Independent Auditor's Report and Financial Statements
Mitchell County Hospital Health Systems
March 31, 2025 and 2024

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Independent Auditor's Report

Board of Trustees
Mitchell County Hospital Health Systems

Opinion

We have audited the accompanying financial statements of the business-type activities of Mitchell County Hospital Health Systems (the Health System) a component unit of Mitchell County, Kansas, as of and for the years ended March 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Health System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Mitchell County Hospital Health Systems as of March 31, 2025 and 2024, and the respective changes in financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. 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 Health System 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.

Emphasis of Matters

As discussed in Note A to the financial statements, in 2025 the Health System adopted Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections,* and Statement No. 101, *Compensated Absences.* Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

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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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health System'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 Health System'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.

Other Matters

The Health System has omitted 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 financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Wendling Noe Nelson & Johnson LLC

Topeka, Kansas
August 29, 2025

Financial Statements

Mitchell County Hospital Health Systems
Statements of Net Position
March 31, 2025 and 2024

Assets

	2025	2024
Current assets		
Cash and cash equivalents	$ 5,460,868	$ 5,907,641
Assets limited as to use	276,957	228,232
Patient accounts receivable, net of allowance for uncollectible accounts of $1,183,019 in 2025 and $945,000 in 2024	4,626,162	2,826,200
Other receivables	81,716	44,677
Inventories	528,922	571,496
Prepaid expenses	278,445	297,920
Estimated third-party payor settlements		65,000
Total current assets	11,253,070	9,941,166
Assets limited as to use		
Internally designated		
For specific operating activities	677,690	675,057
For capital assets	9,626,767	8,920,560
Endowment Fund investments	5,399,589	5,087,800
Under bond agreements	1,173,270	1,124,546
By contributors		
For specific operating activities	12,790	12,290
For capital asset acquisitions	509,879	422,352
	17,399,985	16,242,605
Less amounts required to meet current obligations	276,957	228,232
Total assets limited as to use	17,123,028	16,014,373
Capital assets		
Capital assets not being depreciated	686,123	442,680
Depreciable capital assets, net	8,361,437	8,768,823
Lease assets, net	366,507	492,892
Subscription IT assets, net	2,392,301	2,587,104
Total capital assets	11,806,368	12,291,499
Total assets	$ 40,182,466	$ 38,247,038

The accompanying notes are an integral part of these statements.

Liabilities and Net Position

	2025	2024
Current liabilities		
Current maturities of long-term debt	$ 795,000	$ 765,000
Current maturities of lease liabilities	66,869	71,295
Current maturities of subscription IT liabilities	332,442	284,401
Accounts payable	481,434	341,680
Accrued salaries and benefits	1,258,946	1,245,441
Accrued compensated absences	1,242,105	1,235,175
Accrued interest payable	10,428	9,221
Estimated third-party payor settlements	914,000	75,000
Total current liabilities	5,101,224	4,027,213
Long-term liabilities		
Long-term debt less current maturities	1,926,304	2,746,351
Lease liabilities less current maturities	287,757	364,452
Subscription IT liabilities less current maturities	2,075,329	2,249,678
Accrued compensated absences, net of current portion	409,000	395,000
Total long-term liabilities	4,698,390	5,755,481
Total liabilities	9,799,614	9,782,694
Net position		
Net investment in capital assets	6,322,667	5,810,321
Restricted		
For debt service	1,173,270	1,124,546
For specific operating activities	12,790	12,290
For capital asset acquisitions	509,879	422,352
Mitchell County Community Hospital Endowment Fund	5,399,589	5,087,800
Unrestricted	16,964,657	16,007,035
Total net position	30,382,852	28,464,344
Total liabilities and net position	$ 40,182,466	$ 38,247,038

Mitchell County Hospital Health Systems
Statements of Revenues, Expenses, and
Changes in Net Position
Years ended March 31, 2025 and 2024

	2025	2024
Operating revenues		
Net patient service revenue	$ 30,860,132	$ 28,598,703
Other	323,412	274,621
Total operating revenues	31,183,544	28,873,324
Operating expenses		
Salaries and wages	14,582,085	14,765,418
Employee benefits	3,137,369	3,088,168
Supplies and other expenses	11,176,946	9,759,922
Depreciation and amortization	1,800,673	2,062,438
Total operating expenses	30,697,073	29,675,946
Operating income (loss)	486,471	(802,622)
Nonoperating revenues and (expenses)		
County tax appropriations	221,365	203,424
Investment income	1,297,754	1,012,989
Interest expense	(243,226)	(155,358)
Noncapital grants and contributions	101,839	56,344
Other	(51,570)	(92,732)
Total nonoperating revenues and (expenses)	1,326,162	1,024,667
Excess of revenues over expenses before capital grants and contributions	1,812,633	222,045
Capital grants and contributions	105,875	140,238
Change in net position	1,918,508	362,283
Net position at beginning of year		
As previously reported	29,032,344	28,670,061
Prior period adjustment for change in accounting principle	(568,000)	(568,000)
As restated	28,464,344	28,102,061
Net position end of year	$ 30,382,852	$ 28,464,344

The accompanying notes are an integral part of these statements.

Mitchell County Hospital Health Systems
Statements of Cash Flows
Years ended March 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Receipts from and on behalf of patients	$ 29,951,367	$ 27,461,117
Payments to or on behalf of employees	(17,709,255)	(17,959,142)
Payments for supplies and services	(10,987,421)	(9,701,794)
Other receipts and payments	323,412	274,621
Net cash provided by operating activities	1,578,103	74,802
Cash flows from noncapital financing activities		
County tax appropriations	221,365	203,424
Noncapital grants and contributions	101,839	56,344
Other	(51,570)	(51,026)
Net cash provided by noncapital financing activities	271,634	208,742
Cash flows from capital and related financing activities		
Acquisition of capital assets	(1,128,257)	(952,817)
Principal payments on long-term debt	(765,000)	(825,000)
Principal payments on lease liabilities	(81,121)	(83,043)
Principal payments on subscription IT liabilities	(282,967)	(382,338)
Interest paid	(267,066)	(188,153)
Net cash used by capital and related financing activities	(2,524,411)	(2,431,351)
Cash flows from investing activities		
Changes in investments	(438,373)	(301,872)
Investment income received	1,426,664	1,047,112
Net cash provided by investing activities	988,291	745,240
Net change in cash and cash equivalents	313,617	(1,402,567)
Cash and cash equivalents at beginning of year	16,643,667	18,046,234
Cash and cash equivalents at end of year	$ 16,957,284	$ 16,643,667

The accompanying notes are an integral part of these statements.

Mitchell County Hospital Health Systems
Statements of Cash Flows - Continued
Years ended March 31, 2025 and 2024

	2025	2024
Reconciliation of cash and cash equivalents		
Cash and cash equivalents	$ 5,460,868	$ 5,907,641
Cash included in assets limited as to use		
Internally designated for specific operating activities	677,690	675,057
Internally designated capital assets	9,624,920	8,918,714
Under bond agreements	1,173,206	1,124,482
Endowment Fund investments	7,810	5,483
By contributors		
For specific operating activities	12,790	12,290
Total cash and cash equivalents	$ 16,957,284	$ 16,643,667
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	$ 486,471	$ (802,622)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization	1,800,673	2,062,438
Provision for bad debts	1,173,274	997,264
Changes in		
Patient accounts receivable	(2,973,236)	(830,745)
Other receivables	(37,039)	(23,624)
Estimated third-party payor settlements	904,000	(1,273,565)
Inventories	42,574	(27,538)
Prepaid expenses	19,475	44,867
Accounts payable and accrued expenses	161,911	(71,673)
Net cash provided by operating activities	$ 1,578,103	$ 74,802
Supplemental schedule on noncash investing and financing activities		
Change in net unrealized gains and (losses) on investments	$ (128,911)	$ (34,123)
Noncash lease liabilities incurred		454,178
Noncash subscription IT liabilities incurred	156,659	2,700,815

The accompanying notes are an integral part of these statements.

Mitchell County Hospital Health Systems
Notes to Financial Statements
March 31, 2025 and 2024

Note A - Description of Reporting Entity and Summary of Significant Accounting Policies

1. Reporting entity

Mitchell County Hospital Health Systems (the Health System) is owned by Mitchell County, Kansas (the County), and governed by a seven-member Board of Trustees appointed by the Board of County Commissioners of the County. The Health System is located in Beloit, Kansas, and provides acute care, swing-bed, skilled nursing, and long-term care services. The Health System can sue and be sued and can buy, sell, or lease real property. Bond issuances must be approved by the County. The Health System is a component unit of the County.

The component unit discussed in Note A2 is included in the Health System's reporting entity because of the nature and significance of its relationship with the Health System.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

2. Component unit

Mitchell County Community Hospital Endowment Fund (the Endowment Fund) is a legally separate not-for-profit membership corporation organized to endow the Mitchell County Community Hospital and its successors and to otherwise provide charitable support of health care, hospital, and related services in Mitchell County, Kansas. The sole member of the Endowment Fund is the Health System. The Endowment Fund is governed by a five-member Board of Directors, of which two members are also members of the Health System's Board of Trustees, and the other three members are the members of the Endowment Management Committee (the Committee). The day-to-day operating and investing decisions of the Endowment Fund are carried out by the Committee. Members of the Committee are appointed by the Board of County Commissioners of the County. Principal distributions from the Endowment Fund can only be made with approval of all members of the Committee and a majority of the Board of Directors. The Endowment Fund's bylaws restrict principal distributions to 10 percent of unrestricted net position in one calendar year and 30 percent of unrestricted net position in any period of ten consecutive calendar years.

The Health System includes the Endowment Fund as a component unit in its financial statements using the blended method. All significant intercompany accounts and transactions have been eliminated in the accompanying financial statements.

Financial data of the Endowment Fund are presented as of December 31, 2024 and 2023, and for the years then ended.

3. Use of estimates

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

4. Basis of accounting

The Health System uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus.

5. Cash and cash equivalents

The Health System considers all cash and invested cash to be cash equivalents, excluding any items classified as investments by the Endowment Fund.

Note A - Description of Reporting Entity and Summary of Significant Accounting Policies - Continued

6. Allowance for uncollectible accounts

The Health System provides for accounts receivable that could become uncollectible in the future by establishing an allowance to reduce the carrying value of such receivables to their estimated net realizable value. The Health System estimates this allowance based on the aging of its accounts receivable and its historical collection experience for each type of payor.

7. Inventories

Inventories are stated at cost as determined using the first-in, first-out method.

8. Investments and investment income

Investments in debt and equity securities are reported at fair value. Interest, dividends, and gains and losses, both realized and unrealized, on investments in debt and equity securities are included in nonoperating revenue when earned.

9. Assets limited as to use

Assets limited as to use include assets set aside by the Board of Trustees for specific operating activities, employee health insurance expenses, and replacement of capital assets or for purchase of additional capital assets, over which the Board retains control and may, at its discretion, subsequently use for other purposes; assets whose use is limited under bond agreements; and assets restricted by contributors for a particular purpose. Amounts that are required for obligations classified as current liabilities are reported in current assets.

10. Capital assets

Capital assets excluding lease assets and subscription IT assets are stated at cost. Depreciation of capital assets excluding lease assets and subscription IT assets are provided on the straight-line method over the estimated useful lives of the assets which are substantially in conformity with the guidelines established by the American Hospital Association.

Lease assets are recognized at the lease commencement date and represent the right-to-use an underlying asset for the lease term. Leased assets are measured at the initial value of the lease liability at the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus any initial direct costs necessary to place the lease asset into service. Leased assets are amortized over the shorter of the lease term or useful life of the underlying asset using the straight-line method or the same method amortizing the lease liability.

Subscription IT assets are recognized at the subscription commencement date and represent the Health System's right to use an underlying IT asset for the subscription term. Subscription IT assets are measured at the initial value of the subscription IT liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method or the same method amortizing the subscription liability.

The costs of maintenance and repairs are charged to operating expenses as incurred. The costs of significant additions, renewals, and betterments to depreciable properties are capitalized and depreciated over the remaining or extended useful lives of the item or the properties. Gains and losses on disposition of capital assets are included in nonoperating revenues and expenses.

Note A - Description of Reporting Entity and Summary of Significant Accounting Policies - Continued

11. Lease liabilities

Lease liabilities represent obligations to make payments arising from lease arrangements. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on the rate implicit in the lease or the Health System's incremental borrowing rate.

12. Subscription IT liabilities

Subscription IT liabilities represent obligations to make payments arising from SBITAs. Subscription IT liabilities are recognized at the SBITA commencement date based on the present value of future SBITA payments expected to be made during the SBITA term. The present value of the SBITA payments are discounted based on the rate implicit in the SBITA or the Health System's incremental borrowing rate.

13. Costs of borrowing

Other costs incurred to issue long-term debt are expensed in the period incurred. Original issue premiums and discounts associated with issuance of long-term debt are amortized using the interest method over the term of the related debt.

14. Grants and contributions

From time to time, the Health System receives grants and contributions from individuals and private organizations. Revenues from grants and contributions, including contributions of capital assets, are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

15. Restricted resources

When the Health System has both restricted and unrestricted resources available to finance a particular program, it is the Health System's policy to use restricted resources before unrestricted resources.

16. Compensated absences

Employees are entitled to paid personal leave (PPL) depending on length of service and whether they are full-time or part-time. PPL vests and may be carried forward by an employee in an amount not to exceed hourly limits based on length of employment. Upon retirement, resignation, or termination from service, employees who have been employed a minimum of one year are entitled to payment of accrued unused PPL. PPL benefits are expensed and accrued as earned under the Health System's PPL policy, with the vested amount recorded as a current accrued liability.

Employees are also entitled to extended illness benefits depending on whether they are full-time or part-time. Upon retirement, resignation, or termination from service, employees are not entitled to payment for accrued extended illness. The Health System accrues a current and noncurrent estimate of vested extended illness benefits that are expected to be used based on historical usage.

Note A - Description of Reporting Entity and Summary of Significant Accounting Policies - Continued

17. Net position

Net position of the Health System is classified into three components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Health System, including amounts deposited with trustees as required by bond agreements. *Unrestricted net position* is the remaining net position that does not meet the definitions of the other two components of net position.

18. Operating revenues and expenses

The Health System's statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, which is the Health System's principal activity. Nonexchange revenues, including noncapital grants and contributions and the county tax appropriations, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

19. Net patient service revenue

Net patient service revenue is reported at established charges with deductions for discounts, charity care, contractual adjustments, and provision for bad debts, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

20. Charity care

The Health System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Health System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

21. Income taxes

The Health System is exempt from federal income taxes pursuant to Sections 115 and 501(a) of the Internal Revenue Code.

The Endowment Fund is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on its related income pursuant to Section 501(a) of the Code. Management of the Endowment Fund is not aware of any uncertainties in income tax positions. Tax years ended on or before December 31, 2020, are not subject to examination by taxing authorities.

22. Adoption of accounting pronouncements

Effective April 1, 2024, the Health System adopted Government Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections.* GASB 100 provides enhanced accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information. It also addresses the impact of accounting changes and error corrections on required and other supplementary information. GASB 100 requires disclosures for accounting changes and error corrections to include descriptive information about accounting changes and error corrections and information about the quantitative effects on beginning balances from accounting changes and error corrections.

Note A - Description of Reporting Entity and Summary of Significant Accounting Policies - Continued

Effective April 1, 2024, the Health System adopted GASB Statement No. 101, *Compensated Absences*. GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used, and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services the employee already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, an entity should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences.

GASB 101 requires a retrospective transition method using the facts and circumstances that existed at the beginning of the earliest period presented (i.e., April 1, 2023). Comparative prior year financial statements have been adjusted to apply this standard retrospectively, which resulted in a beginning net position adjustment of $568,000. See Note R for amounts restated.

23. Subsequent events

The Health System has evaluated subsequent events through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

Note B - Net Patient Service Revenue

The Health System has agreements with third-party payors that provide for payments to it at amounts different from its established charge rates. The amounts reported on the statements of net position as estimated third-party payor settlements consist of the estimated differences between the contractual amounts for providing covered services and the interim payments received for those services. A summary of the payment arrangements with major third-party payors follows:

Medicare - The Health System is a critical access hospital for purposes of the Medicare program. Hospital services rendered to Medicare beneficiaries are paid under cost reimbursement methodologies. Skilled nursing services rendered to Medicare beneficiaries in the Health System's long-term care unit are paid at prospectively determined rates per day. The Health System is paid for cost reimbursable items at tentative rates with final settlement determined after submission of annual cost reports by the Health System and audits or reviews thereof by the Medicare administrative contractor. The Health System's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. The Health System's Medicare cost reports have been audited or reviewed by the Medicare administrative contractor through March 31, 2023.

Medicaid - Hospital services rendered to all Medicaid beneficiaries are paid at prospectively determined rates. The Health System receives a hospital-specific add-on percentage to each claim based on previously filed cost reports. Nursing facility services are paid at prospectively determined per diem rates set annually on the basis of cost information supplied by nursing facilities for preceding calendar years.

Note B - Net Patient Service Revenue - Continued

Blue Cross and Blue Shield - All services rendered to patients who are insured by Blue Cross and Blue Shield are paid on the basis of prospectively determined rates per discharge or discounts from established charges.

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

A summary of gross and net patient service revenue follows:

	2025	2024
Gross patient service revenue	$ 56,009,531	$ 49,769,909
Contractual adjustments	(23,774,191)	(19,959,589)
Provision for bad debts	(1,173,274)	(997,264)
Charity care	(201,934)	(214,353)
Net patient service revenue	$ 30,860,132	$ 28,598,703

Revenue from the Medicare and Medicaid programs accounted for approximately 54 percent and 8 percent, respectively, of the Health System's net patient service revenue during 2025, and 59 percent and 10 percent, respectively, of the Health System's net patient service revenue during 2024. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Note C - Deposits with Financial Institutions

Custodial credit risk is the risk that in an event of a bank failure, a government's deposits may not be returned to it. The Health System's deposit policy of custodial credit risk requires compliance with the provisions of State law. In addition, the Health System maintains its cash in banks which are insured by the Federal Deposit Insurance Corporation (FDIC).

Kansas statutes authorize the Health System, with certain restrictions, to deposit or invest in open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury bills and notes, and the State Treasurer's investment pool. Kansas statutes also require that collateral be pledged for bank deposits with a fair value equal to 100 percent of the uninsured amounts and must be assigned for the benefit of the Health System.

At March 31, 2025, the carrying amount of the Health System's bank deposits (excluding those of the Endowment Fund), including certificates of deposit, was $16,949,374 and the bank balances were $17,601,747. Of the bank balances, $7,788,243 was covered by federal depository insurance and $9,813,504 was covered by collateral held by a third-party bank, but not registered in the Health System's name.

Note C - Deposits with Financial Institutions - Continued

The Health System's bank deposits are included in the financial statements under the following categories:

Cash and cash equivalents	$ 5,460,768
Assets limited as to use	
Internally designated	
For specific operating activities	677,690
For capital assets	9,624,920
Under bond agreements	1,173,206
By contributors	12,790
	$ 16,949,374

Note D - Assets Limited as to Use

The composition of assets limited as to use is as follows:

	2025	2024
Internally designated for specific operating activities		
Cash	$ 677,690	$ 675,057
Internally designated for capital assets		
Cash	$ 2,876,054	$ 2,203,822
Certificates of deposit	6,748,866	6,714,892
Accrued interest receivable	1,847	1,846
	$ 9,626,767	$ 8,920,560
Under bond agreements		
Cash	$ 276,956	$ 228,232
Certificates of deposit	896,250	896,250
Accrued interest receivable	64	64
	$ 1,173,270	$ 1,124,546
By contributors for specific operating activities		
Certificates of deposit	$ 12,790	$ 12,290
By contributors for capital asset acquisitions		
Cash held by Mitchell County Regional Medical Foundation	$ 509,879	$ 422,352

Note D - Assets Limited as to Use - Continued

The Endowment Fund's investments are stated at fair value based upon quoted prices in active markets for identical assets. The composition of its investments is as follows:

	2025	2024
Cash and cash equivalents	$ 319,715	$ 13,916
Common stocks	2,477,377	2,407,426
Mutual funds (equity and fixed income)	2,602,497	2,666,458
	$ 5,399,589	$ 5,087,800

Note E - Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is determined according to a hierarchy that gives highest priority to use of observable inputs and lowest priority to use of unobservable inputs. These inputs are described as follows:

Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable, supported by little or no market activity, and are significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

Common stocks and Mutual funds are valued at unadjusted quoted prices for identical securities in active markets.

The following tables set forth, by level, the Endowment Fund's assets measured at fair value on a recurring basis:

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Common stocks	$ 2,477,377	$ -	$ -	$ 2,477,377
Mutual funds	2,602,497			2,602,497
	$ 5,079,874	$ -	$ -	$ 5,079,874

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Common stocks	$ 2,407,426	$ -	$ -	$ 2,407,426
Mutual funds	2,666,458			2,666,458
	$ 5,073,884	$ -	$ -	$ 5,073,884

Note F - Capital Assets

Capital asset additions, retirements, and balances are as follows:

	2025			
	Beginning balance	Transfers and additions	Retirements	Ending balance
Capital assets not being depreciated				
Land	$ 42,774	$ -	$ -	$ 42,774
Construction in progress	399,906	243,443		643,349
Total capital assets not being depreciated	442,680	243,443	-	686,123
Capital assets being depreciated				
Land improvements	751,400			751,400
Buildings	20,413,984	84,101		20,498,085
Fixed equipment	7,227,707	158,849		7,386,556
Major movable equipment	16,086,681	815,146	(126,827)	16,775,000
Total capital assets being depreciated	44,479,772	1,058,096	(126,827)	45,411,041
Less accumulated depreciation				
Land improvements	670,938	12,789		683,727
Buildings	15,518,147	487,119		16,005,266
Fixed equipment	5,429,680	154,316		5,583,996
Major movable equipment	14,092,184	811,258	(126,827)	14,776,615
Total accumulated depreciation	35,710,949	1,465,482	(126,827)	37,049,604
Total capital assets being depreciated, net	8,768,823	(407,386)	-	8,361,437
Lease assets being amortized				
Major movable equipment	642,650	(148,956)		493,694
Less accumulated amortization				
Major movable equipment	149,758	(22,571)		127,187
Total lease assets being amortized, net	492,892	(126,385)	-	366,507
Subscription IT assets being amortized	3,269,544	162,959		3,432,503
Less accumulated amortization	682,440	357,762		1,040,202
Total subscription IT assets being amortized, net	2,587,104	(194,803)	-	2,392,301
Capital assets, net	$ 12,291,499	$ (485,131)	$ -	$ 11,806,368

Note F - Capital Assets - Continued

	2024			
	Beginning balance	Transfers and additions	Retirements	Ending balance
Capital assets not being depreciated				
Land	$ 42,774	$ -	$ -	$ 42,774
Construction in progress		399,906		399,906
Total capital assets not being depreciated	42,774	399,906	-	442,680
Capital assets being depreciated				
Land improvements	746,102	5,298		751,400
Buildings	20,242,368	171,616		20,413,984
Fixed equipment	7,219,157	8,550		7,227,707
Major movable equipment	16,073,051	433,172	(419,542)	16,086,681
Total capital assets being depreciated	44,280,678	618,636	(419,542)	44,479,772
Less accumulated depreciation				
Land improvements	651,199	19,739		670,938
Buildings	15,002,883	515,264		15,518,147
Fixed equipment	5,277,739	151,941		5,429,680
Major movable equipment	13,746,794	723,226	(377,836)	14,092,184
Total accumulated depreciation	34,678,615	1,410,170	(377,836)	35,710,949
Total capital assets being depreciated, net	9,602,063	(791,534)	(41,706)	8,768,823
Lease assets being amortized				
Major movable equipment	188,472	454,178		642,650
Less accumulated amortization				
Major movable equipment	76,831	72,927		149,758
Total lease assets being amortized, net	111,641	381,251		492,892
Subscription IT assets being amortized	1,162,252	2,704,715	(597,423)	3,269,544
Less accumulated amortization	700,522	579,341	(597,423)	682,440
Total subscription IT assets being amortized, net	461,730	2,125,374	-	2,587,104
Capital assets, net	$ 10,218,208	$ 2,114,997	$ (41,706)	$ 12,291,499

Construction in progress at March 31, 2025, consists primarily of costs incurred for various renovations to the Health System's facilities. At March 31, 2025, the Health System's outstanding commitments for these projects were approximately $1,252,000.

Note G - Long-Term Debt

Long-term debt obligations are summarized as follows:

	2025	2024
3.00% - 3.75% Mitchell County, Kansas Public Building Commission Refunding Revenue Bonds, Series 2014; issued on June 10, 2014, in the original amount of $6,015,000; due serially through March 1, 2029; net of unamortized premium of $12,554 in 2025 and $19,391 in 2024	$ 1,377,554	$ 1,759,391
3.00% Mitchell County, Kansas Public Building Commission Refunding Revenue Bonds, Series 2016; issued on August 1, 2016, in the original amount of $3,815,000; due serially through March 1, 2029; net of unamortized premium of $28,750 in 2025 and $46,960 in 2024	1,343,750	1,751,960
	2,721,304	3,511,351
Less current maturities	795,000	765,000
Long-term debt obligations net of current maturities	$ 1,926,304	$ 2,746,351

The following is a summary of changes in long-term debt obligations:

Outstanding at April 1, 2023	$ 4,367,084
Principal payments	(825,000)
Amortization of bond premium	(30,733)
Outstanding at March 31, 2024	3,511,351
Principal payments	(765,000)
Amortization of bond premium	(25,047)
Outstanding at March 31, 2025	$ 2,721,304

On June 10, 2014, the Mitchell County, Kansas, Public Building Commission (PBC) issued its Refunding Revenue Bonds, Series 2014 (the 2014 Bonds), in the amount of $6,015,000, on behalf of the Health System pursuant to a bond resolution dated May 19, 2014. The proceeds of the 2014 Bonds were used, together with available funds of the Health System for the purpose of providing funds to (1) immediately refund the 2009-2 Bonds, and (2) pay certain costs related to the issuance of the 2014 Bonds.

Note G - Long-Term Debt - Continued

On August 1, 2016, the PBC issued its Refunding Revenue Bonds, Series 2016 (the 2016 Bonds), in the amount of $3,815,000, on behalf of the Health System. The proceeds of the 2016 Bonds were used, together with available funds of the Health System, for the purpose of providing funds to (1) pay the costs related to issuance of the 2016 Bonds, and (2) make an irrevocable deposit into an escrow fund held by a trustee. The escrow fund was used, together with other available funds of the Health System, to pay interest on the 2009 Bonds due on September 1, 2017, and on March 1, 2017, and to redeem the outstanding principal balance of the 2009 Bonds when they were called on March 1, 2018.

The PBC is a municipal corporation created by the County during 2002 whose principal functions are acquiring land, and constructing, reconstructing, equipping, and furnishing buildings for lease to governmental entities, and to issue revenue bonds to finance those functions. The PBC, the County, and the Health System have entered into lease agreements in which the PBC leases the 2002 Project and the 2009 Project to the County and the Health System for rental payments sufficient to provide for the payment of principal and interest on all outstanding bonds related to the financing of those two projects. The leases contain a covenant by the County to make all rental payments required under the leases from whatever source of revenues is legally available and to levy ad valorem taxes without limit, if necessary, to make such payments.

The 2014 Bonds and the 2016 Bonds are secured by a guaranty agreement between the Endowment Fund (see Note A2) and the PBC. Under the guaranty agreement, the Endowment Fund has guaranteed the payment of principal and interest on those bonds, not to exceed $100,000 in any one twelve-month period.

The Health System and the County have also entered into a pledge of revenues agreement in which the Health System has pledged its net revenues to the County to secure the payment of principal and interest on the 2014 Bonds and the 2016 Bonds. The pledge of revenues agreement requires the Health System to make monthly deposits to a debt service account that are sufficient to pay principal and interest on those bonds as payments are due. Such deposits were maintained and are included with assets limited as to use in the financial statements.

The pledge of revenues agreement includes a rate covenant that requires the level of rates, fees, and charges for services to be sufficient to produce net revenues, as defined, for each fiscal year equal to 100 percent of the debt service requirements for all bonds outstanding during that fiscal year.

Scheduled annual debt service requirements on long-term debt are as follows:

	Principal	Interest	Total
2026	$ 795,000	$ 87,700	$ 882,700
2027	825,000	62,888	887,888
2028	855,000	36,113	891,113
2029	205,000	7,350	212,350
	$ 2,680,000	$ 194,051	$ 2,874,051

Note H - Leases

The Health System leases certain equipment, the terms of which expire in various years through 2031. Payments are based on each specific lease agreement. The Health System's leases do not contain variable lease payments or residual value guarantees.

The following is a summary of lease liabilities as of March 31:

	2025	2024
Current portion of lease liabilities	$ 66,869	$ 71,295
Noncurrent portion of lease liabilities	287,757	364,452
Total lease liabilities	$ 354,626	$ 435,747

The following is a summary of changes in lease liabilities:

	2025	2024
Beginning balance at beginning of year	$ 435,747	$ 64,612
Obligations incurred		454,178
Principal payments	(81,121)	(83,043)
Outstanding at end of year	$ 354,626	$ 435,747

Scheduled lease payments for the year ended March 31, 2025, are as follows:

	Principal	Interest	Total
2026	$ 66,869	$ 15,321	$ 82,190
2027	64,455	11,637	76,092
2028	66,930	9,162	76,092
2029	70,179	5,913	76,092
2030	73,586	2,506	76,092
2031	12,607	75	12,682
	$ 354,626	$ 44,614	$ 399,240

Note I - Subscription IT Liabilities

The Health System's subscription IT liabilities primarily relate to subscription software for its patient accounting and electronic medical records system and supporting modules. Payments are based on each underlying contract and vary between monthly, quarterly, semi-annual, and annual payments. In certain situations, the vendor is allowed to increase the subscription payment annually. Differences between the original payment schedules and the current payment schedules is considered variable consideration. The variable consideration was not significant for the years ended March 31, 2025 and 2024.

The following is a summary of subscription IT liabilities as of March 31:

	2025	2024
Current portion of subscription IT liabilities	$ 332,442	$ 284,401
Noncurrent portion of subscription IT liabilities	2,075,329	2,249,678
Total lease subscription IT liabilities	$ 2,407,771	$ 2,534,079

The following is a summary of changes in subscription IT liabilities:

	2025	2024
Beginning balance at beginning of year	$ 2,534,079	$ 215,602
Obligations incurred	156,659	2,700,815
Principal payments	(282,967)	(382,338)
Outstanding at end of year	$ 2,407,771	$ 2,534,079

Scheduled subscription IT liability payments are as follows:

	Principal	Interest	Total
2026	$ 332,442	$ 126,546	$ 458,988
2027	338,235	108,837	447,072
2028	352,243	89,729	441,972
2029	372,254	69,718	441,972
2030	393,409	48,563	441,972
2031 - 2032	619,188	30,590	649,778
Total minimum subscription IT liability payments	$ 2,407,771	$ 473,983	$ 2,881,754

Note J - Interest Expense

Total interest costs incurred are as follows:

	2025	2024
Total interest incurred	$ 268,273	$ 186,091
Amortization of bond premium	(25,047)	(30,733)
Interest expense	$ 243,226	$ 155,358

Note K - Compensated Absences

The following is a summary of compensated absences:

	2025	2024
Current portion of compensated absences	$ 179,000	$ 173,000
Noncurrent portion of compensated absences	409,000	395,000
	$ 588,000	$ 568,000

The following is a summary of changes in compensated absences:

	2025	2024
Beginning balance at April 1,	$ 568,000	$ 568,000
Net change	20,000	
Ending balance at March 31,	$ 588,000	$ 568,000

Note L - Pension Plans

The Health System sponsors two defined contribution pension plans that provide pension benefits for all of its employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. The plans are administered by a third-party insurance company and can be amended by the Board of Trustees. The provisions of the plans are as follows:

An Internal Revenue Code Section 414 plan requires mandatory participation upon employment. Concurrent with the establishment of this plan, the Health System ceased to participate in the Federal Social Security System. Both employees and the Health System contribute 6.2 percent of participant compensation to the plan, subject to certain limitations. Employees are 100 percent vested in all contributions upon participation in the plan.

An Internal Revenue Code Section 457(b) tax sheltered annuity plan permits voluntary participation. Employees who are 18 years of age or older become eligible for employer contributions upon their date of hire. Employees may make contributions to the plan subject to maximum limits established by the Internal Revenue Service (IRS). The Health System makes matching contributions at a specified percentage of participant contributions up to a maximum of 4 percent of each participant's compensation. Employer contributions vest 20 percent per year of service and are fully vested at the end of five years of service.

Total expense incurred for these plans during the years ended March 31, 2025 and 2024, was $1,358,439 and $1,335,249, respectively.

Note M - Concentration of Credit Risk

The Health System grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of patient accounts receivable from patients and third-party payors at March 31, is as follows:

	2025		2024	
Medicare	52.6	%	49.4	%
Medicaid	7.1		5.9	
Blue Cross	15.3		13.0	
Other insurers	11.7		14.2	
Patients	13.3		17.5	
	100.0	%	100.0	%

Note N - Risk Management

For the years ended March 31, 2025 and 2024, the Health System was insured for hospital professional liability under a comprehensive hospital liability policy provided by an independent insurance carrier with limits of $500,000 per occurrence up to an annual aggregate of $1,500,000 for all claims made during the policy year. The Health System is further covered by the Kansas Health Care Stabilization Fund for claims in excess of its comprehensive hospital liability policy up to $500,000 pursuant to any one judgment or settlement against the hospital for any one party, subject to an aggregate limitation for all judgments or settlements arising from all claims made in the policy year in the amount of $1,500,000. The policy provided by the independent insurance carrier provides for umbrella liability in excess of the underlying limits set forth above in the amount of $1,000,000 per occurrence with an aggregate amount in any policy period of $3,000,000. All coverage is on a claims-made basis. The above policies were renewed on January 1, 2025, for the policy period from January 1, 2025 to January 1, 2026.

In addition to the risk disclosed elsewhere in these financial statements and notes thereto, the Health System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The Health System purchases commercial insurance for these risks. Settled claims have not exceeded this commercial coverage in any of the past three years.

Note O - Commitments and Contingencies

The Health System purchases professional and general liability insurance to cover medical malpractice and other liability claims (see Note N). There are no known claims or incidents that have been asserted. No accrual for loss contingencies related to unasserted claims, if any, has been made in the financial statements as the amount of ultimate settlement, if any, cannot be reasonably estimated.

The Health System has entered into an agreement with a local financial institution under which the Health System transfers to the financial institution its interest in certain self-pay accounts receivable. The accounts are assumed with full recourse, and the Health System is contingently liable for any uncollected accounts. Approximately $341,000 and $364,000 of these accounts were uncollected at March 31, 2025 and 2024, respectively. Management considers this contingency in estimating its allowance for uncollectible accounts.

Note P - Related-Party Transactions

The County levies ad valorem taxes for the benefit of the Health System and remits these taxes as they are collected.

The Mitchell County Regional Medical Foundation (the Foundation) was incorporated in December 2008, and its purpose is to foster medical needs of Mitchell County and the surrounding region, including those of the Health System. The Foundation's Board of Directors consists of eleven members, including the Health System's chief executive officer, chief financial officer, and one member of the Health System's board of trustees. The Foundation is assisting with the Health System's efforts to raise funds to help pay for renovations and additions to the facilities. The Health System incurred expenses of $7,812 and $1,796 in connection with the fundraising campaign and received contributions of $68,716 and $24,368 during the years ended March 31, 2025 and 2024, respectively.

A member of the Health System's Board of Trustees is also a shareholder of a physician group that provides emergency room coverage for the Health System. Total amounts expensed related to this agreement were approximately $526,000 in 2025 and $497,000 in 2024.

Note Q - Condensed Combining Information

The following tables are condensed statements of net position for the Health System and its blended component unit:

	2025			
	Health System	Component unit	Eliminations	Consolidated
Assets				
Current assets	$ 11,253,070	$ -	$ -	$ 11,253,070
Other assets	11,723,439	5,399,589		17,123,028
Capital assets, net	11,806,368			11,806,368
Total assets	$ 34,782,877	$ 5,399,589	$ -	$ 40,182,466
Liabilities				
Current liabilities	$ 5,101,224	$ -	$ -	$ 5,101,224
Noncurrent liabilities	4,698,390			4,698,390
Total liabilities	9,799,614	-	-	9,799,614
Net position				
Net investment in capital assets	6,322,667			6,322,667
Restricted				
For debt service	1,173,270			1,173,270
For specific operating activities	12,790			12,790
For capital asset acquisitions	509,879			509,879
Endowment Fund		5,399,589		5,399,589
Unrestricted	16,964,657			16,964,657
Total net position	24,983,263	5,399,589	-	30,382,852
Total liabilities and net position	$ 34,782,877	$ 5,399,589	$ -	$ 40,182,466

Note Q - Condensed Combining Information - Continued

	2024			
	Health System	Component unit	Eliminations	Consolidated
Assets				
Current assets	$ 9,941,166	$ -	$ -	$ 9,941,166
Other assets	10,926,573	5,087,800		16,014,373
Capital assets, net	12,291,499			12,291,499
Total assets	$ 33,159,238	$ 5,087,800	$ -	$ 38,247,038
Liabilities				
Current liabilities	$ 4,027,213	$ -	$ -	$ 4,027,213
Noncurrent liabilities	5,755,481			5,755,481
Total liabilities	9,782,694	-	-	9,782,694
Net position				
Net investment in capital assets	5,810,321			5,810,321
Restricted				
For debt service	1,124,546			1,124,546
For specific operating activities	12,290			12,290
For capital asset acquisitions	422,352			422,352
Endowment Fund		5,087,800		5,087,800
Unrestricted	16,007,035			16,007,035
Total net position	23,376,544	5,087,800	-	28,464,344
Total liabilities and net position	$ 33,159,238	$ 5,087,800	$ -	$ 38,247,038

Note Q - Condensed Combining Information - Continued

The following tables are condensed statements of revenues, expenses, and changes in net position for the Health System and its blended component unit:

	2025			
	Health System	Component unit	Eliminations	Consolidated
Net patient service revenue	$ 30,860,132	$ -	$ -	$ 30,860,132
Other	323,412			323,412
Total operating revenues	31,183,544	-	-	31,183,544
Salaries and wages	14,582,085			14,582,085
Employee benefits	3,137,369			3,137,369
Supplies and other expenses	11,176,946			11,176,946
Depreciation and amortization	1,800,673			1,800,673
Total operating expenses	30,697,073	-	-	30,697,073
Operating income	486,471	-	-	486,471
Nonoperating revenues (expenses)				
Investment income	734,395	563,359		1,297,754
Interest expense	(243,226)			(243,226)
Other	523,204	(251,570)		271,634
Total nonoperating revenues (expenses)	1,014,373	311,789	-	1,326,162
Excess of revenues over expenses	1,500,844	311,789		1,812,633
Capital grants and contributions	105,875			105,875
Change in net position	1,606,719	311,789		1,918,508
Net position beginning of year, as restated	23,376,544	5,087,800		28,464,344
Ending net position	$ 24,983,263	$ 5,399,589	$ -	$ 30,382,852

Note Q - Condensed Combining Information - Continued

	2024			
	Health System	Component unit	Eliminations	Consolidated
Total operating revenues	$ 28,598,703	$ -	$ -	$ 28,598,703
Other	274,621			274,621
Total operating revenues	28,873,324	-	-	28,873,324
Salaries and wages	14,765,418			14,765,418
Employee benefits	3,088,168			3,088,168
Supplies and other expenses	9,759,922			9,759,922
Depreciation and amortization	2,062,438			2,062,438
Total operating expenses	29,675,946	-	-	29,675,946
Operating loss	(802,622)	-	-	(802,622)
Nonoperating revenues (expenses)				
Investment income	491,590	521,399		1,012,989
Interest expense	(155,358)			(155,358)
Other	418,022	(250,986)		167,036
Total nonoperating revenues (expenses)	754,254	270,413	-	1,024,667
Excess of revenues (under) over expenses	(48,368)	270,413		222,045
Capital grants and contributions	140,238			140,238
Change in net position	91,870	270,413		362,283
Net position beginning of year, as restated	23,284,674	4,817,387		28,102,061
Ending net position, as restated	$ 23,376,544	$ 5,087,800	$ -	$ 28,464,344

Note Q - Condensed Combining Information - Continued

The following tables are condensed statements of cash flows for the Health System and its blended component unit:

	2025			
	Health System	Component unit	Eliminations	Consolidated
Net cash provided (used) by				
Operating activities	$ 1,578,103	$ -	$ -	$ 1,578,103
Noncapital financing activities	523,204	(251,570)		271,634
Capital and related financing activities	(2,524,411)			(2,524,411)
Investing activities	734,394	253,897		988,291
Net change in cash and cash equivalents	311,290	2,327	-	313,617
Cash and cash equivalents at beginning of year	16,638,184	5,483		16,643,667
Cash and cash equivalents at end of year	$ 16,949,474	$ 7,810	$ -	$ 16,957,284

	2024			
	Health System	Component unit	Eliminations	Consolidated
Net cash provided (used) by				
Operating activities	$ 74,802	$ -	$ -	$ 74,802
Noncapital financing activities	459,728	(250,986)		208,742
Capital and related financing activities	(2,431,351)			(2,431,351)
Investing activities	491,590	253,650		745,240
Net change in cash and cash equivalents	(1,405,231)	2,664	-	(1,402,567)
Cash and cash equivalents at beginning of year	18,043,415	2,819		18,046,234
Cash and cash equivalents at end of year	$ 16,638,184	$ 5,483	$ -	$ 16,643,667

Note R - Adoption of New Accounting Standard

The following changes were made to the Health System's 2024 financial statement amounts for the adoption of the new accounting standard described in Note A22.

	Amounts as previously reported	Adoption of accounting standard	Amount as restated
Statement of Net Position			
Liabilities			
Accrued compensated absences	$ 1,062,175	$ 173,000	$ 1,235,175
Total current liabilities	3,854,213	173,000	4,027,213
Accrued compensated absences, net of current portion		395,000	395,000
Total long-term liabilities	5,360,481	395,000	5,755,481
Total liabilities	9,214,694	568,000	9,782,694
Net position			
Unrestricted	16,575,035	(568,000)	16,007,035
Total net position	29,032,344	(568,000)	28,464,344
Statement of Revenues, Expenses, and Changes in Net Position			
Net position, beginning of year	28,670,061	(568,000)	28,102,061
Net position, end of year	29,032,344	(568,000)	28,464,344

Note S - Subsequent Event

Subsequent to year-end, the Health System received notice that the IRS approved the Health System's employee retention credit, which is a refundable tax credit against certain employment taxes for eligible employers. A payment totaling $1,915,702 was received in June 2025. This payment included $403,389 of interest.