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

Independent Auditor's Report and Financial Statements

December 31, 2025 and 2024

Logan Manor Community Health Services
A Fund of the City of Logan, Kansas
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December 31, 2025 and 2024

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Independent Auditor's Report

Board of Trustees
Logan Manor Community Health Services
Logan, Kansas

Opinion

We have audited the 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, 2025 and 2024, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Logan Manor Community Health Services as of December 31, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the provisions of the Kansas Municipal Audit and Accounting Guide. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of Logan Manor Community Health Services and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Logan Manor Community Health Services' ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Logan Manor Community Health Services' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Logan Manor Community Health Services' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Logan Manor Community Health Services' basic financial statements. The schedules of Net Resident Service Revenue and Other Revenue and Divisional Revenues and Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Forvis Mazars, LLP

Wichita, Kansas
August 5, 2026

Logan Manor Community Health Services
A Fund of the City of Logan, Kansas
Balance Sheets
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 581,499	$ 391,656
Short-term certificates of deposit	38,863	37,289
Resident accounts receivable, net of allowance; 2025 - $265,000, 2024 - $339,350	300,312	306,041
Supplies	20,205	17,504
Prepaid expenses	71,604	47,402
Total Current Assets	1,012,483	799,892
Capital Assets, Net	16,611,605	784,733
Total Assets	$ 17,624,088	$ 1,584,625
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	$ 23,206	$ 12,654
Accrued expenses	62,742	53,460
Total Current Liabilities	85,948	66,114
Net Position		
Net investment in capital assets	16,611,605	784,733
Restricted - nonexpendable	99,118	99,118
Unrestricted	827,417	634,660
Total Net Position	17,538,140	1,518,511
Total Liabilities and Net Position	$ 17,624,088	$ 1,584,625

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, 2025 and 2024

	2025	2024
Operating Revenues		
Net resident service revenue, net of provision (credit) for uncollectible accounts; 2025 - $(74,350), 2024 - $168,350	$ 3,890,658	$ 3,204,607
Other	11,991	16,031
Total Operating Revenues	3,902,649	3,220,638
Operating Expenses		
Salaries and wages	2,037,436	1,939,769
Employee benefits	440,527	349,596
Contract labor	297,279	188,612
Medical supplies and drugs	92,864	96,433
Food	150,700	154,792
Utilities and telephone	128,110	93,969
Repairs and maintenance	52,670	48,387
Insurance	112,960	77,958
Mileage	9,101	3,764
Dues and subscriptions	56,222	38,298
Advertising	2,205	1,659
Office supplies	9,274	12,870
Supplies and other	42,977	89,021
Depreciation	438,714	65,866
Total Operating Expenses	3,871,039	3,160,994
Operating Income	31,610	59,644
Nonoperating Revenues (Expenses)		
Interest income	6,316	5,280
Loss on disposal of capital assets	(150,968)	-
Total Nonoperating Revenues (Expenses)	(144,652)	5,280
Excess (Deficiency) of Revenues Over Expenses Before Capital Grants and Gifts	(113,042)	64,924
Capital Grants and Gifts	16,132,671	503,235
Increase in Net Position	16,019,629	568,159
Net Position, Beginning of Year	1,518,511	950,352
Net Position, End of Year	$ 17,538,140	$ 1,518,511

Logan Manor Community Health Services
A Fund of the City of Logan, Kansas
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Receipts from and on behalf of residents	$ 3,896,387	$ 3,134,507
Payments to suppliers and contractors	(970,713)	(821,895)
Payments to employees	(2,468,681)	(2,360,839)
Other receipts, net	11,991	16,031
Net Cash Provided by (Used in) Operating Activities	468,984	(32,196)
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(283,883)	(195,195)
Capital grants and gifts	-	503,235
Net Cash Provided by (Used in) Capital and Related Financing Activities	(283,883)	308,040
Cash Flows from Investing Activities		
Interest income	4,742	3,629
Net Cash Provided by Investing Activities	4,742	3,629
Increase in Cash	189,843	279,473
Cash, Beginning of Year	391,656	112,183
Cash, End of Year	$ 581,499	$ 391,656
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities		
Operating income	$ 31,610	$ 59,644
Depreciation	438,714	65,866
Changes in operating assets and liabilities		
Resident accounts receivable, net	5,729	(70,100)
Accounts payable and accrued expenses	19,834	(70,237)
Other assets	(26,903)	(17,369)
Net Cash Provided by (Used in) Operating Activities	$ 468,984	$ (32,196)
Supplemental Cash Flows Information		
Capital assets acquired through noncash capital grants and gifts	$ 16,132,671	$ -

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.

Supplies

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

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 to 50 years
Building improvements	10 to 35 years
Major moveable equipment	3 to 15 years

Capital Asset Impairment

The Manor evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss. No asset impairment was recognized during the years ended December 31, 2025 and 2024.

Compensated Absences

Manor policies permit most employees to accumulate vacation benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheets 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.

Net Position

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

- 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 the remaining net position that does not meet the definition of net 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 $0 in financial support from intergovernmental revenue derived from property taxes for the years ended December 31, 2025 and 2024. Amounts are recorded in capital grants and gifts in the statements 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.

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, 2025 and 2024, respectively, $234,302 and $142,599 of the Manor's bank balances of $734,302 and $541,306 were exposed to custodial credit risk as follows:

	2025	2024
Uninsured and uncollateralized	$ 234,302	$ 142,599

Summary of Carrying Values

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

	2025	2024
Carrying value		
Deposits	$ 620,362	$ 428,945
Included in the following balance sheet captions		
Cash	$ 581,499	$ 391,656
Short-term certificates of deposit	38,863	37,289
	$ 620,362	$ 428,945

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, 2025 and 2024, consisted of:

	2025	2024
Medicaid	$ 311,398	$ 174,715
Medicare	43,556	5,100
Residents	210,358	465,576
	565,312	645,391
Less allowance for uncollectible accounts	265,000	339,350
	$ 300,312	$ 306,041

Note 4. Capital Assets

Capital assets activity for the years ended December 31, 2025 and 2024, was:

	2025				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land and improvements	$ 76,282	$ 258,065	$ (76,282)	$ -	$ 258,065
Buildings and equipment	3,037,768	15,989,522	(1,714,137)	167,048	17,480,201
Major moveable equipment	360,883	168,967	(332,731)	-	197,119
Construction in progress	167,048	-	-	(167,048)	-
	3,641,981	16,416,554	(2,123,150)	-	17,935,385
Less accumulated depreciation					
Land and improvements	45,734	13,558	(45,749)	-	13,543
Buildings and equipment	2,481,455	408,035	(1,596,315)	-	1,293,175
Major moveable equipment	330,059	17,121	(330,118)	-	17,062
	2,857,248	438,714	(1,972,182)	-	1,323,780
Capital assets, net	$ 784,733	$ 15,977,840	$ (150,968)	$ -	$ 16,611,605

The Dane G. Hansen Foundation constructed and paid (approximately $16,133,000, shown as capital grants and gifts on the statements of revenues, expenses and changes in net position) for the building of a new long-term care facility (Logan Manor). Upon completion of the new Logan Manor building, the Manor moved the residents from the old building to the new building and then transferred the old building back to the City of Logan, which had a net book value of $(150,968) (shown as loss on disposal of capital assets on the statements of revenues, expenses and changes in net position). These transfers occurred in the spring of 2025.

	2024				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land and improvements	$ 76,282	$ -	$ -	$ -	$ 76,282
Buildings and equipment	3,037,768	-	-	-	3,037,768
Major moveable equipment	332,736	28,147	-	-	360,883
Construction in progress	-	167,048	-	-	167,048
	3,446,786	195,195	-	-	3,641,981
Less accumulated depreciation					
Land and improvements	45,550	184	-	-	45,734
Buildings and equipment	2,420,310	61,145	-	-	2,481,455
Major moveable equipment	325,522	4,537	-	-	330,059
	2,791,382	65,866	-	-	2,857,248
Capital assets, net	$ 655,404	$ 129,329	$ -	$ -	$ 784,733

Note 5. Restricted Nonexpendable Net Position

At December 31, 2025 and 2024, restricted nonexpendable net position, which consists of cash, was available for the following purpose:

	2025	2024
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 62% and 70% of net resident service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2025 and 2024, 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 2.1% and 2.0% for 2025 and 2.0% and 3.3% for 2024, respectively. Contributions actually made by plan members and the Manor aggregated $44,306 and $47,681 during 2025 and $51,566 and $37,576 during 2024, respectively. The Manor does not control the plan assets.

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 ended December 31, 2025 and 2024, forfeitures reduced the Manor's pension expense by $0.

The Manor also provides an 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 2025 and 2024. The plan year begins January 1 and ends December 31. The Manor does not control the plan assets.

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 2025 or 2024, and as such no accrual has been made for potential future professional liability costs.

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, 2025 and 2024

Net Resident Service Revenue

	2025	2024
Nursing service skilled care	$ 3,651,812	$ 2,944,503
Assisted living	238,846	260,104
Net resident service revenue	$ 3,890,658	$ 3,204,607

Other Revenue

	2025	2024
Cafeteria sales	$ 3,267	$ 6,003
Miscellaneous income	8,724	10,028
	$ 11,991	$ 16,031

Logan Manor Community Health Services
A Fund of the City of Logan, Kansas
Divisional Revenues and Expenses
Years Ended December 31, 2025 and 2024

	2025			
	Skilled Nursing	Assisted Living	Home and Community Based Services	Total
Operating Revenues				
Net resident service revenues	$ 3,651,812	$ 238,846	$ -	$ 3,890,658
Other	11,991	-	-	11,991
Total Operating Revenues	3,663,803	238,846	-	3,902,649
Operating Expenses				
Salaries and wages	1,938,759	98,677	-	2,037,436
Employee benefits	351,509	89,018	-	440,527
Contract labor	297,103	176	-	297,279
Drugs and medical supplies	90,724	2,140	-	92,864
Food and kitchen supplies	140,145	10,555	-	150,700
Utilities	100,723	27,387	-	128,110
Repairs and maintenance	42,574	10,096	-	52,670
Insurance	112,960	-	-	112,960
Supplies and other expenses	119,229	550	-	119,779
Depreciation	401,773	36,941	-	438,714
Total Operating Expenses	3,595,499	275,540	-	3,871,039
Operating Income (Loss)	$ 68,304	$ (36,694)	$ -	$ 31,610

Logan Manor Community Health Services
A Fund of the City of Logan, Kansas
Divisional Revenues and Expenses
Years Ended December 31, 2025 and 2024 **(Continued)**

	2024			
	Skilled Nursing	Assisted Living	Home and Community Based Services	Total
Operating Revenues				
Net resident service revenues	$ 2,944,503	$ 260,104	$ -	$ 3,204,607
Other	16,031	-	-	16,031
Total Operating Revenues	2,960,534	260,104	-	3,220,638
Operating Expenses				
Salaries and wages	1,867,478	72,291	-	1,939,769
Employee benefits	268,820	80,776	-	349,596
Contract labor	188,405	207	-	188,612
Drugs and medical supplies	94,672	1,761	-	96,433
Food and kitchen supplies	145,269	9,523	-	154,792
Utilities	71,755	22,214	-	93,969
Repairs and maintenance	34,081	14,306	-	48,387
Insurance	77,958	-	-	77,958
Supplies and other expenses	144,671	941	-	145,612
Depreciation	62,643	3,223	-	65,866
Total Operating Expenses	2,955,752	205,242	-	3,160,994
Operating Income	$ 4,782	$ 54,862	$ -	$ 59,644