

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

**Independent Auditor's  
Report and Financial  
Statements**

**December 31, 2022 and 2021**



**Grand River Hospital District**  
**d/b/a Grand River Health**  
December 31, 2022 and 2021

**Contents**

<b>Independent Auditor’s Report</b> .....	<b>1</b>
<b>Financial Statements</b>	
Balance Sheets .....	4
Statements of Revenues, Expenses and Changes in Net Position .....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	8
<b>Supplementary Information</b>	
Statement of Budgeted and Actual Revenues and Expenses .....	31

## 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 year ended December 31, 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, 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 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 "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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Prior Year Audited by Other Auditors***

The 2021 financial statements were audited by other auditors, and their report thereon, dated April 20, 2022, expressed an unmodified 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 audit was 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The supplementary information for the year ended December 31, 2021, was audited by other auditors whose report dated April 20, 2022, expressed an unmodified opinion on such information in relation to the basic financial statements for the year ended December 31, 2021, taken as a whole.

**FORVIS,LLP**

Wichita, Kansas  
April 25, 2023

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Balance Sheets**  
**December 31, 2022 and 2021**

**Assets**

	<b>2022</b>	<b>2021</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 9,423,978	\$ 4,906,456
Investments	44,053,123	44,044,689
Patient accounts receivable, net of allowance; 2022 - \$9,537,263; 2021 - \$6,957,047	9,368,551	8,631,427
Estimated amounts due from third-party payers	521,000	3,475,298
Property tax levy receivable	21,454,178	14,952,613
Property taxes receivable	113,469	63,431
Other receivables	665,089	602,487
Inventories	2,974,172	2,758,471
Prepaid expenses	878,328	466,192
Total current assets	89,451,888	79,901,064
<b>Noncurrent Cash and Investments</b>		
Cash and cash equivalents restricted for Memorial Trust Fund	383,523	1,432,141
Cash and cash equivalents restricted for bond repayment	512,260	2,632,483
Investments restricted by bond for capital purchases	3,680,476	4,166,904
	4,576,259	8,231,528
<b>Capital Assets, Net</b>	148,828,968	156,270,389
<b>Other Assets</b>		
Equity interests in joint ventures	1,812,766	1,240,151
Total assets	\$ 244,669,881	\$ 245,643,132

## Liabilities, Deferred Inflows of Resources and Net Position

	<u>2022</u>	<u>2021</u>
<b>Current Liabilities</b>		
Current maturities of long-term debt	\$ 4,358,485	\$ 4,188,484
Accounts payable	2,878,818	2,314,225
Accrued compensation and related liabilities	6,453,399	7,248,867
Capital accounts payable	735,166	352,919
Accrued interest payable	334,532	362,074
Estimated amounts due to third-party payers	<u>1,624,202</u>	<u>-</u>
Total current liabilities	<u>16,384,602</u>	<u>14,466,569</u>
<b>Long-term Debt</b>	<u>85,093,787</u>	<u>89,452,272</u>
Total liabilities	<u>101,478,389</u>	<u>103,918,841</u>
<b>Deferred Inflows of Resources</b>		
Deferred property tax levy	<u>21,454,178</u>	<u>14,952,613</u>
<b>Net Position</b>		
Net investment in capital assets	61,987,474	66,081,544
Restricted - expendable for		
Memorial Trust Fund	383,523	1,432,141
Bond repayment	512,260	2,632,483
Unrestricted	<u>58,854,057</u>	<u>56,625,510</u>
Total net position	<u>121,737,314</u>	<u>126,771,678</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 244,669,881</u>	<u>\$ 245,643,132</u>

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Operating Revenues</b>		
Net patient service revenue	\$ 85,217,410	\$ 79,515,440
Other	4,090,327	2,599,701
Total operating revenues	89,307,737	82,115,141
<b>Operating Expenses</b>		
Salaries and wages	47,803,094	44,961,673
Employee benefits	14,524,166	12,078,996
Professional fees and other purchased services	8,093,567	4,905,299
Supplies	12,362,793	12,553,962
Depreciation	10,662,176	10,069,907
Utilities	1,767,728	1,418,514
Repairs and maintenance	7,347,838	7,548,665
Provider fees	1,764,475	1,834,128
Other	3,511,713	3,801,707
Total operating expenses	107,837,550	99,172,851
<b>Operating Loss</b>	<b>(18,529,813)</b>	<b>(17,057,710)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Taxation for operations	7,826,697	9,222,503
Taxation for bond principal and interest	8,302,588	8,616,687
Tax collection expense	(287,810)	(349,696)
Investment income	602,580	443,982
Contributions	255,671	448,325
Interest expense	(3,352,612)	(3,541,403)
Provider Relief Funds ( <i>CARES Act</i> ) and other COVID-19 funding	148,335	3,541,455
Total nonoperating revenues	13,495,449	18,381,853
<b>Change in Net Position</b>	(5,034,364)	1,324,143
<b>Net Position, Beginning of Year</b>	126,771,678	125,447,535
<b>Net Position, End of Year</b>	<b>\$ 121,737,314</b>	<b>\$ 126,771,678</b>

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from and on behalf of patients	\$ 89,058,786	\$ 81,542,486
Payments to suppliers	(34,938,900)	(30,923,328)
Payments to employees	(63,122,728)	(55,272,842)
Other receipts (payments), net	4,027,725	2,201,757
Net cash used in operating activities	(4,975,117)	(2,451,927)
<b>Cash Flows From Noncapital Financing Activities</b>		
Taxation for operations	7,776,659	10,105,681
Payments for tax collection	(287,810)	(349,696)
Noncapital contributions	255,671	448,325
Provider Relief Funds ( <i>CARES Act</i> ) and other COVID-19 funding	148,335	3,075,211
Net cash provided by noncapital financing activities	7,892,855	13,279,521
<b>Cash Flows From Capital and Related Financing Activities</b>		
Purchases of capital assets	(2,838,508)	(21,583,253)
Taxation for bond principal and interest	8,302,588	8,616,687
Principal payments on long-term debt	(3,385,000)	(3,225,000)
Interest payments on long-term debt	(4,156,096)	(4,344,888)
Net cash used in capital and related financing activities	(2,077,016)	(20,536,454)
<b>Cash Flows From Investing Activities</b>		
Purchase of investments	-	(23,700,000)
Proceeds from sale of investments	800,000	36,080,500
Investment income	316,959	77,954
Purchase of equity interests in joint ventures	(609,000)	-
Net cash provided by investing activities	507,959	12,458,454
<b>Increase in Cash and Cash Equivalents</b>	1,348,681	2,749,594
<b>Cash and Cash Equivalents, Beginning of Year</b>	8,971,080	6,221,486
<b>Cash and Cash Equivalents, End of Year</b>	\$ 10,319,761	\$ 8,971,080

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Statements of Cash Flows (Continued)**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
<b>Reconciliation of Cash and Cash Equivalents to the Balance Sheets</b>		
Cash and cash equivalents	\$ 9,423,978	\$ 4,906,456
Cash and cash equivalents restricted for Memorial Trust Fund	383,523	1,432,141
Cash and cash equivalents restricted for bond repayment	512,260	2,632,483
Total cash and cash equivalents	<b>\$ 10,319,761</b>	<b>\$ 8,971,080</b>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Operating loss	\$ (18,529,813)	\$ (17,057,710)
Depreciation	10,662,176	10,069,907
Provision for uncollectible accounts	6,168,633	4,753,805
Change in operating assets and liabilities		
Patient accounts receivable	(6,905,757)	(4,245,294)
Other receivables	(62,602)	(397,944)
Inventories	(215,701)	220,679
Prepaid expenses	(412,136)	247,823
Accounts payable	537,051	670,445
Accrued compensation and related liabilities	(795,468)	1,767,827
Estimated amounts due from and to third-party payers	4,578,500	1,518,535
Net cash used in operating activities	<b>\$ (4,975,117)</b>	<b>\$ (2,451,927)</b>
<b>Noncash Investing, Capital and Financing Activities</b>		
Capital asset acquisitions included in current liabilities	\$ 735,166	\$ 352,919
Amortization of bond premiums	\$ 803,484	\$ 803,485
Change in equity interests in joint ventures	\$ (36,385)	\$ 125,666
Noncash investment income	\$ 322,006	\$ 240,362

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**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 Medical Center (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 E. Dene Moore Memorial Home (Nursing Home), Grand River Primary Care 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.

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

***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.

***Cash Equivalents***

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2022 and 2021, 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.

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

***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, 2022 and 2021.

***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.

***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.

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

***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.

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

***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 \$2,283,065 and \$2,675,070 for 2022 and 2021, respectively.

***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 2021 financial statements for the presentation of 340B revenue to be included in Other Operating Revenue and for the current portion of bond premiums to be shown as a component of current maturities of long-term debt instead of a component of long-term debt. These revisions did not have an impact on total operating revenues or the change in net position for 2021.

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**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, 2022 and 2021, \$500,000 and \$524,624 of the District's bank balances of \$12,255,733 and \$6,655,816 were insured by FDIC coverage, respectively. The remainder of the District's bank balances of \$11,755,733 and \$6,131,192, respectively, were protected by the *Colorado Public Deposit Protection Act* noted above.

***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, 2022 and 2021, the District had the following investments and maturities:

	<b>December 31, 2022</b>	
<b>Fair Value</b>		<b>Maturities in Years Less than 1</b>
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
	<b>\$ 47,733,599</b>	<b>\$ 47,733,599</b>

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

	December 31, 2021	
Fair Value	Maturities in Years	
	Less than 1	
Commercial paper	\$ 33,780,157	\$ 33,780,157
Money market mutual funds	14,431,436	14,431,436
	\$ 48,211,593	\$ 48,211,593

**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.

**Summary of Carrying Values**

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

	2022	2021
Carrying value		
Deposits	\$ 10,319,761	\$ 8,971,080
Investments	47,733,599	48,211,593
	\$ 58,053,360	\$ 57,182,673
Included in the following balance sheet captions		
Cash and cash equivalents	\$ 9,423,978	\$ 4,906,456
Short-term investments	44,053,123	44,044,689
Cash and cash equivalents restricted		
for Memorial Trust Fund	383,523	1,432,141
for bond repayment	512,260	2,632,483
Investments restricted		
for capital purchases	3,680,476	4,166,904
	\$ 58,053,360	\$ 57,182,673

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Medicare	\$ 3,773,955	\$ 3,280,752
Medicaid	1,887,945	1,302,920
Other third-party payers	4,817,461	4,730,240
Patients	<u>8,426,453</u>	<u>6,274,562</u>
	18,905,814	15,588,474
Less allowance for uncollectible accounts	<u>9,537,263</u>	<u>6,957,047</u>
	<u>\$ 9,368,551</u>	<u>\$ 8,631,427</u>

**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 \$858,193 and \$988,250 as of December 31, 2022 and 2021, 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 \$345,573 and \$251,901 as of December 31, 2022 and 2021, 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 \$609,000 and \$0 as of December 31, 2022 and 2021, respectively.



**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**Note 6: Long-term Debt**

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

		<b>2022</b>					
		<b>Beginning</b>			<b>Ending</b>	<b>Amounts</b>	<b>Long-term</b>
		<b>Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b>	<b>Due Within</b>	<b>Portion</b>
						<b>One Year</b>	
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>
		<b>2021</b>					
		<b>Beginning</b>			<b>Ending</b>	<b>Amounts</b>	<b>Long-term</b>
		<b>Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance</b>	<b>Due Within</b>	<b>Portion</b>
						<b>One Year</b>	
General Obligation Bonds							
Series 2018	\$	84,010,000	-	\$ (3,225,000)	\$80,785,000	\$ 3,385,000	\$77,400,000
Unamortized premium							
on Series 2018 bonds		13,659,241	-	(803,485)	12,855,756	803,484	12,052,272
	\$	<u>97,669,241</u>	<u>\$ -</u>	<u>\$ (4,028,485)</u>	<u>\$93,640,756</u>	<u>\$ 4,188,484</u>	<u>\$89,452,272</u>

**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 \$3,555,000 in 2023 to \$7,195,000 in 2037, with semiannual interest payments at rates ranging from 5 percent to 5.25 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.

**Grand River Hospital District  
d/b/a Grand River Health  
Notes to Financial Statements  
December 31, 2022 and 2021**

**Debt Service Requirements**

Debt service requirements on long-term debt as of December 31, 2022, are as follows:

Year Ending December 31,	Series 2018 Bonds	
	Principal	Interest
2023	\$ 3,555,000	\$ 3,999,575
2024	3,735,000	3,821,075
2025	3,920,000	3,633,554
2026	4,115,000	3,436,742
2027	4,320,000	3,230,138
2028-2032	25,200,000	12,539,626
2033-2037	32,555,000	5,160,073
	<u>\$ 77,400,000</u>	<u>\$ 35,820,783</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.

**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, 2022 and 2021, 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.

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

Activity in the District’s accrued employee health claims liability during 2022 and 2021 is summarized as follows:

	<b>2022</b>	<b>2021</b>
Balance, beginning of year	\$ 819,405	\$ 1,187,671
Current year claims incurred and changes in estimates for claims incurred in prior years	7,382,546	4,538,955
Claims and expenses paid	(7,207,322)	(4,907,221)
Balance, end of year	\$ 994,629	\$ 819,405

**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.

Approximately 63% and 57% of net patient service revenue is from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2022 and 2021, 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.

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

The District received approximately \$6,509,000 and \$6,537,000 from supplemental Medicaid payments and the Colorado Indigent Care Program for the years ended December 31, 2022 and 2021, 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 \$1,486,000 and \$1,750,000 for 2022 and 2021, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges from the 2022 and 2021 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 \$3,166,070 and \$1,463,799 for the years ending December 31, 2022 and 2021, 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 \$1,372,143 and \$571,982 for the years ending December 31, 2022 and 2021, 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, 2022 and 2021**

**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 15 and 18 percent of its financial support in 2022 and 2021 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 2022, the District's total assessed valuation was \$2,075,444,120, for a total regular levy of \$11,605,203. For 2021, the District's total assessed valuation was \$1,294,189,940, for a total regular levy of \$7,232,717.

The District has a bond levy rate of \$4.750 and \$5.974 per \$1,000 for 2022 and 2021, respectively. For 2022, the District's total assessed valuation was \$2,075,444,120, for a total bond levy of \$9,848,975. For 2021, the District's total assessed valuation was \$1,294,189,940, for a total bond levy of \$7,719,895. 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, 2022, are:

2023	\$ 444,447
2024	416,890
2025	289,850
2026	77,804
2027	<u>53,066</u>
Future minimum lease payments	<u>\$ 1,282,057</u>

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**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, 2022 and 2021:

	<b>Fair Value Measurements Using</b>			
	<b>Total Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>December 31, 2022</b>				
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>

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

	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)
<b>December 31, 2021</b>				
Commercial paper	\$ 33,780,157	\$ -	\$ 33,780,157	\$ -
Money market mutual funds	14,431,436	14,431,436	-	-
	<u>\$ 48,211,593</u>	<u>\$ 14,431,436</u>	<u>\$ 33,780,157</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 2022 and 2021 were \$1,315,011 and \$1,227,850, respectively.

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

***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 2022 and 2021 were \$2,595,255 and \$2,455,114, 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, 2022 and 2021**

**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, 2022 and 2021:

	<b>2022</b>			
	<b>Grand River Hospital District</b>	<b>Grand River Hospital District Memorial Trust Fund</b>	<b>Eliminations</b>	<b>Total</b>
<b>Assets</b>				
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	<u>\$ 244,286,358</u>	<u>\$ 383,523</u>	<u>\$ -</u>	<u>\$ 244,669,881</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
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	<u>\$ 244,286,358</u>	<u>\$ 383,523</u>	<u>\$ -</u>	<u>\$ 244,669,881</u>

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

	2021			
	Grand River Hospital District	Grand River Hospital District Memorial Trust Fund	Eliminations	Total
<b>Assets</b>				
Current assets	\$ 79,517,635	\$ 1,365,885	\$ (982,456)	\$ 79,901,064
Noncurrent cash and investments	8,231,528	-	-	8,231,528
Capital assets, net	156,270,389	-	-	156,270,389
Other assets	1,240,151	-	-	1,240,151
	<u>\$ 245,259,703</u>	<u>\$ 1,365,885</u>	<u>\$ (982,456)</u>	<u>\$ 245,643,132</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>				
Current liabilities	\$ 14,466,569	\$ 982,456	\$ (982,456)	\$ 14,466,569
Long-term debt	89,452,272	-	-	89,452,272
	<u>103,918,841</u>	<u>982,456</u>	<u>(982,456)</u>	<u>103,918,841</u>
Deferred inflows of resources	14,952,613	-	-	14,952,613
Net position	<u>126,388,249</u>	<u>383,429</u>	<u>-</u>	<u>126,771,678</u>
	<u>\$ 245,259,703</u>	<u>\$ 1,365,885</u>	<u>\$ (982,456)</u>	<u>\$ 245,643,132</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 245,259,703</u>	<u>\$ 1,365,885</u>	<u>\$ (982,456)</u>	<u>\$ 245,643,132</u>

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

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, 2022 and 2021:

	<b>2022</b>			
	<b>Grand River Hospital District</b>	<b>Grand River Hospital District Memorial Trust Fund</b>	<b>Eliminations</b>	<b>Total</b>
Operating revenues	\$ 89,307,737	\$ -	\$ -	\$ 89,307,737
Operating expenses	107,837,550	-	-	107,837,550
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>

	<b>2021</b>			
	<b>Grand River Hospital District</b>	<b>Grand River Hospital District Memorial Trust Fund</b>	<b>Eliminations</b>	<b>Total</b>
Operating revenues	\$ 82,115,141	\$ -	\$ -	\$ 82,115,141
Operating expenses	99,172,851	306,526	(306,526)	99,172,851
Operating income (loss)	(17,057,710)	(306,526)	306,526	(17,057,710)
Nonoperating revenues	18,382,041	306,338	(306,526)	18,381,853
Change in net position	1,324,331	(188)	-	1,324,143
Net position, beginning of year	125,063,918	383,617	-	125,447,535
Net position, end of year	<u>\$ 126,388,249</u>	<u>\$ 383,429</u>	<u>\$ -</u>	<u>\$ 126,771,678</u>

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

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:

	<b>2022</b>			
	<b>Grand River Hospital District</b>	<b>Grand River Hospital District Memorial Trust Fund</b>	<b>Eliminations</b>	<b>Total</b>
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>

	<b>2021</b>			
	<b>Grand River Hospital District</b>	<b>Grand River Hospital District Memorial Trust Fund</b>	<b>Eliminations</b>	<b>Total</b>
Net cash provided by (used in):				
Operating activities	\$ (2,451,927)	\$ -	\$ -	\$ (2,451,927)
Noncapital financing activities	13,279,840	306,019	(306,338)	13,279,521
Capital and related financing activities	(20,536,454)	-	-	(20,536,454)
Investing activities	12,458,323	131	-	12,458,454
Increase (decrease) in cash and cash equivalents	2,749,782	306,150	(306,338)	2,749,594
Cash and cash equivalents, beginning of year	5,837,869	1,059,735	(676,118)	6,221,486
Cash and cash equivalents, end of year	<u>\$ 8,587,651</u>	<u>\$ 1,365,885</u>	<u>\$ (982,456)</u>	<u>\$ 8,971,080</u>

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**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's pandemic response plan has multiple facets and continues to evolve as the pandemic unfolds. The District has taken precautionary 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 years ended December 31, 2022 and 2021, the District received approximately \$148,000 and \$3,075,000, respectively, 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 and 2021, the District recognized \$148,335 and \$3,541,455, respectively, 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.

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**Note 19: Future Change in Accounting Principle**

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA) provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

## **Supplementary Information**

**Grand River Hospital District**  
**d/b/a Grand River Health**  
**Statement of Budgeted and Actual Revenues and Expenses**  
**Year Ended December 31, 2022**

	<b>Budgeted Amount Original</b>	<b>Actual</b>	<b>Favorable (Unfavorable) Variance</b>
<b>Operating Revenues</b>			
Net patient service revenue	\$ 90,392,889	\$ 85,217,410	\$ (5,175,479)
Other	781,100	4,090,327	3,309,227
Total operating revenues	<u>91,173,989</u>	<u>89,307,737</u>	<u>(1,866,252)</u>
<b>Operating Expenses</b>	<u>106,283,833</u>	<u>107,837,550</u>	<u>(1,553,717)</u>
<b>Operating Loss</b>	<u>(15,109,844)</u>	<u>(18,529,813)</u>	<u>(3,419,969)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Taxes	14,952,612	15,841,475	888,863
Investment income	840,100	602,580	(237,520)
Contributions and grants	70,000	255,671	185,671
Interest expense	(4,440,000)	(3,352,612)	1,087,388
Other	250,000	148,335	(101,665)
Total nonoperating revenues	<u>11,672,712</u>	<u>13,495,449</u>	<u>1,822,737</u>
<b>Change in Net Position</b>	<u>\$ (3,437,132)</u>	<u>\$ (5,034,364)</u>	<u>\$ (1,597,232)</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 2022.