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June 26, 2024

Board of Directors
Riverview Hospital
d/b/a Riverview Health
Hamilton County, Indiana

We have reviewed the audit report of Riverview Hospital d/b/a Riverview Health, which was opined upon by FORVIS, LLP, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Riverview Hospital d/b/a Riverview Health as of December 31, 2023, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, FORVIS, LLP, prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner



Riverview Hospital A Component Unit of Hamilton County, Indiana

Independent Auditor's Report and Financial Statements

December 31, 2023



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Independent Auditor's Report

Board of Trustees
Riverview Hospital
Noblesville, Indiana

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the discretely presented component unit of Riverview Hospital (Hospital), a component unit of Hamilton County, Indiana, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Hospital as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2023, the Hospital adopted Governmental Accounting Standards Board Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 the Hospital'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 the Hospital'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2024 on our consideration of the Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Hospital's internal control over financial reporting and compliance.

FORVIS,LLP

**Indianapolis, Indiana
May 31, 2024**

Riverview Hospital
A Component Unit of Hamilton County, Indiana
Management's Discussion and Analysis
December 31, 2023

Introduction

This management's discussion and analysis of the financial performance of Riverview Hospital d/b/a Riverview Health (Hospital) provides an overview of the Hospital's financial activities for the year ended December 31, 2023. It should be read in conjunction with the accompanying financial statements of the Hospital.

Financial Highlights

- Cash and investments decreased in 2023 by \$24,704,048 or 17.4%.
- The Hospital's net position decreased by \$13,866,018 or 6.2% in 2023.
- The Hospital reported an operating loss of \$16,065,866 in 2023, which was a decline of \$4,759,229 compared to the operating loss of \$11,306,637 in 2022.
- Net nonoperating revenues for 2023 were \$2,468,992 compared to net nonoperating expenses of \$6,521,137 for 2022. This was an increase of \$8,990,129 or 137.9%.
- As discussed in Note 2 to the financial statements, the Hospital adopted Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription Based Information Technology Arrangements* in 2023. Prior year comparative information presented herein has not been restated for adoption of GASB 96.

Using This Annual Report

The Hospital's financial statements consist of three statements — a balance sheet; a statement of revenues, expenses and changes in net position; and a statement of cash flows, as well as the financial statements of its discretely presented component unit, Riverview Hospital Foundation, Inc., which includes a balance sheet and a statement of revenues, expenses, and changes in net position. These statements provide information about the activities of the Hospital, including resources held by the Hospital but restricted for specific purposes by creditors, contributors, grantors, or enabling legislation. The Hospital is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about any hospital's finances is "Is the hospital as a whole better or worse off as a result of the year's activities?" The balance sheet and the statement of revenues, expenses, and changes in net position report information about the Hospital's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets, all liabilities, and all deferred inflows and outflows of resources using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Hospital's net position and changes in it. The Hospital's total net position — the difference between assets, liabilities, and deferred inflows and outflows of resources — is one measure of the Hospital's financial health or financial position. Over time, increases or decreases in the Hospital's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the Hospital's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients, and local economic factors should also be considered to assess the overall financial health of the Hospital.

The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash and cash equivalents during the reporting period.

Riverview Hospital
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Management's Discussion and Analysis
December 31, 2023

The Hospital's Net Position

The Hospital's net position is the difference between its assets, liabilities, and deferred inflows and outflows of resources reported in the balance sheet. The Hospital's net position decreased by \$13,866,018 or 6.2% in 2023 over 2022, as shown in Table 1.

Table 1: Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

	<u>2023</u>	<u>2022</u>
Assets		
Patient accounts receivable, net	\$ 83,433,458	\$ 63,502,646
Other current assets	105,475,425	119,202,927
Capital assets, net	164,722,243	168,280,814
Other noncurrent assets	<u>104,654,531</u>	<u>111,622,347</u>
Total assets	458,285,657	462,608,734
Deferred Outflows of Resources		
	<u>402,371</u>	<u>574,815</u>
Total assets and deferred outflows of resources	<u>\$ 458,688,028</u>	<u>\$ 463,183,549</u>
Liabilities		
Current liabilities excluding current maturities of long-term debt	\$ 138,555,754	\$ 135,217,641
Long-term debt	46,515,000	50,770,000
Other noncurrent liabilities	<u>60,131,277</u>	<u>48,763,691</u>
Total liabilities	<u>245,202,031</u>	<u>234,751,332</u>
Deferred Inflows of Resources		
	<u>2,258,438</u>	<u>3,338,640</u>
Net Position		
Net investment in capital assets	114,790,045	114,590,406
Restricted	2,183,184	2,590,203
Unrestricted	<u>94,254,330</u>	<u>107,912,968</u>
Total net position	<u>211,227,559</u>	<u>225,093,577</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 458,688,028</u>	<u>\$ 463,183,549</u>

A significant change in the Hospital's assets in 2023 is the decrease in noncurrent cash and investments. The decrease is the result of market activity and withdrawals during the calendar year for the purpose of funding capital projects and equated to a 25.8% decrease compared to 2022. Another significant change in the Hospital's assets in 2023 is the increase in patient accounts receivable. The increase is the result of increases in overall volumes as well as delays in Medicaid rate setting with the Hospital's skilled nursing operations.

Riverview Hospital
A Component Unit of Hamilton County, Indiana
Management's Discussion and Analysis
December 31, 2023

A significant change in the Hospital's liabilities in 2023 was an increase in subscription liabilities as a result of the adoption of GASB Statement No. 96. Subscription liabilities at December 31, 2023 totaled \$9,261,535.

Operating Results and Changes in the Hospital's Net Position

In 2023, the Hospital's net position decreased by \$13,866,018 or 6.2% as shown in Table 2. This decrease is made up of several different components and represents an increase of 23.3% compared with the decrease in net position for 2022 of \$18,073,431.

Table 2: Operating Results and Changes in Net Position

	<u>2023</u>	<u>2022</u>
Operating Revenues		
Net patient service revenue	\$ 652,632,119	\$ 598,011,945
Other	59,435,290	73,691,374
Internal activity - management services	8,080,406	7,818,291
	<u>720,147,815</u>	<u>679,521,610</u>
Operating Expenses		
Salaries, wages, and employee benefits	120,093,895	112,612,335
Purchased services and professional fees	383,896,451	354,666,908
Internal activity - management services	8,080,406	7,818,291
Depreciation and amortization	30,242,286	25,173,777
Other operating expenses	193,900,643	190,556,936
	<u>736,213,681</u>	<u>690,828,247</u>
Operating Loss	<u>(16,065,866)</u>	<u>(11,306,637)</u>
Nonoperating Revenues (Expenses)		
Investment return	5,466,503	(8,410,269)
Interest expense	(4,348,523)	(4,196,652)
Gain on investment in equity investee	1,260,443	1,200,000
Noncapital grants and contributions	90,569	86,665
Other	-	4,799,119
	<u>2,468,992</u>	<u>(6,521,137)</u>
Loss Before Distributions	(13,596,874)	(17,827,774)
Distributions	<u>(269,144)</u>	<u>(245,657)</u>
Decrease in Net Position	<u>\$ (13,866,018)</u>	<u>\$ (18,073,431)</u>

Riverview Hospital
A Component Unit of Hamilton County, Indiana
Management's Discussion and Analysis
December 31, 2023

Operating Loss

The first component of the overall change in the Hospital's net position is its operating income or loss — generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services.

Operating loss was \$16,065,866 for 2023 compared to an operating loss of \$11,306,637 for 2022. This equates to a decline of \$4,759,229. The primary components of the change in operating income in 2023 are:

- Net patient service revenue was \$652,632,119 for 2023 compared to \$598,011,945 in 2022, which is an improvement of \$54,620,174 or 9.1%.
- Salaries, wages, and employee benefits for the Hospital were \$120,093,895 for 2023 compared to \$112,612,335 for 2022, which represents an increase of \$7,481,560 or 6.6%.
- Purchased services and professional fees for 2023 were \$383,896,451 compared to \$354,666,908 in 2022, which represents an increase of \$29,229,543 or 8.2%.

The increase in net patient service revenue in 2023 is a result of various factors, most notably of which is increased volumes, particularly those associated with outpatient services. Other macro market factors continue to increase operating costs for the Hospital in terms of salaries, benefits, contract labor and other contractual arrangements, supplies, and medical equipment.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of investment income, interest expense, gains on investments in equity investees, and noncapital grants and contributions. The Hospital recognized an increase in its investment return in 2023 of \$13,876,772 or 165.0% compared to 2022, resulting primarily from market changes, including increased interest rates at the federal level.

The Hospital's Cash Flows

The Hospital's cash flows fluctuated from the previous year with a decline in the net cash flow from operating activities of \$8,767,569. Net cash flows from noncapital financing activities increased by \$3,980,417 related to borrowings and repayments on the hospital's line of credit. Net cash flow from capital and related financing activities declined by \$8,553,226 due to increases in acquisition and construction of capital assets and payments made on subscription liabilities. The Hospital saw net cash flow from investing activities improve by \$9,800,305.

Capital, Lease and Subscription Assets, and Debt Administration

Capital, Lease, and Subscription Assets

At the end of 2023, the Hospital had \$164,722,243 invested in capital assets, net of accumulated depreciation, compared to \$168,280,814 at the end of 2022, as detailed in Note 7 to the financial statements. Capital asset additions approximated \$17,264,000 during the fiscal year.

At the end of 2023, the Hospital had \$47,391,703 reported as lease assets, net of accumulated amortization, compared to \$47,807,222 at the end of 2022, as detailed in Note 7 to the financial statements. Lease asset additions approximated \$3,612,000 during the fiscal year.

At the end of 2023, the Hospital had \$8,666,683 reported as subscription assets, net of accumulated amortization.

Debt

At December 31, 2023, the Hospital has \$46,515,000 in revenue bonds outstanding compared to \$50,770,000 at December 31, 2022.

**Riverview Hospital
A Component Unit of Hamilton County, Indiana
Management's Discussion and Analysis
December 31, 2023**

At December 31, 2023, the Hospital has \$50,704,299 in lease liabilities outstanding compared to \$49,969,472 at December 31, 2022.

At December 31, 2023, the Hospital has \$9,261,535 in subscription liabilities outstanding.

Other Economic Factors

Management believes the health care industry's and the Hospital's operating margins will continue to be under pressure due to changes in payor mix and growth in operating expenses that are in excess of the increases in contractually arranged and legally established payment received for services rendered. The ongoing challenge facing the Hospital is to continue to provide quality patient care in a competitive environment, and to attain reasonable rates for services provided while managing costs.

Contacting the Hospital's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Hospital's Fiscal Services Department.

Riverview Hospital
A Component Unit of Hamilton County, Indiana
Balance Sheet
December 31, 2023

	<u>2023</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
Current Assets	
Cash and cash equivalents	\$ 76,509,081
Patient accounts receivable, net of allowance of \$16,000,000	83,433,458
Supplies	8,219,874
Prepaid expenses and other assets	20,378,486
Lease receivable	<u>367,984</u>
Total current assets	<u>188,908,883</u>
Noncurrent Cash and Investments	
Internally designated for capital improvements	40,521,806
Held by trustee	<u>502,649</u>
Total noncurrent cash and investments	<u>41,024,455</u>
Capital Assets, Net	<u>164,722,243</u>
Lease Assets, Net	<u>47,391,703</u>
Subscription Assets, Net	<u>8,666,683</u>
Other Assets	
Lease receivable, net of allowance	616,175
Interest rate swap agreements	1,311,396
Joint venture investments and other assets	<u>5,644,119</u>
	<u>7,571,690</u>
Total assets	458,285,657
Deferred Outflows of Resources - Debt Refunding	<u>402,371</u>
Total assets and deferred outflows of resources	<u><u>\$ 458,688,028</u></u>

Riverview Hospital
A Component Unit of Hamilton County, Indiana
Balance Sheet
December 31, 2023

(continued)

	<u>2023</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
Current Liabilities	
Current maturities of long-term debt	\$ 4,335,000
Current portion of lease liabilities	3,244,454
Current portion of subscription liabilities	5,590,103
Accounts payable	19,159,270
Salaries, wages and related payables	10,885,990
Estimated third-party settlements	369,613
Other current liabilities	<u>99,306,324</u>
Total current liabilities	<u>142,890,754</u>
Noncurrent Liabilities	
Line of credit	9,000,000
Long-term debt	42,180,000
Lease liabilities	47,459,845
Subscription liabilities	<u>3,671,432</u>
Total noncurrent liabilities	<u>102,311,277</u>
Total liabilities	<u>245,202,031</u>
Deferred Inflows of Resources	
Lease receivable	947,042
Interest rate swap agreements	<u>1,311,396</u>
Total deferred inflows of resources	<u>2,258,438</u>
Net Position	
Net investment in capital assets	114,790,045
Restricted - expendable for debt service and professional liability insurance	502,649
Restricted - nonexpendable	1,680,535
Unrestricted	<u>94,254,330</u>
Total net position	<u>211,227,559</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 458,688,028</u>

Riverview Hospital
A Component Unit of Hamilton County, Indiana
Riverview Hospital Foundation, Inc.
Balance Sheet
December 31, 2023

	<u>2023</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 104,505
Contributions receivable - current	71,539
Prepaid expenses and other	<u>12,338</u>
Total current assets	<u>188,382</u>
Asset Limited as to Use	
Internally board designated	2,538,940
Externally restricted by donors	447,144
Nonexpendable permanent endowments	<u>2,968,003</u>
Total assets limited as to use	<u>5,954,087</u>
Other Assets - Contributions Receivable, Net	<u>128,215</u>
Total assets	<u><u>\$ 6,270,684</u></u>
LIABILITIES AND NET POSITION	
Current Liabilities	
Accounts payable	\$ 3,787
Other Liabilities - Annuities Payable	<u>20,099</u>
Total liabilities	<u>23,886</u>
Net Position	
Restricted	
Expendable for donor-restricted purposes	447,144
Nonexpendable	2,968,003
Unrestricted	<u>2,831,651</u>
Total net position	<u>6,246,798</u>
Total liabilities and net position	<u><u>\$ 6,270,684</u></u>

Riverview Hospital
A Component Unit of Hamilton County, Indiana
Statement of Revenues, Expenses, and Changes in Net Position
December 31, 2023

	<u>2023</u>
Operating Revenues	
Net patient service revenue, net of provision for uncollectible accounts; 2023 - \$22,337,859	\$ 652,632,119
Other	59,435,290
Internal activity - management services	<u>8,080,406</u>
Total operating revenues	<u>720,147,815</u>
Operating Expenses	
Salaries and wages	100,194,325
Employee benefits	19,899,570
Purchased services and professional fees	383,896,451
Internal activity - management services	8,080,406
Medical supplies, drugs, and other supplies	95,914,845
Utilities	12,520,644
Lease and rentals	39,577,328
Repairs and maintenance	5,520,495
Insurance	5,470,980
Other	19,950,415
Provider hospital assessment fee	14,945,936
Depreciation and amortization	<u>30,242,286</u>
Total operating expenses	<u>736,213,681</u>
Operating Loss	<u>(16,065,866)</u>
Nonoperating Revenues (Expenses)	
Investment return	5,466,503
Interest expense	(4,348,523)
Gain on investment in equity investee	1,260,443
Noncapital grants and contributions	<u>90,569</u>
Total nonoperating revenues	<u>2,468,992</u>
Loss Before Distributions	(13,596,874)
Distributions	<u>(269,144)</u>
Decrease in Net Position	(13,866,018)
Net Position, Beginning of Year	<u>225,093,577</u>
Net Position, End of Year	<u>\$ 211,227,559</u>

Riverview Hospital
A Component Unit of Hamilton County, Indiana
Riverview Hospital Foundation, Inc.
Statement of Revenues, Expenses, and Changes in Net Position
December 31, 2023

	<u>2023</u>
Revenues, Gains, and Other Support	
Contributions and pledges	\$ 668,693
Interest and dividend income	147,863
Investment return, net	<u>562,157</u>
Total operating revenue and support	<u>1,378,713</u>
Expenses and Losses	
Professional fees and services	26,027
Printing and supplies	26,508
Events	63,175
Grants to Riverview Health	547,608
Grants and gifts to others	70,390
Other operating expenses	<u>22,071</u>
Total expenses and losses	<u>755,779</u>
Operating Income and Increase in Net Position	622,934
Net Position, Beginning of Year	<u>5,623,864</u>
Net Position, End of Year	<u>\$ 6,246,798</u>

Riverview Hospital
A Component Unit of Hamilton County, Indiana
Statement of Cash Flows
December 31, 2023

	<u>2023</u>
Cash Flows From Operating Activities	
Receipts from and on behalf of patients	\$ 662,512,197
Payments to suppliers and contractors	(500,374,757)
Payments to employees	(119,140,309)
Payments on short-term leases	(39,577,328)
Other receipts, net	<u>(3,200,916)</u>
Net cash provided by operating activities	<u>218,887</u>
Cash Flows From Noncapital Financing Activities	
Noncapital grants and contributions	90,569
Borrowings on line of credit	9,000,000
Repayments on line of credit	(8,000,000)
Joint venture distributions	<u>(269,144)</u>
Net cash provided by noncapital financing activities	<u>821,425</u>
Cash Flows From Capital and Related Financing Activities	
Acquisition and construction of capital assets	(16,997,807)
Principal paid on long-term debt	(4,255,000)
Payments received on leases receivable	469,460
Payments paid on leases payable	(2,877,325)
Payments paid on subscription liability	(4,797,439)
Interest paid on long-term debt, leases, and subscription liabilities	<u>(4,032,615)</u>
Net cash used in capital and related financing activities	<u>(32,490,726)</u>
Cash Flows From Investing Activities	
Interest and dividends on investments	1,181,059
Purchase of investments	(44,469,418)
Proceeds from disposition of investments	63,118,498
Distributions received from equity investee	<u>1,279,863</u>
Net cash provided by investing activities	<u>21,110,002</u>
Decrease in Cash and Cash Equivalents	(10,340,412)
Cash and Cash Equivalents, Beginning of Year	<u>86,983,328</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 76,642,916</u></u>
Reconciliation of Cash and Cash Equivalents to the Balance	
Cash and cash equivalents	\$ 76,509,081
Cash included in noncurrent cash and investments	<u>133,835</u>
Total cash and cash equivalents	<u><u>\$ 76,642,916</u></u>

See Notes to Financial Statements

Riverview Hospital
A Component Unit of Hamilton County, Indiana
Statement of Cash Flows
December 31, 2023

(continued)

	<u>2023</u>
Reconciliation of Operating Loss to Net Cash	
Provided by Operating Activities	
Operating loss	\$ (16,065,866)
Depreciation and amortization	30,242,286
Provision for uncollectible accounts	24,337,859
Changes in operating assets and liabilities	
Patient accounts receivable	(44,268,671)
Supplies and other current assets	3,151,779
Accounts payable and accrued expenses	3,299,927
Deferred inflows of resources - leases receivable	<u>(478,427)</u>
Net cash provided by operating activities	<u>\$ 218,887</u>
Supplemental Cash Flows Information	
Lease obligations incurred for lease assets	\$ 3,612,152
Subscription liabilities incurred for subscription assets	8,351,917
Acquisition and construction of capital assets included in accounts payable at year-end	265,946

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

Nature of Operations and Reporting Entity

Riverview Hospital d/b/a Riverview Health (Hospital) is an acute care hospital located in Noblesville, Indiana. The Hospital is a component unit of Hamilton County (County) and the Board of County Commissioners appoints members to the Board of Trustees of the Hospital pursuant to the provisions of Indiana Code 16-22-2-2. The Hospital primarily earns revenues by providing inpatient, outpatient, and emergency care services to patients in the Hamilton County area.

The Hospital operates long-term care facilities (LTC) through various lease arrangements with third parties. These facilities provide inpatient and therapy services in their geographic area and support the Hospital's mission to provide quality care and services to the facilities' residents. The facilities are managed by third parties under separate management agreements. The revenues from operations are the property of the Hospital and the Hospital is responsible for the associated operating expenses and working capital requirements.

The Hospital holds a 51% ownership interests in Intuitive Health of Hamilton County, LLC (Intuitive) and Riverview Surgical Management Associates, LLC (RSMA), which are organized to provide management services for the operations of free standing emergency department and urgent care facilities (Intuitive) and surgery centers (RSMA) located in the Hospital's primary service area. The Hospital accounts for these entities under Governmental Accounting Standards Board (GASB) Statement No. 90, *Majority Equity Interests*, an amendment of GASB Statements No. 14 and No. 61, with the operations of Intuitive and RSMA reported as blended component units, as the Hospital holds a majority equity interest. Although legally separate from the Hospital, Intuitive and RSMA are reported as if they were a part of the Hospital. All required significant intercompany transactions have been eliminated for financial reporting purposes. Separate audited financial statements are not issued for Intuitive and RSMA.

Foundation

Riverview Hospital Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of the Hospital. The Foundation's primary function is to raise and hold funds to support the Hospital and its programs. The board of the Foundation is self-perpetuating.

Although the Hospital does not control the timing or amount of receipts from the Foundation, the majority of the Foundation's resources and related income are restricted by donors for the benefit of the Hospital. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the Hospital, the Foundation is considered a component unit of the Hospital and is discretely presented in the Hospital's financial statements.

Complete financial statements of the Foundation may be obtained from its Administrative Office at the following address: 395 Westfield Road, Noblesville, IN 46060.

Basis of Accounting and Presentation

The financial statements of the Hospital have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions

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that are not program specific, investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses. The Hospital first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The Hospital considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2023, cash equivalents consisted primarily of money market accounts with brokers.

Patient Accounts Receivable

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

Supplies

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

Investments and Investment Income

Investments in money market mutual funds are carried at their net asset value (NAV). All other investments are carried at fair value. Fair value is determined using quoted market prices.

For joint venture participation, if the Hospital is deemed to have an ongoing financial interest or an ongoing financial responsibility in the joint venture, or if the Hospital's investment gives the Hospital the ability to exercise significant influence over the joint venture, the Hospital accounts for its investment in accordance with the equity method of accounting. Other participation or investments as joint owners or unrelated companies are accounted for at cost.

Investment income includes dividend and interest income and the net change for the year in the fair value of investments carried at fair value.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

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The following estimated useful lives are being used by the Hospital:

Land improvements	5 - 20 years
Buildings and leasehold improvements	5 - 40 years
Equipment	3 - 20 years

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at, and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital, Lease, and Subscription Asset Impairment

The Hospital evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital, lease, or subscription asset has occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, accumulated depreciation is increased by the amount of the impairment loss. No asset impairment was recognized during the year ended December 31, 2023.

Deferred Outflows of Resources

The Hospital reports the consumption of net assets that is applicable to a future reporting period as deferred outflows of resources in a separate section of its balance sheet.

Compensated Absences

Hospital policies permit most employees to accumulate vacation benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date, plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date. The estimated compensated absences liability is expected to be paid within one year of the balance sheet date and is therefore included in current liabilities.

Risk Management

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

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Prior to July 1, 2023, the Hospital was self-insured for a portion of its exposure to risk of loss from medical malpractice claims. Annual estimated provisions are accrued for the self-insured portion of medical malpractice claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported. Effective July 1, 2023, the Hospital entered into a subscription agreement with SHO SPC, LTD., a reciprocal risk retention group organized to provide commercial insurance coverage for medical malpractice claims. To date, settled claims have not exceeded this commercial coverage.

The Hospital is self-insured for a portion of its exposure to risk from employee health claims. Annual estimated provisions are accrued for employee health claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Deferred Inflows of Resources

The Hospital reports an acquisition of net assets that is applicable to a future reporting period as deferred inflows of resources in a separate section of its balance sheet.

Net Position

Net position of the Hospital is classified in three components. Net investment in capital assets consists of capital, lease and subscription assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings, lease liabilities, subscription liabilities, and related accounts payable used to finance the purchase, use, or construction of those assets. Restricted expendable net position consists of the noncapital minority equity ownership of Intuitive and RSMA as well as noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Hospital, including amounts deposited with trustees as required by bond indentures. Unrestricted net position is the remaining assets, less remaining liabilities, that do not meet the definition of net investment in capital assets or restricted net position.

Net Patient Service Revenue

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

Charity Care

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 net patient service revenue.

Income Taxes

As an essential government function of the County, the Hospital is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. In addition, the Hospital is exempt from taxes under Section 501(c)(3) of the internal Revenue Code and similar provisions of state law. However, the Hospital is subject to federal income tax on any unrelated business taxable income. The Hospital files federal tax returns in the U.S. federal jurisdiction.

The Foundation is exempt from federal income taxes under Section 501(c)(3) and of the U.S. Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation files federal tax returns in the U.S. federal jurisdiction.

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Intuitive and RSMA are not directly subject to income taxes under the provision 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.

Long-Term Care Operations

The Hospital has entered into various agreements to lease the facilities and equipment for the operation of 31 long-term care facilities. Along with the lease agreements, the Hospital has also entered into management agreements with the facilities' previous managers (Managers) to continue to operate the facilities. These agreements expire at various dates through 2026 with optional two-year extension periods and include termination language where either party can terminate without cause with 90 days written notice.

The management agreements include management fees consisting of base management fees, subordinated management fees and incentive management fees. Base and subordinate management fees are determined on percentages of net patient service revenue of the individual facilities and range from 2.00% to 5.50%. Incentive management fees are to be paid only if sufficient working capital exists. The agreements also call for quality, royalty, and capital improvement fees to be paid to the Managers. Under the management agreements, the employees necessary to operate the facilities are contracted by the Hospital.

The management agreements allow for capital reserves to be funded at pre-determined rates from operations of the facilities. These reserves are established to fund acquisitions and improvements at the leased facilities. All property, equipment and unused capital reserves revert to the landlord upon termination of the agreements and approximate \$27,500,000 at December 31, 2023. The Hospital has accounted for its management agreements based on the underlying economics of the agreements and has recognized an offsetting liability for property, equipment and unused capital reserves that revert to the landlord and a non-cash implicit contribution approximating \$4,011,000 as a reduction of management fees for use of these assets over the short-term duration of the lease.

Future Adoption of Accounting Standards

In fiscal year 2024, the Hospital will implement GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, which prescribes the accounting and reporting for each type of accounting change and error corrections. In fiscal year 2024, the Hospital will implement GASB Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences. The Hospital has not determined the impact of these new standards on its financial statements; however, they could have a material future impact.

Note 2. Adoption of New Standard

During 2023, the Hospital implemented GASB Statement No. 96, *Subscription Based Information Technology Arrangements* (GASB No. 96). This statement requires governments to recognize certain subscription assets and liabilities for agreements that previously were classified as operating expenses and recognized as outflows of resources based on the payment provisions of the contract. The adoption of GASB No. 96 did not result in any change to beginning net position. As of January 1, 2023, adoption of the standard resulted in the recognition of subscription assets and liabilities of approximately \$5,707,000. Subscription assets and liabilities have been recognized and measured using the facts and circumstances that existed at the beginning of the year. Refer to Notes 7 and 13 for the additional disclosures on these balances.

Note 3. Net Patient Service Revenue

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

Medicare

Certain Hospital 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.

Long-term care services rendered to Medicare program beneficiaries are paid under a prospectively determined payment system on a per diem basis based on each resident's health at admission. Medicare reimburses for 100 days of skilled nursing facility care subject to certain eligibility requirements.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates. These rates vary according to the service provided and the patient diagnosis.

Long-term care services rendered to Medicaid program beneficiaries are paid on a per diem basis.

Other

Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Approximately 64% of net patient service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the year ended December 31, 2023. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Hospital qualifies as a Medicaid Disproportionate Share Hospital (DSH) provider under Indiana law and, as such, is eligible to receive supplemental Medicaid payments. 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 have been made by the State of Indiana, and the Hospital records such amounts as revenue when it has been reasonably determined that the funds will be received. The Hospital recognized approximately \$2,984,000 within net patient service revenue related to this supplemental payment program for the year ended December 31, 2023. Amounts outstanding at December 31, 2023 approximated \$1,250,000 and are accrued as a receivable in prepaid expenses and other assets. The accrued amount represents management's best estimate of DSH funds due to the Hospital, 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 fees approximating \$14,946,000 related to this Medicaid program for 2023, which is recorded as an operating expense in the statement of revenues, expenses, and changes in net position. Amounts outstanding under the assessment fee program approximated \$70,000 as of December 31, 2023, and the liability is included in estimated third-party settlements.

The long-term care operations of the Hospital qualify for supplemental Medicaid payments through the Upper Payment Limit (UPL) program. The UPL is established to pay qualifying providers the difference between what Medicare would have paid and what Medicaid actually paid. The UPL is distributed through an intergovernmental

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transfer (IGT) arrangement. The Hospital is responsible for funding the IGT for the long-term care operations. Revenue associated with the UPL program is recorded net of IGT payments made to the program and is included in other operating revenue. The Hospital recognized approximately \$42,207,000 related to this supplemental payment program for the year ended December 31, 2023. At December 31, 2023, approximately \$10,318,000 is accrued and included in prepaid expenses and other current assets.

Note 4. Deposits, Investments, and Investment Return

Deposits

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Hospital's deposit policy for custodial credit risk requires compliance with the provisions of state law.

Deposits with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation (FDIC) or by the Indiana Public Deposit Insurance Fund (IPDIF). This includes any deposit accounts issued or offered by a qualifying financial institution. Accordingly, all deposits in excess of FDIC levels are covered by the IPDIF and are considered collateralized.

Investments

The Hospital may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury and U.S. agencies and instrumentalities and in bank repurchase agreements. It may also invest in certain deposit accounts, mutual funds, repurchase agreements and pooled investment funds as authorized by Indiana Code 16-22-3-20.

At December 31, 2023, the Hospital had the following investments and maturities:

Type	Fair Value	2023 Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
Money market mutual funds	\$ 539,604	\$ 539,604	\$ -	\$ -	\$ -
Mutual funds					
Equities	20,656,575	20,656,575	-	-	-
Fixed income	9,008,729	9,008,729	-	-	-
Alternative investments	10,685,712	10,685,712	-	-	-
	<u>\$ 40,890,620</u>	<u>\$ 40,890,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Hospital's investment policy designates a liquidity portfolio in anticipation of withdrawal of funds within twelve to eighteen months and a long-term portfolio which is not expected to have meaningful withdrawal of funds activity within three to five years. The allocation between the portfolios is at the discretion of the investment committee.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The Hospital does not have a formal investment policy for credit risk. At December 31, 2023, the Hospital's investments were not rated by Standard & Poor's or Moody's Investors Service.

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Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Hospital will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Hospital's investment policy does not address how a securities underlying repurchase agreements are to be held.

Concentration of Credit Risk - The Hospital places no limit on the amount that may be invested in any one issuer.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheet as follows:

	<u>2023</u>
Carrying value	
Deposits	\$ 76,642,916
Investments	<u>40,890,620</u>
	<u>\$ 117,533,536</u>
Included in the following balance sheets captions	
Cash and cash equivalents	\$ 76,509,081
Noncurrent cash and investments	
Internally designated for capital improvements	40,521,806
Held by trustee	<u>502,649</u>
	<u>\$ 117,533,536</u>

Investment Return

Investment return for the year ended December 31 consisted of:

	<u>2023</u>
Interest and dividend income	\$ 1,181,059
Net increase in fair value of investments	<u>4,285,444</u>
	<u>\$ 5,466,503</u>

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Note 5. Patient Accounts Receivable

The Hospital grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payor agreements. Patient accounts receivable at December 31 consisted of:

	<u>2023</u>
Medicare	\$ 21,383,502
Medicaid	28,733,639
Other third-party payors	31,450,516
Patients	<u>17,819,039</u>
	99,386,696
Less allowance for uncollectible accounts	<u>(15,953,238)</u>
	<u>\$ 83,433,458</u>

Note 6. Leases Receivable

The Hospital leases a portion of its office space and other real estate to various third parties, the terms of which expire at dates through 2026. Payments are fixed or increase at amounts defined in the lease agreements. Leases include usage-based payments for common area maintenance and taxes which are not included in the measurement of leases receivable because they are not fixed in substance. Revenue recognized under lease contracts during the year ended December 31, 2023, was approximately \$479,000, which includes both lease revenue and interest. Revenue recognized for variable and short-term rental amounts not included in the measurement of leases receivable approximated \$441,000 for the year ended December 31, 2023.

Note 7. Capital, Lease, and Subscription Assets

Capital assets activity for the year ended December 31 was:

	<u>2023</u>				
	<u>Beginning</u>				<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Transfers</u>	<u>Balance</u>
Land	\$ 16,050,414	\$ -	\$ -	\$ -	\$ 16,050,414
Land improvements	3,625,625	25,751	-	(180,585)	3,470,791
Buildings and leasehold improvements	195,361,658	2,458,102	(140,941)	(1,617,560)	196,061,259
Equipment	202,572,657	4,192,470	(1,420,929)	2,575,998	207,920,196
Construction in progress	4,344,630	10,587,430	-	(777,853)	14,154,207
	<u>421,954,984</u>	<u>17,263,753</u>	<u>(1,561,870)</u>	<u>-</u>	<u>437,656,867</u>
Less accumulated depreciation					
Land improvements	2,862,987	108,074	-	-	2,971,061
Buildings and leasehold improvements	96,580,694	6,889,393	(140,941)	690,249	104,019,395
Equipment	154,230,489	13,824,857	(1,420,929)	(690,249)	165,944,168
	<u>253,674,170</u>	<u>20,822,324</u>	<u>(1,561,870)</u>	<u>-</u>	<u>272,934,624</u>
Capital assets, net	<u>\$ 168,280,814</u>	<u>\$ (3,558,571)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 164,722,243</u>

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Lease assets activity for the year ended December 31 was:

	2023				Ending Balance
	Beginning Balance	Additions	Disposals	Transfers	
Buildings and leasehold improvements	\$ 47,734,369	\$ 2,024,413	\$ -	\$ -	\$ 49,758,782
Equipment	3,747,706	1,587,739	-	-	5,335,445
	<u>51,482,075</u>	<u>3,612,152</u>	<u>-</u>	<u>-</u>	<u>55,094,227</u>
Less accumulated amortization					
Buildings and leasehold improvements	2,732,274	3,012,204	-	-	5,744,478
Equipment	942,579	1,015,467	-	-	1,958,046
	<u>3,674,853</u>	<u>4,027,671</u>	<u>-</u>	<u>-</u>	<u>7,702,524</u>
Lease assets, net	<u>\$ 47,807,222</u>	<u>\$ (415,519)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,391,703</u>

Subscription assets activity for the year ended December 31 was:

	2023				Ending Balance
	Beginning Balance ⁽¹⁾	Additions	Disposals	Transfers	
Subscription assets	\$ 5,707,057	\$ 8,351,917	\$ -	\$ -	\$ 14,058,974
Less accumulated amortization:					
Subscription assets	-	5,392,291	-	-	5,392,291
Subscription assets, net	<u>\$ 5,707,057</u>	<u>\$ 2,959,626</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,666,683</u>

(1) The balances have been restated to reflect the adoption of GASB No. 96.

Note 8. Joint Venture Investments and Other Assets

The Hospital participates as a joint owner in two companies as follows:

Suburban Home Health, LLC: The Hospital has a 33% ownership in Suburban Home Health, LLC (SHH). The Hospital has accounted for the investment under the equity method of accounting. As of December 31, 2023, the balance was approximately \$617,000 and is included in joint venture investments and other assets on the balance sheet.

St. Vincent Heart Center of Indiana, LLC: The Hospital purchased a 2% ownership in St. Vincent Heart Center of Indiana, LLC (Heart Center) for approximately \$4,600,000. The Hospital has accounted for this investment under the cost method of accounting. The investment is included in joint venture investments and other assets on the balance sheet. The Hospital recognized dividend distributions of approximately \$1,190,000 during 2023 which are included in gain on investment in equity investee in the statement of revenue, expenses, and changes in net position.

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Note 9. Medical Malpractice Claims

The Hospital is covered under the Indiana Malpractice Act (Act) for medical malpractice risks and. The Act limits professional liability for claims on or after July 1, 2017 to a maximum recovery of \$1,650,000 per occurrence, \$400,000 of which would be paid by the Hospital, with the remainder due from the Indiana Patient Compensation Fund (Fund). For claims on or after July 1, 2019, the maximum recovery is \$1,800,000 per occurrence, \$500,000 of which would be paid by the Hospital, with the remainder due from the Fund. Prior to July 1, 2023, the Hospital was self-insured for medical malpractice amounts that were below those covered under the Act. Effective July 1, 2023, the Hospital entered into a subscription agreement with SHO SPC, LTD., a reciprocal risk retention group organized to provide commercial insurance coverage for medical malpractice claims at amounts below those covered under the Act under a claims-made policy on a fixed premium basis. The Hospital's undistributed earnings which are allocated to subscriber accounts are accounted for under the equity method and reported in joint venture investments and other assets. The Hospital purchases commercial contingent excess liability insurance coverage at limits similar to those covered in the Act to cover claims that are not eligible or should exceed coverage limits.

Self-insured losses from asserted and unasserted claims identified under the Hospital's incident reporting system are accrued based on estimates that incorporate the Hospital's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. It is reasonably possible that the Hospital's estimate of losses will change by a material amount in the near term. The current portion of the recognized accrual identified below is included in other current liabilities in the balance sheet at December 31, 2023.

Activity in the Hospital's accrued medical malpractice claims liability during 2023 is summarized as follows.

	<u>2023</u>
Balance, beginning of year	\$ 2,280,000
Current year claims incurred and changes in estimates for claims incurred in prior years	(946,789)
Claims and expenses paid	<u>(383,211)</u>
Balance, end of year - current portion	<u>\$ 950,000</u>

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Note 10. Employee Health Claims

Substantially all of the Hospital's employees and their dependents are eligible to participate in the Hospital's employee health insurance plan. The Hospital is self-insured for health claims of participating employees and dependents. Commercial stop-loss insurance coverage is purchased for claims in excess of a \$250,000 specific deductible with no maximum reimbursement. A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the Hospital's estimate will change by a material amount in the near term.

Activity in the Hospital's accrued employee health claims liability, which is included in salaries, wages, and related payables in the balance sheet, during 2023 is summarized as follows:

	<u>2023</u>
Balance, beginning of year	\$ 1,128,444
Current year claims incurred and changes in estimates for claims incurred in prior years	9,053,329
Claims and expenses paid	<u>(8,874,194)</u>
Balance, end of year	<u>\$ 1,307,579</u>

Note 11. Long-Term Obligations and Line of Credit

The following is a summary of long-term obligation transactions for the Hospital for the year ended December 31:

	<u>2023</u>				<u>Current Portion</u>
	<u>Beginning Balance⁽¹⁾</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	
Long-term debt					
Revenue bond payable:					
Direct Placement - Series 2012	\$ 6,370,000	\$ -	\$ (1,215,000)	\$ 5,155,000	\$ 1,245,000
Direct Placement - Series 2013	7,600,000	-	(1,200,000)	6,400,000	1,250,000
Direct Placement - Series 2016	28,800,000	-	(1,440,000)	27,360,000	1,440,000
Direct Placement - Series 2017	8,000,000	-	(400,000)	7,600,000	400,000
Total long-term debt	50,770,000	-	(4,255,000)	46,515,000	4,335,000
Other liabilities					
Lease liability	49,969,472	3,612,152	(2,877,325)	50,704,299	3,244,454
Subscription liability	5,707,057	8,351,917	(4,797,439)	9,261,535	5,590,103
Total long-term obligations	<u>\$ 106,446,529</u>	<u>\$ 11,964,069</u>	<u>\$ (11,929,764)</u>	<u>\$ 106,480,834</u>	<u>\$ 13,169,557</u>
Total long-term obligations	<u>\$ 106,446,529</u>	<u>\$ 11,964,069</u>	<u>\$ (11,929,764)</u>	<u>\$ 106,480,834</u>	<u>\$ 13,169,557</u>

(1) The balances have been restated to reflect the adoption of GASB No. 96

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Direct Placements

In 2012, the Hospital issued bonds through the Indiana Finance Authority (Authority), the Hospital Refunding Revenue Bonds, Series 2012 Bonds for \$16,900,000 to refinance existing Series 2004 Bonds. The Hospital, the Authority, and BMO Harris Bank N.A. (BMO) then entered into a bond purchase and loan agreement. BMO purchased from the Authority the entirety of the Series 2012 Bonds in a private placement. The Series 2012 Bonds currently bear interest at a variable rate applied at 0.82 times the one-month SOFR plus 1.52%. The bonds have a final maturity of December 1, 2027.

In 2013, the Hospital issued bonds through the Authority, the Hospital Refunding Revenue Bonds, Series 2013 Bonds for \$17,000,000 to refinance existing Series 2010 Bonds. The Hospital, the Authority, and BMO then entered into a bond purchase and loan agreement. BMO purchased from the Authority the entirety of the Series 2013 Bonds in a private placement. The Series 2013 Bonds currently bear interest at a variable rate applied at 0.90 times the one-month SOFR plus 1.28%. The bonds include a mandatory tender at the option of the holder on October 2, 2023. The Hospital may request the holder to continue holding the bonds subsequent to this tender date. During 2023, the BMO elected at the request of the Hospital to continue holding the Series 2013 Bonds. The bonds have a final maturity of October 1, 2028.

In 2016, the Hospital issued bonds through the Authority, the Hospital Revenue Bonds, Series 2016 Bonds for \$36,000,000 to use for Riverview Hospital Westfield Project. The Hospital, the Authority, BMO and MainSource Bank (MainSource) then entered into bond purchases and loan agreements. BMO (commitment of \$21,000,000) and MainSource (commitment of \$15,000,000) purchased from the Authority the entirety of the Series 2016 Bonds in private placements. The Series 2016 Bonds bear interest at a variable rate applied at 0.85 times the one-month SOFR plus 1.31%. The bonds include a mandatory tender at the option of the holder on November 1, 2026. The Hospital may request the holder to continue holding the bonds subsequent to this tender date. In the event the holder rejects such request and there has been no event of default, the bonds are payable in six equal quarterly installments with interest at the term-our rate. If an event of default has occurred and is continuing, the amounts are due at the mandatory tender date. The bonds have a final maturity of May 1, 2042.

In 2017, the Hospital issued bonds through the Authority, the Hospital Revenue Bonds, Series 2017 Bonds for \$10,000,000 to use for Riverview Hospital Westfield 2 Project. The Hospital, the Authority, and BMO then entered into a bond purchase and loan agreement. BMO purchased from the Authority all of the Series 2017 Bonds in a private placement. The Series 2017 Bonds bear interest at a variable rate applied at 0.85 times the one-month SOFR plus 1.31%. The bonds include a mandatory tender at the option of the holder on November 1, 2026. The Hospital may request the holder to continue holding the bonds subsequent to this tender date. In the event the holder rejects such request and there has been no event of default, the bonds are payable in six equal quarterly installments with interest at the term-our rate. If an event of default has occurred and is continuing, the amounts are due at the mandatory tender date. The bonds have a final maturity of May 1, 2042.

The bonds described above are collateralized by net revenues of the Hospital and are covered under a Mater Trust Indenture. Under the terms of the indenture, there is a limit on the incurrence of additional borrowings and the Hospital is required to satisfy certain measures of financial performances as long as the notes are outstanding. The Hospital is also required to meet certain financial covenants. Subsequent to year-end, the Hospital obtained a waiver from its lender in relation to certain failed financial covenants at various points in 2023.

In conjunction with each issuance, the Hospital entered into various interest rate swap agreements to effectively fix the interest rate for specific durations of each issuance. The interest rate swap agreements do not affect the obligation of the Hospital under the indenture to repay principal and interest on the bonds. The Hospital will be exposed to variable rates at the expiration of the swap or if the counterparty to the swaps defaults or the swap agreements are terminated. See Note 14 for additional information.

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The debt service requirements on bonds payable based on the synthetic fixed interest rates established with the interest rate swap agreements described in Note 14, as of December 31, 2023, are as follows:

<u>Year Ending December 31,</u>	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 6,002,155	\$ 4,335,000	\$ 1,667,155
2025	5,868,077	4,400,000	1,468,077
2026	5,734,485	4,470,000	1,264,485
2027	5,591,998	4,535,000	1,056,998
2028	3,861,829	3,015,000	846,829
2029-2033	12,422,149	9,200,000	3,222,149
2034-2038	11,010,989	9,200,000	1,810,989
2039-2042	7,792,756	7,360,000	432,756
	<u>\$ 58,284,438</u>	<u>\$ 46,515,000</u>	<u>\$ 11,769,438</u>

The debt service requirements on bonds payable should the holder rejects a request to continue holding the bonds at the mandatory tender date and there has been no event of default at that time, based on the synthetic fixed interest rates established with the interest rate swap agreements described in Note 14, as of December 31, 2023, are as follows:

<u>Year Ending December 31,</u>	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 6,002,155	\$ 4,335,000	\$ 1,667,155
2025	5,868,077	4,400,000	1,468,077
2026	5,734,485	4,470,000	1,264,485
2027	24,078,583	22,321,667	1,756,916
2028	11,315,793	10,988,333	327,460
	<u>52,999,093</u>	<u>46,515,000</u>	<u>6,484,093</u>

Line of Credit

The Hospital had a \$12,000,000 revolving bank line of credit that expired in May 2023. Upon expiration in May 2023, the revolving bank line of credit was renewed with a maximum amount available of \$12,000,000 that expires in May 2024. As of December 31, 2023, the outstanding balance was \$9,000,000. The line of credit is collateralized by net revenues of the Hospital. Interest rate is variable at a base rate as defined in the agreement plus 2.15%. The variable rate was 7.49% at December 31, 2023. Under the terms of the revolving bank line of credit, the Hospital is required to meet certain financial covenants. Subsequent to year-end, the Hospital amended the line of credit to extend the maturity date to May 2025 and obtained a waiver from its lender in relation to certain failed financial covenants at various points in 2023.

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Note 12. Lease Liabilities

The Hospital leases equipment and office space, the terms of which expire in various dates through 2040. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance. During the year ended December 31, 2023, the Hospital recognized approximately \$461,000 of rental expense for variable payments and short-term rentals not previously included in the measurement of the lease liability.

The facility leases related to long-term care operations include termination language where either party can terminate without cause with 90 days written notice. The Hospital recognized approximately \$39,102,000 under these agreements as short-term rentals, which are excluded from the measurement of the lease liability.

The following is a schedule by year of payments under the leases as of December 31, 2023:

<u>Year Ending December 31,</u>	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 5,199,170	\$ 3,244,454	\$ 1,954,716
2025	5,010,930	3,187,439	1,823,491
2026	4,549,626	2,856,582	1,693,044
2027	4,294,890	2,727,591	1,567,299
2028	3,790,151	2,336,655	1,453,496
2029-2033	18,644,970	12,775,682	5,869,288
2034-2038	20,412,428	17,453,016	2,959,412
2039-2040	6,311,590	6,122,880	188,710
	<u>\$ 68,213,755</u>	<u>\$ 50,704,299</u>	<u>\$ 17,509,456</u>

Note 13. Subscription Liabilities

The Hospital has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2028. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance. During the year ended December 31, 2023, the Hospital recognized \$2,238,000 of subscription expense for variable payments and short-term subscriptions not previously included in the measurement of the subscription liability.

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The following is a schedule by year of payments under the SBITAs as of December 31, 2023:

<u>Year Ending December 31,</u>	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 6,035,416	\$ 5,590,103	\$ 445,313
2025	2,422,236	2,280,094	142,142
2026	726,463	654,268	72,195
2027	523,337	483,029	40,308
2028	261,505	254,041	7,464
	<u>\$ 9,968,957</u>	<u>\$ 9,261,535</u>	<u>\$ 707,422</u>

Note 14. Interest Rate Swap Agreements

Objective of the Interest Rate Swaps

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations and to lower its borrowing costs when compared against fixed-rate debt at the time of issuance, the Hospital entered into various interest rate swap agreements for its direct placement revenue bonds payable. The intention of the swaps is to effectively change the Hospital's variable interest rate on the respective bonds to synthetic fixed rates outlined below.

Terms and Fair Values

The terms and fair values of the outstanding swaps as of December 31 are as follows:

<u>Associated Bond Issue</u>	<u>Original Notional Amount</u>	<u>Current Notional Amount</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Fixed Rate</u>	<u>Variable Rate</u>	<u>Fair Value</u>
Series 2012	\$ 6,370,000	\$ 5,155,000	December 1, 2022	December 1, 2027	3.78%	1M SOFR x 0.90	\$ (35,634)
Series 2016	34,560,000	27,360,000	May 1, 2018	October 30, 2026	1.68%	1M SOFR x 0.85	1,111,550
Series 2017	9,600,000	7,600,000	May 1, 2018	October 30, 2026	2.05%	1M SOFR x 0.85	235,480
	<u>\$ 67,530,000</u>	<u>\$ 47,715,000</u>					<u>\$ 1,311,396</u>

Credit Risk

The swaps' fair values represented the Hospital's credit exposure to the counterparty as of December 31, 2023. Should the counterparty to these transactions fail to perform according to the terms of the swap agreements, the Hospital has a maximum possible loss equivalent to the swaps' fair value at that date. As of December 31, 2023, the Hospital was exposed to credit risk of approximately \$1,311,000. The swap counterparty was rated Aa2, A+, and AA by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively, as of December 31, 2023.

The Hospital does not currently have a policy of requiring the counterparty post collateral in the event the Hospital becomes exposed to credit risk.

Basis Risk

The swaps expose the Hospital to basis risk should the relationship between SOFR and the rate set by the Hospital's lender change in a manner adverse to the Hospital. If an adverse change occurs in the relationship between these rates, the expected cost savings may not be realized.

Termination Risk

The Hospital or the counterparty may terminate the swaps if the other party fails to perform under the terms of the contract. If the swaps are terminated, the variable-rate notes would no longer have a synthetic fixed rate of interest. Also, if the swaps have a negative fair value at the time of termination, the Hospital would be liable to the counterparty for a payment equal to the swaps' then fair values.

Note 15. Pension Plan

The Hospital has three defined contribution pension plans: the Riverview Health Employees' Pension Plan, the Riverview Health 403(b) Retirement Plan, and the Riverview Health 457(b) Deferred Compensation Plan, as authorized by IC 16-22-3-11. The plans are administered by the Hospital and cover all employees who meet eligibility requirements as to age and length of service. The plans provide retirement, disability and death benefits to plan members and beneficiaries. The plans' provisions and contribution requirements were established by written agreement between the Hospital Board of Trustees and Transamerica Retirement Solutions, LLC (Plan Administrator).

The Employees' Pension Plan covers all eligible employees who have been employed by the Hospital prior to July 1, 2008, and the Hospital is required to contribute 3% of an employee's compensation up to \$285,000. Certain employees hired subsequently to June 30, 2008 are eligible for the plan if conditions in the plan document are met.

The 403(b) Plan match rate on employee contributions is discretionary. During 2023, the Hospital matched 50% of employee elective deferrals into the 403(b) Plan, up to 3% of a participant's eligible compensation.

The maximum employee contributions are subject to regulatory caps for both of the plans. Employer contributions including both plans were approximately \$1,662,000 for the year ended December 31, 2023. The Hospital is not permitted to contribute to the 457(b) Plan.

Note 16. Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset 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

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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 recognized in the accompanying financial statements 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:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2023				
Investments by fair value level				
Mutual funds				
Equities	\$ 20,656,575	\$ 20,656,575	\$ -	\$ -
Fixed income	9,008,729	9,008,729	-	-
Alternative investments	10,685,712	-	-	10,685,712
	<u>40,351,016</u>	<u>\$ 29,665,304</u>	<u>\$ -</u>	<u>\$ 10,685,712</u>
Total investments measured by fair value level				
	40,351,016	\$ 29,665,304	\$ -	\$ 10,685,712
Investments measured at the net asset value (NAV)				
Money market mutual funds	539,604			
	<u>539,604</u>			
Total investments measured at fair value				
	<u>\$ 40,890,620</u>			
Derivative Instrument				
Interest rate swap agreement	\$ 1,311,396	\$ -	\$ 1,311,396	\$ -
	<u>\$ 1,311,396</u>	<u>\$ -</u>	<u>\$ 1,311,396</u>	<u>\$ -</u>

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.

The alternative investments represent the Hospital's investments in limited partnerships with fair values of \$10,685,712 at December 31, 2023. The investments have no unfunded commitments. The Hospital may make full or partial withdrawals quarterly with a redemption notice period of 60 days. See the below for inputs and valuation techniques used for Level 3 securities.

Interest Rate Swap Agreement

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Level 3 Valuation Process

The fair value determinations for Level 3 measurements of securities are the responsibility of the Hospital in conjunction with the investment advisor and fund managers. The Hospital challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards. Alternative investments utilized valuation techniques based on net asset value and unobservable inputs that include adjustments to net asset values.

Note 17. Contingencies

Self-Insured Malpractice and Employee Health Claims

Estimates related to the accrual for medical malpractice and self-insured health claims are described in Notes 1, 9 and 10.

Litigation

The Hospital is subject to claims and lawsuits that may arise primarily in the ordinary course of its activities. Some of these allegations are in areas not covered by the Hospital's self-insurance program (discussed elsewhere in these notes) or by commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Hospital evaluates such allegations by conducting investigations to determine the validity of each potential claim. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the balance sheets, change in net position and cash flows of the Hospital. Events could occur that would change this estimate materially in the near term.

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 changes could materially affect the amounts reported in the accompanying balance sheets.

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Note 18. Condensed Combining Information

The following tables include condensed combining balance sheet information for the Hospital and its blended component units as of December 31, 2023:

	December 31, 2023				Total
	Hospital	Intuitive	RSMA	Eliminations	
Assets					
Current assets	\$ 184,289,290	\$ 2,523,505	\$ 2,096,088	\$ -	\$ 188,908,883
Due from related party	302,536	573,971	337,851	(1,214,358)	-
Capital assets, net	162,598,371	2,123,872	-	-	164,722,243
Other assets	76,424,847	30,323,073	-	(2,093,389)	104,654,531
Total assets	423,615,044	35,544,421	2,433,939	(3,307,747)	458,285,657
Deferred Outflows of Resources	402,371	-	-	-	402,371
Total assets and deferred outflows of resources	424,017,415	35,544,421	2,433,939	(3,307,747)	458,688,028
Liabilities					
Current liabilities	140,679,499	1,707,667	503,588	-	142,890,754
Due to related party	911,821	-	302,536	(1,214,357)	-
Noncurrent liabilities	70,620,633	31,690,644	-	-	102,311,277
Total liabilities	212,211,953	33,398,311	806,124	(1,214,357)	245,202,031
Deferred Inflows of Resources	2,258,438	-	-	-	2,258,438
Net Position					
Net investment in capital assets	114,790,045	-	-	-	114,790,045
Restricted	502,649	2,146,110	1,627,815	(2,093,390)	2,183,184
Unrestricted	94,254,330	-	-	-	94,254,330
Total net position	209,547,024	2,146,110	1,627,815	(2,093,390)	211,227,559
Total liabilities, deferred inflows of resources and net position	\$ 424,017,415	\$ 35,544,421	\$ 2,433,939	\$ (3,307,747)	\$ 458,688,028

Riverview Hospital
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The following tables include condensed combining statements of revenues, expenses and changes in net position information for the Hospital and its blended component units for the year ended December 31, 2023:

	December 31, 2023				
	Hospital	Intuitive	RSMA	Eliminations	Total
Operating Revenues					
Net patient service revenue	\$ 652,632,119	\$ -	\$ -	\$ -	\$ 652,632,119
Other operating revenue	59,435,290	-	-	-	59,435,290
Internal activity - management services	-	6,920,638	1,159,768	-	8,080,406
Total operating revenues	712,067,409	6,920,638	1,159,768	-	720,147,815
Operating Expenses					
Salaries, wages, and employee benefits	119,469,932	-	623,963	-	120,093,895
Purchased services and professional fees	381,618,009	2,264,143	14,299	-	383,896,451
Internal activity - management services	8,080,406	-	-	-	8,080,406
Depreciation and amortization	27,514,843	2,727,443	-	-	30,242,286
Other operating expenses	192,442,065	1,436,778	21,800	-	193,900,643
Total operating expenses	729,125,255	6,428,364	660,062	-	736,213,681
Operating Income (Loss)	(17,057,846)	492,274	499,706	-	(16,065,866)
Nonoperating Revenues (Expenses)					
Investment return	5,394,529	-	71,974	-	5,466,503
Interest expense	(3,059,169)	(1,289,354)	-	-	(4,348,523)
Gain on investment in equity investee	1,117,541	-	-	142,902	1,260,443
Noncapital grants and contributions	90,569	-	-	-	90,569
Total nonoperating revenues (expenses)	3,543,470	(1,289,354)	71,974	142,902	2,468,992
Income (Loss) Before Distributions	(13,514,376)	(797,080)	571,680	142,902	(13,596,874)
Distributions	-	-	(571,680)	302,536	(269,144)
Increase (Decrease) in Net Position	(13,514,376)	(797,080)	-	445,438	(13,866,018)
Net Position, Beginning of Year	223,061,400	2,943,190	1,627,815	(2,538,828)	225,093,577
Net Position, End of Year	\$ 209,547,024	\$ 2,146,110	\$ 1,627,815	\$ (2,093,390)	\$ 211,227,559

The following tables include condensed combining statements cash flow information for the Hospital and its blended component units for the year ended December 31, 2023:

	December 31, 2023				
	Hospital	Intuitive	RSMA	Eliminations	Total
Net Cash Provided by (Used in)					
Operating activities	\$ (3,345,298)	\$ 3,295,435	\$ 571,286	\$ (302,536)	\$ 218,887
Noncapital financing	1,090,569	-	(571,680)	302,536	821,425
Capital and related financing activities	(30,160,727)	(2,329,999)	-	-	(32,490,726)
Investing activities	21,038,028	-	71,974	-	21,110,002
Increase (Decrease) in Cash and Cash Equivalents	(11,377,428)	965,436	71,580	-	(10,340,412)
Cash and Cash Equivalents, Beginning of Year	83,801,318	1,157,502	2,024,508	-	86,983,328
Cash and Cash Equivalents, End of Year	\$ 72,423,890	\$ 2,122,938	\$ 2,096,088	\$ -	\$ 76,642,916

Note 19. Subsequent Events

Subsequent to year-end in May 2024, the Hospital entered into a term loan agreement to fund certain renovations of its rehab unit. The agreement allows for borrowings not to exceed \$6,000,000 through October 2025. The term loan bears interest at one-month SOFR plus 2.15% and requires monthly principal and beginning November 2025. The term loan has a final maturity of November 2032.

In February of 2024, Change Healthcare, a leading healthcare technology revenue cycle vendor who serves as a clearinghouse between healthcare providers and insurers, was victim to a cyber-attack. This attack has led to disruption in the claims submission and billing process throughout the healthcare industry, leading to delays in reimbursement for services and cash collections. While the Hospital was not a directly targeted with the cyber-attack, its utilization of services with Change Healthcare has impacted its billings and collections subsequent to year-end. The financial statements do not include any adjustments to reflect possible future effects of changes in collection patterns as a result of this cyber-attack. Events could occur that would change estimates materially in the near term.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Trustees
Riverview Hospital
Noblesville, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the discretely presented component unit of Riverview Hospital (Hospital), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Hospital's basic financial statements, and have issued our report thereon dated May 31, 2024, which contained an "Emphasis of Matter" paragraph regarding a change in accounting principle.

Report on Internal Control Over Financial Reporting

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 opinions 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Hospital's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS,LLP

**Indianapolis, Indiana
May 31, 2024**