




Grand River Hospital District d/b/a Grand River Health

Independent Auditor's Report and Financial Statements

December 31, 2023 and 2022



**Grand River Hospital District d/b/a Grand River Health
Contents
December 31, 2023 and 2022**

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Independent Auditor's Report

Board of Directors
Grand River Hospital District
d/b/a Grand River Health
Rifle, Colorado

Opinion

We have audited the financial statements of Grand River Hospital District d/b/a Grand River Health (District) as of and for the years ended December 31, 2023 and 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District, as of December 31, 2023 and 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

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 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, 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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The statement of budgeted and actual revenues and expenses (supplemental information) are presented for purposes 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 audits 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.

FORVIS,LLP

**Wichita, Kansas
April 9, 2024**

**Grand River Hospital District d/b/a Grand River Health
Balance Sheets
December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,886,815	\$ 9,423,978
Investments	52,091,504	44,053,123
Patient accounts receivable, net of allowance; 2023 - \$12,489,567; 2022 - \$9,537,263	10,862,558	9,368,551
Estimated amounts due from third-party payers	391,228	521,000
Property tax levy receivable	27,074,913	21,454,178
Property taxes receivable	303,742	113,469
Other receivables	750,301	665,089
Inventories	2,890,568	2,974,172
Prepaid expenses	1,188,131	878,328
	<u>97,439,760</u>	<u>89,451,888</u>
Noncurrent Cash and Investments		
Cash and cash equivalents restricted for Memorial Trust Fund	383,562	383,523
Cash and cash equivalents restricted for bond repayment	2,770,736	512,260
Investments restricted by bond for capital purchases	-	3,680,476
	<u>3,154,298</u>	<u>4,576,259</u>
Capital Assets, Net	<u>147,779,371</u>	<u>148,828,968</u>
Other Assets		
Equity interests in joint ventures	<u>1,980,512</u>	<u>1,812,766</u>
Total assets	<u><u>\$ 250,353,941</u></u>	<u><u>\$ 244,669,881</u></u>

	<u>2023</u>	<u>2022</u>
Liabilities, Deferred Inflows of Resources and Net Position		
Current Liabilities		
Current maturities of long-term debt	\$ 4,538,485	\$ 4,358,485
Accounts payable	3,517,852	2,878,818
Accrued compensation and related liabilities	5,737,937	6,453,399
Capital accounts payable	525,049	735,166
Accrued interest payable	319,720	334,532
Estimated amounts due to third-party payers	948,721	1,624,202
	<u>15,587,764</u>	<u>16,384,602</u>
Long-term Debt	<u>80,555,302</u>	<u>85,093,787</u>
	<u>96,143,066</u>	<u>101,478,389</u>
Deferred Inflows of Resources		
Deferred property tax levy	<u>27,074,913</u>	<u>21,454,178</u>
Net Position		
Net investment in capital assets	61,840,815	61,987,474
Restricted - expendable for		
Memorial Trust Fund	383,562	383,523
Bond repayment	2,770,736	512,260
Unrestricted	62,140,849	58,854,057
	<u>127,135,962</u>	<u>121,737,314</u>
	<u>127,135,962</u>	<u>121,737,314</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 250,353,941</u>	<u>\$ 244,669,881</u>

**Grand River Hospital District d/b/a Grand River Health
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Net patient service revenue	\$ 89,779,430	\$ 78,297,499
Other	4,911,427	4,090,327
	<u>94,690,857</u>	<u>82,387,826</u>
Operating Expenses		
Salaries and wages	53,750,849	47,803,094
Employee benefits	6,889,662	7,604,255
Professional fees and other purchased services	8,760,399	8,093,567
Supplies	15,468,165	12,362,793
Depreciation	10,733,639	10,662,176
Utilities	1,689,831	1,767,728
Repairs and maintenance	8,703,559	7,347,838
Provider fees	1,928,005	1,764,475
Other	4,088,912	3,511,713
	<u>112,013,021</u>	<u>100,917,639</u>
Operating Loss	<u>(17,322,164)</u>	<u>(18,529,813)</u>
Nonoperating Revenues (Expenses)		
Taxation for operations	12,468,997	7,826,697
Taxation for bond principal and interest	10,566,848	8,302,588
Tax collection expense	(393,065)	(287,810)
Investment income	3,145,473	602,580
Contributions	128,649	255,671
Interest expense	(3,196,090)	(3,352,612)
Gain (loss) on sale of capital assets		
Provider Relief Funds (CARES Act) and other COVID-19 funding	-	148,335
	<u>22,720,812</u>	<u>13,495,449</u>
Change in Net Position	5,398,648	(5,034,364)
Net Position, Beginning of Year	<u>121,737,314</u>	<u>126,771,678</u>
Net Position, End of Year	<u>\$ 127,135,962</u>	<u>\$ 121,737,314</u>

**Grand River Hospital District d/b/a Grand River Health
Statements of Cash Flows
Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Receipts from and on behalf of patients	\$ 87,739,714	\$ 82,138,875
Payments to suppliers	(40,240,848)	(34,938,900)
Payments to employees	(61,355,973)	(56,202,817)
Other receipts (payments), net	4,826,215	4,027,725
	<u>(9,030,892)</u>	<u>(4,975,117)</u>
Cash Flows From Noncapital Financing Activities		
Taxation for operations	12,278,724	7,776,659
Payments for tax collection	(393,065)	(287,810)
Noncapital contributions	128,649	255,671
Provider Relief Funds (<i>CARES Act</i>) and other COVID-19 funding	-	148,335
	<u>12,014,308</u>	<u>7,892,855</u>
Cash Flows From Capital and Related Financing Activities		
Purchases of capital assets	(9,894,159)	(2,838,508)
Taxation for bond principal and interest	10,566,848	8,302,588
Principal payments on long-term debt	(3,555,000)	(3,385,000)
Interest payments on long-term debt	(3,999,575)	(4,156,096)
	<u>(6,881,886)</u>	<u>(2,077,016)</u>
Cash Flows From Investing Activities		
Purchase of investments	(6,000,000)	-
Proceeds from sale of investments	4,104,174	800,000
Investment income	392,448	316,959
Purchase of equity interests in joint ventures	-	(609,000)
Distributions received from joint ventures	123,200	-
	<u>(1,380,178)</u>	<u>507,959</u>
Increase (Decrease) in Cash and Cash Equivalents	(5,278,648)	1,348,681
Cash and Cash Equivalents, Beginning of Year	<u>10,319,761</u>	<u>8,971,080</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,041,113</u>	<u>\$ 10,319,761</u>

**Grand River Hospital District d/b/a Grand River Health
Statements of Cash Flows (Continued)
Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Reconciliation of Cash and Cash Equivalents to the Balance Sheets		
Cash and cash equivalents	\$ 1,886,815	\$ 9,423,978
Cash and cash equivalents restricted for Memorial Trust Fund	383,562	383,523
Cash and cash equivalents restricted for bond repayment	<u>2,770,736</u>	<u>512,260</u>
Total cash and cash equivalents	<u>\$ 5,041,113</u>	<u>\$ 10,319,761</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (17,322,164)	\$ (18,529,813)
Depreciation	10,733,639	10,662,176
Provision for uncollectible accounts	8,318,439	6,168,633
Change in operating assets and liabilities		
Patient accounts receivable	(9,812,446)	(6,905,757)
Other receivables	(85,212)	(62,602)
Inventories	83,604	(215,701)
Prepaid expenses	(309,803)	(412,136)
Accounts payable	624,222	537,051
Accrued compensation and related liabilities	(715,462)	(795,468)
Estimated amounts due from and to third-party payers	<u>(545,709)</u>	<u>4,578,500</u>
Net cash used in operating activities	<u>\$ (9,030,892)</u>	<u>\$ (4,975,117)</u>
Capital asset acquisitions included in current liabilities	\$ 525,049	\$ 735,166
Amortization of bond premiums	\$ 803,485	\$ 803,484
Change in equity interests in joint ventures	\$ 167,746	\$ (36,385)
Noncash investment income	\$ 2,462,079	\$ 322,006

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Reporting Entity

Grand River Hospital District d/b/a Grand River Health (the District), a political subdivision of the State of Colorado, owns and operates Grand River Hospital (Hospital), a 25-bed acute care facility that is designated by Medicare as a critical access hospital (CAH) located in Rifle, Colorado. The District also operates Grand River Health Care Center (Nursing Home), Grand River Health Clinics and Grand River Health Clinic West. The District is governed by a Board of Directors consisting of seven members elected by the residents of the District. The District is not a component unit of another governmental entity.

Grand River Hospital District Memorial Trust Fund (Trust Fund) is a legally separate, tax-exempt component unit of the District. The Trust Fund was established for the purpose of receiving and holding bequests and gifts to be distributed to the Hospital and the Nursing Home. The Trust Fund's restricted resources are distributed to the Hospital or the Nursing Home, as required, to comply with purposes specified by donors. The Trust Fund's unrestricted resources are distributed to the Hospital or the Nursing Home in amounts and for purposes determined by the Trustees. The Trustees consist of the members of the District's Board of Directors. The Trust Fund is presented as a blended component unit of the District since it is financially integrated with the District and its trustees are appointed from the District's Board. The assets, liabilities, revenues, and expenses are included in the District's financial statements. Separate financial statements of the Trust Fund are not available.

Basis of Accounting and Presentation

The financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific such as county appropriations, property taxes, investment income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net positions are available.

The District's government-wide financial statements (balance sheets and statements of revenues, expenses and changes in net position and statements of cash flows) are comprised of an enterprise fund and a blended component unit that uses proprietary fund reporting. The District utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis using the economic resources measurement focus.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows 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.

**Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
December 31, 2023 and 2022**

Cash Equivalents

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2023 and 2022, cash equivalents consisted primarily of money market accounts with financial institutions.

Patient Accounts Receivable

The District reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The District provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Inventories

Supply inventories are stated at cost. Costs are determined using the first-in, first-out (FIFO) method. Inventories consist of pharmaceutical, medical-surgical, and other supplies used in the operations of the District

Investments, Equity Interests and Investment Income

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. The equity interests in joint ventures are reported using the equity method of accounting. All other investments are carried at fair value. Fair value is determined using quoted market prices.

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

Noncurrent cash and investments include funds restricted for use by the Trust Fund, bond funds and investments restricted for capital acquisitions and funds restricted for debt service of bonds payable.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. It is the District's policy to capitalize property and equipment over \$5,000 and having a useful life of at least two years; lesser amounts are expensed. The following estimated useful lives are being used by the District:

Land improvements	5 – 15 years
Buildings	5 – 40 years
Fixed equipment	5 – 40 years
Moveable equipment	2 – 20 years

Capital Asset Impairment

The Hospital evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss. No asset impairment was recognized during the years ended December 31, 2023 and 2022.

Bond Premium

Bond premiums are being amortized over the life of the related debt using the effective interest method. The unamortized bond premiums are included as an addition to bonds payable and are reflected as both current and long-term in the balance sheets. The amortization of the bond premiums is recorded as a reduction to interest expense.

**Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
December 31, 2023 and 2022**

Compensated Absences

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

Risk Management

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

The District is self-insured for a portion of its exposure to risk of loss from employee health claims. Annual estimated provisions are accrued for the self-insured portion of employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Deferred Inflows of Resources

The District reports acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its balance sheets.

Net Position

Net position of the Hospital is classified in three components on its balance sheets.

- Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets. The funds remaining from the 2018 bond issuance to be used towards the ongoing capital project are also included as a component of net investment of capital assets as they will convert to capital assets and are being reduced by the outstanding balance of the bond issuance.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the District.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Net Patient Service Revenue

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments and bad debts expense. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

The District provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Net patient service revenue is reported net of charity care. Charges excluded from revenue under the District's charity care policy were \$3,462,648 and \$2,283,065 for 2023 and 2022, respectively.

**Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
December 31, 2023 and 2022**

Other Operating Revenues

Other operating revenues are revenues generated from ongoing operations (*i.e.*, exchange transactions) that do not meet the definition of patient service revenues.

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.

Provider Relief Funds (CARES Act)

On March 27, 2020, the *CARES Act* was signed into law as part of the government's response to the spread of the SARS-CoV-2 virus and the incidence of COVID-19. The *CARES Act* contained provisions for certain healthcare providers to receive Provider Relief Funds (PRF) from the U.S. Department of Health and Human Services (HHS). The distributions from the Provider Relief Funds are not subject to repayment, provided the District is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by HHS. The District is accounting for such payments as voluntary nonexchange transactions. Payments are recognized as revenue once the applicable terms and conditions required to retain the funds have been met and are classified as nonoperating revenue in the accompanying statements of revenues, expenses and changes in net position. The unrecognized amount, if any, of Provider Relief Fund distributions is recorded as unearned revenue in the accompanying balance sheets.

Income Taxes

As a political subdivision of the State of Colorado, the District is exempt from income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law.

Revisions

Certain immaterial revisions have been made to the 2022 financial statements for the presentation of domestic health insurance claims expense to be included as part of Net Patient Service Revenue. The result of the revision is a decrease of \$6,919,911 to both Net Patient Service Revenue and Employee Benefits. The revision decreased Receipts from and on Behalf of Patients and Payments to Employees on the Statement of Cash Flows by the same amount. The change in net position for 2022 was not impacted due to the revision.

Note 2. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

The *Colorado Public Deposit Protection Act* requires financial institutions to collateralize any uninsured public deposits. Any excess of deposits over the FDIC limit that are not insured are covered by collateral pledged by the financial institution in accordance with the *Colorado Public Deposit Protection Act*.

At December 31, 2023 and 2022, \$500,000 of the District's bank balances of \$5,997,982 and \$12,255,733 were insured by FDIC coverage, respectively. The remainder of the District's bank balances of \$5,497,982 and \$11,755,733, respectively, were protected by the *Colorado Public Deposit Protection Act* noted above.

**Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
December 31, 2023 and 2022**

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, corporate securities, repurchase agreements, money market funds, and guaranteed investment contracts. All investments must be held by the District, in their name, or in the custody of a third-party on behalf of the local government.

The District invests in money market mutual funds, commercial paper, corporate bonds, and United States Treasury notes. All funds are pooled, and a designated custodian provides safekeeping and depository service in connection with direct investment and withdrawal functions. Management believes there is no significant custodial, interest rate, or foreign currency risk exposure.

At December 31, 2023 and 2022, the District had the following investments and maturities:

	December 31, 2023	
	Fair Value	Maturities in Years Less than 1
Commercial paper	\$ 9,056,191	\$ 9,056,191
U.S. Treasury obligations	14,270,441	14,270,441
U.S. agencies obligations	23,191,358	23,191,358
Money market mutual funds	5,573,514	5,573,514
	<u>\$ 52,091,504</u>	<u>\$ 52,091,504</u>
	December 31, 2022	
	Fair Value	Maturities in Years Less than 1
Commercial paper	\$ 18,731,358	\$ 18,731,358
U.S. Treasury obligations	5,021,871	5,021,871
U.S. agencies obligations	18,599,237	18,599,237
International agencies obligations	5,078,209	5,078,209
Money market mutual funds	302,924	302,924
	<u>\$ 47,733,599</u>	<u>\$ 47,733,599</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates could adversely affect an investment's fair value.

Concentration of Credit Risk

Defined as 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 single issuer). The District does not have a policy limiting the amount it may invest in any one issuer or multiple issuers.

**Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
December 31, 2023 and 2022**

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

	<u>2023</u>	<u>2022</u>
Carrying value		
Deposits	\$ 5,041,113	\$ 10,319,761
Investments	<u>52,091,504</u>	<u>47,733,599</u>
	<u>\$ 57,132,617</u>	<u>\$ 58,053,360</u>
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 1,886,815	\$ 9,423,978
Short-term investments	52,091,504	44,053,123
Cash and cash equivalents restricted		
for Memorial Trust Fund	383,562	383,523
for bond repayment	2,770,736	512,260
Investments restricted		
for capital purchases	<u>-</u>	<u>3,680,476</u>
	<u>\$ 57,132,617</u>	<u>\$ 58,053,360</u>

Note 3. Patient Accounts Receivable

The District grants credit without collateral to its patients, most of whom are insured under third-party payer agreements. Patient accounts receivable, net consists of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Medicare	\$ 5,433,144	\$ 3,773,955
Medicaid	1,846,800	1,887,945
Other third-party payers	5,021,990	4,817,461
Patients	<u>11,050,191</u>	<u>8,426,453</u>
	23,352,125	18,905,814
Less allowance for uncollectible accounts	<u>12,489,567</u>	<u>9,537,263</u>
	<u>\$ 10,862,558</u>	<u>\$ 9,368,551</u>

Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
December 31, 2023 and 2022

Note 4. Equity interest in Joint Ventures

The District holds an equity interest in Healthcare Management, LLC (LLC). The District owns approximately 12 percent of the LLC. The value of the District's equity interest in the LLC was \$809,613 and \$858,193 as of December 31, 2023 and 2022, respectively.

The District holds an equity interest in CareFlight of the Rockies, LLC (CareFlight). The District owns approximately 4 percent of CareFlight. The value of the District's equity interest in the LLC was \$463,932 and \$345,573 as of December 31, 2023 and 2022, respectively.

The District holds an equity interest in the Cardiac Catheterization Laboratories Program (Service Line) at St. Mary's Hospital & Medical Center. The District owns approximately 2 percent of the Service Line. The value of the District's equity interest in the joint venture was \$706,967 and \$609,000 as of December 31, 2023 and 2022, respectively.

Note 5. Capital Assets

Capital assets activity for the years ended December 31, 2023 and 2022 was:

	2023				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 6,829,930	\$ -	\$ -	\$ -	\$ 6,829,930
Land improvements	3,898,807	-	(18,474)	290,623	4,170,956
Buildings	148,351,578	-	-	19,098	148,370,676
Fixed equipment	22,249,958	-	(40,410)	520,558	22,730,106
Moveable equipment	50,095,226	8,300	(654,946)	1,962,678	51,411,258
Construction in progress	1,711,505	9,679,733	(3,735)	(2,792,957)	8,594,546
	<u>233,137,004</u>	<u>9,688,033</u>	<u>(717,565)</u>	<u>-</u>	<u>242,107,472</u>
Less accumulated depreciation					
Land improvements	775,578	317,182	(18,474)	-	1,074,286
Buildings	37,524,462	5,527,742	-	-	43,052,204
Fixed equipment	4,363,707	1,229,079	(40,410)	-	5,552,376
Moveable equipment	41,644,289	3,659,636	(654,690)	-	44,649,235
	<u>84,308,036</u>	<u>10,733,639</u>	<u>(713,574)</u>	<u>-</u>	<u>94,328,101</u>
Capital assets, net	<u>\$ 148,828,968</u>	<u>\$ (1,045,606)</u>	<u>\$ (3,991)</u>	<u>\$ -</u>	<u>\$ 147,779,371</u>

Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
December 31, 2023 and 2022

	2022				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Land	\$ 6,868,838	\$ -	\$ -	\$ (38,908)	\$ 6,829,930
Land improvements	3,859,899	-	-	38,908	3,898,807
Buildings	148,281,131	70,447	-	-	148,351,578
Fixed equipment	20,962,768	57,877	-	1,229,313	22,249,958
Moveable equipment	49,544,003	457,175	(305,743)	399,791	50,095,226
Construction in progress	527,152	2,813,457	-	(1,629,104)	1,711,505
	<u>230,043,791</u>	<u>3,398,956</u>	<u>(305,743)</u>	<u>-</u>	<u>233,137,004</u>
Less accumulated depreciation					
Land improvements	461,078	314,500	-	-	775,578
Buildings	32,003,726	5,520,736	-	-	37,524,462
Fixed equipment	3,215,939	1,147,768	-	-	4,363,707
Moveable equipment	38,092,659	3,679,172	(127,542)	-	41,644,289
	<u>73,773,402</u>	<u>10,662,176</u>	<u>(127,542)</u>	<u>-</u>	<u>84,308,036</u>
Capital assets, net	<u>\$ 156,270,389</u>	<u>\$ (7,263,220)</u>	<u>\$ (178,201)</u>	<u>\$ -</u>	<u>\$ 148,828,968</u>

Note 6. Long-term Debt

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

	2023					
	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year	Long-term Portion
General Obligation Bonds Series 2018	\$ 77,400,000	\$ -	\$ (3,555,000)	\$ 73,845,000	\$ 3,735,000	\$ 70,110,000
Unamortized premium on Series 2018 bonds	12,052,272	-	(803,485)	11,248,787	803,485	10,445,302
	<u>\$ 89,452,272</u>	<u>\$ -</u>	<u>\$ (4,358,485)</u>	<u>\$ 85,093,787</u>	<u>\$ 4,538,485</u>	<u>\$ 80,555,302</u>
	2022					
	Beginning Balance	Additions	Deductions	Ending Balance	Amounts Due Within One Year	Long-term Portion
General Obligation Bonds Series 2018	\$ 80,785,000	\$ -	\$ (3,385,000)	\$ 77,400,000	\$ 3,555,000	\$ 73,845,000
Unamortized premium on Series 2018 bonds	12,855,756	-	(803,484)	12,052,272	803,485	11,248,787
	<u>\$ 93,640,756</u>	<u>\$ -</u>	<u>\$ (4,188,484)</u>	<u>\$ 89,452,272</u>	<u>\$ 4,358,485</u>	<u>\$ 85,093,787</u>

**Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
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General Obligation Refunding Bonds – Series 2018

The General Obligation Bonds, Series 2018 (Series 2018 bonds) in the original amount of \$89,400,000 are secured by the District’s full faith and credit. The bonds mature annually at amounts ranging from \$3,735,000 in 2024 to \$7,195,000 in 2037, with semiannual interest payments at rates ranging from 3 percent to 4.5 percent.

The Bonds are general obligations of the District and are secured by an irrevocable pledge of the District to levy and collect taxes each year sufficient to pay the bond principal and interest payments when due. The District’s Board approved the Bonds and a special levy to pay the principal and interest. Tax receipts limited for bond redemption and interest are used to pay the principal and interest each year.

Debt Service Requirements

Debt service requirements on long-term debt as of December 31, 2023, are as follows:

Year Ending December 31,	Series 2018 Bonds	
	Principal	Interest
2023	\$ 3,735,000	\$ 3,821,075
2024	3,920,000	3,633,554
2025	4,115,000	3,436,742
2026	4,320,000	3,230,138
2027	4,540,000	3,012,275
2028-2032	26,520,000	11,210,851
2033-2037	26,695,000	3,476,572
	<u>\$ 73,845,000</u>	<u>\$ 31,821,207</u>

Note 7. Professional Liability Claims

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

The malpractice insurance provides \$1,000,000 per claim with an additional aggregate limit of \$3,000,000. The policy has a \$100,000 deductible per claim. Further, the District is subject to the provisions of the *Colorado Government Immunity Act* which provides a limitation on the liability of the District.

**Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
December 31, 2023 and 2022**

Note 8. Employee Health Claims

The District partially self-insures the cost of employee health care benefits as it purchases annual stop-loss insurance coverage for all claims in excess of \$150,000 for the years ended December 31, 2023 and 2022, respectively, per individual participant and aggregate stop-loss at predetermined amounts annually. Accrued compensation and related liabilities on the balance sheet include an accrual for claims which have been incurred but not reported. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, frequency of claims and other economic and social factors.

Activity in the District’s accrued employee health claims liability during 2023 and 2022 is summarized as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 994,629	\$ 819,405
Current year claims incurred and changes in estimates for claims incurred in prior years	3,201,064	7,382,546
Claims and expenses paid	<u>(3,644,185)</u>	<u>(7,207,322)</u>
Balance, end of year	<u>\$ 551,508</u>	<u>\$ 994,629</u>

Note 9. Net Patient Service Revenue

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

Medicare. The District is licensed as a CAH. Under this reimbursement system, inpatient acute care and swing-bed services rendered to Medicare program beneficiaries are paid under cost reimbursement methodologies. Outpatient services related to Medicare beneficiaries are paid based on a combination of fee schedules and cost reimbursement methodologies. The District is reimbursed for certain services at tentative rates with final settlement determined after submission of an annual cost report by the District and audit thereof by the Medicare administrative contractor. Nonrural health clinic physician services are reimbursed on a fee schedule. The District is reimbursed for skilled nursing facility services under a prospective payment system.

Medicaid. Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology for certain services and at prospectively determined rates for all other services. The District is reimbursed for cost-reimbursable items at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicaid administrative contractor. Physician services are reimbursed on a fee schedule.

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

**Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
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Approximately 69% and 68% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2023 and 2022, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

Under the *Colorado Health Care Affordability Act (Act)*, the District pays provider fees to the state of Colorado. The provider fees are based on inpatient days and outpatient charges. The District also receives various supplemental payments from the state of Colorado under this Act.

The District received approximately \$6,613,000 and \$6,509,000 from supplemental Medicaid payments and the Colorado Indigent Care Program for the years ended December 31, 2023 and 2022, respectively, to subsidize the cost of caring for charity care patients and to cover the gap where cost of caring for Medicaid patients exceeds Medicaid payments.

Note 10. Charity Care

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 the Medicare cost report.

The costs of charity care provided under the District's charity care policy were approximately \$1,986,000 and \$1,486,000 for 2023 and 2022, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges from the 2023 and 2022 interim Medicare cost reports, respectively, to the gross uncompensated charges.

Note 11. 340B Drug Pricing Program

The District participates in the 340B Drug Pricing Program (340B Program) enabling the District to receive discounted prices from drug manufacturers on outpatient pharmaceutical purchases. The District recorded revenues related to the 340B Program of \$4,028,006 and \$3,166,070 for the years ending December 31, 2023 and 2022, respectively, which is included in other operating revenue in the accompanying statement of revenues and expenses and changes in net position. The District recorded expenses related to the 340B Program of 2,120,697 and \$1,372,143 for the years ending December 31, 2023 and 2022, respectively, which is included in supplies and other in the accompanying statements of revenues and expenses and changes in net position. The 340B Program is overseen by the Health Resources and Services Administration (HRSA) Office of Pharmacy Affairs (OPA). HRSA is currently conducting routine audits of these programs at health care organizations and increasing its compliance monitoring processes. Laws and regulations governing the 340B Program are complex and subject to interpretation and change. As a result, it is reasonably possible that material changes to financial statement amounts related to the 340B Program could occur in the near term.

**Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
December 31, 2023 and 2022**

Note 12. Property Taxes

The Garfield County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually in December on property values assessed as of the same date. Assessed values are established by the County Assessor at fair market value. A revaluation of all property is required every two years. Ad valorem tax revenue is recognized in the period assessed to the extent such taxes are collected and available for use. The District received approximately 19 and 15 percent of its financial support in 2023 and 2022 from ad valorem taxes, respectively.

Taxes are due in either two equal installments on February 28 and June 16, or in one installment on April 30. Collections are distributed monthly to the District by the County Treasurer. The District is permitted by law to levy up to \$5.597 per \$1,000 of assessed valuation for general District purposes. Colorado State Law, C.R.S. 39-5-121 and 39-5-128, limits the rate. The District may also levy taxes at a lower rate. Further amounts of tax need to be authorized by the vote of the people. The District has a fixed mill tax rate of \$5.597 per \$1,000, which will not be amended with population growth. For 2023, the District's total assessed valuation was \$2,823,483,590, for a total regular levy of \$15,790,173. For 2022, the District's total assessed valuation was \$2,075,444,120, for a total regular levy of \$11,605,2023.

The District has a bond levy rate of \$4.000 and \$4.750 per \$1,000 for 2023 and 2022, respectively. For 2023, the District's total assessed valuation was \$2,823,483,590, for a total bond levy of \$11,284,740. For 2022, the District's total assessed valuation was \$2,075,444,120, for a total bond levy of \$9,848,975. This bond levy, approved by the voters in the November 2017 election, will be used to pay the principal and interest on the Bonds. Collections on this levy began in 2018.

Property taxes are recorded as receivables when levied. Since state law allows for the sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

Deferred inflows of resources are recorded when the taxes are levied and recognized as tax revenues in the following fiscal year.

Note 13. Future Lease Commitments

The District leases various facility spaces and equipment under noncancelable leases expiring through 2027. Future minimum lease payments under these leases at December 31, 2023, are:

2024	\$	416,890
2025		289,850
2026		77,804
2027		<u>53,066</u>
Future minimum lease payments	<u>\$</u>	<u>837,610</u>

**Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
December 31, 2023 and 2022**

Note 14. Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023 and 2022:

	Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2023				
Commercial paper	\$ 9,056,191	\$ -	\$ 9,056,191	\$ -
U.S. Treasury obligations	14,270,441	-	14,270,441	-
U.S. agencies obligations	23,191,358	-	23,191,358	-
Money market mutual funds	5,573,514	5,573,514	-	-
	<u>\$ 52,091,504</u>	<u>\$ 5,573,514</u>	<u>\$ 46,517,990</u>	<u>\$ -</u>

Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
December 31, 2023 and 2022

	Fair Value Measurements Using			
	Total Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2022				
Commercial paper	\$ 18,731,358	\$ -	\$ 18,731,358	\$ -
U.S. Treasury obligations	5,021,871	-	5,021,871	-
U.S. agencies obligations	18,599,237	-	18,599,237	-
International agencies obligations	5,078,209	-	5,078,209	-
Money market mutual funds	302,924	302,924	-	-
	<u>\$ 47,733,599</u>	<u>\$ 302,924</u>	<u>\$ 47,430,675</u>	<u>\$ -</u>

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Note 15. Pension Plans

Defined Contribution Plan

The District provides pension benefits through the Grand River Hospital District Employer Retirement Plan (the 401a Plan), a defined contribution plan, under section 401(a) of the Internal Revenue Code. The plan is administered by the District. In a defined contribution plan, benefits depend solely on amounts contributed by the District to the plan plus investment earnings. After one year of service, the District will match 3 percent of salary for full-time and part-time employees who have contributed to the 457 Plan. Total employer contributions to the 401a Plan during 2023 and 2022 were \$1,568,979 and \$1,315,011, respectively.

Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The District participates in the Grand River Hospital District 457 Deferred Compensation Plan, a 457 retirement plan (the 457 Plan) administered by One America Financial Partners, Inc. All full-time and part-time employees are eligible to participate in the 457 Plan through pre-tax payroll deductions. All monies are sent to the 457 account that has been set up for the employee each pay period and are vested immediately. The 457 Plan is available for all District employees and permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees or their heirs until termination, retirement, death, or unforeseen emergency. Total employee contributions to the 457 Plan during 2023 and 2022 were \$3,043,270 and \$2,595,255, respectively.

Note 16. Contingencies

Professional Liability Claims

Estimates related to the accrual for professional liability claims are described in *Notes 1* and *7*.

Employee Health Claims

Estimates related to the accrual for employee health claims are described in *Notes 1* and *8*.

General Litigation

In the normal course of business, the District is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the District's self-insurance program (discussed elsewhere in these notes) or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The District evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
December 31, 2023 and 2022

Note 17. Condensed Combining Information

The following tables include condensed combining balance sheet information for the District and its component unit as of December 31, 2023 and 2022:

	2023			
	Grand River Hospital District	Grand River Hospital District Memorial Trust Fund	Eliminations	Total
Assets				
Current assets	\$ 97,056,198	\$ 383,562	\$ -	\$ 97,439,760
Noncurrent cash and investments	3,154,298	-	-	3,154,298
Capital assets, net	147,779,371	-	-	147,779,371
Other assets	1,980,512	-	-	1,980,512
Total assets	\$ 249,970,379	\$ 383,562	\$ -	\$ 250,353,941
Total assets and deferred outflows of resources	\$ 249,970,379	\$ 383,562	\$ -	\$ 250,353,941
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities	\$ 15,587,764	\$ -	\$ -	\$ 15,587,764
Long-term debt	80,555,302	-	-	80,555,302
Total liabilities	96,143,066	-	-	96,143,066
Deferred inflows of resources	27,074,913	-	-	27,074,913
Net position	126,752,400	383,562	-	127,135,962
Total liabilities, deferred inflows of resources and net position	\$ 249,970,379	\$ 383,562	\$ -	\$ 250,353,941

Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
December 31, 2023 and 2022

	2022			
	Grand River Hospital District	Grand River Hospital District Memorial Trust Fund	Eliminations	Total
Assets				
Current assets	\$ 89,068,365	\$ 383,523	\$ -	\$ 89,451,888
Noncurrent cash and investments	4,576,259	-	-	4,576,259
Capital assets, net	148,828,968	-	-	148,828,968
Other assets	1,812,766	-	-	1,812,766
Total assets	\$ 244,286,358	\$ 383,523	\$ -	\$ 244,669,881
Total assets and deferred outflows of resources	\$ 244,286,358	\$ 383,523	\$ -	\$ 244,669,881
Liabilities, Deferred Inflows of Resources and Net Position				
Current liabilities	\$ 16,384,602	\$ -	\$ -	\$ 16,384,602
Long-term debt	85,093,787	-	-	85,093,787
Total liabilities	101,478,389	-	-	101,478,389
Deferred inflows of resources	21,454,178	-	-	21,454,178
Net position	121,353,791	383,523	-	121,737,314
Total liabilities, deferred inflows of resources and net position	\$ 244,286,358	\$ 383,523	\$ -	\$ 244,669,881

Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
December 31, 2023 and 2022

The following tables include condensed combining statements of revenues, expenses and changes in net position information for the District and its component unit for the years ended December 31, 2023 and 2022:

	2023			
	Grand River Hospital District	Grand River Hospital District Memorial Trust Fund	Eliminations	Total
Operating revenues	\$ 94,690,857	\$ -	\$ -	\$ 94,690,857
Operating expenses	112,013,021	-	-	112,013,021
Operating income (loss)	(17,322,164)	-	-	(17,322,164)
Nonoperating revenues	22,720,773	39	-	22,720,812
Change in net position	5,398,609	39	-	5,398,648
Net position, beginning of year	121,353,791	383,523	-	121,737,314
Net position, end of year	<u>\$ 126,752,400</u>	<u>\$ 383,562</u>	<u>\$ -</u>	<u>\$ 127,135,962</u>

	2022			
	Grand River Hospital District	Grand River Hospital District Memorial Trust Fund	Eliminations	Total
Operating revenues	\$ 82,387,826	\$ -	\$ -	\$ 82,387,826
Operating expenses	100,917,639	-	-	100,917,639
Operating income (loss)	(18,529,813)	-	-	(18,529,813)
Nonoperating revenues	13,495,355	94	-	13,495,449
Change in net position	(5,034,458)	94	-	(5,034,364)
Net position, beginning of year	126,388,249	383,429	-	126,771,678
Net position, end of year	<u>\$ 121,353,791</u>	<u>\$ 383,523</u>	<u>\$ -</u>	<u>\$ 121,737,314</u>

Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
December 31, 2023 and 2022

The following tables include condensed combining statements of cash flows information for the District and its component units for the years ended December 31, 2022 and 2021:

	2023			
	Grand River Hospital District	Grand River Hospital District Memorial Trust Fund	Eliminations	Total
Net cash provided by (used in):				
Operating activities	\$ (9,030,892)	\$ -	\$ -	\$ (9,030,892)
Noncapital financing activities	12,014,308	-	-	12,014,308
Capital and related financing activities	(6,881,886)	-	-	(6,881,886)
Investing activities	(1,380,217)	39	-	(1,380,178)
Increase (decrease) in cash and cash equivalents	(5,278,687)	39	-	(5,278,648)
Cash and cash equivalents, beginning of year	9,936,238	383,523	-	10,319,761
Cash and cash equivalents, end of year	<u>\$ 4,657,551</u>	<u>\$ 383,562</u>	<u>\$ -</u>	<u>\$ 5,041,113</u>

Grand River Hospital District d/b/a Grand River Health
Notes to Financial Statements
December 31, 2023 and 2022

	2022			
	Grand River Hospital District	Grand River Hospital District Memorial Trust Fund	Eliminations	Total
Net cash provided by (used in):				
Operating activities	\$ (4,975,117)	\$ -	\$ -	\$ (4,975,117)
Noncapital financing activities	7,892,855	-	-	7,892,855
Capital and related financing activities	(2,077,016)	-	-	(2,077,016)
Investing activities	507,865	(982,362)	982,456	507,959
Increase (decrease) in cash and cash equivalents	1,348,587	(982,362)	982,456	1,348,681
Cash and cash equivalents, beginning of year	8,587,651	1,365,885	(982,456)	8,971,080
Cash and cash equivalents, end of year	<u>\$ 9,936,238</u>	<u>\$ 383,523</u>	<u>\$ -</u>	<u>\$ 10,319,761</u>

Note 18. COVID-19 Pandemic & CARES Act Funding

On March 22, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19) as a global pandemic. Patient volumes and the related revenues were significantly affected by COVID-19 as various policies were implemented by federal, state, and local governments in response to the pandemic that led many people to remain at home and forced the closure of or limitations on certain businesses, as well as suspended elective procedures by health care facilities.

The District has taken steps to enhance its operational and financial flexibility and react to the risks the COVID-19 pandemic presents to its business.

The extent of the COVID-19 pandemic's adverse effect on the District's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the District's control and ability to forecast.

Because of these and other uncertainties, the District cannot estimate the length or severity of the effect of the pandemic on the District's business. Decreases in cash flows and result of operations may have an effect on debt covenant compliance and on the inputs and assumptions used in significant accounting estimates, including estimated bad debts and contractual adjustments related to uninsured and other patient accounts.

Provider Relief Fund and Other COVID-19 Funding

During the year ended December 31, 2022, the District received approximately \$148,000 of distributions from the CARES Act Provider Relief Fund and American Rescue Plan Rural Distribution and various other COVID-19 funding primarily through the Coronavirus Small Rural Hospital Improvement Program (SHIP) grant. These distributions are not subject to repayment, provided the District is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by HHS.

The District accounts for such payments as voluntary nonexchange transactions. Payments are recognized as revenue once the applicable terms and conditions to retain the funds have been met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the effect of the pandemic on the District's operating revenues and expenses through December 31, 2022, the District recognized \$148,335 related to the Provider Relief Fund. These payments are recorded as Provider Relief Funds (CARES Act) and other COVID-19 funding, classified as nonoperating revenues in the accompanying statements of revenues, expenses and changes in net position.

The District will continue to monitor compliance with the terms and conditions of the Provider Relief Fund and the effect of the pandemic on the District's revenues and expenses. The terms and conditions governing the Provider Relief Fund are complex and subject to interpretation and change. If the District is unable to attest to or comply with current or future terms and conditions, its ability to retain some or all of the distributions received may be affected. Additionally, the amounts recorded in the financial statements compared to the District's Provider Relief Fund reporting could differ. Provider Relief Fund payments are subject to government oversight, including potential audits.

Supplementary Information

**Grand River Hospital District d/b/a Grand River Health
Statement of Budgeted and Actual Revenues and Expenses
Year Ended December 31, 2023**

	Budgeted Amount Original	Actual	Favorable (Unfavorable) Variance
Operating Revenues			
Net patient service revenue	\$ 93,203,283	\$ 89,779,430	\$ (3,423,853)
Other	884,500	4,911,427	4,026,927
Total operating revenues	<u>94,087,783</u>	<u>94,690,857</u>	<u>603,074</u>
Operating Expenses	<u>113,376,290</u>	<u>112,013,021</u>	<u>1,363,269</u>
Operating Loss	<u>(19,288,507)</u>	<u>(17,322,164)</u>	<u>1,966,343</u>
Nonoperating Revenues (Expenses)			
Taxes	21,854,178	22,642,780	788,602
Investment income	1,205,100	3,145,473	1,940,373
Contributions and grants	55,000	128,649	73,649
Interest expense	<u>(4,451,472)</u>	<u>(3,196,090)</u>	<u>1,255,382</u>
Total nonoperating revenues	<u>18,662,806</u>	<u>22,720,812</u>	<u>4,058,006</u>
Change in Net Position	<u>\$ (625,701)</u>	<u>\$ 5,398,648</u>	<u>\$ 6,024,349</u>

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 generally accepted accounting principles.

Budgets are adopted by resolution in total. There were no supplemental budgets adopted during 2023.