Reid Hospital and Health Care Services, Inc.

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2023 and 2022

Contents

FORV/S

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Independent Auditor's Report

Board of Directors
Reid Hospital and Health Care Services, Inc.
Richmond, Indiana

Opinion

We have audited the consolidated financial statements of Reid Hospital and Health Care Services, Inc., which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Reid Hospital and Health Care Services, Inc. as of December 31, 2023 and 2022, and the consolidated results of its operations, changes in its net assets 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). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of Reid Hospital and Health Care Services, Inc. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Reid Hospital and Health Care Services, Inc.'s ability to continue as a going concern within one year after the date that these consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Reid Hospital and Health Care Services, Inc.'s 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 Reid Hospital and Health Care Services, Inc.'s 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.

FORVIS, LLP

Indianapolis, Indiana
April 25, 2024

Reid Hospital and Health Care Services, Inc.
Consolidated Balance Sheets
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 42,732,671	$ 43,390,619
Patient accounts receivable	68,769,938	73,143,764
Estimated amounts due from third-party payors	184,281	12,837,949
Supplies	9,155,674	9,021,569
Prepaid expenses and other	24,776,335	29,385,888
Total current assets	145,618,899	167,779,789
Assets Limited As To Use		
Internally designated	394,363,303	351,370,647
Held by trustee	107,199,287	110,647,050
	501,562,590	462,017,697
Property and Equipment, net	261,051,535	271,960,991
Other Assets		
Interest in net assets of Reid Hospital and Health Care Services Foundation, Inc.	20,665,270	19,509,141
Right-of-use assets - operating leases	1,331,089	1,375,766
Intangible assets, net	9,352,561	13,076,306
Goodwill	3,932,500	3,932,500
Other	11,960,058	10,834,044
	47,241,478	48,727,757
Total assets	$ 955,474,502	$ 950,486,234

Reid Hospital and Health Care Services, Inc.
Consolidated Balance Sheets (Continued)
December 31, 2023 and 2022

LIABILITIES AND NET ASSETS

	2023	2022
Current Liabilities		
Accounts payable and accrued expenses	$ 27,592,650	$ 32,701,273
Accrued salaries, wages and related liabilities	29,417,187	25,984,695
Estimated amounts due to third-party payors	2,875,444	3,051,461
Current maturities of long-term debt	14,348,066	12,217,030
Current portion of lease liabilities - operating leases	224,400	224,079
Current portion of lease liabilities - finance leases	1,514,657	892,306
Total current liabilities	75,972,404	75,070,844
Other Liabilities		
Long-term debt, net	309,454,375	320,394,963
Line of credit	15,000,000	-
Lease liabilities - operating leases, net	1,106,689	1,151,686
Lease liabilities - finance leases, net	4,573,117	1,874,953
Total noncurrent liabilities	330,134,181	323,421,602
Total liabilities	406,106,585	398,492,446
Net Assets		
Without donor restriction		
Reid Hospital and Health Care Services, Inc.	526,404,545	530,856,925
Noncontrolling interest	2,298,102	1,627,722
Total net assets without donor restrictions	528,702,647	532,484,647
With donor restriction	20,665,270	19,509,141
Total net assets	549,367,917	551,993,788
Total liabilities and net assets	$ 955,474,502	$ 950,486,234

Reid Hospital and Health Care Services, Inc.
Consolidated Statements of Operations
Years Ended December 31, 2023 and 2022

	2023	2022
Revenues, Gains and Other Support Without Donor Restriction		
Patient service revenue	$ 590,154,041	$ 585,304,041
Other	14,915,086	15,430,662
Net assets released from restrictions used for operations	2,570,325	1,276,339
Total revenues, gains and other support without donor restrictions	607,639,452	602,011,042
Expenses and Losses		
Salaries, wages and benefits	368,521,105	352,329,358
Purchased services and professional fees	26,250,303	20,226,627
Supplies and other	193,466,133	183,978,015
Depreciation and amortization	44,038,656	43,395,458
Interest and amortization of financing costs	9,849,620	8,730,393
Loss on disposal of property and equipment	1,256,433	442,274
Provider hospital assessment fee	24,002,034	18,179,574
Total expenses and losses	667,384,284	627,281,699
Operating Loss	(59,744,832)	(25,270,657)
Other Income (Expense)		
Investment return, net	57,530,487	(61,542,413)
Change in fair value of interest rate swap agreements	-	13,590,208
Other	-	10,312,500
Total other income (expense)	57,530,487	(37,639,705)
Deficiency of Revenues Over Expenses	$ (2,214,345)	$ (62,910,362)

Reid Hospital and Health Care Services, Inc.
Consolidated Statements of Changes in Net Assets
Years Ended December 31, 2023 and 2022

	2023	2022
Net Assets Without Donor Restrictions		
Deficiency of revenues over expense	$ (2,214,345)	$ (62,910,362)
Distributions to noncontrolling interest, net of contributions	(1,567,655)	(1,506,964)
Other	-	(68,750)
Decrease in net assets without donor restrictions	(3,782,000)	(64,486,076)
Net Assets With Donor Restrictions		
Change in interest in net assets of Reid Hospital and Health Care Services Foundation, Inc.	3,726,454	(2,446,800)
Net assets released from restriction	(2,570,325)	(1,276,339)
Increase (decrease) in net assets with donor restrictions	1,156,129	(3,723,139)
Change in Net Assets	(2,625,871)	(68,209,215)
Net Assets, Beginning of Year	551,993,788	620,203,003
Net Assets, End of Year	$ 549,367,917	$ 551,993,788

Reid Hospital and Health Care Services, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Operating Activities		
Change in net assets	$ (2,625,871)	$ (68,209,215)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	44,038,656	43,395,458
Loss on disposal of property and equipment	1,256,433	442,274
Amortization of deferred financing fees and bond premium	(670,593)	(501,831)
Realized and unrealized (gain) loss on investments	(46,727,796)	70,948,873
Realized and unrealized gains on alternative investments carried at fair value	(1,098,593)	(989,547)
Investment gain on investments carried under equity method	(1,386,769)	(1,088,698)
Change in fair value of interest rate swap agreements	-	(13,590,208)
Undistributed portion of change in interest in net assets of Reid Hospital and Health Care Services Foundation, Inc.	(1,156,129)	3,723,139
Distributions to noncontrolling interest, net of contributions	1,567,655	1,506,964
Changes in		
Patient accounts receivable	4,373,826	(6,871,992)
Estimated amounts due from and to third-party payors	12,477,651	(5,021,681)
Accounts payable, accrued expenses and accrued salaries, wages and related liabilities, and other long-term liabilities	990,671	(27,373,948)
Other current and noncurrent assets	3,988,531	(7,804,620)
Net cash provided by (used in) operating activities	15,027,672	(11,435,032)
Investing Activities		
Purchase of investments	(12,251,739)	(56,073,110)
Proceeds from disposition of investments	17,085,472	91,673,396
Distributions from investments in equity investee	747,673	667,292
Interest rate swap termination payment	-	(5,541,000)
Purchase of property and equipment	(29,097,552)	(45,002,040)
Purchase of intangible assets	(14,832)	(154,579)
Net cash used in investing activities	(23,530,978)	(14,430,041)
Financing Activities		
Principal payments and redemptions on long-term debt	(15,681,312)	(56,261,987)
Proceeds from issuance of long-term debt	7,542,353	147,563,693
Borrowings under line of credit	15,000,000	-
Payments of debt issuance costs	-	(1,218,189)
Finance lease payments	(895,791)	(559,496)
Distributions to noncontrolling interest, net of contributions	(1,567,655)	(1,506,964)
Net cash provided by financing activities	4,397,595	88,017,057
Increase (Decrease) in Cash and Cash Equivalents	(4,105,711)	62,151,984
Cash and Cash Equivalents, Beginning of Year	154,037,669	91,885,685
Cash and Cash Equivalents, End of Year	$ 149,931,958	$ 154,037,669

	2023	2022
Reconciliation of Cash and Cash Equivalents to the Consolidated Balance Sheets		
Cash and cash equivalents	$ 42,732,671	$ 43,390,619
Cash and cash equivalents included in assets limited as to use - held by trustee	107,199,287	110,647,050
Cash and cash equivalents, end of year	$ 149,931,958	$ 154,037,669
Supplemental Cash Flows Information		
Interest paid (net of amount capitalized)	$ 9,643,471	$ 8,861,489
Property and equipment included in accounts payable and accrued expenses	221,797	2,888,599
Finance lease liabilities incurred for right-of-use assets	4,216,306	722,065
Operating lease liabilities incurred for right-of-use assets	146,949	-

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

Nature of Operations and Principles of Consolidation

Reid Hospital and Health Care Services, Inc. (Hospital), located in Richmond, Indiana, is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Hospital provides short-term acute inpatient, outpatient and emergency care to residents of Wayne county and surrounding counties. Admitting physicians are primarily practitioners in the local area.

The Hospital owns 100% of Reid Physician Associates, Inc. (RHPA), which is a not-for-profit corporation as described in Section 501(c)(3) of the Code. The Hospital also owns 100% of Reid Anesthesia, LLC (RA). RHPA is exempt from income taxes on related income pursuant to Section 501(a) of the Code. RHPA provides physician services and RA provides anesthesia and management services.

The Hospital owns 55% and holds a controlling interest in an ambulatory surgery center, Reid Outpatient Surgery and Endoscopy, LLC (ROSE).

The Hospital owns 100% of Reid Health Properties, LLC (RHP) and Reid Health Ambulance, Inc. (RHA). RHP was formed to own and manage real estate utilized in ancillary hospital services. RHA was formed to provide ambulance services in the Hospital's service area. The Hospital owns 100% of South 37th Street Properties, LLC (Properties), which was created to own and manage real estate utilized in ancillary hospital services.

The consolidated financial statements include the accounts of the Hospital and its controlled subsidiaries, RHPA, RA, ROSE, RHP, RHA, and Properties. All material intercompany accounts and transactions have been eliminated in consolidation.

Noncontrolling Interest

Noncontrolling interest represents a 45% interest in ROSE that the Hospital does not own. For the years ended December 31, 2023 and 2022, changes in consolidated net assets without donor restrictions attributable to the controlling financial interest of the Hospital and the noncontrolling interest are:

	Total	Controlling Interest	Noncontrolling Interest
Balance, January 1, 2022	$ 596,970,723	$ 596,143,561	$ 827,162
Excess (deficiency) of revenues over expenses	(62,910,362)	(65,204,073)	2,293,711
Distributions to noncontrolling interest, net of contributions	(1,506,964)	-	(1,506,964)
Other	(68,750)	(82,563)	13,813
Increase (decrease) in net assets without donor restrictions	(64,486,076)	(65,286,636)	800,560
Balance, December 31, 2022	532,484,647	530,856,925	1,627,722
Excess (deficiency) of revenues over expenses	(2,214,345)	(4,799,456)	2,585,111
Distributions to noncontrolling interest, net of contributions	(1,567,655)	-	(1,567,655)
Other	-	347,076	(347,076)
Increase in net assets without donor restrictions	(3,782,000)	(4,452,380)	670,380
Balance, December 31, 2023	$ 528,702,647	$ 526,404,545	$ 2,298,102

The change in net assets with donor restrictions in the consolidated statements of changes in net assets is attributable solely to the controlling interest.

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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Hospital considers liquid investments with original maturities of three months or less, except for those held for investment purposes which are classified as short-term investments or assets limited as to use, to be cash equivalents. At December 31, 2023 and 2022, cash equivalents consisted primarily of money market accounts with brokers and certificates of deposit.

At December 31, 2023, the Hospital's cash accounts exceeded federally insured limits by approximately $148,500,000, including cash and cash equivalent amounts included in assets limited as to use – held by trustee.

Assets Limited as to Use

Assets limited as to use include assets held by trustees for debt service and those set aside by the Board of Directors for future capital improvements over which the Board retains control and may, at its discretion, subsequently use for other purposes.

Patient Accounts Receivable

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

The Hospital performs individual credit risk assessments which evaluates the individual circumstances, abilities and intentions of each patient prior to providing the patient services. If subsequent to providing the services the Hospital becomes aware of patient-specific events, facts or circumstances indicating patients no longer have the ability or intention to pay the amount of consideration to which the Hospital expected to be entitled for providing the patient services, then the related patient receivable balances are written off as credit loss expense and reported in the statement of operations as other operating expenses.

Contract Assets and Liabilities

Amounts related to health care services provided to patients which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances consist primarily of health care services provided to patients who are still receiving inpatient care in the Hospital at the end of the year. Contract asset balances are included in patient accounts receivable.

Amounts received related to health care services that have not yet been provided to patients are contract liabilities. Contract liabilities consist of payments made by patients and third-party payors for services not yet performed. The Hospital had no contract liabilities within the consolidated balance sheets at December 31, 2023 and 2022.

Supplies

The Hospital records supply inventories at the lower of cost, determined using the first-in, first-out (FIFO) method, or net realizable value.

Investments

The Hospital measures equity securities, other than investments that qualify for the equity method of accounting, at fair value with changes recognized in excess (deficiency) of revenues over expenses. Other alternative investments include investments in limited partnerships valued on the income tax basis of accounting, which approximates the equity method of accounting, and investments in limited partnerships recorded at net asset value (NAV), as a practical expedient, to determine fair value of investments. Management has utilized the best available information for reported alternative investments, which in some instances are valuations as of an interim date. Certificates of deposit are stated at cost, plus accrued interest, which approximates fair value. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investments in organizations in which the Hospital's ownership percentage is 50% or less where the Hospital exercises significant influence are accounted for under the equity method. Amounts totaling $3,448,663 and $3,237,676 as of December 31, 2023 and 2022, respectively, are included with other assets on the consolidated balance sheets related to equity method investments.

The Hospital is a subscriber in the Techumseh Health Reciprocal Risk Retention Group and the Crossroads Health Services Reciprocal, which are organized to provide malpractice and workers compensation coverage to its subscribers. Undistributed earnings are allocated to subscriber accounts and the Hospital accounts for its interests in a manner similar to the equity method. The Hospital's capital contribution and balance of undistributed earnings totaling $5,700,505 and $5,588,245 at December 31, 2023 and 2022, respectively, are reported in other assets on the consolidated balance sheets.

Net Investment Return

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restriction. Other investment return is reflected in the consolidated statements of operations and changes in net assets as without donor restriction or with donor restriction based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated on a straight-line basis over the estimated useful life of each asset. Assets under finance lease and leasehold improvements are depreciated over the shorter of the estimated useful life or lease term.

Donations of property and equipment are reported at fair value as an increase in net assets without donor restrictions unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as an increase in net assets with donor restrictions. The expiration of such restrictions is reported as an increase in net assets without donor restrictions when the donated asset is placed in service. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions.

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

Land improvements	5 - 25 years
Buildings and improvements	5 - 40 years
Building and moveable equipment	2 - 20 years

The Hospital capitalizes interest costs as a component of construction in progress, based on the weighted-average rates paid for long-term borrowing. Amounts capitalized were reduced by interest received from bond proceeds deposited into an account held by the trustee from the Hospital Revenue Bonds, Series 2022A, which are to be used for construction of a replacement facility in Connersville, Indiana and were immaterial in 2023 and 2022.

Goodwill and Intangible Assets

Goodwill is evaluated annually for impairment or more frequently if impairment indicators are present. A qualitative assessment is performed to determine whether the existence of events or circumstances leads to a determination that it is more likely than not the fair value is less than the carrying amount, including goodwill. If, based on the evaluation, it is determined to be more likely than not that the fair value is less than the carrying value, then goodwill is tested further for impairment. The goodwill impairment loss, if any, is measured as the amount by which the carrying amount of the reporting unit, including goodwill, exceeds its fair value. Subsequent increases in goodwill value are not recognized in the consolidated financial statements.

Intangible assets with finite lives represent software licensing agreements and capitalized implementation costs for software accessed through hosting arrangements. Amounts are amortized on the straight-line basis over the term of the license or hosting agreement. Such assets are periodically evaluated as to the recoverability of their carrying values.

Long-Lived Asset Impairment

The Hospital 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 are 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, 2023 and 2022.

Interest in Net Assets of Reid Hospital and Health Care Services Foundation, Inc.

Reid Hospital and Health Care Services Foundation, Inc. (Foundation) and the Hospital are financially interrelated organizations. The Foundation seeks private support for, and holds net assets on behalf of, the Hospital. The Hospital accounts for its interest in the net assets of the Foundation (Interest) in a manner similar to the equity method. Changes in the Interest are included in change in net assets. Transfers of assets between the Foundation and the Hospital are recognized as increases or decreases in the Interest.

Leases

The Hospital determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Hospital determines lease classification as operating or finance at the lease commencement date. ROU assets related to finance leases are included in property and equipment in the consolidated balance sheets.

Under certain agreements, the Hospital directs the use of specific equipment and therefore, controls the assets, in arrangements where the Hospital also purchases supplies from the vendor. The equipment provided in these agreements is considered an embedded lease. The Hospital accounts for the lease and nonlease components separately. The lease components consist of the equipment provided. The nonlease components consist of supply purchases and other services, as applicable. The Hospital allocates the consideration to the lease and nonlease components using their relative standalone values.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Hospital uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Hospital uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments. Incremental borrowing rates used to determine the present value of lease payments were derived by reference to the Hospital's most recent borrowings adjusted to correspond to lease commencement dates.

The lease term may include options to extend or to terminate the lease that the Hospital is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Hospital has elected not to record leases with an initial term of 12 months or less on the consolidated balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. Such costs are presented as a reduction from long-term debt and are being amortized over the term of the respective debt using the straight-line method, which approximates the effective interest method.

Net Assets

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

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and future capital requirements.

Net assets with donor restrictions are those whose use by the Hospital has been limited by donors to a specific time period or purpose or have been restricted by donors to be maintained by the Hospital in perpetuity.

Patient Service Revenue

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

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

Charity Care and Community Benefit

The Hospital provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as patient care service revenue. Total cost for these charges based on the Hospital's overall cost-to-charge ratio was approximately $6,078,000 and $5,400,000 for 2023 and 2022, respectively.

The Hospital also provides unreimbursed services to the community, which include free or low cost health screenings, educational programs and information and financial support to, and meeting space for, various community groups. In addition, services to beneficiaries of governmental programs (principally those relating to the Medicare and Medicaid programs) are generally provided at governmentally established rates, which are substantially lower than the Hospital's standard rates and are considered part of the Hospital's benefits to the community. Assistance is also provided to senior citizens and other patients and their families for the submission of forms for insurance, financial counseling and the application to the Medicare and Medicaid programs for health service coverage. The costs of these programs are included in operating expenses.

Self-Insurance

The Hospital has elected to self-insure certain costs related to employee health and accident benefit programs. Costs resulting from noninsured losses are charged to income when incurred. The Hospital had purchased insurance that limited its exposure for individual claims and that limited its aggregate exposure to $275,000 through December 31, 2022. This stop loss policy was not renewed upon expiration in 2023.

Professional Liability Claims

The Hospital recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Professional liability claims are described more fully later in Note 7.

Deficiency of Revenues Over Expenses

Substantially all resources of the Hospital are derived from providing health care services, similar to that provided by a business enterprise. Therefore, the consolidated statements of operations include the deficiency of revenues over expenses (performance indicator). Changes in net assets without donor restrictions, which are excluded from the deficiency of revenues over expenses, consistent with industry practice, include net assets released from restriction used for the purchase of property and equipment and distributions to noncontrolling interests.

Income Taxes

The Hospital, RHPA and RHA have been recognized as exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, these entities are subject to federal income tax on any unrelated business taxable income. ROSE, RA, RHP and Properties are not directly subject to income taxes under the provisions of the Internal Revenue Code and applicable state laws. Taxable income or loss is allocated to its members in accordance with their respective percentage ownership for inclusion in their respective tax returns.

The Hospital and its controlled subsidiaries file tax returns in the U.S. federal jurisdiction.

Note 2. Patient Service Revenue

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

Performance Obligations

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

Because all of its performance obligations relate to contracts with a duration of less than one year, the Hospital has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

Transaction Price

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

Third-Party Payors

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare. Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic and other factors. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates. The Hospital is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor. The Hospital's Medicare cost reports have been audited by the Medicare administrative contractor through December 31, 2019. The Hospital is a Medicare Designated Sole Community Hospital. Special Medicare payments under this designation approximated $13.0 million and $12.0 million for the years December 31, 2023 and 2022, respectively.

Medicaid. Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service or per covered member.

Other. Payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations provide for payment based on Hospital-established charges and prospectively determined rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. The Hospital believes it is in compliance with applicable laws and regulations governing Medicare, Medicaid, and other governmental programs. Compliance with such laws and regulations may be subject to future government review and interpretation, as well as significant regulatory action. There can be no assurance that regulatory authorities will not challenge the Hospital's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Hospital. In addition, the Hospital is subject to retroactive audit and claim review by commercial payors.

The Hospital has qualified as a Medicaid Disproportionate Share Hospital (DSH) provider under Indiana law, as its Medicaid Inpatient Utilization Rate (MIUR) exceeded state-wide thresholds, as defined by state regulation, during its most recent measurement period. The Hospital is eligible to receive supplemental Medicaid payments and has qualified for the period beginning July 1, 2015 through June 30, 2023. The amounts of these supplemental payments are dependent on regulatory approval by agencies of the federal and state governments and is determined by level, extent and cost of uncompensated care and various other factors. Supplemental payments are made on an interim basis by the State of Indiana. The State's most recent measurement is for the period ended June 30, 2023. The Hospital records such amounts as revenue when it has been reasonably determined that the funds will be received.

The Hospital recognized approximately $6,054,000 and $4,505,000 within patient care service revenue related to this supplemental payment program in 2023 and 2022, respectively. Of these amounts, approximately $4,600,000 and $1,502,000 were adjustments arising from a change in the transaction price for 2023 and 2022, respectively, related to periods falling outside of the fiscal year as a result of newly available information and payments received by the State of Indiana and final determination of eligibility for periods through June 30, 2023. Amounts outstanding totaled $5,791,000 at December 31, 2022, and are included in estimated amounts due from third-party payors. There were no amounts outstanding at December 31, 2023 as the Hospital had received interim payments which represent management's best estimate of DSH funds due to the Hospital through December 31, 2023, which are typically paid in arrears.

The Hospital participates in a state-specific provider assessment program to increase Medicaid payments to hospitals. The Hospital incurred approximately $24,002,000 and $18,180,000 of fees related to the program in 2023 and 2022, respectively, which is recorded as an operating expense. Amounts due to the Hospital for overpayment and other fee reconciliations approximated $7,250,000 at December 31, 2022, and are included in estimated amounts due from third-party payors. These amounts were refunded during 2023. A benefit of having the Hospital's MIUR over state-wide thresholds includes paying 75% of the provider assessment fee, where nonqualified hospitals must pay 100% of the provider assessment fee. The provider assessment fee program is subject to further retroactive rate setting by the State of Indiana and its Medicaid program and the amounts expensed represent the current fees that have been assessed to the Hospital, including the 25% benefit through December 31, 2023.

The State measures MIUR percentages no less than every four years and no more than every two years. At each measurement period, the state-defined MIUR threshold changes, which could affect the Hospital's eligibility status. Any change in eligibility status would affect the Hospital's ability to qualify for Medicaid DSH payments and receive the 25% provider assessment fee reduction. Management has recorded revenue which represents the amount management has estimated and believes will best predict the amount of consideration to which it will be entitled in accordance with ASC 606-10-32-8. Any changes in the amount of tax due or expected proceeds from the DSH program as a result of eligibility changes will be recorded in the period once the state has made its determination.

Settlements with third-party payors for retroactive adjustments due to cost report or audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Hospital's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known based on newly available information or as years are settled or are no longer subject to such audits, reviews and investigations. Settlements of prior fiscal years' cost reports and the disposition of other payor audits were not significant in 2023 or 2022.

Patient and Uninsured Payors

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Hospital also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. The Hospital estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts and implicit price concessions based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient care service revenue in the period of the change. For the years ended December 31, 2023 and 2022, additional revenue recognized due to changes in its estimates of implicit price concessions, discounts and contractual adjustments for performance obligations satisfied in prior years was not significant. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Consistent with the Hospital's mission, care is provided to patients regardless of their ability to pay. Therefore, the Hospital has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances, such as copays and deductibles. The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Hospital expects to collect based on its collection history with those patients. For the years ended December 31, 2023 and 2022, implicit price concessions were approximately $28,788,000 and $25,953,000, respectively.

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

Refund Liabilities

From time to time, the Hospital will receive overpayments of patient balances from third-party payors or patients resulting in amounts owed back to either the patients or third-party payors. These amounts are excluded from revenues and are reflected as refunds due until they are refunded. As of December 31, 2023 and 2022, the Hospital has a liability for refunds to third-party payors and patients recorded of approximately $5,396,000 and $4,902,000, respectively.

Revenue Composition

The Hospital has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by payors and service lines. Tables providing details of these factors are presented below.

The composition of patient care service revenue by primary payor for the years ended December 31 is as follows:

	2023	2022
Medicare	$ 232,721,698	$ 219,569,896
Medicaid	109,385,958	102,872,320
Commercial insurers and other	229,579,588	244,632,684
Uninsured	18,466,797	18,229,141
	$ 590,154,041	$ 585,304,041

The composition of patient care service revenue based on service lines for the years ended December 31 is as follows:

	2023	2022
Hospital - inpatient	$ 159,192,825	$ 172,838,205
Hospital - outpatient	333,068,140	316,824,613
Physician services	97,893,076	95,641,223
	$ 590,154,041	$ 585,304,041

Contract Balances

Contract assets consist primarily of health care services provided to patients who are still receiving inpatient care in the Hospital at the end of the year. Contract assets are included within patient accounts receivable and billed when the rights become unconditional. Contract liabilities represent the Hospital's obligation to provide services to patients when consideration has already been received from the patient or a third-party payor. The Hospital had no contract liabilities within the consolidated balance sheets at December 31, 2023 and 2022.

Significant changes in contract assets are as follows:

	2023	2022
Balance, beginning of year	$ 2,358,000	$ 3,682,000
Effects of		
Transferred to receivables from contract assets recognized at the beginning of the period	(2,358,000)	(3,682,000)
Revenue recognized on contracts in process as of the end of the year	1,609,000	2,358,000
Balance, end of year	$ 1,609,000	$ 2,358,000

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

	2023	2022
Accounts receivable, net of contract assets, beginning of year	$ 70,785,764	$ 62,589,772
Accounts receivable, net of contract assets, end of year	67,160,938	70,785,764

Financing Component

The Hospital has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Hospital's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Hospital does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Note 3. Concentration of Credit Risk

The Hospital grants credit without collateral to its patients, most of which are area residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2023 and 2022 is:

	2023	2022
Medicare	23%	20%
Medicaid	11%	10%
Other third-party payors	60%	64%
Uninsured patients, including coinsurance and deductibles	7%	6%
	100%	100%

Note 4. Investments and Investment Return

Assets limited as to use at December 31 are as follows:

	2023	2022
Assets Limited as to Use		
Internally designated by Board		
Money market funds	$ 12,033,729	$ 8,610,428
Domestic equity mutual funds	162,028,869	133,339,369
Domestic fixed income mutual funds	63,879,697	65,244,045
Non-U.S. equity mutual funds	99,942,434	89,031,523
Non-U.S. fixed income mutual funds	14,369,299	13,793,184
Alternative investments		
Private equity	15,624,413	13,235,293
Corporate hedge funds	3,641,899	3,772,731
Real estate hedge funds	12,932,740	14,996,559
Securitized asset funds	9,910,223	9,347,515
Held by trustee		
Money market funds	107,199,287	110,647,050
	$ 501,562,590	$ 462,017,697

	2023	2022
Interest and dividend income (net of interest paid on derivative investment instrument and management fees)	$ 8,317,329	$ 7,328,215
Realized and unrealized gains (losses) on trading securities	46,727,796	(70,948,873)
Realized and unrealized gains on other investments carried at fair value	1,098,593	989,547
Investment gains on investments carried under equity method	1,386,769	1,088,698
	$ 57,530,487	$ (61,542,413)

The Hospital classifies substantially all of its investments in equity securities as trading. This classification requires the Hospital to recognize unrealized gains and losses on substantially all of its investments in equity securities as nonoperating gains and losses in the consolidated statements of operations.

Alternative Investments Carried at Fair Value

The fair value of alternative investments has been estimated using the net asset value per share of the investments. Alternative investments held at December 31 consist of the following:

	2023			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity	$ 15,624,413	$ 18,509,186	N/A	N/A
Corporate hedge funds	3,440,212	566,323	Quarterly - Yearly	95 days
Real estate hedge funds	12,922,561	-	Quarterly - Yearly	45 - 90 days
Securitized asset funds	9,910,223	1,100,857	N/A	N/A

	2022			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity	$ 13,235,293	$ 6,054,197	N/A	N/A
Corporate hedge funds	3,528,746	566,323	Quarterly - Yearly	95 days
Real estate hedge funds	14,980,786	-	Quarterly - Yearly	45 - 90 days
Securitized asset funds	9,347,515	409,946	N/A	N/A

Alternative Investments Carried Under Equity Method

The four alternative investments reported on the equity method consist of various real estate funds. These funds invest in other limited partnerships in equity and real estate sectors. All funds are locked-up for the life of the investment, with no option for redemption. There are no material outstanding commitments for these funds at December 31, 2023. The financial position and results of operations of the more significant investment positions of which the Hospital owns a portion, are summarized below on a combined basis for the most recent period in which audited consolidated financial statements are available.

	December 31, 2022
Current assets	$ 630,008
Noncurrent assets	1,427,458
	$ 2,057,466
Liabilities	$ 304,336
Equity	$ 1,753,130
Investment return	$ (590,004)
Net income	$ (692,623)

Note 5. Interest in Net Assets of Reid Hospital and Health Services Foundation, Inc.

The Foundation was organized to support the activities of the Hospital in Richmond, Indiana. Funds are distributed to the Hospital as determined by the Foundation's Board of Directors. The Hospital's interest in the net assets of the Foundation is accounted for in a manner similar to the equity method. Changes in interest are included in change in net assets. Transfers of assets between the Foundation and the Hospital are recognized as increases or decreases in the interest in the net assets of the Foundation, with corresponding decreases or increases in the assets transferred, and have no effect on change in net assets. The Hospital's interest in the net assets of the Foundation is reported in the consolidated balance sheets and was $20,665,270 and $19,509,141 at December 31, 2023 and 2022, respectively. During 2023 and 2022, the Foundation made $2,570,325 and $1,276,339, respectively, in unrestricted donations to the Hospital which are included in unrestricted revenues, gains and other support in the consolidated statements of operations.

Certain Hospital officers and board members also serve on the Foundation's board of directors.

Note 6. Property and Equipment

Property and equipment and related accumulated depreciation as of December 31 are as follows:

	2023	2022
Land and land improvements	$ 63,873,225	$ 63,678,605
Buildings and improvements	172,462,006	170,409,330
Building equipment	232,468,684	223,491,046
Moveable equipment	263,748,349	248,342,887
Construction in progress	22,153,582	24,199,569
	754,705,846	730,121,437
Accumulated depreciation	(493,654,311)	(458,160,446)
	$ 261,051,535	$ 271,960,991

For the years ended December 31, 2023 and 2022, net right-of-use assets under finance leases approximating $5,655,000 and $2,312,000 are included as part of moveable equipment.

Note 7. Medical Malpractice Claims

The Hospital is a qualified health care provider under the *Indiana Medical Malpractice Act* (the Act) and is fully insured under a claims-made policy on a fixed premium basis up to the limits set forth in the Act. The Act limits a qualified provider's liability for an occurrence to the amount of required insurance. For claims on or after July 1, 2019, the maximum recovery is $1,800,000 per occurrence, $500,000 of which would be paid through malpractice insurance coverage, with the remainder due from the State of Indiana Patient Compensation Fund (the Fund).

The Hospital is a subscriber in a Vermont captive insurance company, Tecumseh Health Reciprocal Risk Retention Group (previously named Indiana Healthcare Reciprocal Retention Group), a reciprocal risk retention group organized to cover malpractice claims below those to be paid for by the Fund. The Hospital's undistributed earnings which are allocated to subscriber accounts are accounted for under the equity method and reported in other assets.

Reserves for professional liability claims were $716,000 at December 31, 2023 and 2022, and are included in accounts payable and accrued expenses in the accompanying consolidated balance sheets. Although considerable variability is inherent in professional liability reserve estimates, management believes the reserves for losses and loss expenses are adequate based on information currently known. It is reasonably possible that this estimate could change materially in the near term.

The Hospital's professional liability risks, in excess of certain per claim amounts, are insured through the policies described above. The amount receivable under these insurance contracts was $716,000 at December 31, 2023 and 2022, and is included within prepaid expenses and other on the consolidated balance sheets.

Note 8. Line of Credit

The Hospital is a party to a $30,000,000 line of credit agreement with a bank, which expires on December 18, 2026. Interest on the line of credit is paid quarterly at a variable rate established as the greater of the prime rate, the Federal Funds Rate plus 2.00% or 5.00%. At December 31, 2023, the interest rate was 6.14%. At December 31, 2023, the Hospital had outstanding draws on the line of credit of $15,000,000.

Note 9. Long-Term Debt

	2023	2022
Hospital Revenue Bonds, Series 2015A	$ 74,395,000	$ 77,095,000
Hospital Revenue Bonds, Series 2016A	22,341,000	24,468,000
Hospital Revenue Bonds, Series 2016B	33,040,000	33,040,000
Hospital Revenue Bonds, Series 2018A	1,958,401	4,028,634
Hospital Revenue Bonds, Series 2019A	13,227,691	13,854,691
Hospital Revenue Bonds, Series 2019B	6,276,650	8,240,000
Hospital Revenue Bonds, Series 2021A	9,265,000	12,175,000
Hospital Revenue Bonds, Series 2022A	100,000,000	100,000,000
Series 2022 Term Loan, Bank	42,620,000	42,620,000
Financed Equipment Loan	3,623,064	4,804,178
Financed Equipment Loan	5,787,581	-
Other Promissory Note, Bank	362,013	709,856
	312,896,400	321,035,359
Plus unamortized premium	13,032,521	13,803,892
Less unamortized debt issuance costs	(2,126,480)	(2,227,258)
Less current maturities	(14,348,066)	(12,217,030)
	$ 309,454,375	$ 320,394,963

The Hospital Authority of Richmond (Authority) obligated itself in a Trust Indenture with U.S. Bank National Association. The Authority loaned the proceeds of the bond issues in various loan agreements, which are more fully described below. The revenue bonds and term loan are secured by the Hospital's revenues and substantially all of the Hospital's assets.

In connection with the bond issues, the Hospital entered into various agreements benefiting the respective bond stakeholders. These agreements require the Hospital to meet certain financial performance ratios, among other covenants. Management believes they are in compliance with all covenants.

Hospital Revenue Bonds, Series 2015A

The Authority issued Revenue Bonds Series 2015A pursuant to a Trust Indenture dated as of February 24, 2015 between the Authority and U.S. Bank National Association, as Trustee. The bonds are special and limited obligations of the Authority and are payable solely from, and secured exclusively by, payments, revenues and other amounts pledged under the Trust Indenture, including payments to be made by the Hospital under a loan agreement dated February 1, 2015, between the Authority and the Hospital.

Proceeds from the bond issue were used primarily to refund the Series 2009A bonds.

The fixed rate serial bonds require annual principal payments on January 1 of each year beginning in 2016 in amounts ranging from $1,790,000 to $6,895,000 and are due in full in January 2039. Interest payments are due on January 1 and July 1, and rates vary at fixed amounts from 2.0% to 5.0%.

Hospital Revenue Bonds, Series 2016A and 2016B

The Authority issued Revenue Bonds Series 2016A and 2016B pursuant to a Trust Indenture dated as of November 1, 2016 between the Authority and U.S. Bank National Association, as Trustee. The bonds are special and limited obligations of the Authority and are payable solely from, and secured exclusively by, payments, revenues and other amounts pledged under the Trust Indenture, including payments to be made by the Hospital under a loan agreement dated November 1, 2016, between the Authority and the Hospital.

Proceeds from the bond issue were used primarily to refund the Series 2012 bonds.

The 2016A fixed rate serial bonds require annual principal payments on January 1 of each year beginning in 2017 in amounts ranging from $1,445,000 to $2,224,000 and are due in full in January 2036. The bonds may be subject to mandatory tender for purchase by the Hospital at the end of the direct purchase conversion period which is January 1, 2027. Interest payments are due on January 1 and July 1 at a fixed rate of 2.94% through January 1, 2027 at which time the interest rate is subject to adjustment.

The 2016B fixed rate serial bonds require annual principal payments on January 1 of each year beginning in 2028 in amounts ranging from $40,000 to $7,390,000 and are due in full in January 2036. Interest payments are due on January 1 and July 1 at a fixed rate of 5.00%.

Hospital Revenue Bonds, Series 2018A

The Authority issued Revenue Bonds Series 2018A pursuant to a Trust Indenture dated as of November 1, 2018 between the Authority and U.S. Bank National Association, as Trustee. The bonds are special and limited obligations of the Authority and are payable solely from, and secured exclusively by, payments, revenues and other amounts pledged under the Trust Indenture, including payments to be made by the Hospital under a loan agreement dated November 1, 2018, between the Authority and the Hospital.

Proceeds from the bond issue were used primarily for the acquisition of certain property and equipment.

The 2018A fixed rate serial bonds bear interest at 3.29% and require monthly interest-only payments through November 2019. The Hospital must pay monthly principal and interest payments of $181,000 beginning December 2019 through maturity in November 2024.

Hospital Revenue Bonds, Series 2019A and 2019B

The Authority issued Revenue Bonds Series 2019A and 2019B pursuant to a Trust Indenture dated as of June 1, 2019 between the Authority and U.S. Bank National Association, as Trustee. The bonds are special and limited obligations of the Authority and are payable solely from, and secured exclusively by, payments, revenues and other amounts pledged under the Trust Indenture, including payments to be made by the Hospital under a loan agreement dated June 1, 2019, between the Authority and the Hospital.

Proceeds from the bond issue were used primarily for the acquisition of certain property and equipment of Fayette Regional Hospital.

The 2019A fixed rate serial bonds require biannual principal payments on January 1 and July 1 of each year beginning in July 2020 in amounts ranging from $574,000 to $1,175,000 and are due in full in June 2044. The bonds may be subject to mandatory tender for purchase by the Hospital at the end of the direct purchase conversion period which is July 1, 2029. Interest payments are due on January 1 and July 1 at a fixed rate of 3.03%. In November 2022, the Hospital repaid amounts approximating $5,371,000 in advance of required scheduled payments.

The 2019B fixed rate serial bonds require biannual principal payments on January 1 and July 1 of each year beginning in July 2020 in amounts ranging from $246,000 to $505,000 and are due in full in June of 2044. The bonds may be subject to mandatory tender for purchase by the Hospital at the end of the direct purchase conversion period which is July 1, 2029. Interest payments are due on January 1 and July 1 at a fixed rate of 3.03%.

Hospital Revenue Bonds, Series 2021A

The Authority issued Revenue Bonds Series 2021A pursuant to a Trust Indenture dated as of January 27, 2021 between the Authority and U.S. Bank National Association, as Trustee. The bonds are special and limited obligations of the Authority and are payable solely from, and secured exclusively by, payments, revenues and other amounts pledged under the Trust Indenture, including payments to be made by the Hospital under a loan agreement dated January 27, 2021, between the Authority and the Hospital.

Proceeds from the bond issue were used primarily for the acquisition of certain property and equipment.

The 2021A fixed rate serial bonds require annual principal payments on January 1 of each year beginning in January 2022 in amounts ranging from $2,825,000 to $3,181,000 and are due in full in January 2026. Interest payments are due on January 1 and July 1 at a fixed rate of 2.42%.

Hospital Revenue Bonds, Series 2022A

The Authority issued Revenue Bonds Series 2022A pursuant to a Trust Indenture dated as of July 20, 2022 between the Authority and U.S. Bank National Association, as Trustee. The bonds are special and limited obligations of the Authority and are payable solely from, and secured exclusively by, payments, revenues and other amounts pledged under the Trust Indenture, including payments to be made by the Hospital under a loan agreement dated July 20, 2022, between the Authority and the Hospital.

Proceeds from the bond issue are to be used primarily to construct a replacement health care facility in Connersville, Indiana.

The 2022A fixed rate serial bonds require annual principal payments on January 1 of each year beginning in January 2040 in amounts ranging from $4,780,000 to $10,850,000 and are due in full in January 2052. Interest payments are due on January 1 and July 1 and rates vary at fixed amounts from 4.25% to 5.00%.

Series 2022 Term Loan, Bank

The Hospital entered into a bank term loan dated October 28, 2022 requiring repayment of the outstanding principal amount at the maturity date of October 28, 2032. Interest payments are due semi-annually at a fixed rate based on the obligated group's established credit rating, ranging from 6.15% (A3/A-) to 6.45%(Baa3/BBB-). Any change in the fixed rate resulting from a change in the credit rating shall be effective as of the date of the announcement of the change in such credit rating. The loan is secured by payments, revenues and other amounts pledged under the Trust Indenture. Proceeds from the issuance were used primarily to refinance the Series 2016 term loan.

Financed Equipment Loan

In October 2021, the Hospital entered into a financed equipment loan to purchase $6,050,000 in equipment. Beginning on October 25, 2021, installment payments of approximately $106,000 are due at the beginning of each month through October 2026. Interest is fixed at a rate of 2.16%; the loan is secured by certain property and equipment.

Financed Equipment Loan

In December 2022, the Hospital entered into a financed equipment loan to purchase equipment approximating $7,542,000. Installment payments of approximately $184,000 are due at the beginning of each month through December 2027. Interest is fixed at a rate of 5.08%; the loan is secured by certain property and equipment.

Other Promissory Notes, Bank

ROSE has entered into a promissory note dated January 28, 2022. The note requires monthly payments, including principal and interest approximating $28,900 through maturity in January 2025. The fixed interest rate on the note is 2.75%.

Annual Maturities

The bonds listed above are subject to mandatory sinking fund requirements. Aggregate annual maturities and sinking fund requirements of bonds payable at December 31, 2023 are:

2023	$ 14,348,066
2024	12,520,883
2025	12,360,847
2026	5,885,000
2027	6,315,000
Thereafter	261,466,604
	$ 312,896,400

The maturities and sinking fund requirements above assume the extension of the Series 2016A Bonds at the direct purchase conversion date of January 1, 2027. Interest expense for the years ended December 31, 2023 and 2022 was $9,849,620 and $8,730,393, respectively.

Note 10. Interest Rate Swap Agreements

Cash Flow Hedge

In March 2005, the Hospital entered into two interest rate swap agreements (the 2005 Swaps) for notional amounts totaling $87,500,000. The 2005 Swaps were fixed rate payor swaps with scheduled termination dates in January 2045, and prior to April 1, 2008, were amortized in coordination with the 2005 B and C Series Bonds. Under these agreements, the Hospital paid a fixed rate of 3.702% and receives a floating rate equal to 63.10% of USD-LIBOR + .25%.

In October 2022, in conjunction with the Series 2022 Term Loan, the Hospital voluntarily terminated the Swaps, paying the recognized fair value of $5,541,000 at the termination date. Prior to the termination, the Swaps realized a gain of $13,590,208. Changes in fair value of the 2005 Swaps are recorded in other income (expense).

The table below presents certain information regarding the Hospital's interest rate swap agreements at December 31:

	2022
Fair value of interest rate swap agreements	$ -
Balance sheet location of fair value amount	N/A
Change in fair value recognized in excess (deficiency) of revenues over expenses	$ 13,590,208
Location of change in fair value recognized in excess of revenues over expenses	Other Income (Expense) Change in fair value of interest rate swap agreements

Note 11. Leases

The Hospital has entered into the following lease arrangements:

Finance Leases - These leases mainly consist of clinical and administrative equipment for the use in Hospital operations. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

Operating Leases - The Hospital leases equipment and real estate that expire in various years through 2029. Certain leases contain renewal options for periods and require the Hospital to pay all executory costs (property taxes, maintenance and insurance). Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

Short-Term Leases - The Hospital leases certain equipment on a seasonal basis or as needed based on operating activities. The expected lease terms are less than 12 months.

The Hospital has no material related party leases. The Hospital's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The lease cost and other required information for the years ended December 31 are as follows:

	2023	2022
Lease cost		
Finance lease cost		
Amortization of right-of-use asset	$ 873,339	$ 846,793
Interest on lease liabilities	74,947	169,288
Operating lease cost	239,693	263,000
Short-term lease cost	1,496,280	2,099,433
Total lease cost	$ 2,684,259	$ 3,378,514

	2023	2022
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	$ 74,947	$ 169,288
Financing cash flows from finance leases	895,791	559,496
Operating cash flows from operating leases	239,693	263,000
Right-of-use assets obtained in exchange for new finance lease liabilities	4,216,306	722,066
Right-of-use assets obtained in exchange for new operating lease liabilities	146,949	-
Weighted-average remaining lease term		
Finance leases	4.3 years	3.7 years
Operating leases	5.6 years	6.7 years
Weighted-average discount rate		
Finance leases	4.2%	3.4%
Operating leases	3.0%	3.1%

Future minimum lease payments as of December 31, 2023, are as follows:

	2023	
	Finance Leases	**Operating Leases**
2023	$ 1,719,537	$ 247,764
2024	1,531,176	236,294
2025	1,253,683	237,785
2026	1,208,091	235,441
2027	936,493	241,266
Thereafter	-	249,379
Total future undiscounted lease payments	6,648,980	1,447,929
Less interest	561,206	116,840
Lease liabilities	$ 6,087,774	$ 1,331,089

Note 12. Acquired Intangible Assets

In July 2016, the Hospital entered into a license agreement for the implementation of a new information system and electronic medical record platform. Under the agreement, total contracted implementation fees approximated $17,500,000. In association with the system implementation, the Hospital has also incurred $6,900,000 of other costs related to consulting, labor and capitalized interest. These amounts are recorded as intangible assets and are amortized straight-line over the ten-year term of the original agreement through May 2026.

During 2020, the counterparty to the license agreement provided a twelve month notice to terminate the contract effective May 2021. Under the terms of the agreement, the Hospital contracted directly with the software manufacturer to host the same platform of the information system and electronic medical record software. The Hospital entered into new license and hosting contracts with the software manufacturer where the Hospital incurred development fees to implement the new instance of the software and was credited the unused fees under the original license agreement. The Hospital continued to use the existing software under the original license agreement during the development and implementation of the new instance of the software. Additional capitalized costs, along with unamortized costs from the original license agreement, will be amortized over the term of the hosting agreement from implementation in May 2021 through May 2026, which is consistent with the original license agreement.

The carrying basis and accumulated amortization of the recognized intangible assets at December 31, 2023 and 2022 were:

	2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Amortized intangible assets			
Licensing agreements	$ 28,080,483	$ (18,727,922)	$ 9,352,561
	$ 28,080,483	$ (18,727,922)	$ 9,352,561

	2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
Amortized intangible assets			
Licensing agreements	$ 28,065,651	$ (14,989,345)	$ 13,076,306
	$ 28,065,651	$ (14,989,345)	$ 13,076,306

Future amortization expense for each of the remainder of the license agreement approximates $3,647,000 annually through 2025 and $2,059,000 in 2026.

Note 13. Net Assets With Donor Restrictions

Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods:

	2023	2022
Not subject to appropriation or expenditure		
Interests in net assets held by Reid Hospital and Health Care Services Foundation, Inc.	$ 20,665,270	$ 19,509,141

Net assets approximating $2,570,000 and $1,276,000 were released from donor restrictions for use in operations for 2023 and 2022, respectively.

Note 14. Liquidity and Availability

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

	2023	2022
Financial assets at year end		
Cash and cash equivalents	$ 42,732,671	$ 43,390,619
Patient accounts receivable	68,769,938	73,143,764
Estimated amounts due from third-party payors	184,281	12,837,949
Interest in net assets of Reid Hospital and Health Care Services Foundation, Inc.	20,665,270	19,509,141
Assets limited as to use	501,562,590	462,017,697
Total financial assets	633,914,750	610,899,170
Less amounts not available to be used within one year		
Assets limited as to use - internally-designated with liquidity horizons greater than one year	394,363,303	351,370,647
Assets limited as to use - held by trustee	107,199,287	110,647,050
Interest in net assets of Reid Hospital and Health Care Services Foundation, Inc.	20,665,270	19,509,141
Financial assets not available to be used within one year	522,227,860	481,526,838
Financial assets available to meet general expenditures within one year	$ 111,686,890	$ 129,372,332

The Hospital has certain board-designated assets limited to use which are designated for an operating reserve and future capital expenditures. These assets limited to use, which are more fully described in Note 1, are not available for general expenditure within the next year. However, the board-designated amounts could be made available, if necessary.

As part of the Hospital's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Hospital has a committed line of credit of $30,000,000 as disclosed in Note 8, which it could draw upon.

Note 15. Functional Expenses

The Hospital provides health care services primarily to residents within its geographic area. The following schedule presents the natural classification of expenses by function as follows:

	2023			
		Support Services		
	Health Care Services	General and Administrative	Fundraising	Total
Salaries, wages and benefits	$ 299,823,681	$ 68,255,620	$ 441,804	$ 368,521,105
Purchased services and professional fees	21,459,548	4,724,092	66,663	26,250,303
Supplies and other	181,230,266	12,210,378	25,489	193,466,133
Depreciation and amortization	43,863,667	170,599	4,390	44,038,656
Interest and amortization of financing costs	9,849,620	-	-	9,849,620
Loss on disposal of property and equipment	1,256,433	-	-	1,256,433
Provider hospital assessment fee	24,002,034	-	-	24,002,034
Total expense	$ 581,485,249	$ 85,360,689	$ 538,346	$ 667,384,284

	2022			
		Support Services		
	Health Care Services	General and Administrative	Fundraising	Total
Salaries, wages and benefits	$ 289,175,640	$ 62,860,669	$ 293,049	$ 352,329,358
Purchased services and professional fees	15,418,970	4,765,946	41,711	20,226,627
Supplies and other	173,020,821	10,850,370	106,824	183,978,015
Depreciation and amortization	43,176,197	215,696	3,565	43,395,458
Interest and amortization of financing costs	8,730,062	331	-	8,730,393
Loss on disposal of property and equipment	442,274	-	-	442,274
Provider hospital assessment fee	18,179,574	-	-	18,179,574
Total expense	$ 548,143,538	$ 78,693,012	$ 445,149	$ 627,281,699

Note 16. Pension Plans

The Hospital has a defined-contribution pension plan covering substantially all employees. The Board of Directors annually determines the amount, if any, of the Hospital's contributions to the plan. Pension expense approximated $8,412,000 and $7,673,000 for 2023 and 2022, respectively.

Note 17. Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023 and 2022:

	2023						
	Fair Value Measurements Using						
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV[(A)]	Total Fair Value	Equity Method	Total Carrying Value
Assets							
Cash and cash equivalents	$ 42,732,671	$ -	$ -	$ -	$ 42,732,671	$ -	$ 42,732,671
Assets limited as to use							
Money market funds	119,233,016	-	-	-	119,233,016	-	119,233,016
Domestic equity mutual funds	162,028,869	-	-	-	162,028,869	-	162,028,869
Domestic fixed income mutual funds	63,879,697	-	-	-	63,879,697	-	63,879,697
Non-U.S. equity mutual funds	99,942,434	-	-	-	99,942,434	-	99,942,434
Non-U.S. fixed income mutual funds	14,369,299	-	-	-	14,369,299	-	14,369,299
Alternative investments							
Private equity	-	-	-	15,624,413	15,624,413	-	15,624,413
Corporate hedge funds	-	-	-	3,440,212	3,440,212	201,687	3,641,899
Real estate hedge funds	-	-	-	12,922,561	12,922,561	10,179	12,932,740
Securitized asset funds	-	-	-	9,910,223	9,910,223	-	9,910,223
Interest in net assets of the Foundation	-	20,665,270	-	-	20,665,270	-	20,665,270
	$ 502,185,986	$ 20,665,270	$ -	$ 41,897,409	$ 564,748,665	$ 211,866	$ 564,960,531

	2022						
	Fair Value Measurements Using						
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at NAV[(A)]	Total Fair Value	Equity Method	Total Carrying Value
Assets							
Cash and cash equivalents	$ 43,390,619	$ -	$ -	$ -	$ 43,390,619	$ -	$ 43,390,619
Assets limited as to use							
Money market funds	119,257,478	-	-	-	119,257,478	-	119,257,478
Domestic equity mutual funds	133,339,369	-	-	-	133,339,369	-	133,339,369
Domestic fixed income mutual funds	65,244,045	-	-	-	65,244,045	-	65,244,045
Non-U.S. equity mutual funds	89,031,523	-	-	-	89,031,523	-	89,031,523
Non-U.S. fixed income mutual funds	13,793,184	-	-	-	13,793,184	-	13,793,184
Alternative investments							
Private equity	-	-	-	13,235,293	13,235,293	-	13,235,293
Corporate hedge funds	-	-	-	3,528,746	3,528,746	243,985	3,772,731
Real estate hedge funds	-	-	-	14,980,786	14,980,786	15,773	14,996,559
Securitized asset funds	-	-	-	9,347,515	9,347,515	-	9,347,515
Interest in net assets of the Foundation	-	19,509,141	-	-	19,509,141	-	19,509,141
	$ 464,056,218	$ 19,509,141	$ -	$ 41,092,340	$ 524,657,699	$ 259,758	$ 524,917,457

Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2023.

Cash and Cash Equivalents

The carrying amount approximates fair value.

Money Market Funds

Where quoted market prices are available in an active market, money market mutual funds are classified within Level 1 of the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Level 1 securities include equity mutual funds and fixed income mutual funds. The Hospital had no Level 2 or Level 3 investments at December 31, 2023 or 2022.

Interest in Net Assets of Reid Hospital and Health Care Services Foundation, Inc.

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement.

Note 18. The Fair Value Option

The Hospital has elected to measure certain alternative investments at fair value because it more accurately reflects its financial position. Included in the accompanying consolidated balance sheets are fourteen alternative investments of which nine are reported at fair values of $41,897,409 and $41,092,340 at December 31, 2023 and 2022, respectively. The other funds are reported on the equity method at $211,866 and $259,758 at December 31, 2023 and 2022, respectively. Unrealized and realized gains on investments elected to be measured at fair value were $1,098,593 and $989,547 at December 31, 2023 and 2022, respectively. These gains are reported as a component of investment return on the consolidated statements of operations and changes in net assets. The fair value option was not elected for all of the alternative investments due to a portion being reported on the equity method and not having readily determinable fair value.

Note 19. Significant Estimates and Concentrations

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

Variable Consideration and Supplemental Payment Programs

Estimates of variable consideration in determining the transaction price for patient care service revenue and the impact of supplemental payment programs are described in Notes 1 and 2.

Medical Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in Notes 1 and 7.

Litigation

In the normal course of business, the Hospital is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Hospital's captive insurance program (discussed elsewhere in these notes); for example, allegations regarding performance of contracts. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Self-Insurance

The Hospital has elected to self-insure certain costs related to employee health insurance programs. In connection with the self-insurance program, the Hospital purchases reinsurance to protect it from catastrophic losses per occurrence. Costs resulting from noninsured losses are charged to expense when incurred.

Investments

The Hospital invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated balance sheets.

Environmental Matter

In 2015, the Hospital received notice from the Indiana Department of Environmental Management (IDEM) that IDEM determined the Hospital met the criteria of a Potentially Responsible Person, as defined by Indiana statute, related to potential release of hazardous substances at the former Hospital site. The Hospital has responded to all inquiries and assisted with testing at the site since this time. A liability has not been recognized in the accompanying consolidated financial statements at December 31, 2023 and 2022, as it cannot be reasonably determined whether a liability is both probable and estimable within the guidance in FASB ASC Topic 410, *Asset Retirement and Environmental Obligations.*

Note 20. COVID-19 Pandemic and CARES Act Funding

In response to the World Health Organization's designation of the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19) as a global pandemic in March 2020, various legislation was enacted, including the *Coronavirus Aid, Relief and Economic Security* (CARES) *Act* and the *American Rescue Plan Act* (APRA Act). During 2022, the Hospital recognized $3,041,000 from the CARES Act Provider Relief Fund (collectively the Provider Relief Fund) which were provided to healthcare organizations to prevent, prepare for and respond to coronavirus. Based on an analysis of the compliance and reporting requirements, the Hospital believes its payments are not subject to repayment, as it was 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 (HHS). The Hospital will continue to monitor compliance with the terms and conditions of the Provider Relief Fund which are complex and subject to interpretation and change. If the Hospital is unable to attest to or comply with current or future terms and conditions, its 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.

During the year ended December 31, 2020, the Hospital requested accelerated Medicare payments as provided for in the CARES Act, which allows for eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. These amounts were recaptured by CMS according to the payback provisions. Under the terms of the program, repayment of the funds began in April 2021. The Hospital repaid $36,319,000 in 2022, when the entirety of the Hospital's advance payment had been recouped or paid.

Note 21. Subsequent Events

In February 2024, the Hospital entered into a guaranteed maximum price amendment for its construction agreement entered into during 2023 related to its replacement facility in Connersville, Indiana. This agreement established the guaranteed maximum price at approximately $75 million.

Subsequent events have been evaluated through April 25, 2024, which is the date the consolidated financial statements were issued.