Board of Trustees of Ottawa County Health Center
A Component Unit of Ottawa County, Kansas

Independent Auditor's Report and Financial Statements

September 30, 2021 and 2020

Board of Trustees of Ottawa County Health Center
A Component Unit of Ottawa County, Kansas
September 30, 2021 and 2020

Contents

Independent Auditor's Report 1

Financial Statements

Board of Trustees - Balance Sheets 3
Great Plains of Ottawa County, Inc. - Balance Sheets 4
Board of Trustees - Statements of Revenues, Expenses and Changes in Net Position 5
Great Plains of Ottawa County, Inc. - Statements of Operations and Changes in Net Assets 6
Board of Trustees - Statements of Cash Flows 7
Great Plains of Ottawa County, Inc. - Statements of Cash Flows 8
Notes to Financial Statements 9

BKD
CPAs & Advisors

1551 N. Waterfront Parkway, Suite 300 | Wichita, KS 67206-6601
316.265.2811 | Fax 316.265.9405 | bkd.com

Independent Auditor's Report

Board of Trustees
Board of Trustees of Ottawa County Health Center
Minneapolis, Kansas

We have audited the accompanying financial statements of the Board of Trustees of Ottawa County Health Center (BOT), a component unit of Ottawa County, Kansas, and Great Plains of Ottawa County, Inc. (GPOC) as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the BOT's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Praxity
MEMBER
GLOBAL ALLIANCE OF INDEPENDENT FIRMS

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Trustees of Ottawa County Health Center and of its discretely presented component unit as of September 30, 2021 and 2020, and the respective change in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

The Board of Trustees has omitted the management's discussion and analysis information 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.

BKD, LLP

Wichita, Kansas
January 27, 2022

Board of Trustees of Ottawa County Health Center
A Component Unit of Ottawa County, Kansas
Balance Sheets
September 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash	$ 602,246	$ 346,747
Other	58	131,638
Total current assets	602,304	478,385
Endowment	152,627	130,483
Capital Assets, Net	1,341,536	1,445,899
Total assets	$ 2,096,467	$ 2,054,767
Liabilities and Net Position		
Current Liabilities		
Due to Hospital	$ -	$ 131,237
Total current liabilities	-	131,237
Net Position		
Net investment in capital assets	1,341,536	1,445,899
Restricted nonexpendable permanent endowments	101,360	101,360
Unrestricted	653,571	376,271
Total net position	2,096,467	1,923,530
Total liabilities and net position	$ 2,096,467	$ 2,054,767

Board of Trustees of Ottawa County Health Center
A component Unit of Ottawa County, Kansas
Great Plains of Ottawa County, Inc.
Balance Sheets
September 30, 2021 and 2020

Assets

	2021	2020
Current Assets		
Cash	$ 4,242,510	$ 4,844,487
Patient accounts receivable	285,288	392,454
Estimated amounts due from third-party payers	1,320,000	689,879
Due from Board of Trustees	-	131,237
Supplies	106,333	86,865
Prepaid expenses and other	152,942	74,729
Total current assets	6,107,073	6,219,651
Certificates of Deposit	1,135,864	1,121,317
Property and Equipment, at Cost		
Land and land improvements	557,294	557,294
Buildings	8,305,066	7,644,834
Fixed equipment	1,191,382	921,816
Moveable equipment	1,943,843	1,708,381
Construction in progress	97,548	819,323
	12,095,133	11,651,648
Less accumulated depreciation	(6,496,236)	(6,086,576)
	5,598,897	5,565,072
Other Assets	39,551	45,644
Total assets	$ 12,881,385	$ 12,951,684

See Notes to Financial Statements

Liabilities and Net Assets

	2021	2020
Current Liabilities		
Current maturities of long-term debt	$ 850	$ 552,859
Accounts payable	125,772	272,787
Accrued salaries payable	160,070	166,683
Accrued payroll taxes payable	62,094	65,138
Accrued benefits payable	198,458	183,880
Other accrued liabilities	86,741	79,910
Deferred revenue	-	3,024,094
Estimated amounts due to third-party payers	1,062,047	-
Total current liabilities	1,696,032	4,345,351
Long-term Debt	-	261,558
Total liabilities	1,696,032	4,606,909
Net Assets		
Without donor restrictions	11,185,353	8,344,775
Total liabilities and net assets	$ 12,881,385	$ 12,951,684

Board of Trustees of Ottawa County Health Center
A Component Unit of Ottawa County, Kansas
Statements of Revenues, Expenses and Changes in Net Position
Years Ended September 30, 2021 and 2020

	2021	2020
Operating Revenues		
Noncapital appropriations - Ottawa County	$ 567,989	$ 573,242
Rent	97,080	97,080
Total operating revenues	665,069	670,322
Operating Expenses		
Depreciation	104,363	104,361
Other	2,849	1,291
Total operating expenses	107,212	105,652
Operating Income	557,857	564,670
Nonoperating Revenues (Expenses)		
Noncapital grants and gifts	870	13,655
Investment income	23,686	15,887
Contributions to Hospital for operations	(201,370)	(204,723)
Total nonoperating (revenues) expenses	(176,814)	(175,181)
Income Before Contributions to Hospital for Property and Equipment	381,043	389,489
Contributions to Hospital for Property and Equipment	(208,106)	(977,923)
Increase (Decrease) in Net Position	172,937	(588,434)
Net Position, Beginning of Year	1,923,530	2,511,964
Net Position, End of Year	$ 2,096,467	$ 1,923,530

Board of Trustees of Ottawa County Health Center
A Component Unit of Ottawa County, Kansas
Great Plains of Ottawa County, Inc.
Statements of Operations and Changes in Net Assets
Years Ended September 30, 2021 and 2020

	2021	2020
Unrestricted Revenues, Gains and Other Support		
Patient service revenue	$ 6,804,049	$ 6,263,665
Wellness Center	38,422	32,785
Provider Relief Funds (*CARES Act*)	1,948,936	-
Other COVID-19 funding	91,707	218,143
Other	31,164	49,444
Total unrestricted revenues, gains and other support	8,914,278	6,564,037
Expenses and Losses		
Salaries and wages	3,281,889	3,057,917
Supplies and other	3,331,398	3,290,894
Depreciation	664,479	609,544
Loss on sale of property and equipment	-	2,149
Total expenses	7,277,766	6,960,504
Operating Income (Loss)	1,636,512	(396,467)
Other Income		
Contributions received from the Board of Trustees for operations	201,370	204,723
Interest income	19,345	43,204
Paycheck Protection Program (PPP) loan forgiveness	775,245	-
Total other income	995,960	247,927
Excess (Deficiency) of Revenues Over Expenses	2,632,472	(148,540)
Contributions Received From the Board of Trustees for Property and Equipment	208,106	977,923
Increase in Net Assets	2,840,578	829,383
Net Assets, Beginning of Year	8,344,775	7,515,392
Net Assets, End of Year	$ 11,185,353	$ 8,344,775

Board of Trustees of Ottawa County Health Center
A component Unit of Ottawa County, Kansas
Statements of Cash Flows
Years Ended September 30, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Receipts from Ottawa County	$ 567,989	$ 573,242
Other receipts and payments, net	94,231	95,789
Net cash provided by operating activities	662,220	669,031
Cash Flows From Noncapital Financing Activities		
Noncapital grants and gifts	870	13,655
Contribution to Hospital for operations	(201,370)	(204,723)
Net cash used in noncapital financing activities	(200,500)	(191,068)
Cash Flows From Capital and Related Financing Activities		
Contributions to Hospital for property and equipment	(208,106)	(977,923)
Net cash used in capital and related financing activities	(208,106)	(977,923)
Cash Flows From Investing Activities		
Interest on investments	1,885	4,179
Net cash provided by investing activities	1,885	4,179
Increase (Decrease) in Cash	255,499	(495,781)
Cash, Beginning of Year	346,747	842,528
Cash, End of Year	$ 602,246	$ 346,747
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 557,857	$ 564,670
Depreciation expense	104,363	104,361
Net cash provided by operating activities	$ 662,220	$ 669,031

Board of Trustees of Ottawa County Health Center
A component Unit of Ottawa County, Kansas
Great Plains of Ottawa County, Inc.
Statements of Cash Flows
Years Ended September 30, 2021 and 2020

	2021	2020
Operating Activities		
Change in net assets	$ 2,840,578	$ 829,383
Items not requiring (providing) operating cash flow		
Depreciation	664,479	609,544
Loss on sale of property and equipment	-	2,149
PPP loan forgiveness	(775,245)	-
Contributions received from the Board of Trustees for property and equipment	(208,106)	(977,923)
Changes in		
Patient accounts receivable	107,166	234,958
Estimated amounts due from and to third-party payers	431,926	(498,935)
Due from Board of Trustees	131,237	(131,237)
Supplies	(19,468)	(13,644)
Prepaid expenses and other	(78,213)	(25,975)
Accounts payable	(23,662)	21,361
Accrued salaries and payroll taxes payable	(9,657)	(11,019)
Accrued benefits payable	14,578	(35,315)
Other accrued liabilities	6,831	(3,416)
Deferred revenue	(3,024,094)	3,024,094
Net cash provided by operating activities	58,350	3,024,025
Investing Activities		
Change in certificates of deposit	(14,547)	(26,666)
Purchase of property and equipment	(815,564)	(848,942)
Net cash used in investing activities	(830,111)	(875,608)
Financing Activities		
Contributions received from the Board of Trustees for property and equipment	208,106	977,923
Principal payments on capital lease obligations	(38,322)	(53,062)
Proceeds from issuance of long-term debt	-	775,245
Net cash provided by financing activities	169,784	1,700,106
Increase (Decrease) in Cash	(601,977)	3,848,523
Cash, Beginning of Year	4,844,487	995,964
Cash, End of Year	$ 4,242,510	$ 4,844,487
Supplemental Cash Flows Information		
Property and equipment in accounts payable	$ 73,161	$ 196,514
Interest paid	$ 1,004	$ 4,205

Board of Trustees of Ottawa County Health Center
A Component Unit of Ottawa County, Kansas
Notes to Financial Statements
September 30, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies - BOT

Nature of Operations and Reporting Entity

The Board of Trustees of Ottawa County Health Center (BOT) was organized by the County Commissioners of Ottawa County to operate a governmental hospital and to control the use of noncapital appropriations. The BOT is appointed by the County Commissioners of Ottawa County. The BOT is considered to be a component unit of Ottawa County, Kansas.

Great Plains of Ottawa County, Inc. (GPOC/Hospital) is located in Minneapolis, Kansas and provides acute, swing-bed, head trauma care and long-term care services under a lease agreement entered into, pursuant to K.S.A. 19-4601 et. seq. with the BOT (*Note 2*). In 2020, the reporting entity changed to include Great Plains of Ottawa County, Inc. as a discretely presented component unit of the BOT. Based on the increasing financial relationships and transactions with GPOC, the BOT believes as a matter of professional judgment that it would be misleading to exclude the financial statements of GPOC. As a result, GPOC is considered to be a component of unit of the BOT and is discretely presented in the BOT's financial statements. GPOC reports under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

Basis of Accounting and Presentation

The financial statements of the BOT have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transactions take place, while those from government-mandated or voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include noncapital appropriations and exchange transactions. Noncapital grants and gifts, investment income (loss) and contributions to Hospital for operations are included in nonoperating revenues (expenses). The BOT first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available. The BOT prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

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 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 those estimates.

Cash Equivalents

The BOT considers all liquid investments with original maturities of three months or less to be cash equivalents.

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. The following estimated useful lives are being used by the BOT:

Land improvements	15 years
Buildings	10 – 30 years

Capital Asset Impairment

The BOT 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 September 30, 2021 and 2020.

Noncapital Appropriations – Ottawa County

The BOT receives noncapital appropriations from Ottawa County, Kansas, property tax levy. Property taxes are assessed on a calendar year basis and are received beginning in January 1 of each year. Revenue from noncapital appropriations is recognized in full in the year for which use is first permitted.

Net Position

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

- Net investment in capital assets consists of capital assets net of accumulated depreciation.
- Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the BOT, such as permanent endowments.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Income Taxes

As an essential government function, the BOT is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the BOT is subject to federal income tax on any unrelated business taxable income.

Note 2: Lease and Management Arrangement - BOT

The BOT controls facilities, including buildings, as well as equipment and other assets, which are owned by Ottawa County, Kansas, and leased to GPOC by the BOT. The lease agreement provides that GPOC will assume and continue the operations of the hospital and maintain all property and equipment in good operating condition. The original lease term was for a period of 5 years through December 18, 2005, with two renewal option periods of five years each, which ended December 18, 2015. GPOC extended the lease agreement through additional renewal options. The BOT leases the hospital facilities to GPOC for $1. In connection with this lease, Great Plains Health Alliance, Inc. (GPHA), the sole member of GPOC, has a management agreement with GPOC. Either party has the option to terminate the lease at any time for a material breach of terms or provisions of the agreement with a 60-day notice. All assets and liabilities were transferred to GPOC upon commencement of the original term, December 18, 2000. At the end of the lease term, all assets, including working capital and liabilities, shall transfer back to the BOT.

Note 3: Deposits - BOT

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 BOT's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities or the state of Kansas; bonds of any city, county, school district or special road district of the state of Kansas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

As of September 30, 2021 and 2020, respectively, $339,557 and $268,399 of the BOT's bank balances of $602,246 and $530,234 were exposed to custodial credit risk as follows:

	2021	2020
Uninsured and collateral held by pledging financial institution's trust department in other than the BOT's name	$ 339,557	$ 268,399

Summary of Carrying Values

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

	2021	2020
Carrying value		
Deposits	$ 602,246	$ 346,747
Included in the following balance sheet captions		
Cash	$ 602,246	$ 346,747

Note 4: Endowment and Restricted Net Position - BOT

The endowment is the BOT's interest in a trust at a local bank established for the benefit of the Hospital. The principal is invested in debt and equity securities which are reported and measured at fair market value using the net asset value per share and have not been classified in the fair value hierarchy. Kansas law permits the local bank to authorize for expenditure the net appreciation of the investments in the endowment unless the contributor provides for specific instructions. The contributor of the endowment has instructed that distributions from the trust to the BOT by the local bank are unrestricted and can only be made from the investment income generated by the trust. The principal balance in the trust is restricted to investment in perpetuity.

The local bank authorizes distributions from the endowment as available. Net appreciation of $22,144 and $11,610 at September 30, 2021 and 2020, respectively, is included in the accompanying statements of revenues, expenses and changes in net position.

Note 5: Capital Assets - BOT

Capital asset activity for the years ended September 30 was:

	2021			
	Beginning Balance	Additions	Disposals	Ending Balance
Land improvements	$ 95,855	$ -	$ -	$ 95,855
Buildings	1,767,491	-	-	1,767,491
	1,863,346	-	-	1,863,346
Less accumulated depreciation				
Land improvements	(25,561)	(6,391)	-	(31,952)
Buildings	(391,886)	(97,972)	-	(489,858)
	(417,447)	(104,363)	-	(521,810)
Capital Assets, Net	$ 1,445,899	$ (104,363)	$ -	$ 1,341,536

	2020			
	Beginning Balance	Additions	Disposals	Ending Balance
Land improvements	$ 95,855	$ -	$ -	$ 95,855
Buildings	1,767,491	-	-	1,767,491
	1,863,346	-	-	1,863,346
Less accumulated depreciation				
Land improvements	(19,171)	(6,390)	-	(25,561)
Buildings	(293,915)	(97,971)	-	(391,886)
	(313,086)	(104,361)	-	(417,447)
Capital Assets, Net	$ 1,550,260	$ (104,361)	$ -	$ 1,445,899

Note 6: Nature of Operations and Summary of Significant Accounting Policies – GPOC/Hospital

Nature of Operations

Great Plains of Ottawa County, Inc. (GPOC/Hospital) is located in Minneapolis, Kansas and provides acute, swing-bed, and head trauma care services under a lease agreement entered into, pursuant to K.S.A. 19-4601 et. seq. with the BOT (*Note 2*). Long-term care services ceased during fiscal year 2021. The beds and the space was converted to provide intermediate swing-bed services.

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 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 those estimates.

Cash Equivalents

GPOC considers all liquid investments with original maturities of three months or less to be cash equivalents.

At September 30, 2021, GPOC's cash accounts exceeded federally insured limits by approximately $4,920,000. The remaining amount is collateralized with pledged securities.

Certificates of Deposit

The certificates of deposit are measured at amortized cost. Original maturities of the certificates of deposit are all 12 months or more.

Patient Accounts Receivable

Patient accounts receivable reflects the outstanding amount of consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payers (including health insurers and government programs) and others. As a service to the patient, the Hospital bills third-party payers directly and bills the patient when the patients' responsibility for co-pays, coinsurance and deductibles is determined. Patient accounts receivables are due in full when billed.

Supplies

Supply inventories are stated at the lower of cost or net realizable value. Costs are determined using the first-in, first-out (FIFO) method.

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated on a straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations are depreciated over the shorter of the lease term or their respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Land improvements	10-15 years
Buildings	10-40 years
Fixed equipment	10-25 years
Moveable equipment	5-20 years

Long-lived Asset Impairment

GPOC evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended September 30, 2021 and 2020.

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of the General Obligation Hospital Bonds, Series 2014. Such costs are being amortized over the term of the respective debt using the effective interest method. The unamortized debt issuance costs are included in other assets in the accompanying balance sheets. The debt obligation is recorded at the Ottawa County level.

Refund Liabilities

The consideration the Hospital has received from patients for which it does not expect to be entitled to is recorded as a refund liability and included as a component of accounts payable in the accompanying balance sheets.

Professional Liability Claims

GPOC recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Professional liability claims are described more fully in *Note 8*.

Paycheck Protection Program (PPP) Loan

GPOC received a PPP loan established by the *Coronavirus Aide, Relief and Economic Security Act* (*CARES Act*). GPOC has accounted for the funding as a loan in accordance with ASC Topic 470, *Debt*. Interest is accrued in accordance with the loan agreement. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, the U.S. Small Business Administration (SBA), or the lender. The proceeds of the loan will remain recorded as debt until the loan is, in part or wholly, forgiven and the Hospital has been legally released or the Hospital pays off the loan. In November 2020, the Hospital received legal notice that the PPP loan was forgiven in its entirety and recognized the gain from extinguishment, which is reported as Paycheck Protection Program (PPP) loan forgiveness in the accompanying statements of operations and changes in net assets.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor/grantor restrictions.

Net assets without donor/grantor restrictions are available for use in general operations and not subject to donor/grantor restrictions.

Patient Service Revenue

Patient service revenue is recognized as the Hospital satisfies performance obligations under its contracts with patients. Patient service revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing patient care. The Hospital determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured patients in accordance with the Hospital's policies and implicit price concessions provided to uninsured patients.

The Hospital determines its estimates of explicit price concessions which represent adjustments and discounts based on contractual agreements, its discount policies and historical experience by payer groups. The Hospital determines its estimate of implicit price concessions based on its historical collection experience by classes of patients. The estimated amounts also include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations by third-party payors.

Charity Care

GPOC provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because GPOC does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as patient service revenue.

Charges excluded from revenue under GPOC's charity care policy were $19,927 and $41,540 for September 30, 2021 and 2020, respectively. GPOC's direct and indirect costs for services and supplies furnished under GPOC's charity care policy aggregated approximately $25,000 and $52,000 in 2021 and 2020, respectively. Costs were calculated using the overall cost-to-charge ratio from the September 30, 2021 and 2020, as-filed Medicare cost reports.

Provider Relief Funds (CARES Act)

On March 27, 2020, President Trump signed into law the *CARES Act*, 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 Department of Health and Human Services (HHS). The Hospital has elected to account for such payments as conditional contributions in accordance with ASC Topic 958-605, *Revenue Recognition*. Payments are recognized as contribution revenue once the applicable terms and conditions required to retain the funds have been substantially met. Any unrecognized amounts of the *CARES Act* funding are recorded as a component of deferred revenue in the accompanying balance sheets except for those amounts meeting the definition of a liability. Those amounts are recorded as estimated amounts due to third-party payers in the accompanying balance sheets.

Contributions

Contributions are provided to the Hospital either with or without restrictions placed on the gift by the donor/grantor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor/grantor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Hospital overcoming a donor/grantor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, *i.e.* the donor/grantor imposed barrier is met
Unconditional gifts, with or without restriction	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor/grantor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor/grantor restrictions are reclassified to net assets without donor/grantor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor/grantor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor/grantor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor/grantor restrictions.

Conditional contributions having donor/grantor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor/grantor restrictions.

Excess (Deficiency) of Revenues Over Expenses

The statements of operations and changes in net assets include excess (deficiency) of revenues over expenses. Changes in net assets without donor/grantor restrictions which are excluded from excess (deficiency) of revenues over expenses, consistent with industry practice, include contributions received from the BOT for property and equipment.

Income Taxes

GPOC has been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, GPOC is subject to federal income tax on any unrelated business taxable income.

GPOC files tax returns in the U.S. federal jurisdiction.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 7: Concentration of Risk – GPOC/Hospital

GPOC grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at September 30, 2021 and 2020, for GPOC is as follows:

	2021	2020
Medicare	65%	72%
Medicaid	2%	4%
Blue Cross	8%	5%
Other third-party payers	15%	17%
Patients	10%	2%
	100%	100%

Note 8: Professional Liability Claims – GPOC/Hospital

GPOC purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. Under such a policy, only claims made and reported to the insurer during the policy term, regardless of when the incidents giving rise to the claims occurred, are covered. GPOC also purchases excess umbrella liability coverage, which provides additional coverage above the basic policy limits up to the amount specified in the umbrella policy.

Based on GPOC's claims experience, no receivable or liability has been recorded in the accompanying financial statements related to its malpractice insurance policy. It is reasonably possible that this estimate could change materially in the near term.

Note 9: Long-term Debt – GPOC/Hospital

At September 30, 2021 and 2020, long-term debt and capital lease obligations consisted of the following:

	2021	2020
SBA PPP loan payable (A)	$ -	$ 775,245
Capital lease obligations (B)	850	39,172
	850	814,417
Less current maturities	850	552,859
	$ -	$ 261,558

(A) Due March 2022; payable $43,600 monthly, including interest at 1.00%, beginning October 18, 2020. In November 2020, the Hospital received legal notice that the PPP loan was forgiven in its entirety and recognized the gain from extinguishment as Paycheck Protection Program (PPP) loan forgiveness in the accompanying statements of operations for the year ended September 30, 2021.

(B) At varying rates of imputed interest from 6.00% to 8.00%, due through December 2021; collateralized by property and equipment. Property and equipment include the following property under capital leases:

	2021	2020
Equipment	$ 23,667	$ 255,662
Less accumulated depreciation	23,273	218,102
	$ 394	$ 37,560

Payments on capital lease obligations at September 30, 2021, are:

	Capital Lease Obligations
2022	$ 861
	861
Less amount representing interest	11
Present value of future minimum lease payments	850
Less current maturities	850
Noncurrent portion	$ -

Note 10: Liquidity and Availability – GPOC/Hospital

GPOC's financial assets available within one year of the balance sheet date for general expenditure are:

	2021	2020
Financial assets at year-end		
Cash	$ 4,242,510	$ 4,844,487
Patient accounts receivable	285,288	392,454
Estimated amounts due from third-party payers	1,320,000	689,879
Due from BOT	-	131,237
Certificates of deposit	1,135,864	1,121,317
Total financial assets	6,983,662	7,179,374
Less amounts not available to be used within one year		
Certificates of deposit	382,250	372,915
Financial assets available to meet general expenditures within one year	$ 6,601,412	$ 6,806,459

Note 11: Patient Service Revenue – GPOC/Hospital

Patient service revenue is reported at the amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payers (including health insurers and government programs) and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the Hospital bills the patients and third-party payers several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Hospital. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The Hospital believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the Hospital receiving inpatient acute care services or patients receiving services in its outpatient centers. The Hospital measures the performance obligation from inpatient admission, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to its patients and customers in a retail setting (for example, pharmaceuticals and medical equipment) and the Hospital does not believe it is required to provide additional goods related to the patient.

Transaction Price

The Hospital determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured patients in accordance with the Hospital's policy and implicit price concessions provided to uninsured patients. The Hospital determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Hospital determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Third-Party Payers

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

Medicare. The Hospital is recognized as a CAH. Under CAH rules, inpatient acute care, skilled swing-bed and certain outpatient services rendered to Medicare program beneficiaries are paid at one hundred one percent (101%) of allowable cost subject to certain limitations. Other outpatient services related to Medicare beneficiaries are paid based on fee schedules and cost reimbursement methodologies, subject to certain limitations. The Hospital is reimbursed for most services at tentative rates with final settlement determined after submission of an annual cost report by the Hospital and audit thereof by the Medicare administrative contractor.

Medicaid. Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed on a prospective payment methodology, which includes a hospital specific add-on percentage based on prior filed cost reports. The add-on percentage may be rebased at some time in the future. Services rendered for long-term care facility residents are reimbursed at a prospective rate, with annual cost reports submitted to the Medicaid program. Rates are computed using an average of the three most recent filed calendar cost reports and changes in the Medicaid resident case mix. The Medicaid cost reports are subject to audit by the State and adjustments to rates can be made retroactively.

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

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Hospital's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Hospital. In addition, the contracts the Hospital has with commercial payers also provide for retroactive audit and review of claims.

Settlements with third-party payers for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and the Hospital's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known based on newly available information or as years are settled or are no longer subject to such audits, reviews and investigations.

Refund Liabilities

From time to time the Hospital will receive overpayments of patient balances from third-party payers or patients resulting in amounts owed back to either the patients or third-party payers. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of September 30, 2021 and 2020, the Hospital has a liability for refunds to third-party payers and patients recorded of approximately $1,000 and $1,800, respectively. The liability is included as a component of accounts payable in the accompanying balance sheets.

Patient and Uninsured Payers

Consistent with the Hospital's mission, care is provided to patients regardless of their ability to pay. Therefore, the Hospital has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances, such as copays and deductibles. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Hospital expects to collect based on its collection history with those patients.

Patients who meet the Hospital's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

Generally, patients who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. The Hospital also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. The Hospital estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts and implicit price concessions based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. For the years ended September 30, 2021 and 2020, additional revenue of approximately $0 and $217,000, respectively, was recognized due to changes in its estimates of implicit price concessions, discounts and contractual adjustments for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Revenue Composition

The Hospital has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Payers (for example, Medicare, Medicaid, managed care or other insurance, patient) have different reimbursement and payment methodologies
- Length of the patient's service or episode of care
- Hospital's line of business that provided the service (for example, hospital inpatient, hospital outpatient, long-term care, etc.)

For the years ended September 30, 2021 and 2020, the Hospital recognized revenue of $6,804,049 and $6,263,665, respectively, from goods and services that transfer to the customer over time. Other non-patient care related services recognized at a point in time is not significant.

Contract Assets and Liabilities

Contract assets consist primarily of health care services provided to patients who are still receiving inpatient care in the Hospital at the end of the year. Contract assets are transferred to receivables when the rights become unconditional. Contract liabilities represent the Hospital's obligation to provide services to patients when consideration has already been received from the patient or a third-party payer. There are no contract assets and liabilities recognized for the years ended September 30, 2021 and 2020.

The following table provides information about the Hospital's receivables from contracts with customers:

	2021	2020
Patient accounts receivable, beginning of year	$ 392,454	$ 627,412
Patient accounts receivable, end of year	285,288	392,454

Note 12: COVID-19 Pandemic and *CARES Act* Funding – GPOC/Hospital

On March 11, 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 Hospital has taken steps to enhance its operational and financial flexibility and react to the risks the COVID-19 pandemic presents to its business.

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

Because of these and other uncertainties, the Hospital cannot estimate the length or severity of the effect of the pandemic on the Hospital's business. Decreases in cash flows and results of operations may have an effect on debt covenant compliance and on the inputs and assumptions used in significant accounting estimates, including estimated implicit price concessions related to uninsured patient accounts, and potential impairments of long-lived assets.

Provider Relief Fund

During the years ended September 30, 2021 and 2020, the Hospital received $0 and $2,991,000, respectively, of distributions from the *CARES Act* Provider Relief Fund (collectively the Provider Relief Fund). These distributions from the Provider Relief Fund are not subject to repayment, provided the Hospital 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 the Department of Health and Human Services.

The Hospital accounts for such payments as conditional contributions in accordance with ASC Topic 958-605 – *Revenue Recognition*. Payments are recognized as contribution revenue once the applicable terms and conditions required to retain the funds have been substantially met and are recorded as Provider Relief Funds (*CARES Act*) in the accompanying statements of operations and changes in net assets. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the effect of the pandemic on the Hospital's revenues and expenses through September 30, 2021 and 2020, the Hospital recognized $1,948,936 and $0, respectively, related to the distributions from the Provider Relief Fund, and these payments are recorded as Provider Relief Funds (*CARES Act*) in the accompanying statements of operations and changes in net position. The unrecognized amount of Provider Relief Fund distributions of $1,042,064 and $2,991,000, at September 30, 2021 and 2020, respectively, is recorded as a component of estimated amounts due to third-party payers and deferred revenue, respectively, in the accompanying balance sheets. Interest earned on Provider Relief Funds represents the difference between distributions received and revenue recognized.

The Hospital will continue to monitor compliance with the terms and conditions of the Provider Relief Fund and the effect of the pandemic on the Hospital's revenues and expenses. The terms and conditions governing the Provider Relief Fund are complex and subject to interpretation and change. If the Hospital is unable to attest to or comply with current or future terms and conditions, our ability to retain some or all of the distributions received may be affected. Provider Relief Fund payments are subject to government oversight, including potential audits.

Strengthening People and Revitalizing Kansas (SPARK) Program Funding

During the years ended September 30, 2021 and 2020, the Hospital recognized $33,094 and $98,143, respectively, related to the SPARK program funding. The unrecognized amount of the SPARK program funding of $0 and $33,094, at September 30, 2021 and 2020, respectively, is recorded as a component deferred revenue in the accompanying balance sheets.

Other COVID-19 Funding

On April 16, 2020, Kansas Governor Laura Kelly announced a special emergency grant funding program for Kansas hospitals. This emergency funding was requested by the Kansas Hospital Association (KHA) on behalf of Kansas hospitals and was distributed to help offset current financial strains caused by the COVID-19 pandemic. To facilitate the timely release of funds, hospitals were not required to complete an application. There are no specific requirements tied to utilization of the funds. The intent is for the grant payments to serve as a bridge to aid hospitals in meeting their basic operational expenditures. The Hospital received and recognized $100,000 on April 24, 2020, related to this special emergency grant during fiscal year 2020. The revenue is recorded as a component of other COVID-19 funding in the accompanying statements of operations and changes in net assets.

The Coronavirus Small Rural Hospital Improvement Program provided support to small rural and Critical Access Hospitals (CAHs) which were seeing increased demands for clinical services and equipment, as well as experiencing short-term financial and workforce challenges related to responding to meeting the needs of patients with COVID-19 seeking care at their facilities. These funds were administered through the Small Rural Hospital Improvement Program to provide emergency funding support to CAHs and non-CAH rural hospitals with less than 50 beds. This approach provided funding directly to the states to target those rural hospitals and the communities they serve who are facing the greatest strain from this crisis. The Hospital received and recognized $58,613 and $20,000 during fiscal year 2021 and fiscal year 2020, respectively, related to this Small Rural Hospital Improvement Program (SHIP) grant. The revenue is recorded as a component of other COVID-19 funding in the accompanying statements of operations and changes in net assets.

Note 13: Functional Expenses – GPOC/Hospital

GPOC provides health care services primarily to residents within its geographic area. Certain costs attributable to more than one function have been directly assigned to health care services and general and administrative expense classifications based on the actual department in which the expense was incurred and is consistently applied. The following schedules present the natural classification of expenses by function for the years ended September 30, 2021 and 2020, as follows:

	2021		
	Healthcare Services	General and Administrative	Total
Salaries and wages	$ 2,746,290	$ 535,599	$ 3,281,889
Supplies and other	2,652,972	678,426	3,331,398
Depreciation	650,743	13,736	664,479
	$ 6,050,005	$ 1,227,761	$ 7,277,766

	2020		
	Healthcare Services	General and Administrative	Total
Salaries and wages	$ 2,606,700	$ 451,217	$ 3,057,917
Supplies and other	2,752,085	538,809	3,290,894
Depreciation	593,570	15,974	609,544
Loss on sale of property and equipment	2,149	-	2,149
	$ 5,954,504	$ 1,006,000	$ 6,960,504

Note 14: Pension Plan – GPOC/Hospital

GPOC maintains a contributory pension plan for all eligible employees. Every employee 18 years old or older becomes a plan participant upon active employment. After 12 months of continuous employment, the employer contributes 5% of the participant's annual compensation up to $16,000 and 10% of the participant's compensation in excess of $16,000. The participant contributes 2.5% of compensation up to $16,000 and 5% of compensation in excess of $16,000. Benefits are funded by a money purchase annuity contract with an insurance company. The plan is funded for past service on an installment basis over the estimated remaining duration of employment from the effective date of the plan to the employee's normal retirement date. The total cost of the plan for the years ended September 30, 2021 and 2020, was $251,738 and $229,002, respectively. Benefits vest at 20% per year of service with 100% vesting after five years of service.

Note 15: Great Plains Employee Benefits Trust – GPOC/Hospital

In response to amendments to Kansas Insurance Code related to multi-employer welfare arrangements, GPHA restated its existing voluntary employees' beneficiary association (VEBA) trust as described in Section 501(c)(9) of the Internal Revenue Code, which is named the Great Plains Employee Benefits Trust (the Trust). The Trust is governed by its Board of Trustees. One of the purposes of the Trust is to provide the self-funded GPHA Employee Benefit Plan (the Plan) for its member organizations and their participating employees. GPOC is a member organization in the Trust and substantially all of GPOC's employees and their dependents are eligible to participate in the Plan. The Plan provides medical benefits, prescription drug benefits and dental benefits for a benefit period that runs each year from July 1 through June 30. The participant's monthly premiums are determined by the Trust. The Trust may change the premiums from time to time. The Plan agreement specifies that the Trust will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of stop-loss amounts. The Trust accrues a provision for self-insured employee benefit claims including both claims reported, and claims incurred but not yet reported. If a net deficit position is anticipated by the Trust after consideration of the accrued provision, the Trust will administer insurance assessments to its member organizations based on a systematic allocation method. No such insurance assessment was administered to GPOC for the years ended September 30, 2021 and 2020.

Note 16: Lease and Management Agreement – GPOC/Hospital

The BOT controls facilities, including buildings, as well as equipment and other assets, which are owned by Ottawa County, Kansas, and leased to GPOC by the BOT. The lease agreement provides that GPOC will assume and continue the operations of the hospital and maintain all property and equipment in good operating condition. The original lease term was for a period of five years through December 18, 2005, with two renewal option periods of five years each, which ended December 18, 2015. GPOC extended the lease agreement through additional renewal options. The BOT leases the hospital facilities to GPOC for $1. In connection with this lease, Great Plains Health Alliance, Inc. (GPHA), the sole member of GPOC, has a management agreement with GPOC. Either party has the option to terminate the lease at any time for a material breach of terms or provisions of the agreement with a 60-day notice. All assets and liabilities were transferred to GPOC upon commencement of the original term, December 18, 2000. At the end of the lease term, all assets, including working capital and liabilities, shall transfer back to the BOT.

In addition, GPOC has entered into agreements with GPHA for other services, including data processing and management services, which are yearly contracts that automatically renew unless cancelled by either party at least 60 days before the end of the term. Fees incurred for services provided by GPHA totaled $523,340 and $516,015 in 2021 and 2020, respectively, and are included in supplies and other expense in the statements of operations and changes in net assets. Amounts included in accounts payable, related to these services, totaled $524 and $3,911 as of September 30, 2021 and 2020, respectively.

Note 17: Significant Estimates and Concentrations – GPOC/Hospital

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Professional Liability Claims

Estimates related to the accrual for professional liability claims are described in *Notes 6* and *8*.

Variable Consideration

Estimates of variable consideration in determining the transaction price for patient service revenue are described in *Notes 6* and *11*.

Note 18: Subsequent Events – GPOC/Hospital

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Hospital. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

In October 2021, the Hospital fully repaid $1,062,047 of distributions from the *CARES Act* Provider Relief Fund that remained unrecognized at September 30, 2021.

In October 2021, the Hospital received $99,493 in a distribution from the Frontline Hospital Employee Retention Plan through the Strengthening People and Revitalizing Kansas (SPARK) program. Funding under this program may only be utilized by the Hospital to retain existing clinical staff and re-hire retirees who have retired since March 1, 2020. The funding is part of the Coronavirus Relief Fund.

On November 23, 2021, the Hospital received $222,204 in a distribution from the American Rescue Plan rural funding program. This funding carries the same terms and conditions of previous Provider Relief Funding received.

On December 16, 2021, the Hospital received $188,622 in a distribution from the Provider Relief Fund related to Phase 4. This funding carries the same terms and conditions of previous Provider Relief Funding received.

Subsequent events have been evaluated through January 27, 2022, which is the date the financial statements were available to be issued.

Note 19: Future Change in Accounting Principle – GPOC/Hospital

Leases

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheets as both a right-of-use asset and a liability. The standard has two types of leases for statements of operations recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021. The Hospital is evaluating the effect the standard will have on the financial statements; however, the standard is expected to have a material effect on the financial statements due to the recognition of additional assets and liabilities for operating leases.