# Kiowa County Hospital District doing business as Weisbrod Health

## Basic Financial Statements and Independent Auditors' Report

December 31, 2025 and 2024

DZA

ACCOUNTANTS | ADVISORS

**Kiowa County Hospital District**
**doing business as Weisbrod Health**
**Table of Contents**

ACCOUNTANTS | ADVISORS

# INDEPENDENT AUDITORS' REPORT

Board of Directors
Kiowa County Hospital District
doing business as Weisbrod Health
Eads, Colorado

## Opinion

We have audited the accompanying financial statements of Kiowa County Hospital District doing business as Weisbrod Health (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2025, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

## Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Other Matters

The financial statements of the District, as of and for the year ended December 31, 2024, were audited by Stockman Kast Ryan & Co., LLP, whose report dated July 22, 2025, expressed an unmodified opinion on those financial statements.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, as well as for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.


12015 E Main Ave | Spokane Valley, WA 99206 | 509.242.0874 | www.dza.cpa

**Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance, therefore, there is no guarantee that an audit conducted in accordance with GAAS 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, including omissions, 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

GAAP requires that the management's discussion and analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of budget and actual revenues and expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of budget and actual revenues and expenses is fairly stated in all material respects in relation to the financial statements as a whole.

*DZA PLLC*

Spokane Valley, Washington
June 18, 2026

**Kiowa County Hospital District**
**doing business as Weisbrod Health**
**Management's Discussion and Analysis**
**December 31, 2025 and 2024**

Our discussion and analysis of Kiowa County Hospital District doing business as Weisbrod Health's (the District) financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2025 and 2024. Please read it in conjunction with the District's financial statements, which begin on page 8.

## Financial Highlights

- The District's net position decreased in 2025, with a $38,015 (0.3 percent) decrease, and decreased in 2024, with a $64,196 (0.5 percent) decrease.
- The District reported an operating loss in 2025 of $1,509,146 and an operating loss in 2024 of $1,318,577. Operating losses in 2025 increased by $190,569 (14.5 percent) compared to the operating losses reported in 2024. Operating losses in 2024 increased by $558,329 (73.4 percent) compared to the operating losses reported in 2023.
- Net nonoperating revenues decreased by $79,776 (6.4 percent) in 2025 compared to 2024. Net nonoperating revenues increased in 2024 by $244,389 (24.2 percent) compared to 2023.

## Using this Annual Report

The District's financial statements consist of three statements — a Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows. These financial statements and related notes provide information about the activities of the District, including resources held by the District 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

Our analysis of the District's finances begins on page 8. One of the most important questions asked about the District's finances is, "Is the District 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 Changes in Net Position report information about the District'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 of 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 District's net position and changes in it. You can think of the District's net position — the difference between assets and liabilities — as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District'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 District's patient base and measures of the quality of service it provides to the community, as well as the local economic factors to assess the overall health of the District.

## The Statement of Cash Flows

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and 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?"

## The District's Net Position

The District's net position is the difference between its assets and liabilities reported in the Statement of Net Position on page 8. The District's net position decreased by $38,015 (0.3 percent) in 2025 and decreased by $64,196 (0.5 percent) in 2024, as shown in Table 2.

**Table 1: Assets, Liabilities, and Net Position:**

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| *Assets* | | | |
| Cash and investments | **$ 6,590,920** | $ 6,980,779 | $ 6,944,066 |
| Patient accounts receivable, net | **1,031,322** | 1,607,531 | 635,411 |
| Other current assets | **1,509,680** | 1,317,433 | 1,714,275 |
| Capital assets, net | **8,398,434** | 8,268,373 | 4,450,800 |
| **Total assets** | **$ 17,530,356** | $ 18,174,116 | $ 13,744,552 |
| *Liabilities* | | | |
| Current liabilities | **$ 1,116,481** | $ 1,405,456 | $ 443,783 |
| Long-term debt and obligations under subscription-based information technology arrangements | **3,071,911** | 3,454,113 | 168,405 |
| Total liabilities | **4,188,392** | 4,859,569 | 612,188 |
| *Deferred inflows of resources,* property tax revenue | **835,702** | 770,270 | 523,891 |
| *Net position* | | | |
| Net investment in capital assets | **4,944,215** | 4,454,498 | 4,234,283 |
| Restricted | **262,274** | 255,837 | 262,049 |
| Unrestricted | **7,299,773** | 7,833,942 | 8,112,141 |
| Total net position | **12,506,262** | 12,544,277 | 12,608,473 |
| **Total liabilities, deferred inflows of resources, and net position** | **$ 17,530,356** | $ 18,174,116 | $ 13,744,552 |

A significant component of the change in the District's assets is the decrease in cash and investments. Cash and cash investments decreased in 2025 by $389,859 (5.6 percent) compared to an increase of $36,713 (0.5 percent) in 2024. The overall decrease in cash and investments is primarily due to the purchase of two new ambulances towards the end of the year, which were reimbursed in 2026. Accounts receivable for patient accounts decreased in 2025 by $576,209 (35.8 percent) compared to an increase in 2024 of $972,120 (153 percent). This decrease is due to the writeoff of aged accounts receivable to bad debt.

### The District's Net Position (continued)

In addition, total liabilities decreased by $671,177 (13.8 percent) in 2025 and increased by $4,247,381 (693.8 percent) in 2024. The District had previously recorded a significant subscription-based technology arrangement for a new electronic medical records system in 2024.

### Operating Results and Changes in the District's Net Position

In 2025, the District's net position decreased by $38,015, as shown in Table 2. This decrease is made up of many different components and represents a decrease of 0.3 percent compared with the decrease in net assets for 2024 of $64,196 (0.5 percent).

**Table 2: Operating Results and Changes in Net Position:**

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| *Operating revenues* | | | |
| Net patient service revenue | **$ 9,981,400** | $ 9,976,522 | $ 9,906,683 |
| Other operating revenue | **130,307** | 115,973 | 83,856 |
| Total operating revenues | **10,111,707** | 10,092,495 | 9,990,539 |
| *Operating expenses* | | | |
| Salaries and benefits | **6,522,536** | 5,867,435 | 5,025,350 |
| Professional fees and other purchased services | **1,682,604** | 2,721,591 | 3,276,722 |
| Supplies | **1,161,203** | 1,119,466 | 1,204,769 |
| Depreciation and amortization | **941,674** | 567,049 | 382,941 |
| Other operating expenses | **1,312,836** | 1,135,531 | 861,005 |
| Total operating expenses | **11,620,853** | 11,411,072 | 10,750,787 |
| *Operating loss* | **(1,509,146)** | (1,318,577) | (760,248) |
| *Nonoperating revenues (expenses)* | | | |
| Tax revenue | **1,111,522** | 792,239 | 736,692 |
| Interest income | **46,084** | 42,272 | 25,150 |
| Interest expense | **(180,035)** | (85,271) | (6,989) |
| Other nonoperating revenues, net | **197,034** | 505,141 | 255,139 |
| Total nonoperating revenues, net | **1,174,605** | 1,254,381 | 1,009,992 |
| Excess (deficit) of revenues over expenses before capital grants | **(334,541)** | (64,196) | 249,744 |
| *Capital grants* | **296,526** | - | - |
| Change in net position | **(38,015)** | (64,196) | 249,744 |
| Net position, beginning of year | **12,544,277** | 12,608,473 | 12,358,729 |
| **Net position, end of year** | **$ 12,506,262** | $ 12,544,277 | $ 12,608,473 |

### Operating Losses

The first component of the overall change in the District's net position is its operating loss—generally, the difference between net patient service revenue and the expenses incurred to perform those services. In each of the past two years, the District has reported an operating loss. Losses in 2025 increased by $190,569 (14.5 percent) compared to the loss reported in 2024. Operating losses in 2024 increased by $558,329 (73.4 percent) compared to 2023.

The primary components of these changing operating losses are:

- The District hired a full-time physician during 2025, increasing salary expenses in conjunction with a decrease in reliance on contracted labor.
- Amortization expense incurred on the software-based technology arrangement recorded in 2024.
- General increases in supplies expense.

### Nonoperating Revenues and Expenses

Nonoperating revenues consist primarily of property taxes levied by the District. The decrease in net nonoperating revenue of $79,776 in 2025 was primarily due to the increase in interest expense on subscription-based technology arrangements and decrease in nonoperating grants and contributions.

### The District's Cash Flows

Changes in the District's cash flows are consistent with changes in assets, operating losses, and nonoperating revenues that were discussed previously.

### Capital Assets

At the end of 2025, the District had approximately $4,944,000 invested in capital assets, net of accumulated depreciation and amortization, as detailed in Note 5 to the financial statements. In 2025, the District had construction in progress for two ambulances and an ambulance barn for approximately $701,000.

### Debt

At year end, the District had $3,334,054 outstanding for a subscription-based technology arrangement obligation and $120,165 outstanding for a note payable.

### Contacting the District's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Kiowa County Hospital District doing business as Weisbrod Health, P.O. Box 817, Eads, Colorado 81036.

**Kiowa County Hospital District**
**doing business as Weisbrod Health**
**Statements of Net Position**
**December 31, 2025 and 2024**

| ASSETS | 2025 | 2024 |
|---|---|---|
| *Current assets* | | |
| Cash and cash equivalents | **$ 5,755,262** | $ 6,164,396 |
| Investments | **573,384** | 560,546 |
| Receivables: | | |
| Patient accounts | **1,031,322** | 1,607,531 |
| Taxes | **835,702** | 770,270 |
| Estimated third-party payor settlements | **135,704** | 127,316 |
| Grants receivable | **296,526** | - |
| Inventories | **157,220** | 319,573 |
| Prepaid expenses | **84,528** | 100,274 |
| Total current assets | **8,869,648** | 9,649,906 |
| *Noncurrent assets* | | |
| Investments restricted for debt reserve | **262,274** | 255,837 |
| Nondepreciable capital assets | **837,318** | 125,000 |
| Depreciable capital assets, net of accumulated depreciation and amortization | **7,561,116** | 8,143,373 |
| Total noncurrent assets | **8,660,708** | 8,524,210 |
| **Total assets** | **$ 17,530,356** | $ 18,174,116 |

*See accompanying notes to financial statements.*

**Kiowa County Hospital District**
**doing business as Weisbrod Health**
**Statements of Net Position (Continued)**
**December 31, 2025 and 2024**

| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION | 2025 | 2024 |
|---|---|---|
| *Current liabilities* | | |
| Accounts payable | **$ 59,182** | $ 339,437 |
| Accrued compensation and related liabilities | **524,813** | 432,205 |
| Estimated third-party payor settlements | **150,178** | 274,052 |
| Current maturities of subscription-based information technology arrangements | **330,979** | 310,021 |
| Current maturities of long-term debt | **51,329** | 49,741 |
| Total current liabilities | **1,116,481** | 1,405,456 |
| *Noncurrent liabilities* | | |
| Subscription-based information technology arrangements, less current maturities | **3,003,075** | 3,334,054 |
| Long-term debt, less current maturities | **68,836** | 120,059 |
| Total noncurrent liabilities | **3,071,911** | 3,454,113 |
| Total liabilities | **4,188,392** | 4,859,569 |
| *Deferred inflows of resources, property tax revenue* | **835,702** | 770,270 |
| *Net position* | | |
| Net investment in capital assets | **4,944,215** | 4,454,498 |
| Restricted | **262,274** | 255,837 |
| Unrestricted | **7,299,773** | 7,833,942 |
| Total net position | **12,506,262** | 12,544,277 |
| **Total liabilities, deferred inflows of resources, and net position** | **$ 17,530,356** | $ 18,174,116 |

*See accompanying notes to financial statements.*

**Kiowa County Hospital District**
**doing business as Weisbrod Health**
**Statements of Revenues, Expenses, and Changes in Net Position**
**Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| *Operating revenues* | | |
| Net patient service revenue | **$ 9,981,400** | $ 9,976,522 |
| Other operating revenue | **130,307** | 115,973 |
| Total operating revenues | **10,111,707** | 10,092,495 |
| *Operating expenses* | | |
| Salaries and wages | **5,504,547** | 4,842,663 |
| Employee benefits | **1,017,989** | 1,024,772 |
| Depreciation and amortization | **941,674** | 567,049 |
| Supplies | **1,161,203** | 1,213,627 |
| Professional fees and other purchased services | **1,682,604** | 2,721,591 |
| Utilities | **155,097** | 148,323 |
| Insurance | **116,752** | 90,991 |
| Repairs and maintenance | **227,220** | 197,731 |
| Other operating expenses | **813,767** | 604,325 |
| Total operating expenses | **11,620,853** | 11,411,072 |
| *Operating loss* | **(1,509,146)** | (1,318,577) |
| *Nonoperating revenues (expenses)* | | |
| Interest income | **46,084** | 42,272 |
| Grants and contributions | **206,167** | 529,062 |
| Tax revenue | **1,111,522** | 792,239 |
| Loss on disposal of assets | **(9,133)** | (23,921) |
| Interest expense | **(180,035)** | (85,271) |
| Total nonoperating revenues (expenses), net | **1,174,605** | 1,254,381 |
| Excess of expenses over revenues before capital grants | **(334,541)** | (64,196) |
| *Capital grants* | **296,526** | - |
| Change in net position | **(38,015)** | (64,196) |
| Net position, beginning of year | **12,544,277** | 12,608,473 |
| **Net position, end of year** | **$ 12,506,262** | $ 12,544,277 |

*See accompanying notes to financial statements.*

**Kiowa County Hospital District**
**doing business as Weisbrod Health**
**Statements of Cash Flows**
**Years Ended December 31, 2025 and 2024**

| | 2025 | 2024 |
|---|---|---|
| ***Change in Cash and Cash Equivalents*** | | |
| *Cash flows from operating activities* | | |
| Receipts from and on behalf of patients | **$ 10,425,347** | $ 9,626,081 |
| Other receipts | **130,307** | 148,494 |
| Payments to and on behalf of employees | **(6,429,928)** | (5,725,049) |
| Payments to suppliers and contractors | **(4,258,799)** | (4,663,496) |
| Net cash from operating activities | **(133,073)** | (613,970) |
| *Cash flows from noncapital financing activities* | | |
| Taxation for operations | **1,111,522** | 792,239 |
| Grants and contributions | **206,167** | 712,628 |
| Net cash from noncapital financing activities | **1,317,689** | 1,504,867 |
| *Cash flows from capital and related financing activities* | | |
| Purchase of capital assets | **(1,080,868)** | (639,789) |
| Principal paid on long-term debt and other noncurrent liabilities | **(359,656)** | (171,396) |
| Interest paid on long-term debt and other noncurrent liabilities | **(180,035)** | (85,271) |
| Net cash from capital and related financing activities | **(1,620,559)** | (896,456) |
| *Cash flows from investing activities* | | |
| Interest income | **26,809** | 25,847 |
| Net change in cash and cash equivalents | **(409,134)** | 20,288 |
| Cash and cash equivalents, beginning of year | **6,164,396** | 6,144,108 |
| **Cash and cash equivalents, end of year** | **$ 5,755,262** | $ 6,164,396 |

*See accompanying notes to financial statements.*

**Kiowa County Hospital District**
**doing business as Weisbrod Health**
**Statements of Cash Flows (Continued)**
**Years Ended December 31, 2025 and 2024**

| | | 2025 | | 2024 |
|---|---|---|---|---|
| ***Reconciliation of Operating Loss to Net Cash from Operating Activities*** | | | | |
| *Operating loss* | **$** | **(1,509,146)** | $ | (1,318,577) |
| *Adjustments to reconcile operating loss to net cash from operating activities* | | | | |
| Depreciation and amortization | | **941,674** | | 567,049 |
| Provision for bad debts | | **389,837** | | 319,503 |
| (Increase) decrease in assets: | | | | |
| Patient accounts receivable | | **186,372** | | (1,291,623) |
| Estimated third-party payor settlements | | **(8,388)** | | 146,736 |
| Inventories | | **162,353** | | 79,451 |
| Prepaid expenses | | **15,746** | | 32,742 |
| Increase (decrease) in liabilities: | | | | |
| Accounts payable | | **(280,255)** | | 232,706 |
| Accrued compensation and related liabilities | | **92,608** | | 143,265 |
| Estimated third-party payor settlements | | **(123,874)** | | 474,778 |
| **Net cash from operating activities** | **$** | **(133,073)** | $ | (613,970) |

***Noncash Investing, Capital, and Financing Activities***

During the year ended December 31, 2024, the District entered into a subscription-based information technology arrangement for an electronic health records system in the amount of $3,768,754.

*See accompanying notes to financial statements.*

## 1. Reporting Entity and Summary of Significant Accounting Policies:

### a. Reporting Entity

Kiowa County Hospital District doing business as Weisbrod Health (the District) owns and operates Weisbrod Health, a 25-bed critical access hospital and Eads Medical Clinic (EMC), a rural health clinic (RHC). The District provides healthcare services to residents in Kiowa County, Colorado (the County). Services provided by the District include acute care hospital services, emergency room, ambulance, and other related ancillary procedures (laboratory, imaging, physical therapy, etc.) associated with those services.

The District is governed by a five-member Board of Directors (the Board) elected by the citizens of the County. As organized, the District is exempt from payment of federal income tax. The District is not a component unit of any other government entity. The District does not have any material component units.

### b. Summary of Significant Accounting Policies

***Use of estimates*** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Enterprise fund accounting*** – The District's accounting policies conform to GAAP as applicable to proprietary funds of governments. The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

***Cash and cash equivalents*** – Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

***Inventories*** – Inventories are stated at cost using the first-in, first-out method. Inventories consist of pharmaceutical, medical, laundry, and other supplies used in the operation of the District.

***Prepaid expenses*** – Prepaid expenses are expenses paid during the year relating to expenses which will be incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense. Prepaid expenses include prepaid insurance and other expenses.

***Capital assets*** – Capital assets are defined by the District as assets with initial individual costs of more than $5,000 and an estimated useful life in excess of one year. Major expenses for capital assets and major repairs that increase useful lives are capitalized. Maintenance, repairs, and minor renewals that do not increase the useful life of the asset are accounted for as expenses when incurred. Capital assets are recorded at historical cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Capital assets acquired under leases or subscription agreements are amortized over the shorter of either the estimated useful life or the length of the lease or subscription agreement.

## 1. Reporting Entity and Summary of Significant Accounting Policies (continued):

### b. Summary of Significant Accounting Policies (continued)

***Capital assets (continued)*** – Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net assets, and are excluded from expenses in excess of revenues, unless explicit donor stipulations specify how the donated assets must be used. 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 assets.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

All capital assets, other than land and construction in progress, are depreciated or amortized using the straight-line method over the following estimated useful service lives:

| | |
|---|---|
| Buildings and improvements | 10 to 40 years |
| Fixed and major moveable equipment | 5 to 20 years |
| Subscription asset | 9 years |

***Compensated absences and related liabilities*** – The District's employees earn accrued vacation leave for vacation based upon years of service. The related liability is accrued during the period in which it is earned. Depending on years of service, accrued vacation leave accrues from 0.1000 to 0.1416 per hour worked each year. The District's policy is to permit employees to accumulate up to a maximum of 192 to 272 hours, depending on years of service. Upon reaching the maximum, any excess accrued vacation leave earned that would extend an employee over the stated maximum is not paid to the employee. Employees also earn sick leave benefits based on a standard rate of 4.84 hours per 160 hours of regular working time, up to an accumulated maximum sick leave accrual of 160 hours. Unused sick leave is not paid upon termination of employment.

Accrued compensation and related liabilities includes accruals for compensated absences related to paid time off and sick leave. Accruals for vacation are fully vested and are calculated by multiplying the vacation hours earned by the employee wage rates for each employee. Accruals for sick leave are not vested and are estimated based on the amount of the accrued hours expected to be used by the employees. For all accruals for compensated absences, payroll-related expenses, such as employer payroll taxes and retirement contributions, that relate to the compensated absences are also estimated and accrued.

***Net position*** – Net position of the District 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, or contributors external to the District. *Unrestricted net position* is remaining net position that does not meet the definition of *net investment in capital assets* or *restricted net position.*

1. **Reporting Entity and Summary of Significant Accounting Policies (continued):**

   b. **Summary of Significant Accounting Policies (continued)**

   ***Operating revenues and expenses*** – The District's statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions, including grants for specific operating activities associated with providing healthcare services — the District's principal activity. Nonexchange revenues, including taxes, grants, and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services other than financing costs.

   ***Restricted resources*** – When the District has both restricted and unrestricted resources available to finance a particular program, it is the District's policy to use restricted resources before unrestricted resources.

   ***Grants and contributions*** – From time to time, the District receives federal and state 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 restricted to capital acquisitions are reported after nonoperating revenues and expenses. Grants that are for specific projects, or purposes related to the District's operating activities, are reported as operating revenue. Grants that are used to subsidize operating deficits are reported as nonoperating revenue. Contributions, except for capital contributions, are reported as nonoperating revenue.

   ***Upcoming accounting standard pronouncements*** – In April 2024, the Governmental Auditing Standards Board (GASB) issued Statement No. 103, *Financial Reporting Model Improvements*, which increases the usefulness of governments' financial statements by improving definitions and disclosures related to management's discussion and analysis, unusual or infrequent items, and nonoperating revenue. It also changes presentation requirements for component units and budgetary comparison information. These changes will improve the comparability of the financial statements. The new guidance is effective for the District's year ending December 31, 2026, although earlier application is encouraged. The District has not elected to implement this statement early; however, management is still evaluating the impact, if any, of this statement in the year of adoption.

   ***Subsequent events*** – Subsequent events have been reviewed through June 18, 2026, the date on which the financial statements were available to be issued.

2. **Deposits and Investments:**

   ***Custodial credit risk*** – Custodial credit risk is the risk that, in the event of a failure of the depository institution, the District may not be able to recover its deposits or investments. The District's investment policy does not contain policy requirements that would limit the exposure to custodial credit risk for investments.

**2. Deposits and Investments (continued):**

***Custodial credit risk (continued)*** – Under Colorado State Statute, the Commercial Bank Code Public Deposit Protection Act of 1989 (PDPA) protects public funds held in bank deposit accounts if the bank holding the public deposits becomes insolvent. As defined by the PDPA, deposit accounts include checking, savings, bank money market, and certificates of deposit accounts. Banks must deliver bank assets (usually securities) to a third-party institution, which are pledged to the Colorado Division of Banking, for all Colorado public depositors.

The District's deposits and certificates of deposit are entirely covered by the Federal Deposit Insurance Corporation or by deposits collateralized by securities not held in the District's name under the PDPA.

***Credit risk*** – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is typically measured by the assignment of a rating by a nationally recognized statistical rating organization. The District does not have a policy specifically limiting its investments in U.S. government-backed securities, insured certificates of deposits, or money market accounts.

***Investments*** – Colorado State statutes authorize the District to invest in U.S. Treasury bills, obligations of any other U.S. agencies, obligations of the World Bank, general obligation bonds of any state or any of their subdivisions, revenue bonds of any state or any of their subdivisions, banker's acceptance notes, commercial paper, repurchase agreements, money market funds, and guaranteed investment contracts. All investments must be held by the District, in its name, or in custody of a third party on behalf of the local government.

***Concentration of credit risk*** – The inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification (investments acquired from a single issuer). The District does not have a policy limiting the amount it may invest in any one issuer or multiple issuers.

***Interest rate risk*** – The possibility that an interest rate change could adversely affect an investment's fair value. The District does not have a policy specifically managing its exposure to fair value losses arising from changing interest rates.

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The District's investments are entirely composed of certificates of deposit and are valued using observable inputs from similar investments (Level 2 input), and were approximately $836,000 and $816,000 for the years ended December 31, 2025 and 2024, respectively. Of these balances, $262,274 and $255,837, respectively, were restricted as to use and held as collateral against the outstanding note payable as detailed in Note 6.

## 3. Patient Accounts Receivable:

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectability of patient accounts receivable, the District analyzes its past history 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 about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary; for example, 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 include both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the District 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 the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

The District's allowance for uncollectible accounts for self-pay patients has decreased from the prior year due primarily to improvements in revenue cycle management and collection rates. The District does not maintain a material allowance for uncollectible accounts from third-party payors, nor did it have significant write-offs from third-party payors.

Patient accounts receivable reported as current assets by the District were as follows:

| | | 2025 | | 2024 |
|---|---|---|---|---|
| Receivables from patients and their insurance carriers | **$** | **569,590** | $ | 749,419 |
| Receivables from Medicare | | **640,140** | | 1,266,829 |
| Receivables from Medicaid | | **223,715** | | 269,205 |
| Total patient accounts receivable | | **1,433,445** | | 2,285,453 |
| Less allowance for uncollectible accounts | | **402,123** | | 677,922 |
| **Patient accounts receivable, net** | **$** | **1,031,322** | $ | 1,607,531 |

## 4. Assets Restricted or Limited as to Use:

Assets restricted or limited as to use consists of certificates of deposit held as collateral against the outstanding note payable as detailed in Note 6.

## 5. Capital Assets:

Capital asset additions, retirements, transfers, and balances were as follows:

| | Balance December 31, 2024 | Additions | Retirements | Transfers | Balance December 31, 2025 |
|---|---|---|---|---|---|
| *Capital assets not being depreciated or amortized* | | | | | |
| Land | $ 125,000 | $ - | $ - | $ 11,000 | **$ 136,000** |
| Construction in progress | - | 701,318 | - | - | **701,318** |
| Total capital assets not being depreciated or amortized | 125,000 | 701,318 | - | 11,000 | **837,318** |
| *Capital assets being depreciated or amortized* | | | | | |
| Buildings and improvements | 4,234,101 | 160,001 | (13,332) | (11,000) | **4,369,770** |
| Fixed equipment | 4,182,405 | 219,549 | (33,763) | - | **4,368,191** |
| Subscription assets | 3,768,754 | - | - | - | **3,768,754** |
| Total capital assets being depreciated or amortized | 12,185,260 | 379,550 | (47,095) | (11,000) | **12,506,715** |
| *Less accumulated depreciation and amortization for:* | | | | | |
| Buildings and improvements | (2,110,417) | (155,936) | 13,332 | - | **(2,253,021)** |
| Fixed equipment | (1,806,791) | (317,188) | 24,630 | - | **(2,099,349)** |
| Subscription assets | (124,679) | (468,550) | - | - | **(593,229)** |
| Total accumulated depreciation and amortization | (4,041,887) | (941,674) | 37,962 | - | **(4,945,599)** |
| *Total capital assets being depreciated or amortized, net* | 8,143,373 | (562,124) | (9,133) | (11,000) | **7,561,116** |
| **Capital assets, net** | **$ 8,268,373** | **$ 139,194** | **$ (9,133)** | **$ -** | **$ 8,398,434** |

Construction in progress as of December 31, 2025, consisted of two ambulances and construction of an ambulance barn. No additional significant costs related to the ambulances remain as of December 31, 2025. The estimated remaining cost to complete the ambulance barn is approximately $509,000. The ambulances were placed into service in early 2026. The estimated date of completion for the ambulance barn is September 2026.

| | Balance December 31, 2023 | Additions | Retirements | Transfers | Balance December 31, 2024 |
|---|---|---|---|---|---|
| *Capital assets not being depreciated or amortized* | | | | | |
| Land | $ 25,000 | $ 100,000 | $ - | $ - | **$ 125,000** |
| *Capital assets being depreciated or amortized* | | | | | |
| Buildings and improvements | 4,234,101 | - | - | - | **4,234,101** |
| Fixed equipment | 3,749,479 | 539,789 | (106,863) | - | **4,182,405** |
| Subscription assets | - | 3,768,754 | - | - | **3,768,754** |
| Total capital assets being depreciated or amortized | 7,983,580 | 4,308,543 | (106,863) | - | **12,185,260** |
| *Less accumulated depreciation and amortization for* | | | | | |
| Buildings and improvements | (1,957,023) | (153,394) | - | - | **(2,110,417)** |
| Fixed equipment | (1,600,757) | (288,976) | 82,942 | - | **(1,806,791)** |
| Subscription assets | - | (124,679) | - | - | **(124,679)** |
| Total accumulated depreciation and amortization | (3,557,780) | (567,049) | 82,942 | - | **(4,041,887)** |
| *Total capital assets being depreciated or amortized, net* | 4,425,800 | 3,741,494 | (23,921) | - | **8,143,373** |
| **Capital assets, net** | **$ 4,450,800** | **$ 3,841,494** | **$ (23,921)** | **$ -** | **$ 8,268,373** |

## 6. Long-term Debt and Other Noncurrent Liabilities:

A schedule of changes in long-term debt and other noncurrent liabilities follows:

| | Balance December 31, 2024 | Additions | Reductions | Balance December 31, 2025 | Amounts Due Within One Year |
|---|---|---|---|---|---|
| *Long-term debt and other noncurrent liabilities* | | | | | |
| Note payable | $ 169,800 | $ - | $ (49,635) | $ 120,165 | $ 51,329 |
| Subscription liability | 3,644,075 | - | (310,021) | 3,334,054 | 330,979 |
| **Total long-term debt and other noncurrent liabilities** | **$ 3,813,875** | **$ -** | **$ (359,656)** | **$ 3,454,219** | **$ 382,308** |

| | Balance December 31, 2023 | Additions | Reductions | Balance December 31, 2024 | Amounts Due Within One Year |
|---|---|---|---|---|---|
| *Long-term debt and other noncurrent liabilities* | | | | | |
| Note payable | $ 216,517 | $ - | $ (46,717) | $ 169,800 | $ 49,741 |
| Subscription liability | - | 3,768,754 | (124,679) | 3,644,075 | 310,021 |
| **Total long-term debt and other noncurrent liabilities** | **$ 216,517** | **$ 3,768,754** | **$ (171,396)** | **$ 3,813,875** | **$ 359,762** |

The terms and due dates of the District's long-term debt and other noncurrent liabilities are as follows:

- Note payable – In 2023, the District entered into a promissory note payable, in the original amount of $250,409. The note payable is due in monthly installments including principal and interest of $4,542, at an interest rate of 3.29 percent.
- Subscription liability – In 2024, the District entered into a subscription-based information technology arrangement for an electronic health records system in the amount of $3,768,754. The arrangement is due in monthly installments including principal and interest ranging from $40,432 to $48,061, at an interest rate of 5 percent, through July 2033.

**6. Long-term Debt and Other Noncurrent Liabilities (continued):**

Scheduled principal and interest repayments on long-term debt and other noncurrent liabilities are as follows:

| Years Ending December 31, | Note Payable Principal | Note Payable Interest |
|---|---|---|
| 2026 | $ 51,329 | $ 3,179 |
| 2027 | 53,081 | 1,427 |
| 2028 | 15,755 | 76 |
| | **$ 120,165** | **$ 4,682** |

| Years Ending December 31, | Subscription Liability Principal | Subscription Liability Interest |
|---|---|---|
| 2026 | $ 330,979 | $ 159,260 |
| 2027 | 360,451 | 142,043 |
| 2028 | 391,744 | 123,312 |
| 2029 | 424,961 | 102,972 |
| 2030 | 460,205 | 80,926 |
| 2031 - 2033 | 1,365,714 | 93,897 |
| | **$ 3,334,054** | **$ 702,410** |

**7. Net Patient Service Revenue:**

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the District 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 District's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the District records a significant provision for bad debts related to uninsured patients in the period the services are provided. The District's provisions for bad debts and write-offs have increased from the prior year due to an increase in self-pay patients served.

**7. Net Patient Service Revenue (continued):**

Patient service revenue, net of contractual adjustments and discounts (but before the provision for bad debts), recognized in the period from these major payor sources is as follows:

| | 2025 | 2024 |
|---|---|---|
| Patient service revenue (net of contractual adjustments and discounts): | | |
| Medicare | **$ 4,058,447** | $ 4,423,090 |
| Medicaid | **1,255,270** | 1,252,520 |
| Other third-party payors | **1,180,476** | 986,583 |
| Patients | **1,054,241** | 659,361 |
| Supplemental payments | **2,307,685** | 2,365,861 |
| 340B contract pharmacy | **577,414** | 650,881 |
| | **10,433,533** | 10,338,296 |
| Less: | | |
| Charity care | **62,296** | 42,271 |
| Provision for bad debts | **389,837** | 319,503 |
| **Net patient service revenue** | **$ 9,981,400** | $ 9,976,522 |

The District has agreements with third-party payors which provide for payments at amounts different from its established rates. A summary of the payment arrangements with major third-party payors is as follows:

- ***Medicare*** – The District is licensed as a critical access hospital and the clinic as a RHC by Medicare and is reimbursed for most inpatient, outpatient, and clinic services at cost, with final settlement determined after submission of annual cost reports by the District subject to audits thereof by the Medicare administrative contractor. Medicare physician services other than RHC services are reimbursed on a fee schedule.

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

- ***Other*** – The District has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, fee schedule, and prospectively determined daily rates.

**7. Net Patient Service Revenue (continued):**

Laws and regulations governing the Medicare and Medicaid 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. Net patient service revenue increased by approximately $139,000 during the year ended December 31, 2025, due to differences between original estimates and final settlements.

Under the Colorado Health Care Affordability Act (the Act), the District pays provider fees to the state of Colorado and receives additional matching funds in return. The provider fees are based on inpatient days and outpatient charges. The District also received various supplemental payments from the state of Colorado under this act. Expenses paid by the District for provider fees were approximately $279,000 and $206,000 for the years ended December 31, 2025 and 2024, respectively. Expenses paid by the District for the Hospital Transformation Project, for which the District receives additional funding under the Act, were approximately $57,000 and $62,000 for the years ended December 31, 2025 and 2024, respectively.

The District provides charity care to patients who are financially unable to pay for the healthcare services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients were approximately $73,000 and $49,000 for the years ended December 31, 2025 and 2024, respectively.

**8. Property Taxes:**

The County Treasurer acts as an agent to assess and collect property taxes levied in the County for all taxing authorities. Property taxes are levied and assessed on January 1 of the prior year on property values assessed as of May 1 of the prior year. Taxes are due in two equal amounts by February 28 and June 15, or all may be paid by February 28. Taxes estimated to be collectible are recorded as revenue in the year of the levy by the District. The assessed property is subject to lien on the levy date, therefore, no allowance for uncollectible taxes receivable is considered necessary at the statement of net position dates. A deferred inflow of resources and a receivable were recorded at December 31, 2025 and 2024, for taxes levied for 2025 and 2024, respectively.

For 2025, the District's regular tax levy was $19.540 per $1,000 on a total assessed valuation of $42,768,801, for a total regular tax levy of $835,702. For 2024, the District's regular tax levy was $19.540 per $1,000 on a total assessed valuation of $39,420,170, for a total regular tax levy of $770,270.

During 2025, the District entered into an agreement with the County to operate ambulance and emergency medical transportation services for the County. As part of this agreement, the County agreed to remit to the District the tax revenues collected by the County for said services. During the year ended December 31, 2025, these revenues totaled approximately $197,000.

## 9. Defined Contribution Plan:

The District provides pension benefits for its employees through a 457(b) deferred compensation plan. Participation in the plan is voluntary. Employees are eligible to participate immediately and are eligible for employer contributions after completion of one year of service and at least 1,000 hours. Employees may elect to contribute any amount up to the maximum allowed under the Internal Revenue Code. The District matches employee contributions up to a maximum of 3 percent of the employee's gross wages. Benefit provisions were established and can be amended by the District's Board and management. Employee contributions to the plan were approximately $206,000 and $180,000 for the years ended December 31, 2025 and 2024, respectively. Retirement plan contributions made by the District totaled approximately $91,000 and $77,000 during the years ended December 31, 2025 and 2024, respectively.

## 10. Contingencies and Commitments:

***Medical malpractice claims*** – The District has professional liability insurance coverage with COPIC Insurance Company. The policy provides protection on a "claims-made" basis whereby claims filed in the current year are covered by the current policy. If there are occurrences in the current year, these will only be covered in the year the claim is filed if claims-made coverage is obtained in that year or if the District purchases insurance to cover prior acts. The current professional liability insurance provides $1,000,000 per claim of primary coverage with an annual aggregate limit of $3,000,000. The policy has no deductible per claim.

No liability has been accrued for future coverage for acts occurring in this or prior years. Also, it is possible that claims may exceed coverage obtained in any given year.

***Industry regulations*** – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of various statutes and regulations by healthcare providers. 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. Management believes that the District is in compliance with fraud and abuse as well as other applicable government laws and regulations.

If the District is found in violation of these laws, the District could be subject to substantial monetary fines, civil and criminal penalties, and exclusion from participation in the Medicare and Medicaid programs.

***Tax, spending, and debt limitations*** – At the November 3, 1992, general election, Colorado voters approved an amendment to the Colorado Constitution, Article X, Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR was effective December 31, 1992, and its provisions limit government taxes, spending revenues, and debt without electoral approval.

TABOR, by its terms, applies to local governments such as special districts but excludes "enterprises," which are defined as (1) a government-owned business, (2) authorized to issue its own debt, and (3) receives less than 10 percent of its annual revenue in grants from all state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance.

## 10. Contingencies and Commitments (continued):

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

## 11. Concentrations of Risk:

***Patient accounts receivable*** – The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors follows:

| | 2025 | 2024 |
|---|---|---|
| Medicare | **37 %** | 44 % |
| Medicaid | **20** | 13 |
| Other third-party payors | **16** | 24 |
| Patients | **27** | 19 |
| | **100 %** | 100 % |

***Physicians*** – The District is dependent on local physicians practicing in its service area to provide admissions and utilize hospital services on an outpatient basis. A decrease in the number of physicians providing these services or change in their utilization patterns may have an adverse effect on hospital operations.

## 12. Budget and Actual Revenues and Expenses:

The District overspent its approved budget by $476,000 in 2025.

# SUPPLEMENTARY INFORMATION

**Kiowa County Hospital District**
**doing business as Weisbrod Health**
**Schedule of Budget and Actual Revenues and Expenses**
**Year Ended December 31, 2025**

| | Actual 2025 | Preliminary and Final Approved Budget | Favorable (Unfavorable) Variance |
|---|---|---|---|
| *Operating revenues* | | | |
| Net patient service revenue | **$ 9,981,400** | $ 10,758,208 | $ (776,808) |
| Other operating revenue | **130,307** | 137,723 | (7,416) |
| Total operating revenues | **10,111,707** | 10,895,931 | (784,224) |
| *Operating expenses* | | | |
| Salaries and wages | **5,504,547** | 5,254,900 | (249,647) |
| Employee benefits | **1,017,989** | 1,017,185 | (804) |
| Depreciation and amortization | **941,674** | 439,241 | (502,433) |
| Supplies | **1,161,203** | 1,120,920 | (40,283) |
| Professional fees and other purchased services | **1,682,604** | 2,321,731 | 639,127 |
| Utilities | **155,097** | 149,049 | (6,048) |
| Insurance | **116,752** | 114,007 | (2,745) |
| Repairs and maintenance | **227,220** | 204,322 | (22,898) |
| Other operating expenses | **813,767** | 698,598 | (115,169) |
| Total operating expenses | **11,620,853** | 11,319,953 | (300,900) |
| *Operating loss* | **(1,509,146)** | (424,022) | (1,085,124) |
| *Nonoperating revenues (expenses)* | | | |
| Interest income | **46,084** | 39,617 | 6,467 |
| Grants and contributions | **206,167** | 1,906,264 | (1,700,097) |
| Tax revenue | **1,111,522** | 967,415 | 144,107 |
| Loss on disposal of assets | **(9,133)** | - | (9,133) |
| Interest expense | **(180,035)** | (4,874) | (175,161) |
| Total nonoperating revenues (expenses), net | **1,174,605** | 2,908,422 | (1,733,817) |
| Excess of expenses over revenues before capital grants | **(334,541)** | 2,484,400 | (2,818,941) |
| *Capital grants* | **296,526** | - | 296,526 |
| **Change in net position** | **$ (38,015)** | **$ 2,484,400** | **$ 2,522,415** |

*See accompany independent auditors' report.*