompliance, Significant deficiency  
Compliance Requirement: Reporting  
Repeat Finding: Yes  
Questioned Cost: None

**Criteria:** Proper controls over financial reporting include the ability to prepare the schedule of expenditures of federal awards (Schedule) and accompanying notes to the Schedule.

**Condition:** The Hospital does not have an internal control system designed to provide for a complete and accurate Schedule being audited. We were requested to draft the Schedule.

**Cause:** Auditor assistance with preparation of the Schedule is not unusual, as the Schedule has unique and specialized requirements and preparation is only required when the Hospital meets a specified threshold of federal expenditures.

**Effect:** There is a reasonable possibility that the Hospital would not be able to draft a Schedule that is correct without assistance of the auditors.

**Recommendation:** While we recognize that this condition is not unusual for an organization with limited staffing, we recommend management be aware of the financial reporting requirements relating to the Hospital's Schedule and internal controls that impact financial reporting.

**View of Responsible Officials:** Management agrees with the finding.

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Prior Year Schedule of Findings and Questioned Costs

Year Ended December 31, 2024

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### Section II: Findings Related to Financial Statements

**Finding:** 2023-001 Preparation of the audited financial statements

**Initial Fiscal Year Finding Occurred:** 2022

**Finding Summary:** The Hospital does not have an internal control system designed to provide for the preparation of financial statements and related footnotes. The Hospital relies on the auditor to prepare the financial statements and footnotes.

**Status:** Resolved

**Finding:** 2023-002 General ledger maintenance

**Initial Fiscal Year Finding Occurred:** 2022

**Finding Summary:** The Hospital did not reconcile significant general ledger accounts on a regular basis resulting in material adjusting journal entries.

**Status:** Resolved

**Finding:** 2023-003 Inventory reconciliation

**Initial Fiscal Year Finding Occurred:** 2023

**Finding Summary:** The Hospital did not reconcile inventory resulting in a material adjustment to the financial statements.

**Status:** Resolved

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Prior Year Schedule of Findings and Questioned Costs

Year Ended December 31, 2024

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**Finding:** 2023-002 Manual journal entries

**Initial Fiscal Year Finding Occurred:** 2023

**Finding Summary:** The Hospital does not have controls in place for proper review and approval of manual journal entries.

**Anticipated Completion Date:** Resolved

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Prior Year Schedule of Findings and Questioned Costs

Year Ended December 31, 2024

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### Section III: Findings and Questions Costs Related to Federal Awards

**Finding:** 2023-005 Reporting

**Program Name Title:** Community Facilities Loan and Grants

**Federal Assistance Listing Number:** 10.766

**Federal Agency:** U.S. Department of Agriculture

**Initial Fiscal Year Finding Occurred:** 2022

**Finding Summary:** Proper controls over financial reporting include the ability to prepare and submit the required reporting to the U.S. Department of Agriculture. The Hospital does not have an internal control system designed to provide all of the required reporting to the U.S. Department of Agriculture.

**Status:** Resolved

**Finding:** 2023-006 Debt service reserve fund

**Program Name Title:** Community Facilities Loan and Grants

**Federal Assistance Listing Number:** 10.766

**Federal Agency:** U.S. Department of Agriculture

**Initial Fiscal Year Finding Occurred:** 2022

**Finding Summary:** The Hospital did not have adequate internal control policies in place to ensure review and approval over the reserve funds, monitoring of all required debt covenants, proper funding of the reserve accounts, or to ensure that proper procedures are followed for obtaining USDA approval for any withdrawals from the debt service reserve funds.

**Status:** Repeated as finding 2024-001

**Anticipated Completion Date:** Ongoing

# St. Vincent General Hospital District d/b/a St. Vincent Health

## Prior Year Schedule of Findings and Questioned Costs

Year Ended December 31, 2024

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**Finding:** 2023-007 Preparation of SEFA

**Program Name Titles:** Community Facilities Loan and Grants

**Federal Assistance Listing Numbers:** 10.766

**Federal Agencies:** U.S. Department of Agriculture

**Initial Fiscal Year Finding Occurred:** 2022

**Finding Summary:** Proper controls over financial reporting include the ability to prepare the schedule of expenditures of federal awards (Schedule) and accompanying notes to the Schedule. The Hospital does not have an internal control system designed to provide for a complete and accurate Schedule being audited. We were requested to draft the Schedule.

**Status:** Repeated as finding 2024-002

**Anticipated Completion Date:** Ongoing