

**Community Health Network
Rehabilitation Hospital West, LLC
2023 Client Service Communication**



The Board of Managers
Community Health Network Rehabilitation Hospital West, LLC

Dear Members of the Board of Managers:

We have audited the financial statements of Community Health Network Rehabilitation Hospital West, LLC (the "Hospital"), as of and for the year ended December 31, 2023, and have issued our report thereon dated April 19, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated October 3, 2023. Professional standards also require that we communicate to you certain other matters related to our audit.

This report is intended solely for the information and use of the Board of Managers and management of the Hospital and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the confidence you place in LBMC as your business advisor. We strive to help you stay compliant, manage risk, and improve performance in every way as you grow your business.

LBMC, PC

Brentwood, Tennessee
April 19, 2024

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Scope of Attest Services	LBMC was engaged to perform an audit of the Hospital's 2023 financial statements.
Management Responsibilities	Management is responsible for the preparation and fair presentation of the Hospital's financial statements and maintaining internal controls.
Attest Deliverable	LBMC issued an unmodified opinion on the Hospital's financial statements and communicated certain matters relating to the audited financial statements.
Other Services	<p>LBMC has performed certain non-attest services including assisting management with drafting the Hospital's financial statements and accounting consultation in coordination with the audit.</p> <p>We provided management with any and all accounting records that were prepared by LBMC in connection with the nonattest services set forth above. Management is responsible for retaining the audited trial balance with accounts grouped for financial reporting purposes as an integral part of the Hospital's accounting records.</p>

Area	Detail
Qualitative Aspects of Accounting Practices – Accounting Policies	<p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Hospital are described in Note 2 to the financial statements. In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-13, <i>Financial Instruments–Credit Losses</i> (“FASB ASC 326”). This guidance changes how entities will measure credit losses for most financial assets and certain other instruments that aren’t measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Hospital that are subject to the guidance in FASB ASC 326 were accounts receivable.</p> <p>There were no other new accounting policies adopted and the existing policies were not changed during 2023. We are not aware of any significant transactions entered into by the Hospital during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.</p>
Qualitative Aspects of Accounting Practices – Estimates	<p>Accounting estimates are an integral part of the Hospital’s financial statements and are based on management’s knowledge and experience, as well as certain assumptions. Certain accounting estimates are particularly sensitive due to: (i) their significance to the financial statements; and (ii) uncertainties inherent in the estimation process. The most sensitive estimates affecting the financial statements relate to:</p> <ul style="list-style-type: none"> • <i>Accounts receivable and related revenue recognition</i> • <i>Estimated third-party settlements</i> • <i>Depreciable lives of property and equipment</i> • <i>Assessment of property and equipment</i> • <i>Accounting for legal contingencies</i> <p>We evaluated the key factors and assumptions used to develop each of these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.</p>
Qualitative Aspects of Accounting Practices – Disclosures	<p>Financial statement disclosures are neutral, consistent, and clear.</p>

Area	Detail
Difficulties Encountered in Performing the Audit	<p>For purposes of this report, “difficulties” may include matters such as:</p> <ul style="list-style-type: none"> • the unavailability of, or significant delays in management providing information, • an unreasonable time frame within which to complete the audit, • extensive unexpected effort required to obtain audit evidence, or • restrictions imposed on the auditor by management. <p>We encountered no significant difficulties in performing and completing our audit.</p>
Disagreements with Management	<p>For purposes of this report “disagreements with management” include matters that, individually or in the aggregate, could be significant to the Hospital’s financial statements or the auditors’ report, regardless of whether they were satisfactorily resolved. Examples of such matters include, but are not limited to, the application of accounting principles to a specific transaction, the basis for management’s judgments about accounting estimates, and the scope of the audit. We are pleased to report that no such disagreements arose during the course of our audit.</p>
Management Consultations with Other Independent Accountants	<p>If management were to consult with other accountants about the application of an accounting principle to the Hospital’s financial statements or the type of auditors’ opinion that may be expressed on those statements, professional standards require the consulting accountant to confer with us to determine that the consultant has all relevant facts. To our knowledge, there were no such consultations with other accountants.</p>
Management Representations	<p>We have requested certain representations from management that are included in the management representation letter dated April 19, 2024.</p>
Independence	<p>We are not aware of any relationships between our firm and the Hospital that, in our professional judgment, may reasonably be thought to bear on our independence that have occurred during the period from January 1, 2023 through the date of this report.</p>
Other Findings or Issues	<p>We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year both prior to, and subsequent to retention as the Hospital’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.</p>
Corrected and Uncorrected Misstatements	<p>Professional standards require communication of all misstatements identified during the audit that are more than trivial in nature and magnitude to management. We are pleased to report that no such misstatements were identified as a result of our audit procedures.</p>

In planning and performing our audit of the financial statements, we considered the Hospital's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

For additional information or if you have questions, please contact the Audit Team Leaders:

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