

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**

Independent Auditor's Report and Financial Statements

December 31, 2020 and 2019

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**December 31, 2020 and 2019**

**Contents**

<b>Independent Auditor's Report .....</b>	<b>1</b>
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**Financial Statements**

Balance Sheets .....	3
Statements of Revenues, Expenses and Changes in Net Position .....	4
Statements of Cash Flows .....	5
Notes to Financial Statements .....	7

**Supplementary Information**

Net Resident Service Revenue and Other Revenue.....	17
Divisional Revenues and Expenses .....	18

## Independent Auditor's Report

Board of Trustees  
Logan Manor Community Health Services  
Logan, Kansas

We have audited the accompanying financial statements of Logan Manor Community Health Services (Manor), a fund of the City of Logan, Kansas, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Logan Manor Community Health Services' 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 provisions of 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 from 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.

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Logan Manor Community Health Services as of December 31, 2020 and 2019, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Logan Manor Community Health Services' basic financial statements. The Net Resident Service Revenue and Other Revenue and Divisional Revenues and Expenses as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

This information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**BKD, LLP**

Wichita, Kansas  
February 24, 2021

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Balance Sheets**  
**December 31, 2020 and 2019**

**Assets**

	<b>2020</b>	<b>2019</b>
<b>Current Assets</b>		
Cash	\$ 482,191	\$ 298,229
Short-term certificates of deposit	53,777	53,777
Resident accounts receivable, net of allowance; 2020 - \$60,000, 2019 - \$50,000	242,042	219,557
Supplies	36,826	16,890
Prepaid expenses and other	36,384	32,540
Total current assets	851,220	620,993
<b>Noncurrent Cash Restricted by External Donors</b>	99,118	99,118
<b>Capital Assets, Net</b>	814,366	889,333
Total assets	\$ 1,764,704	\$ 1,609,444

**Liabilities and Net Position**

<b>Current Liabilities</b>		
Accounts payable	\$ 57,194	\$ 62,052
Accrued expenses	136,676	134,351
Unearned grant revenue - CARES Act funding	225,567	-
Total current liabilities	419,437	196,403
<b>Net Position</b>		
Net investment in capital assets	814,366	889,333
Restricted - nonexpendable	99,118	99,118
Unrestricted	431,783	424,590
Total net position	1,345,267	1,413,041
Total liabilities and net position	\$ 1,764,704	\$ 1,609,444

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>		
Net resident service revenue, net of provision for uncollectible accounts; 2020 - \$10,000, 2019 - \$30,864	\$ 2,339,006	\$ 2,535,554
Other	<u>14,297</u>	<u>79,405</u>
Total operating revenues	<u>2,353,303</u>	<u>2,614,959</u>
<b>Operating Expenses</b>		
Salaries and wages	1,646,222	1,546,881
Employee benefits	349,882	346,177
Contract labor	181,365	169,775
Medical supplies and drugs	104,740	94,546
Food	111,100	113,067
Utilities and telephone	75,252	83,421
Repairs and maintenance	54,308	63,865
Insurance	57,599	63,538
Mileage	4,649	6,639
Dues and subscriptions	40,029	37,945
Advertising	1,201	1,914
Office supplies	12,609	9,836
Supplies and other	37,923	19,233
Depreciation	<u>95,428</u>	<u>100,939</u>
Total operating expenses	<u>2,772,307</u>	<u>2,657,776</u>
<b>Operating Loss</b>	<u>(419,004)</u>	<u>(42,817)</u>
<b>Nonoperating Revenues</b>		
Interest income	774	2,069
Noncapital grants and gifts	551	5,040
CARES Act funding	<u>311,079</u>	<u>-</u>
Total nonoperating revenues	<u>312,404</u>	<u>7,109</u>
<b>Deficiency of Revenues Over Expenses Before Capital Grants and Gifts</b>	<u>(106,600)</u>	<u>(35,708)</u>
Capital grants and gifts	<u>38,826</u>	<u>59,500</u>
<b>Increase (Decrease) in Net Position</b>	<u>(67,774)</u>	<u>23,792</u>
<b>Net Position, Beginning of Year</b>	<u>1,413,041</u>	<u>1,389,249</u>
<b>Net Position, End of Year</b>	<u><u>\$ 1,345,267</u></u>	<u><u>\$ 1,413,041</u></u>

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Receipts from and on behalf of residents	\$ 2,316,521	\$ 2,576,151
Payments to suppliers and contractors	(709,413)	(645,403)
Payments to employees	(1,993,779)	(1,883,771)
Other receipts, net	<u>239,864</u>	<u>79,405</u>
Net cash provided by (used in) operating activities	<u>(146,807)</u>	<u>126,382</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
CARES Act funding	311,079	-
Noncapital grants and gifts for specific operating activities	<u>551</u>	<u>5,040</u>
Net cash provided by noncapital financing activities	<u>311,630</u>	<u>5,040</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Purchase of capital assets	(20,461)	(85,021)
Capital grants and gifts	<u>38,826</u>	<u>59,500</u>
Net cash provided by (used in) capital and related activities	<u>18,365</u>	<u>(25,521)</u>
<b>Cash Flows from Investing Activities</b>		
Interest income	<u>774</u>	<u>1,463</u>
Net cash provided by investing activities	<u>774</u>	<u>1,463</u>
<b>Increase in Cash</b>	183,962	107,364
<b>Cash, Beginning of Year</b>	<u>397,347</u>	<u>289,983</u>
<b>Cash, End of Year</b>	<u><u>\$ 581,309</u></u>	<u><u>\$ 397,347</u></u>

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Statements of Cash Flows (Continued)**  
**Years Ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Reconciliation of Cash to the Balance Sheets</b>		
Cash in current assets	\$ 482,191	\$ 298,229
Noncurrent cash restricted by external donors	<u>99,118</u>	<u>99,118</u>
Total cash	<u><u>\$ 581,309</u></u>	<u><u>\$ 397,347</u></u>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities</b>		
Operating Loss	\$ (419,004)	\$ (42,817)
Depreciation	95,428	100,939
Changes in operating assets and liabilities		
Resident accounts receivable, net	(22,485)	40,597
Accounts payable and accrued expenses	(2,533)	26,790
Other assets	(23,780)	873
Unearned grant revenue - <i>CARES Act</i> funding	<u>225,567</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u><u>\$ (146,807)</u></u>	<u><u>\$ 126,382</u></u>



**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations and Reporting Entity***

The City of Logan d/b/a Logan Manor Community Health Services (Manor) is an adult care facility located in Logan, Kansas. The Manor is a fund of the City of Logan, Kansas (City), and the City Commissioners appoint members to the Board of Trustees of the Manor. The Manor primarily earns revenues by providing inpatient residential long-term care and assisted living services to its residents who are from the northwest Kansas area.

***Basis of Accounting and Presentation***

The financial statements of the Manor 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 transaction takes place, while those from government-mandated or voluntary nonexchange transactions are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific such as intergovernmental revenue from property taxes and investment income are included in nonoperating revenues and expenses. The Manor first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

***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.

***Short-term Certificate of Deposit***

Investments in nonnegotiable certificates of deposit are carried at amortized cost.

***Resident Accounts Receivable***

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

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

***Supplies***

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

***Capital Assets***

Capital assets are recorded at cost at the date of acquisition, or fair 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 Manor:

Buildings	39 - 50 years
Building improvements	10 - 35 years
Major moveable equipment	3 - 15 years

***Long-lived Asset Impairment***

Manor 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 December 31, 2020 and 2019.

***Compensated Absences***

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

***Risk Management***

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

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

***Net Position***

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

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

***Net Resident Service Revenue***

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

***Intergovernmental Revenue***

The Manor received \$10,000 in financial support from intergovernmental revenue derived from property taxes in both 2020 and 2019. Amounts are recorded in capital grants and gifts in the statement of revenues, expenses and changes in net position.

Property taxes are assessed by the City in November and are received beginning in January of the following year. Intergovernmental revenue is recognized in full in the year in which use is first permitted.

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

***CARES Act Funding***

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 Manor is accounting for such payments as voluntary nonexchange transactions. As such, payments are recognized as contribution revenue once the applicable terms and conditions required to retain the funds have been substantially met. The unrecognized amount of distributions from the Provider Relief Fund are recorded as unearned grant revenue – *CARES Act* funding in the accompanying balance sheets.

***Income Taxes***

As an essential government function of the City, the Manor 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 Manor is subject to federal income tax on any unrelated business taxable income.

**Note 2: Deposits**

***Deposits***

Custodial credit risk is the risk in the event of a bank failure, a government's deposits may not be returned to it. The Manor'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 of 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.

At December 31, 2020 and 2019, respectively, \$177,308 and \$0 of the Manor's bank balances of \$677,308 and \$465,244 were exposed to custodial credit risk as follows:

	<b>2020</b>	<b>2019</b>
Uninsured and collateral held by pledging financial institution's trust department or agent in other than the Manor's name	\$ 177,308	\$ -

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

***Summary of Carrying Values***

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

	<b>2020</b>	<b>2019</b>
Carrying value		
Deposits	\$ 634,986	\$ 451,024
Petty cash	100	100
	<u>\$ 635,086</u>	<u>\$ 451,124</u>
Included in the following balance sheet captions		
Cash	\$ 482,191	\$ 298,229
Short-term certificates of deposit	53,777	53,777
Noncurrent cash restricted by external donors	99,118	99,118
	<u>\$ 635,086</u>	<u>\$ 451,124</u>

**Note 3: Resident Accounts Receivable**

The Manor grants credit without collateral to its residents, many of whom are area residents and are insured under third-party payer agreements. Resident accounts receivable at December 31, 2020 and 2019, consisted of:

	<b>2020</b>	<b>2019</b>
Medicaid	\$ 153,531	\$ 165,411
Medicare	48,950	56,738
Residents	99,561	47,408
	<u>302,042</u>	<u>269,557</u>
Less allowance for uncollectible accounts	60,000	50,000
	<u>\$ 242,042</u>	<u>\$ 219,557</u>

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Note 4: Capital Assets**

Capital assets activity for the years ended December 31, 2020 and 2019, was:

	<b>2020</b>			
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Land and improvements	\$ 76,282	\$ -	\$ -	\$ 76,282
Buildings and equipment	2,895,999	6,294	-	2,902,293
Major moveable equipment	318,569	14,167	-	332,736
Construction in progress	32,000	-	-	32,000
	<u>3,322,850</u>	<u>20,461</u>	<u>-</u>	<u>3,343,311</u>
Less accumulated depreciation				
Land and improvements	44,814	184	-	44,998
Buildings and equipment	2,113,881	83,068	-	2,196,949
Major moveable equipment	274,822	12,176	-	286,998
	<u>2,433,517</u>	<u>95,428</u>	<u>-</u>	<u>2,528,945</u>
Capital Assets, Net	<u>\$ 889,333</u>	<u>\$ (74,967)</u>	<u>\$ -</u>	<u>\$ 814,366</u>

  

	<b>2019</b>			
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Land and improvements	\$ 76,282	\$ -	\$ -	\$ 76,282
Buildings and equipment	2,887,478	8,521	-	2,895,999
Major moveable equipment	274,069	44,500	-	318,569
Construction in progress	-	32,000	-	32,000
	<u>3,237,829</u>	<u>85,021</u>	<u>-</u>	<u>3,322,850</u>
Less accumulated depreciation				
Land and improvements	44,519	295	-	44,814
Buildings and equipment	2,024,558	89,323	-	2,113,881
Major moveable equipment	263,501	11,321	-	274,822
	<u>2,332,578</u>	<u>100,939</u>	<u>-</u>	<u>2,433,517</u>
Capital Assets, Net	<u>\$ 905,251</u>	<u>\$ (15,918)</u>	<u>\$ -</u>	<u>\$ 889,333</u>

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Note 5: Restricted Nonexpendable Net Position**

At December 31, 2020 and 2019, restricted nonexpendable net position, which consists of cash, was available for the following purpose:

	<b>2020</b>	<b>2019</b>
Assisted living improvements	\$ 99,118	\$ 99,118

**Note 6: Net Resident Service Revenue**

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

*Medicare.* Skilled nursing services rendered to Medicare program beneficiaries are paid at prospectively determined rates.

*Medicaid.* Services rendered to Medicaid program beneficiaries are reimbursed under a cost-based prospective reimbursement methodology. Manor is reimbursed at a prospective rate with annual cost reports submitted to the Medicaid program. Rates are adjusted on July 1 and January 1 using an average of the three previously filed annual cost reports and changes in the Medicaid resident case mix index. The Medicaid cost reports are subject to audit by the State and adjustments to rates can be made retroactively.

Approximately 67% and 64% of net resident service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2020 and 2019, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

**Note 7: Retirement Plans**

The Manor has a 401(a) money purchase pension plan covering substantially all employees. Contribution rates for plan members and the Manor expressed as a percentage of covered payroll were 2.9 percent and 4.4 percent for 2019 and 2.9 percent and 3.6 percent for 2018, respectively. Contributions actually made by plan members and the Manor aggregated \$47,690 and \$67,157 during 2020 and \$44,658 and \$55,223 during 2019, respectively.

Employees are immediately vested in their own contributions and earnings on those contributions and become vested, based on the plans stated vesting schedule, in the Manor contributions after completion of credible service with the Manor. Nonvested Manor contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. For the years ending December 31, 2020 and 2019, forfeitures reduced the Manor's pension expense by \$8,821 and \$18,153, respectively.

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

The Manor also provides on additional defined contribution plan (457 plan). The Manor does not make contributions to the 457 plan. There were no contributions made by plan members in 2020 and 2019. The plan year begins January 1 and ends December 31.

**Note 8: Professional Liability Coverage and Claims**

The Manor purchases professional liability insurance under a claims-made policy. 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.

There have been no claims made against the Manor in 2020 or 2019, and as such no accrual has been made for potential future professional liability costs.

**Note 9: COVID-19 Pandemic & CARES Act Funding**

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. Resident 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 admissions by skilled nursing facilities.

While some of these policies have been eased and states have lifted moratoriums on non-emergent procedures, some restrictions remain in place, and some state and local governments are re-imposing certain restrictions due to increasing rates of COVID-19 cases.

The Manor's pandemic response plan has multiple facets and continues to evolve as the pandemic unfolds. The Manor has taken precautionary steps to enhance its operational and financial flexibility and react to the risks the COVID-19 pandemic presents to its business.

The extent of the COVID-19 pandemic's adverse effect on the Manor's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Manor's control and ability to forecast. Such factors include, but are not limited to, the scope and duration of stay-at-home practices and business closures and restrictions, government-imposed or recommended suspensions of new admissions, incremental expenses required for supplies and personal protective equipment, and changes in professional and general liability exposure.



**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

Because of these and other uncertainties, the Manor cannot estimate the length or severity of the effect of the pandemic on the Manor's business. Decreases in cash flows and results of operations may have an effect on the inputs and assumptions used in significant accounting estimates, including estimated bad debt allowance related to private pay resident accounts, and potential impairments of long-lived assets.

***Provider Relief Fund***

During the year ended December 31, 2020, the Manor received \$293,941 of distributions from the *CARES Act* Provider Relief Fund (collectively the Provider Relief Fund (PRF)). These distributions from the Provider Relief Fund are not subject to repayment, provided the Manor 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. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the impact of the pandemic on the Manor's revenues and expenses through December 31, 2020, the Manor recognized \$68,374, related to the distributions from the Provider Relief Funds, and these payments are recorded as *CARES Act* funding in the accompanying statements of revenues, expenses and changes in net position. The unrecognized amount of distributions from the Provider Relief Fund of \$225,567 is recorded as unearned revenue - *CARES Act* funding in the accompanying balance sheets.

The Manor will continue to monitor compliance with the terms and conditions of the Provider Relief Fund and the effect of the pandemic on the Manor's revenues and expenses. The terms and conditions governing the Provider Relief Fund are complex and subject to interpretation and change. If the Manor 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 year ended December 31, 2020, the Manor received \$242,705 of funding through the SPARK program. The Manor recognized all \$242,705, related to this funding at December 31, 2020, and these payments are recorded as *CARES Act* funding in the accompanying statements of revenues, expenses and changes in net position.

**Note 10: Subsequent Events**

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 Manor. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

Subsequent events have been evaluated through February 24, 2021, which is the date the financial statements were issued.

**Note 11: Future Change in Accounting Principle**

***Leases***

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* (GASB 87) provides a new framework for accounting for leases under the principle that leases are financings. No longer will leases be classified between capital and operating. Lessees will recognize an intangible asset and a corresponding liability. The liability will be based on the payments expected to be paid over the lease term, which includes an evaluation of the likelihood of exercising renewal or termination options in the lease. Lessors will recognize a lease receivable and related deferred inflow of resources. Lessors will not derecognize the underlying asset. An exception to the general model is provided for short-term leases that cannot last more than 12 months. Contracts that contain lease and nonlease components will need to be separated so each component is accounted for accordingly.

In response to the challenges arising from COVID-19, on May 7, 2020, GASB approved Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. While the proposal included an extra year to implement all guidance, GASB, in a unanimous vote, approved an 18-month postponement for GASB 87. All statements and implementation guides with a current effective date of reporting periods beginning after June 15, 2018, and later will have a one-year postponement. This change is effective immediately. GASB 87 is effective for financial statements for fiscal years beginning after June 15, 2021. Earlier application is permitted. Governments will be allowed to transition using the facts and circumstances in place at the time of adoption, rather than retroactive to the time each lease was begun. The Manor is evaluating the impact the statement will have on the financial statements.

## **Supplementary Information**

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Net Resident Service Revenue and Other Revenue**  
**Years Ended December 31, 2020 and 2019**

**Net Resident Service Revenue**

	<b>2020</b>	<b>2019</b>
Nursing service skilled care	\$ 2,121,612	\$ 2,263,441
Assisted living	208,024	252,372
Home and community based services	<u>9,370</u>	<u>19,741</u>
Net resident service revenue	<u><u>\$ 2,339,006</u></u>	<u><u>\$ 2,535,554</u></u>

**Other Revenue**

	<b>2020</b>	<b>2019</b>
Cafeteria sales	\$ 10,461	\$ 12,888
Miscellaneous income	3,102	1,304
Insurance proceeds - property damage	<u>734</u>	<u>65,213</u>
	<u><u>\$ 14,297</u></u>	<u><u>\$ 79,405</u></u>

**Logan Manor Community Health Services**  
**A Fund of the City of Logan, Kansas**  
**Divisional Revenues and Expenses**  
**Years Ended December 31, 2020 and 2019**

	2020			
	Skilled Nursing	Assisted Living	Home and Community Based Services	Total
<b>Operating Revenues</b>				
Net resident service revenue	\$ 2,121,612	\$ 208,024	\$ 9,370	\$ 2,339,006
Other	14,383	(86)	-	14,297
Total operating revenues	2,135,995	207,938	9,370	2,353,303
<b>Operating Expenses</b>				
Salaries and wages	1,513,686	128,087	4,449	1,646,222
Employee benefits	296,826	52,997	59	349,882
Contract labor	181,215	150	-	181,365
Drugs and medical supplies	103,060	1,680	-	104,740
Food and kitchen supplies	103,499	7,601	-	111,100
Utilities	58,590	16,662	-	75,252
Repairs and maintenance	46,949	7,359	-	54,308
Insurance	57,599	-	-	57,599
Supplies and other expenses	93,640	2,771	-	96,411
Depreciation	60,564	34,864	-	95,428
Total operating expenses	2,515,628	252,171	4,508	2,772,307
<b>Operating Income (Loss)</b>	<u>\$ (379,633)</u>	<u>\$ (44,233)</u>	<u>\$ 4,862</u>	<u>\$ (419,004)</u>

2019			
Skilled Nursing	Assisted Living	Home and Community Based Services	Total
\$ 2,263,441	\$ 252,372	\$ 19,741	\$ 2,535,554
40,984	38,421	-	79,405
2,304,425	290,793	19,741	2,614,959
1,402,175	144,706	-	1,546,881
304,583	41,594	-	346,177
169,585	190	-	169,775
93,264	1,282	-	94,546
105,449	7,618	-	113,067
62,803	20,618	-	83,421
56,897	6,968	-	63,865
63,538	-	-	63,538
75,760	(193)	-	75,567
66,607	34,332	-	100,939
2,400,661	257,115	-	2,657,776
\$ (96,236)	\$ 33,678	\$ 19,741	\$ (42,817)