Logan Manor Community Health Services

A Fund of the City of Logan, Kansas



Independent Auditor's Report and Financial Statements

December 31, 2022 and 2021

Logan Manor Community Health Services
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December 31, 2022 and 2021

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FORVIS

1551 N. Waterfront Parkway, Suite 300 / Wichita, KS 67206
P 316.265.2811 / **F** 316.265.9405
forvis.com

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, 2022 and 2021, 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, 2022 and 2021, 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.

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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 opinions 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, LLP

Wichita, Kansas
August 7, 2023

Logan Manor Community Health Services
A Fund of the City of Logan, Kansas
Balance Sheets
December 31, 2022 and 2021

Assets

	2022	2021
Current Assets		
Cash	$ 157,393	$ 454,199
Short-term certificates of deposit	54,823	54,606
Resident accounts receivable, net of allowance; 2022 - $156,000, 2021 - $60,000	215,103	189,619
Supplies	25,675	17,946
Prepaid expenses and other	19,791	36,384
Total current assets	472,785	752,754
Noncurrent Cash Restricted by External Donors	99,118	99,118
Capital Assets, Net	731,879	790,892
Total assets	$ 1,303,782	$ 1,642,764

Liabilities and Net Position

Current Liabilities		
Accounts payable	$ 35,499	$ 41,777
Accrued expenses	129,522	186,205
Unearned revenue	-	66,214
Total current liabilities	165,021	294,196
Net Position		
Net investment in capital assets	731,879	790,892
Restricted - nonexpendable	99,118	99,118
Unrestricted	307,764	458,558
Total net position	1,138,761	1,348,568
Total liabilities and net position	$ 1,303,782	$ 1,642,764

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, 2022 and 2021

	2022	2021
Operating Revenues		
Net resident service revenue, net of provision for uncollectible accounts; 2022 - $96,000, 2021 - $0	$ 2,379,336	$ 2,151,481
Other	11,177	19,047
Total operating revenues	2,390,513	2,170,528
Operating Expenses		
Salaries and wages	1,723,964	1,559,198
Employee benefits	334,138	436,234
Contract labor	115,130	109,473
Medical supplies and drugs	74,341	91,557
Food	117,200	89,353
Utilities and telephone	102,731	87,493
Repairs and maintenance	51,343	63,965
Insurance	58,303	76,468
Mileage	3,401	2,080
Dues and subscriptions	29,392	45,659
Advertising	1,681	1,560
Office supplies	10,199	12,698
Supplies and other	47,720	32,942
Depreciation	89,392	96,570
Total operating expenses	2,758,935	2,705,250
Operating Loss	(368,422)	(534,722)
Nonoperating Revenues		
Interest income	788	1,743
Provider Relief Funds (*CARES Act*)	66,214	304,280
Insurance recoveries on capital assets	81,613	-
Total nonoperating revenues	148,615	306,023
Deficiency of Revenues Over Expenses Before Capital Grants and Gifts	(219,807)	(228,699)
Capital grants and gifts	10,000	232,000
Increase (Decrease) in Net Position	(209,807)	3,301
Net Position, Beginning of Year	1,348,568	1,345,267
Net Position, End of Year	$ 1,138,761	$ 1,348,568

Logan Manor Community Health Services
A Fund of the City of Logan, Kansas
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Receipts from and on behalf of residents	$ 2,353,852	$ 2,203,904
Payments to suppliers and contractors	(608,855)	(609,785)
Payments to employees	(2,114,785)	(1,945,903)
Other receipts, net	(55,037)	(140,306)
Net cash used in operating activities	(424,825)	(492,090)
Cash Flows from Noncapital Financing Activities		
Provider Relief Funds (*CARES Act*)	66,214	304,280
Net cash provided by noncapital financing activities	66,214	304,280
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(30,379)	(73,096)
Capital grants and gifts	10,000	232,000
Insurance recoveries on capital assets	81,613	-
Net cash provided by capital and related financing activities	61,234	158,904
Cash Flows from Investing Activities		
Interest income	571	914
Net cash provided by investing activities	571	914
Decrease in Cash	(296,806)	(27,992)
Cash, Beginning of Year	553,317	581,309
Cash, End of Year	$ 256,511	$ 553,317

Logan Manor Community Health Services
A Fund of the City of Logan, Kansas
Statements of Cash Flows (Continued)
Years Ended December 31, 2022 and 2021

	2022	2021
Reconciliation of Cash to the Balance Sheets		
Cash in current assets	$ 157,393	$ 454,199
Noncurrent cash restricted by external donors	99,118	99,118
Total cash	$ 256,511	$ 553,317
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (368,422)	$ (534,722)
Depreciation	89,392	96,570
Changes in operating assets and liabilities		
Resident accounts receivable, net	(25,484)	52,423
Accounts payable and accrued expenses	(62,961)	34,112
Other assets	8,864	18,880
Unearned revenue	(66,214)	(159,353)
Net cash used in operating activities	$ (424,825)	$ (492,090)

Logan Manor Community Health Services
A Fund of the City of Logan, Kansas
Notes to Financial Statements
December 31, 2022 and 2021

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

Nature of Operations and Reporting Entity

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 - 50 years
Building improvements	10 - 35 years
Major moveable equipment	3 - 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, 2022 and 2021.

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 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.

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 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 $10,000 in financial support from intergovernmental revenue derived from property taxes in both 2022 and 2021. 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.

Provider Relief Funds (CARES Act)

On March 27, 2020, the *CARES Act* was signed into law as part of the government's response to the spread of the SARS-CoV-2 virus and the incidence of COVID-19. The *CARES Act* contained provisions for certain healthcare providers to receive Provider Relief Funds (PRF) from the U.S. Department of Health and Human Services (HHS). The distributions from the Provider Relief Funds are not subject to repayment, provided the 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 HHS. The Manor is accounting for such payments as voluntary nonexchange transactions. Payments are recognized as revenue once the applicable terms and conditions required to retain the funds have been met and are classified as nonoperating revenue in the accompanying statements of revenues, expenses and changes in net position. The unrecognized amount of Provider Relief Fund distributions is recorded as a component of unearned revenue 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, 2022 and 2021, respectively, $0 and $131,534 of the Manor's bank balances of $335,089 and $631,534 were exposed to custodial credit risk as follows:

	2022	2021
Uninsured and collateral held by pledging financial institution's trust department or agent in other than the Manor's name	$ -	$ 131,534

Summary of Carrying Values

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

	2022	2021
Carrying value		
Deposits	$ 311,334	$ 607,923
Included in the following balance sheet captions		
Cash	$ 157,393	$ 454,199
Short-term certificates of deposit	54,823	54,606
Noncurrent cash restricted by external donors	99,118	99,118
	$ 311,334	$ 607,923

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, 2022 and 2021, consisted of:

	2022	2021
Medicaid	$ 153,662	$ 92,700
Medicare	18,583	10,539
Residents	198,858	146,380
	371,103	249,619
Less allowance for uncollectible accounts	156,000	60,000
	$ 215,103	$ 189,619

Note 4: Capital Assets

Capital assets activity for the years ended December 31, 2022 and 2021, was:

	2022				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land and improvements	$ 76,282	$ -	$ -	$ -	$ 76,282
Buildings and equipment	3,007,389	30,379	-	-	3,037,768
Major moveable equipment	332,736	-	-	-	332,736
	3,416,407	30,379	-	-	3,446,786
Less accumulated depreciation					
Land and improvements	45,182	184	-	-	45,366
Buildings and equipment	2,279,516	76,434	-	-	2,355,950
Major moveable equipment	300,817	12,774	-	-	313,591
	2,625,515	89,392	-	-	2,714,907
Capital Assets, Net	$ 790,892	$ (59,013)	$ -	$ -	$ 731,879

	2021				
	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Land and improvements	$ 76,282	$ -	$ -	$ -	$ 76,282
Buildings and equipment	2,902,293	73,096	-	32,000	3,007,389
Major moveable equipment	332,736	-	-	-	332,736
Construction in progress	32,000	-	-	(32,000)	-
	3,343,311	73,096	-	-	3,416,407
Less accumulated depreciation					
Land and improvements	44,998	184	-	-	45,182
Buildings and equipment	2,196,949	82,567	-	-	2,279,516
Major moveable equipment	286,998	13,819	-	-	300,817
	2,528,945	96,570	-	-	2,625,515
Capital Assets, Net	$ 814,366	$ (23,474)	$ -	$ -	$ 790,892

Note 5: Restricted Nonexpendable Net Position

At December 31, 2022 and 2021, restricted nonexpendable net position, which consists of cash, was available for the following purpose:

	2022	2021
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 65% and 58% of net resident service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2022 and 2021, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

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 2.6 percent and 4.5 percent for 2021 and 2.9 percent and 4.1 percent for 2020, respectively. Contributions actually made by plan members and the Manor aggregated $33,802 and $56,391 during 2022 and $40,843 and $70,635 during 2021, 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 ending December 31, 2022 and 2021, forfeitures reduced the Manor's pension expense by $7,097 and $1,549, respectively.

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 2022 and 2021. 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 2022 or 2021, and as such no accrual has been made for potential future professional liability costs.

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

On March 22, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19) as a global pandemic. 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.

The Manor's pandemic response plan has multiple facets and continues to evolve as the lasting impact of 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.

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

The Manor received $0 and $144,927 from the *CARES Act* Provider Relief Fund for the years ended December 31, 2022 and 2021, respectively. 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 have been used for qualifying expenses or lost revenue attributable to COVID-19, as defined by the Department of Health and Human Services (HHS).

The Manor accounts for such payments as voluntary nonexchange transactions. As such, payments are recognized as revenue once the applicable terms and conditions required to retain the funds have been met. Based on an analysis of the compliance and reporting requirements of the Provider Relief Fund and the effect of the pandemic on the Manor's operating revenues and expenses through December 31, 2022 and 2021, the Manor recognized $66,214 and $304,280, respectively, related to the Provider Relief Fund, and these payments are recorded as nonoperating revenues – Provider Relief Funds (*CARES Act*) funding in the statements of revenues, expenses and changes in net position. The unrecognized amount of Provider Relief Fund distributions of $0 and $66,214 is recorded as a component of unearned revenue in the accompanying balance sheets for the years ended December 31, 2022 and 2021, respectively.

The Manor will continue to monitor compliance with the terms and conditions of the Provider Relief Fund and the lasting 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, the Manor's 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.

Note 10: Subsequent Events

As a result of the lasting impact of COVID-19, 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.

In December 2022, the Trustees of the Dane G. Hansen Foundation approved a Guaranteed Maximum Price of approximately $32,000,000 to construct the Logan Intergenerational Family Education (LIFE) Center Project. The LIFE Center is a unique conceptual idea that will integrate several community facilities into one structure. The basic elements of the facility include a new 36-bed nursing home facility, a new Pre-k through 4th grade elementary school, a new accommodating gymnasium with associated locker room complex, a weight room and fitness facility, a community room and gathering place, and a small theater room. The project is anticipated to be funded primarily through capital contributions from the Dane G. Hansen Foundation, with $1,000,000 being funded through a local fundraising effort. The Manor does not have a required contribution related to the project.

Subsequent events have been evaluated through August 7, 2023, which is the date the financial statements were issued.

Note 11: Future Change in Accounting Principle

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

Supplementary Information

Logan Manor Community Health Services
A Fund of the City of Logan, Kansas
Net Resident Service Revenue and Other Revenue
Years Ended December 31, 2022 and 2021

Net Resident Service Revenue

	2022	2021
Nursing service skilled care	$ 2,153,968	$ 1,939,159
Assisted living	219,759	200,432
Home and community based services	5,609	11,890
Net resident service revenue	$ 2,379,336	$ 2,151,481

Other Revenue

	2022	2021
Cafeteria sales	$ 8,130	$ 8,979
Miscellaneous income	3,047	10,068
	$ 11,177	$ 19,047

Logan Manor Community Health Services
A Fund of the City of Logan, Kansas
Divisional Revenues and Expenses
Years Ended December 31, 2022 and 2021

	2022			
	Skilled Nursing	Assisted Living	Home and Community Based Services	Total
Operating Revenues				
Net resident service revenue	$ 2,153,968	$ 219,759	$ 5,609	$ 2,379,336
Other	11,227	(50)	-	11,177
Total operating revenues	2,165,195	219,709	5,609	2,390,513
Operating Expenses				
Salaries and wages	1,574,152	149,812	-	1,723,964
Employee benefits	294,152	39,986	-	334,138
Contract labor	114,786	344	-	115,130
Drugs and medical supplies	73,153	1,188	-	74,341
Food and kitchen supplies	109,666	7,534	-	117,200
Utilities	76,951	25,780	-	102,731
Repairs and maintenance	38,945	12,398	-	51,343
Insurance	58,303	-	-	58,303
Supplies and other expenses	92,224	169	-	92,393
Depreciation	62,640	26,752	-	89,392
Total operating expenses	2,494,972	263,963	-	2,758,935
Operating Income (Loss)	$ (329,777)	$ (44,254)	$ 5,609	$ (368,422)

2021			
Skilled Nursing	Assisted Living	Home and Community Based Services	Total
$ 1,939,159	$ 200,432	$ 11,890	$ 2,151,481
19,038	9	-	19,047
1,958,197	200,441	11,890	2,170,528
1,439,030	120,168	-	1,559,198
394,341	41,893	-	436,234
109,293	180	-	109,473
89,447	2,110	-	91,557
83,157	6,196	-	89,353
64,182	23,311	-	87,493
56,338	7,627	-	63,965
76,468	-	-	76,468
94,879	-	60	94,939
60,133	36,437	-	96,570
2,467,268	237,922	60	2,705,250
$ (509,071)	$ (37,481)	$ 11,830	$ (534,722)