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August 14, 2023

Board of Trustees
Knox County Hospital
d/b/a Good Samaritan Hospital
520 S. Seventh Street
Vincennes, IN 47591

We have reviewed the audit report of Knox County Hospital, d/b/a Good Samaritan Hospital, which was opined upon by Blue & Co., LLC, Independent Public Accountants, for the period January 1, 2022 to December 31, 2022. Per the *Report of Independent Auditors*, the financial statements included in the report present fairly the financial condition of Knox County Hospital, d/b/a Good Samaritan Hospital, as of December 31, 2022 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Blue & Co., LLC, 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



FINANCIAL STATEMENTS

AND

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2022 AND 2021

CPAs / ADVISORS



GOOD SAMARITAN HOSPITAL

TABLE OF CONTENTS DECEMBER 31, 2022 AND 2021

	Page
Report of Independent Auditors	1
Required Supplementary Information	
Management’s Discussion and Analysis (Unaudited).....	MDA - i
Financial Statements	
Statements of Net Position	4
Statements of Revenues, Expenses and Changes in Net Position.....	5
Statements of Cash Flows	6
Notes to Financial Statements.....	8
Reporting Under Government Auditing Standards	
Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32
Report of Independent Auditors on Compliance for Each Major Federal Program and on Internal Control Over Compliance and Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	34
Schedule of Expenditures of Federal Awards – Year Ended December 31, 2022	38
Notes to Schedule of Expenditures of Federal Awards – Year Ended December 31, 2022	39
Schedule of Findings and Questioned Costs – December 31, 2022.....	40



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REPORT OF INDEPENDENT AUDITORS

Board of Governors
Good Samaritan Hospital
Vincennes, Indiana

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Knox County Hospital d/b/a Good Samaritan Hospital (the Hospital), a component unit of Knox County, which comprise the statements of net position as of December 31, 2022 and 2021, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Hospital as of December 31, 2022 and 2021, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the *Uniform Compliance Guidelines for Audits of Hospitals and State and Local Governments by Authorized Independent Public Accountants*, issued by the Indiana State Board of Accounts, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 2 to the financial statements, the Hospital adopted Governmental Accounting Standards Board Statement No. 87 - *Leases* during 2022. Our opinion is not modified with respect to this matter.

Board of Governors
Good Samaritan Hospital
Vincennes, Indiana

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Hospital's ability to continue as a going concern for twelve 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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 judgement, 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.

Board of Governors
Good Samaritan Hospital
Vincennes, Indiana

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 auditing standards generally accepted in the United States of America, 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 June 30, 2023 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.

Blue & Co., LLC
Indianapolis, Indiana
June 30, 2023

REQUIRED SUPPLEMENTARY INFORMATION

GOOD SAMARITAN HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2022 AND 2021

This section of Good Samaritan Hospital's (the Hospital) annual financial statements presents background information and management's discussion and analysis (MD&A) of the Hospital's financial performance during the year ended December 31, 2022. This MD&A does include a discussion and analysis of the activities and results of the Hospital's blended component units, Good Samaritan Hospital Foundation, Inc. and Good Samaritan Hospital Physician Services, Inc., and should be read in conjunction with the Hospital's financial statements that follow this MD&A.

Financial Highlights

- The Hospital's net position decreased approximately \$13,015,000 or 6.4% in 2022.
- The Hospital reported operating loss of approximately (\$2,839,000) for 2022, representing an increase in operating income of \$2,333,000 in comparison to the 2021 results.
- The Hospital continued its improvement of facilities and equipment in 2022 by adding approximately \$11,219,000 in gross capital assets. The Hospital disposed of capital assets with a net book value of approximately \$4,000 during 2022. These items combined with depreciation and amortization expense of \$18,142,000 resulted in net capital assets decreasing \$6,927,000 from the prior year.
- During 2022 and 2021, the Hospital recognized approximately \$113,426,000 and \$95,888,000, respectively, of gross patient service revenue related to long-term care.
- During 2022, the Hospital adopted Governmental Accounting Standards Board Statement No. 87 – *Leases* (GASB 87) which requires certain leases to be recorded in the statement of net position. This statement was applied retrospectively to the 2021 financial statements. The 2020 financial information in the MD&A has not been restated in related to GASB 87.

Using This Annual Report

The Hospital's financial statements consist of three statements – a statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These financial statements and related notes provide information about the financial activities and the financial position of the Hospital.

The statement of net position includes all of the Hospital's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities).

All of the current year's revenue earned, expenses incurred and changes in net position are accounted for in the statement of revenues, expenses and changes in net position.

Finally, the purpose of the statement of cash flows is to provide information about the Hospital's cash flows from operating activities, financing activities including capital additions, and investing activities. This statement provides information on the sources and uses of cash and the change in the cash balance during the year.

GOOD SAMARITAN HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2022 AND 2021

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

One of the most important questions asked about the Hospital's finances is, "What is the financial strength of the Hospital?" The statement of net position 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 and all liabilities using the accrual basis of accounting. 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. Think of the Hospital's net position, the difference between assets and liabilities, as one way to measure the Hospital's financial health, or financial position. Over time, increases or decreases in the Hospital's net position are one indicator of whether its financial health is improving or deteriorating. Consider other nonfinancial factors, however, such as changes in the Hospital's patient base and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Hospital.

Table 1: Statements of Net Position

The Hospital's assets and deferred outflows decreased approximately \$38,709,000 in 2022 compared to 2021. This represents a 10.41% decrease from 2021. Total liabilities decreased by \$25,694,000 during 2022. Net position decreased by \$13,015,000 in 2022 compared to 2021. The decrease relates primarily to decreases in investment return, net and the absence of COVID-19 funds.

	2022	Restated 2021	Change 2022 - 2021	2020	Change 2021 - 2020
Assets and deferred outflows					
Current assets	\$ 170,066,858	\$ 201,353,035	\$ (31,286,177)	\$ 192,641,818	\$ 8,711,217
Capital assets, net	159,648,082	166,575,411	(6,927,329)	176,310,709	(9,735,298)
Other assets and deferred outflows	3,399,872	3,895,333	(495,461)	5,282,790	(1,387,457)
Total assets and deferred outflows	<u>\$ 333,114,812</u>	<u>\$ 371,823,779</u>	<u>\$ (38,708,967)</u>	<u>\$ 374,235,317</u>	<u>\$ (2,411,538)</u>
Liabilities					
Current liabilities	\$ 39,788,074	\$ 63,637,449	\$ (23,849,375)	\$ 73,034,969	\$ (9,397,520)
Long-term liabilities	104,406,945	106,251,183	(1,844,238)	106,551,924	(300,741)
Total liabilities	<u>144,195,019</u>	<u>169,888,632</u>	<u>(25,693,613)</u>	<u>179,586,893</u>	<u>(9,698,261)</u>
Net position					
Unrestricted	130,580,061	137,252,597	(6,672,536)	122,140,183	15,112,414
Net investment in capital assets	51,832,209	58,987,747	(7,155,538)	66,811,355	(7,823,608)
Restricted - debt service	6,507,523	5,694,803	812,720	5,696,886	(2,083)
Total net position	<u>188,919,793</u>	<u>201,935,147</u>	<u>(13,015,354)</u>	<u>194,648,424</u>	<u>7,286,723</u>
Total liabilities and net position	<u>\$ 333,114,812</u>	<u>\$ 371,823,779</u>	<u>\$ (38,708,967)</u>	<u>\$ 374,235,317</u>	<u>\$ (2,411,538)</u>

GOOD SAMARITAN HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2022 AND 2021

Total assets and deferred outflows in 2021 compared to 2020 decreased approximately \$2,412,000. Total liabilities in 2021 decreased \$9,698,000. The net position in 2021 increased \$7,287,000 primarily to increases in net patient service revenue.

Table 2: Statements of Revenues, Expenses and Changes in Net Position

The Hospital's performance in 2022 showed a negative return on equity of 6.9% compared to a positive 3.6% in 2021. Total operating revenue increased approximately \$25,264,000 as net patient service revenue increased \$22,496,000 in 2022 over 2021. Expenses increased by \$22,931,000 between 2021 and 2022. Professional fees and purchased services increased \$10,244,000 in 2022. Nonoperating revenues and expenses decreased by \$22,636,000 due to decreases in investment return, net and COVID-19 grant funds 2022.

	2022	Restated 2021	Change 2022 - 2021	2020	Change 2021 - 2020
Operating revenues					
Net patient service revenue	\$ 348,541,050	\$ 326,044,635	\$ 22,496,415	\$ 314,591,437	\$ 11,453,198
Federal, state, and county grant revenue	8,405,265	6,443,645	1,961,620	4,794,943	1,648,702
County appropriations	1,986,187	592,745	1,393,442	575,176	17,569
Other operating revenues	5,759,961	6,347,266	(587,305)	4,747,467	1,599,799
Total operating revenues	364,692,463	339,428,291	25,264,172	324,709,023	14,719,268
Operating expenses					
Salaries, wages and benefits	134,449,100	135,457,641	(1,008,541)	131,959,833	3,497,808
Professional fees and purchased services	102,361,782	92,117,594	10,244,188	81,807,125	10,310,469
Medical supplies and drugs	31,697,063	28,727,432	2,969,631	30,272,407	(1,544,975)
Depreciation	18,141,793	17,968,575	173,218	19,088,115	(1,119,540)
Other operating expenses	80,882,011	70,329,805	10,552,206	72,428,207	(2,098,402)
Total operating expenses	367,531,749	344,601,047	22,930,702	335,555,687	9,045,360
Operating loss	(2,839,286)	(5,172,756)	2,333,470	(10,846,664)	5,673,908
Non-operating revenues and expenses					
Investment return, net	(7,494,503)	5,934,289	(13,428,792)	6,449,036	(514,747)
COVID-19 grant funds	-0-	11,259,993	(11,259,993)	19,600,785	(8,340,792)
Interest expense	(5,481,872)	(5,875,137)	393,265	(5,831,568)	(43,569)
Other nonoperating	2,800,307	1,140,334	1,659,973	1,180,075	(39,741)
Total non-operating revenues (expenses)	(10,176,068)	12,459,479	(22,635,547)	21,398,328	(8,938,849)
Change in net position	(13,015,354)	7,286,723	(20,302,077)	10,551,664	(3,264,941)
Net position					
Beginning of year	201,935,147	194,648,424	7,286,723	184,096,760	10,551,664
End of year	\$ 188,919,793	\$ 201,935,147	\$ (13,015,354)	\$ 194,648,424	\$ 7,286,723

GOOD SAMARITAN HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2022 AND 2021

Total operating revenue increased approximately \$14,719,000 as net patient service revenue increased \$11,453,000 in 2021 over 2020. Expenses increased by \$9,045,000 between 2020 and 2021. Professional fees and purchased services increased by \$10,310,000 in 2021. Nonoperating revenues and expenses decreased by \$8,939,000 due to decreases in COVID-19 grant funds in 2021.

Statements of Cash Flows

The final required statement is the statement of cash flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as "What were the sources of cash?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

Total cash and cash equivalents decreased approximately \$23,431,000 in 2022. This was a decrease of \$31,218,000 from 2021. Operating activities decreased cash by \$10,780,000 during 2022 compared to generating cash of \$5,995,000 in 2021. Non-capital financing generated cash of \$60 in 2022. Capital and related financing decreased cash and cash equivalents by \$14,436,000 during 2022 compared to a decrease of \$16,012,000 in 2021, mainly as the result of expenditures for property and equipment additions and cash paid for interest. Investing activities increased cash and cash equivalents by \$1,784,000 and \$6,384,000 in 2022 and 2021, respectively.

	2022	Restated 2021	Change 2022 - 2021	2020	Change 2021 - 2020
Cash flows from activities					
Operating	\$ (10,779,587)	\$ 5,995,195	\$ (16,774,782)	\$ 41,163,896	\$ (35,168,701)
Non-capital financing	60	11,419,621	(11,419,561)	19,600,785	(8,181,164)
Capital and related financing	(14,435,537)	(16,011,641)	1,576,104	(22,446,086)	6,434,445
Investing	1,784,136	6,383,568	(4,599,432)	(38,130,613)	44,514,181
	<u>\$ (23,430,928)</u>	<u>\$ 7,786,743</u>	<u>\$ (31,217,671)</u>	<u>\$ 187,982</u>	<u>\$ 7,598,761</u>

Cash flows from operating activities in 2021 were approximately \$35,169,000 less than 2020. Non-capital financing generated cash of \$11,420,000 in 2021. Cash flows used in capital and related financing activities in 2021 were \$6,434,000 more than 2020. Finally, cash flows from investing activities in 2021 were \$44,514,000 more than 2020. Cash and cash equivalents in total increased \$7,599,000 in 2021.

Sources of Revenue

During 2022, the Hospital derived substantially all of its revenue from patient service and other related activities. A significant portion of the patient service revenue is from patients that are insured by government health programs, principally Medicare and Medicaid, which are highly regulated and subject to frequent and substantial changes. Revenues from the Medicare and Medicaid programs represented 69% of gross revenues of operations in 2022.

GOOD SAMARITAN HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2022 AND 2021

The following is a table of major sources of gross patient revenues for 2022:

Payor	2022	2021	2020
Medicare	52%	52%	53%
Medicaid	17%	17%	15%
Other commercial	29%	29%	29%
Self pay	2%	2%	3%
	100%	100%	100%

Inpatient services represented approximately 24% of gross patient revenue for 2022 while outpatient services represented 61%. Long-term care represented 15% in 2022. The composition of the 2022 sources are comparable to 2021 and 2020.

Capital Assets

During 2022, the Hospital invested approximately \$9,500,000 in capital assets net of asset disposals compared to \$5,598,000 in 2021. The change in capital assets is outlined in the following table:

	2022	Restated 2021	Change 2022 - 2021	2020	Change 2021 - 2020
Non-depreciable capital assets	\$ 8,726,109	\$ 7,739,068	\$ 987,041	\$ 9,003,251	\$ (1,264,183)
Depreciable capital assets	421,169,842	413,066,528	8,103,314	408,880,940	4,185,588
Total depreciable capital assets	429,895,951	420,805,596	9,090,355	417,884,191	2,921,405
Accumulated depreciation	(272,035,608)	(255,607,765)	(16,427,843)	(241,573,482)	(14,034,283)
Total depreciable capital assets, net	157,860,343	165,197,831	(7,337,488)	176,310,709	(11,112,878)
Intangible right-to-use assets	5,909,922	5,500,586	409,336	0-	5,500,586
Accumulated amortization	(4,122,183)	(4,123,006)	823	0-	(4,123,006)
Total intangible right-to-use asset, net	1,787,739	1,377,580	410,159	0-	1,377,580
Capital assets, net	\$ 159,648,082	\$ 166,575,411	\$ (6,927,329)	\$ 176,310,709	\$ (9,735,298)

The Hospital continues to invest in its facilities to meet the needs of the community, and strives to replace, as well as upgrade, equipment as needed. More detailed information about the Hospital's capital assets is presented in the notes to the financial statements.

Debt

Total long-term debt (including current portion) decreased from approximately \$106,200,000 to \$105,958,000 in 2022. In 2021 total long-term debt (including current portion) decreased \$2,580,000 compared to 2020. The primary reason for the decrease in long term debt was principal payments made during the years. More detailed information about the Hospital's long-term debt is presented in the notes to the financial statements.

GOOD SAMARITAN HOSPITAL

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) DECEMBER 31, 2022 AND 2021

ECONOMIC OUTLOOK

Management believes that the health care industry and the Hospital's operating margins will continue to be under pressure due to a variety of factors including, but not limited to, COVID-19, uncertainty regarding health care reform, changes in payor and services mix, and growth in operating expenses that are in excess of the increases in contractually arranged and legally established payments received for services rendered. In addition, the adoption of high-deductible health plans by employers continues to occur and patients are increasingly being held responsible for more of the cost of health care. Consequently, the health care market place has been increasingly more competitive. The ongoing challenge facing the Hospital is to continue to provide quality patient care in this competitive environment, and to attain reasonable rates for the services that are provided while managing costs. The most significant factor affecting the Hospital is finding the balance in maintaining and controlling labor costs in the face of pressures on volume and pricing for its services in this increasingly competitive, retail-like environment.

CONTACTING THE HOSPITAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide fiscal reporting to patients, county residents, suppliers, and creditors with a general overview of the Hospital's finances and to show the Hospital's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Accounting at Good Samaritan Hospital, 520 South 7th Street, Vincennes, Indiana 47591.

GOOD SAMARITAN HOSPITAL

STATEMENTS OF NET POSITION DECEMBER 31, 2022 AND 2021

ASSETS		
	2022	Restated 2021
Current assets		
Cash and cash equivalents	\$ 15,447,176	\$ 35,224,659
Investments	95,648,431	108,130,057
Restricted cash	6,507,523	5,694,803
Patient accounts receivable, net of estimated allowance for uncollectible accounts of approximately \$2,333,000 in 2022 and \$2,787,000 in 2021	34,423,871	34,230,201
Other receivables	8,363,544	6,542,196
Supplies	2,963,904	3,383,538
Prepaid expenses	6,300,923	7,234,194
Estimated third-party settlements	411,486	913,387
Total current assets	170,066,858	201,353,035
Capital assets, net	159,648,082	166,575,411
Other assets	3,054,858	3,666,704
Total assets	332,769,798	371,595,150
Deferred outflows	345,014	228,629
Total assets and deferred outflows	\$ 333,114,812	\$ 371,823,779
LIABILITIES AND NET POSITION		
Current liabilities		
Current portion of long-term debt	\$ 2,750,000	\$ 675,000
Current portion of lease liabilities	658,928	661,481
Accounts payable and accrued expenses	7,257,628	6,472,210
Accrued wages and related liabilities	12,771,526	14,888,455
Other current liabilities	11,260,279	16,696,576
Medicare accelerated and advanced payments	-0-	17,544,461
Estimated third-party settlements	5,089,713	6,699,266
Total current liabilities	39,788,074	63,637,449
Long-term liabilities		
Long-term debt, net of current portion	103,207,617	105,525,151
Long-term lease liabilities, net of current portion	1,199,328	726,032
Total long-term liabilities	104,406,945	106,251,183
Total liabilities	144,195,019	169,888,632
Net position		
Unrestricted	130,580,061	137,252,597
Net investment in capital assets	51,832,209	58,987,747
Restricted - debt service	6,507,523	5,694,803
Total net position	188,919,793	201,935,147
Total liabilities and net position	\$ 333,114,812	\$ 371,823,779

See accompanying notes to financial statements.

GOOD SAMARITAN HOSPITAL

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	Restated 2021
Operating revenue		
Net patient service revenue	\$ 348,541,050	\$ 326,044,635
Federal, state, and county grant revenue	8,405,265	6,443,645
County appropriations	1,986,187	592,745
Other revenue	5,759,961	6,347,266
Total operating revenue	364,692,463	339,428,291
Operating expenses		
Salaries and wages	108,015,050	108,210,852
Employee benefits	26,434,050	27,246,789
Physician fees	12,886,764	10,120,761
Professional fees and purchased services	102,361,782	92,117,594
Medical supplies and drugs	31,697,063	28,727,432
Other supplies	15,873,245	14,638,544
Utilities	6,376,339	5,211,345
Rent and leases	16,044,419	16,010,654
Depreciation and amortization	18,141,793	17,968,575
HAF and HIP program fees	11,309,901	12,162,805
Other	18,391,343	12,185,696
Total operating expenses	367,531,749	344,601,047
Operating loss	(2,839,286)	(5,172,756)
Nonoperating revenues (expenses)		
Investment return, net	(7,494,503)	5,934,289
COVID-19 grant funds	-0-	11,259,993
Interest expense	(5,481,872)	(5,875,137)
Other nonoperating	2,800,307	1,140,334
Total nonoperating revenues (expenses)	(10,176,068)	12,459,479
Change in net position	(13,015,354)	7,286,723
Net position		
Beginning of year	201,935,147	194,648,424
End of year	\$ 188,919,793	\$ 201,935,147

See accompanying notes to financial statements.

GOOD SAMARITAN HOSPITAL

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	Restated 2021
Cash flows from operating activities		
Cash received from patients and third party payors	\$ 328,776,818	\$ 316,635,089
Cash paid to employees for wages and benefits	(136,566,029)	(139,716,162)
Cash paid to vendors for goods and services	(208,750,337)	(177,270,998)
Other operating receipts, net	5,759,961	6,347,266
Net cash flows from operating activities	(10,779,587)	5,995,195
Cash flows from non-capital financing activities		
COVID-19 grant funds	60	11,419,621
Net cash flows from non-capital financing activities	60	11,419,621
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(9,631,873)	(6,556,812)
Loss on disposal of property and equipment	4,464	20,358
Proceeds from disposal of property and equipment	-0-	16,084
Cash paid for interest on long-term debt and lease liabilities	(5,871,696)	(5,955,892)
Proceeds from issuance of long-term debt	49,785,000	-0-
Proceeds from bond premium	6,529,880	-0-
Principal payments on long-term debt	(54,135,000)	(2,420,000)
Principal payments on lease liabilities	(1,116,312)	(1,115,379)
Net cash flows from capital and related financing activities	(14,435,537)	(16,011,641)
Cash flows from investing activities		
Investment return, net and other non-operating	(4,694,196)	7,074,623
Change in other assets, net	(1,537,129)	1,378,994
Purchases of investments	2,809,761	(5,774,548)
Proceeds from sale of investments	5,205,700	3,704,499
Net cash flows from investing activities	1,784,136	6,383,568
Net change in cash and cash equivalents	(23,430,928)	7,786,743
Cash and cash equivalents		
Beginning of year	60,848,838	53,062,095
End of year	\$ 37,417,910	\$ 60,848,838
Reconciliation to the statements of net position		
Cash and cash equivalents	\$ 15,447,176	\$ 35,224,659
Investments	15,463,211	19,929,376
Restricted cash	6,507,523	5,694,803
Total cash and cash equivalents	\$ 37,417,910	\$ 60,848,838

See accompanying notes to financial statements.

GOOD SAMARITAN HOSPITAL

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	Restated 2021
	<u>2022</u>	<u>2021</u>
Reconciliation of operating loss to net cash flows from operating activities		
Operating loss	\$ (2,839,286)	\$ (5,172,756)
Adjustment to reconcile operating loss to net cash flows from operating activities		
Depreciation and amortization	18,141,793	17,968,575
Provision for bad debts	13,566,947	12,421,702
Changes in operating assets and liabilities		
Patient accounts receivable	(13,760,617)	(10,018,198)
Other receivables	3,183,203	(4,793,625)
Supplies	419,634	435,036
Prepaid expenses	933,271	(990,504)
Accounts payable and accrued expenses	785,418	(3,852,565)
Accrued wages and related liabilities	(2,116,929)	(4,258,521)
Other current liabilities	(10,440,908)	10,942,686
Medicare accelerated and advanced payments	(17,544,461)	(10,104,960)
Estimated third-party settlements	(1,107,652)	3,418,325
Net cash flows from operating activities	<u>\$ (10,779,587)</u>	<u>\$ 5,995,195</u>
Noncash investing/financing activities		
Capital assets acquired through right-of-use liabilities	\$ 1,587,055	\$ 651,871

See accompanying notes to financial statements.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

1. SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

Knox County Hospital d/b/a Good Samaritan Hospital (the Hospital) is a county owned facility and operates under the Indiana County Hospital Law, Indiana Code 16-22. The Hospital provides short-term inpatient, outpatient, and emergency healthcare as well as long-term care. The Board of County Commissioners of Knox County appoints the Board of Governors of the Hospital and a financial benefit/burden relationship exists between Knox County (the County) and the Hospital. For these reasons, the Hospital is considered a component unit of the County.

The financial statements of the Hospital are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the County that is attributable to the transactions of the Hospital and its component units. They do not purport to, and do not, present the financial position of the County as of December 31, 2022 and 2021, the changes in its net position or its cash flows for the years then ended.

Accounting principles generally accepted in the United States of America require the financial statements present the Hospital and its blended component units, collectively referred to as "primary government". The component units discussed in these financial statements are included in the Hospital's reporting entity because of the significance of their operational or financial relationship with the Hospital. A blended component unit, although a legally separate entity, is in substance part of the primary government unit of operations and exists solely to provide services to the Hospital.

Long-Term Care Operations

The Hospital leases the operations of multiple long-term care facilities by way of arrangements with the managers of the facilities. These facilities provide inpatient and therapy services. Generally, gross revenues from the operation of the facilities are the property of the Hospital, who is responsible for the associated operating expenses and working capital requirements. While the management and related lease agreements are in effect, the performance of all activities of the managers shall be on behalf of the Hospital, who retains the authority and legal responsibility for the operation of the facilities.

The Hospital has lease agreements for the long-term care facilities, collectively referred to as the lessors, to lease the facilities managed by the managers. Concurrently, the Hospital entered into agreements with the managers to manage the leased facilities. As part of the agreements, the Hospital pays the managers a management fee to continue managing the facilities on behalf of the Hospital in accordance with the terms of the agreements. These management fees consist of base management fees, subordinated management fees, and quarterly incentive payments. The agreements expire at various times through 2024. The terms of these agreements may be renewed at the end of each term for an additional period of two years. All parties involved can terminate the agreement without cause with 90 days written notice.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Component Units

The component units discussed below are included in the Hospital's reporting entity because of the significance of their operational or financial relationships with the Hospital.

Good Samaritan Hospital Foundation, Inc. (the Foundation) is a significant blended component unit of the Hospital. The Hospital appoints a voting majority of the Foundation's Board of Directors and a financial benefit/burden relationship exists between the Hospital and the Foundation. Although it is legally separate from the Hospital, the Foundation is reported as if it were a part of the Hospital because it provides services entirely or almost entirely to the Hospital.

The activities of the Foundation may include capital improvements, educational programs, medical related research and initial capital for experimental health services related to the principal purpose of the Hospital. The Foundation also manages investments, provides equipment, grants scholarships for health careers, conducts physician recruitment and other medical programs as directed under the terms of a contract with the Hospital. Separate audited financial statements are not issued for the Foundation.

Good Samaritan Hospital Physician Services, Inc. (PSI) is a significant blended component unit of the Hospital. The Hospital is the sole corporate member and appoints PSI's Board of Directors and is able to impose its will. Although it is legally separate from the Hospital, PSI is reported as if it were a part of the Hospital because the two governing bodies are substantially the same. PSI provides pharmacy services to the surrounding communities. Separate audited financial statements are not issued for PSI.

Good Samaritan EMS, Inc. (EMS) is a significant blended component unit of the Hospital which was formed in 2022. The Hospital is the sole corporate member and appoints EMS's Board of Directors and is able to impose its will. Although it is legally separate from the Hospital, EMS is reported as if it were a part of the Hospital because the two governing bodies are substantially the same. EMS provide emergency and non-emergency patient care to the residents of Knox County.

All intercompany accounts and transactions have been eliminated.

Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and on the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include all cash held in checking, savings and money market deposit accounts available for operating purposes with original maturity dates of 90 days or less. The Hospital maintains its cash in accounts, which at times may exceed federally insured limits. The Hospital has not experienced any losses in such accounts. The Hospital believes that it is not exposed to any significant credit risk on cash and cash equivalents.

Investments

Investments consist of municipal bonds, mutual funds (including money market mutual funds), exchange traded funds, certificates of deposit, money market deposit funds and cash. Investments are reported at fair value except for certificates of deposit which are reported at contract value. Investments are classified as current assets as the Hospital has access to the investments if needed.

Restricted Cash

Restricted cash is comprised of funds held by a trustee for the Hospital's debt service.

Patient Accounts Receivable and Net Patient Service Revenue

Patient revenues and the related accounts receivable are recorded at the time services to patients are performed. The Hospital is a provider of services to patients entitled to coverage under Titles XVIII and XIX of the Health Insurance Act (Medicare and Medicaid). Differences between the total program billed charges and the payments received are reflected as deductions from revenue. At year-end, a cost report for hospital-based services is filed with the Medicare program computing reimbursement amounts related to Medicare patients. The difference between computed reimbursement and interim reimbursement is reflected as a receivable from or payable to the third-party programs. These programs have audited the year-end cost report filed with the Medicare program through December 31, 2018 with differences reflected as deductions from revenue in the year the cost report is settled. Amounts for unresolved cost reports for 2019 through 2022 are reflected in estimated third-party settlements on the statements of net position. During 2022 and 2021, the change in net position recognized by the Hospital in the statements of revenues, expenses and changes in net position due to the differences between original estimates and subsequent revisions for the final settlement of cost reports was not significant. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. Although these audits may

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

result in some changes in these amounts, they are not expected to have a material effect on the accompanying financial statements.

The Hospital has entered into agreements with certain commercial carriers. Reimbursement for services under these agreements includes discounts from established charges and other payment methodologies. Patient charges under these programs, on which no interim payments have been received, are included in patient accounts receivable at the estimated net realizable value of such charges.

Other Receivables

Other receivables consist of other reimbursement receivables and various other current items. These assets are classified as current as they are expected to be utilized within the next fiscal year.

Supplies

Supplies consist primarily of pharmaceutical and medical supplies. Supplies are valued at the lower of cost or net realizable value with cost being determined on the first-in, first-out method. Supplies consist of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Medical supplies and other	\$ 1,057,331	\$ 1,424,493
Pharmaceutical	1,906,573	1,959,045
	<u>\$ 2,963,904</u>	<u>\$ 3,383,538</u>

Capital Assets and Depreciation

Capital assets such as property and equipment are stated at cost and include expenditures for new additions and other costs added to existing facilities, which exceed capitalization thresholds and meet certain useful life requirements. Contributed capital assets are reported at their estimated fair market value at the time of their donation. Maintenance, repairs and minor renewals are expensed as incurred.

The Hospital provides for depreciation of property and equipment using annual rates, which are sufficient to depreciate the cost of depreciable assets over their estimated useful lives using the straight-line method.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

The range of useful lives used in computing depreciation is as follows:

Description	Range of Useful Lives
Land improvements	5 - 25 years
Buildings and improvements	5 - 40 years
Equipment	3 - 20 years

Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position by the Hospital that is applicable to a future reporting period. Deferred outflows of resources are reported in the statements of net position but are not recognized in the financial statements as expenses until the periods to which they relate. Deferred outflows of resources consist of losses on debt refunding. The Hospital expects to recognize approximately \$30,000 in amortization in 2023, approximately \$18,000 in 2024, and approximately \$17,000 from 2025 through 2041 related to the losses on refunding.

Compensated Absences

Hospital policies permit eligible employees to accumulate vacation and sick leave 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. Expense and the related liability for sick leave benefits are recognized when earned to the extent the employee is expected to realize the benefit in cash determined using the termination payment method. Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits employees have earned but not yet realized. Accumulated vacation benefits are reported as a current liability of approximately \$409,000 and \$447,000 for 2022 and 2021, respectively, and are included within accrued wages and related liabilities in the statements of net position.

Net Position

Net position of the Hospital is classified in various components. Net position - net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position consists of 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 debt agreements. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets, or restricted net position.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Restricted Resources

When the Hospital has both restricted and unrestricted resources available to finance a particular program, it is the Hospital's policy to use restricted resources before unrestricted resources.

Statements of Revenues, Expenses and Changes in Net Position

The Hospital's statements of revenues, expenses and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services which is the principal activity of the Hospital. Contributions and investment return, net are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, excluding interest costs.

Charity Care

The Hospital provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. Because the Hospital does not collect amounts deemed to be charity care, they are not reported as revenue. The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of services and supplies furnished under its charity care policy. The charity care charges provided during 2022 and 2021 were approximately \$3,471,000 and \$3,579,000, respectively.

Of the Hospital's total expenses reported, an estimated \$1,646,000 and \$1,658,000 arose from providing services to charity patients during 2022 and 2021, respectively. The estimated costs of providing charity services are based on a calculation, which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of costs to charges is calculated based on the Hospital's total expenses (including interest expense) to gross patient service revenue.

Grants and Contributions

From time to time, the Hospital receives grants as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Federal, State, and County Grant Revenue

The Hospital has a contract with the State of Indiana Division of Mental Health and Addiction (the State) to provide community mental health services. The State has a performance based reimbursement system. Under this contract, the Hospital is paid a fixed quarterly amount for outcome measures and a performance based quarterly amount for process measures with a possible bonus at year-end.

Indiana state law stipulates that the counties served by community mental health centers provide the Hospital a designated amount based upon a stipulated formula. Tax receipts are designated to be remitted to the Hospital by June and December each year. The Hospital recognizes the county tax receipts as income in the period the funds are due from the counties. Accordingly, amounts are recorded as receivables or refundable advances based upon the timing of the actual receipts.

The Hospital receives federal, state and other grants for providing services in specific program areas. Receipt of these funds is subject to the fulfillment of certain obligations by the Hospital as prescribed by these programs and funds may be subject to repayment upon a determination of noncompliance made by a funding agency. These amounts are also recorded as public support. Any amounts due to the Hospital for these funds and programs are included in other receivables in the statements of net position.

The Hospital derives a significant portion of its revenue from third-party payors and federal and state funding programs. The receipt of future revenues by the Hospital is subject to among other factors, federal and state policies affecting the health care industry, economic conditions that may include an inability to control expenses in periods of inflation, increased competition, market pressures on premium rates and other conditions, which are impossible to predict.

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; employee health, dental, and accident benefits. Except for health and dental benefits, commercial insurance coverage is purchased for claims arising from such matters and settled claims have not exceeded this commercial coverage in any of the three preceding years. The Hospital is self-insured for health and dental claims. Amounts are expensed as incurred and estimated accruals are made for incurred but not yet reported claims as of each statement of net position date.

Federal or State Income Taxes

The Hospital is a governmental instrumentality organized under Title 16, Article 12, of the Indiana statutes. The Hospital is generally exempt from federal income tax under Section 115 of the Internal Revenue Code of 1986 as a not-for-profit organization under Section 501(c)(3). As a governmental entity, the Hospital is not required to file Federal Form 990 – Return of Organization Exempt from Income Tax, which is an informational return only.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

The Foundation, PSI, and EMS are organized as not-for-profit corporations under Section 501(c)(3) and 509(a)(3), respectively, of the United States Internal Revenue Code. As such, the Foundation and PSI are generally exempt from income taxes. However, the Foundation, PSI, and EMS are required to file Federal Form 990 – Return of Organization Exempt from Income Tax, which is an informational return only. The Foundation and PSI have filed their federal and state income tax returns for periods through December 31, 2021. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Hospital, Foundation, PSI, and EMS and recognize a tax liability if these organizations have taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by these organizations, and has concluded that as of December 31, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Foundation, PSI, and EMS are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Advertising

The Hospital expenses advertising costs as they are incurred. Advertising expenses for 2022 and 2021 were approximately \$377,000 and \$408,000, respectively, and are included in other expenses within the statements of revenues, expenses and changes in net position within the financial statements.

Litigation

The Hospital is involved in litigation arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Hospital's future financial position, results of operations and cash flows.

Reclassifications

Certain amounts from 2021 have been reclassified in order to conform to the 2022 presentation. The reclassifications had no impact on total net position or change in net position for 2021, as previously reported.

Subsequent Events

The Hospital evaluates events or transactions occurring subsequent to the statement of net position date for recognition and disclosure in the accompanying financial statements through the date the financial statements are issued, which is June 30, 2023.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

2. CHANGE IN ACCOUNTING PRINCIPLE

On January 1, 2022, the Hospital implemented Governmental Accounting Standards Board Statement No. 87 – *Leases*, which requires all leases that have a maximum possible term greater than 12 months to be recorded on the statements of net position. Previously, leases classified as operating leases were not recorded on the statements of net position. There was no impact to net position as of January 1, 2022 or 2021 as a result of the implementation.

	December 31,	
	2021	2020
Net position, previously reported	\$ 201,935,147	\$ 194,648,424
GASB 87 implementation effect		
Assets		
Capital assets, net	1,124,677	1,061,036
Liabilities and deferred inflows		
Current portion of long-term debt	(214,746)	(527,430)
Current portion of lease liability	661,481	527,430
Long-term debt, net of current portion	(48,090)	(262,555)
Long-term lease liability, net of current portion	726,032	1,323,591
Net change in liabilities	1,124,677	1,061,036
Net change in net position	-0-	-0-
Net position, restated	\$ 201,935,147	\$ 194,648,424

3. DEPOSITS AND INVESTMENTS

Deposits with financial institutions in the State of Indiana at year-end were entirely insured by the Federal Depository Insurance Corporation or by the Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution. Net realized gains and losses on security transactions are determined on the specific identification cost basis. Investments consist of cash equivalents, money market mutual funds, municipal bonds, mutual funds, and exchange traded funds.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

The Hospital's investments generally are reported at fair value, as discussed in Note 1. As of December 31, 2022 and 2021, the Hospital had the following investments and maturities, all of which were held in the Hospital's name by custodial banks that are agents of the Hospital.

December 31, 2022					
Investment Maturities (in years)					
	Carrying Amount	Less than 1	1-5	6-10	More than 10
Money market mutual funds	\$ 1,596,144	\$ 1,596,144	\$ -0-	\$ -0-	\$ -0-
Mutual funds	72,566,823	72,566,823	-0-	-0-	-0-
Exchange traded funds	6,022,253	6,022,253	-0-	-0-	-0-
	\$ 80,185,220	\$ 80,185,220	\$ -0-	\$ -0-	\$ -0-

December 31, 2021					
Investment Maturities (in years)					
	Carrying Amount	Less than 1	1-5	6-10	More than 10
Money market mutual funds	\$ 2,092,563	\$ 2,092,563	\$ -0-	\$ -0-	\$ -0-
Municipal bonds	252,785	252,785	-0-	-0-	-0-
Mutual funds	78,898,035	78,898,035	-0-	-0-	-0-
Exchange traded funds	6,907,199	6,907,199	-0-	-0-	-0-
Certificates of deposit	50,099	-0-	50,099	-0-	-0-
	\$ 88,200,681	\$ 88,150,582	\$ 50,099	\$ -0-	\$ -0-

Interest rate risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Hospital's investment policy provides guidance to invest approximately 65% of its investment portfolio in fixed income securities. The money market mutual funds are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit risk – The Hospital's policy provides guidance to invest in fixed income investments in U.S. Government bonds, bank certificates of deposits, and U.S. Treasury bonds among other government agencies. Such investments are to be insured by the U.S. Government or covered by applicable Federal and State Insurance programs.

Concentration of credit risk – The Hospital places no limit on the amount it may invest in any one issuer. The Hospital maintains its investments, which at times may exceed federally insured limits. The Hospital has not experienced any losses in such accounts. The Hospital believes that it is not exposed to any significant credit risk on investments.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Deposits and investments consist of the following as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Carrying value		
Deposits	\$ 37,417,910	\$ 60,848,838
Investments	80,185,220	88,200,681
	<u>\$ 117,603,130</u>	<u>\$ 149,049,519</u>
Included in the balance sheet		
Cash and cash equivalents	\$ 15,447,176	\$ 35,224,659
Investments	95,648,431	108,130,057
Restricted cash	6,507,523	5,694,803
	<u>\$ 117,603,130</u>	<u>\$ 149,049,519</u>

Investment return, net for 2022 and 2021 is summarized as follows:

	<u>2022</u>	<u>2021</u>
Unrealized gains (losses)	\$ (10,385,592)	\$ 4,487,281
Realized gains	545,735	1,083,530
Interest and dividends	2,345,354	363,478
	<u>\$ (7,494,503)</u>	<u>\$ 5,934,289</u>

4. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital has the ability to access.
 - Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
 - Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.
-

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2022 and 2021:

- *Money market mutual funds:* Generally transact subscription and redemption activity at a \$1 stable net asset value (NAV) however, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.
- *Municipal bonds:* Valued using pricing models maximizing the use of observable inputs for similar securities.
- *Mutual funds and exchange traded funds:* Valued at the daily closing price as reported by the fund. Mutual funds and exchange traded funds held by the Hospital are open-end funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds and exchange traded funds held by the Hospital are deemed to be actively traded.

Assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 and 2021 are as follows:

	December 31, 2022			
	Total	Level 1	Level 2	Level 3
Assets				
Investments				
Money market mutual funds	\$ 1,596,144	\$ -0-	\$ 1,596,144	\$ -0-
Municipal bonds	-0-	-0-	-0-	-0-
Mutual funds				
Large blend	15,473,397	15,473,397	-0-	-0-
Large growth	116,382	116,382	-0-	-0-
Large value	5,359,392	5,359,392	-0-	-0-
Mid-cap blend	841,507	841,507	-0-	-0-
Medium growth	1,618,198	1,618,198	-0-	-0-
Small value	1,716,375	1,716,375	-0-	-0-
Intermediate-term bond	43,186,130	43,186,130	-0-	-0-
Intermediate core bond	267,507	267,507	-0-	-0-
Inflation-protected bond	3,987,935	3,987,935	-0-	-0-
Total mutual funds	72,566,823	72,566,823	-0-	-0-
Exchange traded funds				
Large growth	2,026,384	2,026,384	-0-	-0-
Large value	3,995,869	3,995,869	-0-	-0-
Total exchange traded funds	6,022,253	6,022,253	-0-	-0-
Money market deposit accounts	80,185,220	\$ 78,589,076	\$ 1,596,144	\$ -0-
Cash	11,663,211			
	3,800,000			
	\$ 95,648,431			

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Assets				
Investments				
Money market mutual funds	\$ 2,092,563	\$ -0-	\$ 2,092,563	\$ -0-
Municipal bonds	252,785	-0-	252,785	-0-
Mutual funds				
Large blend	16,067,786	16,067,786	-0-	-0-
Large growth	2,911,100	2,911,100	-0-	-0-
Diversified emerging markets	5,628,626	5,628,626	-0-	-0-
Mid-cap blend	1,037,004	1,037,004	-0-	-0-
Small blend	2,225,524	2,225,524	-0-	-0-
Small value	1,501,094	1,501,094	-0-	-0-
Intermediate-term bond	45,182,274	45,182,274	-0-	-0-
Inflation-protected bond	4,344,627	4,344,627	-0-	-0-
Total mutual funds	78,898,035	78,898,035	-0-	-0-
Exchange traded funds				
Large blend	2,524,753	2,524,753	-0-	-0-
Large value	4,382,446	4,382,446	-0-	-0-
Total exchange traded funds	6,907,199	6,907,199	-0-	-0-
	88,150,582	<u>\$ 85,805,234</u>	<u>\$ 2,345,348</u>	<u>\$ -0-</u>
Certificates of deposit	50,099			
Money market deposit accounts	16,129,376			
Cash	3,800,000			
	<u>\$ 108,130,057</u>			

The Hospital's policy is to recognize transfers between levels as of the actual date of the event or change in circumstances. There were no significant transfers between levels during 2022 and 2021.

Realized gains and losses included in earnings are reported in the statements of revenues, expenses and changes in net position as a component of investment return, net. Differences between market value and cost of investments are classified as unrealized gains or losses. Unrealized gains or losses are included in earnings for the period attributable to the change in unrealized gains or losses relating to assets held as of December 31, 2022 and 2021 and are reported in the statements of revenues, expenses and changes in net position as a component of investment return, net.

The Hospital holds investments which are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

5. ACCOUNTS RECEIVABLE AND PAYABLE

Patient accounts receivable and accounts payable (including accrued expenses) reported as current assets and liabilities by the Hospital as of December 31 are as follows:

	2022	2021
Patient accounts receivable		
From patients and insurance carriers	\$ 32,333,184	\$ 35,643,073
From Medicare	36,670,812	34,056,206
From Medicaid	10,916,810	10,585,154
	79,920,806	80,284,433
Less contractual allowances	(43,164,200)	(43,267,330)
Less allowances for uncollectible accounts	(2,332,735)	(2,786,902)
Patient accounts receivable, net	\$ 34,423,871	\$ 34,230,201
Accounts payable and accrued wages		
To employees (including payroll taxes)	\$ 10,382,198	\$ 11,434,616
To suppliers	7,257,628	6,472,210
For accrued employee health benefit claims	2,389,328	3,453,839
Total accounts payable and accrued wages	\$ 20,029,154	\$ 21,360,665

6. CAPITAL ASSETS

A summary of capital assets as of December 31, 2022 and 2021, follows:

	12/31/21	Additions	Retirements	Transfers	12/31/22
Non-depreciable capital assets					
Land	\$ 6,581,448	\$ -0-	\$ -0-	\$ -0-	\$ 6,581,448
Construction in progress	1,157,620	8,594,408	-0-	(7,607,367)	2,144,661
Total non-depreciable capital assets	7,739,068	8,594,408	-0-	(7,607,367)	8,726,109
Depreciable capital assets					
Land improvements	10,726,598	-0-	-0-	-0-	10,726,598
Buildings and improvements	172,219,409	128,035	-0-	1,500,000	173,847,444
Equipment	230,120,521	909,430	(541,518)	6,107,367	236,595,800
Total depreciable capital assets	413,066,528	1,037,465	(541,518)	7,607,367	421,169,842
Accumulated depreciation					
Land improvements	(7,274,356)	(423,525)	-0-	-0-	(7,697,881)
Buildings and improvements	(84,357,908)	(6,096,378)	-0-	-0-	(90,454,286)
Equipment	(163,975,501)	(10,444,994)	537,054	-0-	(173,883,441)
Total accumulated depreciation	(255,607,765)	(16,964,897)	537,054	-0-	(272,035,608)
Total depreciable capital assets, net	165,197,831	(7,333,024)	(4,464)	-0-	157,860,343
Intangible right-to-use assets					
Leased buildings	2,217,596	294,932	-0-	-0-	2,512,528
Leased equipment	3,282,990	1,292,123	(1,177,719)	-0-	3,397,394
Total intangible right-to-use asset	5,500,586	1,587,055	(1,177,719)	-0-	5,909,922
Accumulated amortization					
Leased buildings	(1,559,093)	(239,776)	-0-	-0-	(1,798,869)
Leased equipment	(2,563,913)	(937,120)	1,177,719	-0-	(2,323,314)
Total accumulated amortization	(4,123,006)	(1,176,896)	1,177,719	-0-	(4,122,183)
Total intangible right-to-use asset, net	1,377,580	410,159	-0-	-0-	1,787,739
Capital assets, net	\$ 166,575,411	\$ (6,922,865)	\$ (4,464)	\$ -0-	\$ 159,648,082

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

	01/01/21	Additions	Retirements	Transfers	12/31/21
Non-depreciable capital assets					
Land	\$ 6,581,448	\$ -0-	\$ -0-	\$ -0-	\$ 6,581,448
Construction in progress	2,421,803	166,415	-0-	(1,430,598)	1,157,620
Total non-depreciable capital assets	9,003,251	166,415	-0-	(1,430,598)	7,739,068
Depreciable capital assets					
Land improvements	10,692,230	34,368	-0-	-0-	10,726,598
Buildings and improvements	169,923,575	1,216,900	(572)	1,079,506	172,219,409
Equipment	226,240,790	5,139,129	(1,610,490)	351,092	230,120,521
Total depreciable capital assets	406,856,595	6,390,397	(1,611,062)	1,430,598	413,066,528
Accumulated depreciation					
Land improvements	(6,845,015)	(429,341)	-0-	-0-	(7,274,356)
Buildings and improvements	(78,270,314)	(6,088,166)	572	-0-	(84,357,908)
Equipment	(155,208,436)	(10,341,113)	1,574,048	-0-	(163,975,501)
Total accumulated depreciation	(240,323,765)	(16,858,620)	1,574,620	-0-	(255,607,765)
Total depreciable capital assets, net	175,536,081	(10,301,808)	(36,442)	-0-	165,197,831
Intangible right-to-use assets					
Leased buildings	2,217,596	-0-	-0-	-0-	2,217,596
Leased equipment	2,631,119	651,871	-0-	-0-	3,282,990
Total intangible right-to-use asset	4,848,715	651,871	-0-	-0-	5,500,586
Accumulated amortization					
Leased buildings	(1,255,953)	(303,140)	-0-	-0-	(1,559,093)
Leased equipment	(1,757,098)	(806,815)	-0-	-0-	(2,563,913)
Total accumulated amortization	(3,013,051)	(1,109,955)	-0-	-0-	(4,123,006)
Total intangible right-to-use asset, net	1,835,664	(458,084)	-0-	-0-	1,377,580
Capital assets, net	\$ 177,371,745	\$ (10,759,892)	\$ (36,442)	\$ -0-	\$ 166,575,411

The Hospital had approximately \$849,000 of outstanding property and equipment commitments as of December 31, 2022, related to an HVAC project.

Intangible right-to-use assets

In 2022, the Hospital implemented the guidance in GASB Statement No. 87 - *Leases* and recognized the value of various equipment leases under long-term contracts and buildings leased for operations.

As of December 31, 2022 and 2021, the Hospital had five and four equipment leases in place, respectively. The value of the leased equipment is amortized over the lease terms including renewable periods the Hospital are reasonably certain to exercise. The amortization periods run through 2024. Terms of these leases are described in Note 7.

As of December 31, 2022 and 2021, the Hospital had eight and six building leases in place, respectively. The value of the leased buildings is amortized over the lease terms including renewable periods the Hospital are reasonably certain to exercise. The amortization periods run through 2045. Terms of these leases are described in Note 7

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

7. LONG-TERM LIABILITIES

Long-term debt

In 2012, the Hospital issued Indiana Economic Development Revenue and Refunding Bonds, Series 2012A in the amount of \$67,185,000. The Series 2012A Bonds mature serially on a semi-annual basis on (April 1 and October 1) through April 2042 at fixed interest rates ranging from 2.5% to 5.0%.

In 2012, the Hospital issued Indiana Taxable Economic Development Revenue Bonds, Series 2012B in the amount of \$16,210,000. The Series 2012B Bonds bear interest at a fixed rate of 5.9% through April 2034 with the first principal payment due in February 2029. The Series 2012B Bonds were issued as Qualified Energy Conservation Bonds, which are eligible for interest subsidy payments from the United States Treasury.

Subsidy payments to be received on the Series 2012B Bonds are as follows:

Year Ending December 31,		
2023	\$	492,805
2024	#	492,805
2025	#	492,805
2026	#	492,805
2027	#	492,805
2028 - 2032		1,967,263
2033 - 2034		271,782
	\$	<u>4,703,070</u>

In 2016, the Hospital borrowed from the Indiana Finance Authority, the Health Facility Revenue Bonds, Series 2016A Bonds for \$38,510,000. The Series 2016A Bonds mature on an annual basis through 2046 at fixed interest rates ranging from 4.0% to 5.5%. The Hospital is required to make annual deposits to the debt service fund held by the trustee, which are included as restricted cash in the statements of net position.

In 2022, the Hospital borrowed from the Indiana Finance Authority, the Health Facility Revenue Bonds, Series 2022A Bonds for approximately \$49,785,000 to refinance the existing Series 2012A Bonds. The Series 2022A Bonds have fixed interest rates ranging from 4.00% to 5.00%. The Series 2022A Bonds mature at various times through 2042.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

A summary of long-term debt activity for 2022 and 2021 is as follows:

	12/31/21	Additions	Payments / Amortization	12/31/22	Current Portion
Direct placements					
Indiana Economic Development					
Revenue and Refunding Bonds Series 2012A	\$ 53,460,000	\$ -0-	\$ 53,460,000	\$ -0-	\$ -0-
Revenue Bonds Series 2012B	15,675,000	-0-	-0-	15,675,000	-0-
Indiana Finance Authority					
Health Facilities Revenue Bonds Series 2016A	34,095,000	-0-	675,000	33,420,000	710,000
Health Facilities Revenue Bonds Series 2022A	-0-	49,785,000	-0-	49,785,000	2,040,000
Unamortized bond premiums and discounts	2,970,151	6,529,880	2,422,414	7,077,617	-0-
	<u>\$ 106,200,151</u>	<u>\$ 56,314,880</u>	<u>\$ 56,557,414</u>	<u>\$ 105,957,617</u>	<u>\$ 2,750,000</u>
	12/31/20	Additions	Payments / Amortization	12/31/21	Current Portion
Direct placements					
Indiana Taxable Economic Development					
Revenue and Refunding Bonds Series 2012A	\$ 55,235,000	\$ -0-	\$ 1,775,000	\$ 53,460,000	\$ 1,865,000
Revenue Bonds Series 2012B	15,675,000	-0-	-0-	15,675,000	-0-
Indiana Finance Authority					
Health Facilities Revenue Bonds Series 2016A	34,740,000	-0-	645,000	34,095,000	675,000
Unamortized bond premiums and discounts	3,129,887	-0-	159,736	2,970,151	-0-
	<u>\$ 108,779,887</u>	<u>\$ -0-</u>	<u>\$ 2,579,736</u>	<u>\$ 106,200,151</u>	2,540,000
Effect of 2022 refinancing					<u>(1,865,000)</u>
					<u>\$ 675,000</u>

The Series 2012A, 2012B, 2016A, and 2022A Bonds are covered under a Master Trust Indenture and are secured by an interest in the net revenues, accounts receivable, and assets restricted under the bond indenture agreement of the Hospital. The Hospital is also required to meet certain financial covenants. The Hospital believes it is in compliance with all covenants as of December 31, 2022 and 2021.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Aggregate maturities of long-term debt are as follows:

Year Ending December 31,	Principal	Interest	Total
2023	\$ 2,750,000	\$ 4,576,457	\$ 7,326,457
2024	2,895,000	4,431,682	7,326,682
2025	3,045,000	4,279,332	7,324,332
2026	3,195,000	4,119,282	7,314,282
2027	3,370,000	3,950,882	7,320,882
2028 - 2032	19,500,000	17,021,084	36,521,084
2033 - 2037	24,935,000	12,036,758	36,971,758
2038 - 2042	30,875,000	5,971,200	36,846,200
2043 - 2047	8,315,000	1,005,675	9,320,675
	<u>\$ 98,880,000</u>	<u>\$ 57,392,353</u>	<u>\$ 156,272,353</u>

Long-term lease liabilities

In 2022, the Hospital implemented the guidance of GASBS No. 87, *Leases*, for accounting and reporting leases that had previously been reported as operating leases.

Building Space Leases

The Hospital leases building space under lease agreements that run through 2045. Monthly payments range from approximately \$700 to \$9,000. The present value of each lease was determined using a discount rate based on the Hospital's incremental borrowing rates ranging from 2.28% to 5.00%. The leased building space and accumulated amortization of the right-to-use assets are outlined in Note 6. The change in accounting principle is discussed in Note 2.

Equipment Leases

The Hospital leases medical equipment under lease agreements that run through 2024. Monthly payments range from approximately \$1,000 to \$9,000. The present value of each lease was determined using a discount rate based on the Hospital's incremental borrowing rate of 3.25%. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 6. The change in accounting principle is discussed in Note 2.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

A summary of long-term lease liabilities activity for 2022 and 2021 is as follows:

	December 31,				December 31,		Current	Total
	2021	Additions	Remeasurements	Reductions	2022	Portion	ROU Liability	Long-term
Right-of-use lease liabilities	\$ 1,387,513	\$ 1,587,055	\$ -0-	\$ (1,116,312)	\$ 1,858,256	\$ 658,928		\$ 1,199,328

	January 1,				December 31,		Current	Total
	2021	Additions	Remeasurements	Reductions	2021	Portion	ROU Liability	Long-term
Right-of-use lease liabilities	\$ 1,851,021	\$ 651,871	\$ -0-	\$ (1,115,379)	\$ 1,387,513	\$ 661,481		\$ 726,032

The Hospital leases various equipment and buildings with terms through 2045. Remaining payments on these leases include:

Year Ending	Right-of-Use Liability Payments to Maturity								
	Equipment Leases			Building Leases			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
December 31,									
2023	\$ 473,098	\$ 43,066	\$ 516,164	\$ 185,830	\$ 21,146	\$ 206,976	\$ 658,928	\$ 64,212	\$ 723,140
2024	421,734	27,395	449,129	176,333	15,203	191,536	598,067	42,598	640,665
2025	196,956	12,841	209,797	182,373	9,154	191,527	379,329	21,995	401,324
2026	64,158	8,580	72,738	37,678	5,112	42,790	101,836	13,692	115,528
2027	17,032	5,235	22,267	3,636	4,781	8,417	20,668	10,016	30,684
2028-2032	-0-	-0-	-0-	21,003	21,078	42,081	21,003	21,078	42,081
2033-2037	-0-	-0-	-0-	26,621	15,460	42,081	26,621	15,460	42,081
2038-2042	-0-	-0-	-0-	33,741	8,339	42,080	33,741	8,339	42,080
2043-2047	-0-	-0-	-0-	18,063	1,115	19,178	18,063	1,115	19,178
	<u>\$ 1,172,978</u>	<u>\$ 97,117</u>	<u>\$ 1,270,095</u>	<u>\$ 685,278</u>	<u>\$ 101,388</u>	<u>\$ 786,666</u>	<u>\$ 1,858,256</u>	<u>\$ 198,505</u>	<u>\$ 2,056,761</u>

8. NET PATIENT SERVICE REVENUE

Patient service revenue for 2022 and 2021 consists of the following:

	2022	2021
Inpatient services	\$ 189,339,854	\$ 199,243,977
Outpatient services	483,677,894	461,376,430
Long-term care	113,425,556	95,888,341
Gross patient service revenue	786,443,304	756,508,748
Contractual allowances	420,864,033	414,463,550
Provision for bad debts	13,566,947	12,421,702
Charity care	3,471,274	3,578,861
Deductions from revenue	437,902,254	430,464,113
Net patient service revenue	\$ 348,541,050	\$ 326,044,635

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

The Hospital has agreements with third-party payors that provide for reimbursement to the Hospital at amounts different from its established rates. Estimated contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's billings at standard rates and amounts reimbursed by third-party payors. They also include any differences between estimated third-party reimbursement settlements for prior years and subsequent final settlements. A summary of the reimbursement arrangements with major third-party payors is as follows:

Medicare

Payments for inpatient acute care services are made based upon the patient's diagnosis, irrespective of cost. The diagnosis upon which payment is based is subject to review by Medicare representatives. Outpatient claims are reimbursed under Ambulatory Payment Classifications, which are based on the procedures performed and are subject to review by the program. Medicare reimbursements are subject to audit by Medicare. Provisions have been made for the estimated effect of review and audits by the program.

Medicaid and Hospital Assessment Fee and Healthy Indiana Plan Programs

The Hospital is reimbursed for Medicaid inpatient services under a prospectively determined rate-per-discharge and for Medicaid outpatient services on a predetermined fee schedule. The differences between standard charges and reimbursement from these programs are recorded as contractual adjustments.

The Hospital participates in the State of Indiana's Hospital Assessment Fee (HAF) Program. The purpose of the HAF Program is to fund the State share of enhanced Medicaid payments and Medicaid Disproportionate Share (DSH) payments for Indiana hospitals as reflected in the HAF and HIP program fees reported in the statements of revenues, expenses and changes in net position. Previously, the State share was funded by governmental entities through intergovernmental transfers. The Medicaid enhanced payments relate to both fee for service and managed care claims. The Medicaid enhanced payments are designed to follow the patients and result in increased Medicaid rates. Beginning July 1, 2017, hospitals also started funding the Healthy Indiana Plan (HIP) Program, the State's Medicaid expansion program. The payments related to the HIP Program mirror the Medicaid payments under the HAF Program but the funding includes physician, state administration, and certain non-hospital expenditures. During 2022 and 2021, the Hospital recognized HAF and HIP program fees of approximately \$11,310,000 and \$12,163,000, respectively, which resulted in increased Medicaid reimbursement. The HAF and HIP program fees are included in the statements of revenues, expenses and changes in net position as operating expenses. The Medicaid rate increases under the HAF and HIP Programs are included in patient service revenue in the statements revenues, expenses and changes in net position.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

As a governmental entity, the Hospital is also eligible for the Indiana Medicaid Supplemental programs including Medicaid DSH and Municipal Upper Payment Limit programs. The Hospital recognized reimbursement from these programs within net patient service revenue of approximately \$3,502,000 and during 2022 and 2021. These programs are administered by the State of Indiana, but rely on federal funding.

Other

Payment agreements with certain commercial insurance carriers and other payors provide for payment using prospectively determined daily rates and discounts from established charges.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. The Hospital believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigation involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretations, as well as significant regulatory action including fines, penalties, and exclusions from the Medicare and Medicaid programs. As a result, there is at least a possibility that recorded estimates will change by a material amount in the near term.

9. PENSION PLANS

The Hospital has three defined contribution pension plans, two 401(a) plans and a 403(b), as authorized by Indiana Code (IC) 16-22-3-11. These plans provide retirement, disability and death benefits to plan members and beneficiaries. The plans were established by a written agreement by the Board of Governors. Empower Retirement, a subsidiary of Great West Life & Annuity Insurance Company, is the third party administrator as well as the custodian of these plans' assets.

The Good Samaritan Hospital Employees' Pension Plan (the Pension Plan) covers substantially all employees that were eligible prior to the date the Pension Plan was frozen. Effective January 1, 2017, the Pension Plan was frozen to new participants and effective January 1, 2018, no additional contributions were required to be made to the Pension Plan. Pension expense was recorded for the amount of the Hospital's required contributions, determined in accordance with the terms of the Pension Plan. The Pension Plan is administered by a committee appointed by the Board of Governors. Benefit provisions are contained in the plan document and were established and can be amended by action of the Hospital's Board of Governors.

The Good Samaritan Hospital Physician and Key Employee Retirement Plan (the Retirement Plan) covers licensed physicians and certain executives of the Hospital. The retirement plan allows for contributions from the Hospital. The Good Samaritan Hospital Employee Retirement Savings Plan (the Savings Plan) covers substantially all employees. Effective January 1, 2018, the Savings Plan was amended to provide discretionary matching contributions from the Hospital for all employees hired after January 1, 2017. The Hospital's expense related to the Retirement Plan and the Savings Plan in 2022 and 2021 was approximately \$3,876,000 and \$3,864,000, respectively.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

10. EMPLOYEE HEALTH PLAN

The Hospital participates in a self-funded health plan covering substantially all employees. Covered services include medical benefits. The plan has annual reinsurance coverage starting at a specific level of \$235,000 per individual with an unlimited specific lifetime maximum reimbursement per covered person and no aggregate limit. The financial statements include an estimated provision for claims that have been incurred but not reported. Total health claims expense was approximately \$13,380,000 and \$13,291,000 for 2022 and 2021, respectively.

11. MALPRACTICE INSURANCE

Malpractice insurance coverage is provided under a claims-made policy. Should the claims-made policy be terminated, the Hospital has the option to purchase insurance for claims having occurred during its term but reported subsequently. The Indiana Medical Malpractice Act, IC 34-18 (the Act) provides a maximum recovery of \$1,800,000 for an occurrence of malpractice. The Act requires the Hospital to maintain medical malpractice liability insurance in the amount of at least \$500,000 per occurrence and \$15,000,000 in the annual aggregate. The Act also requires the Hospital to pay a surcharge to the State Patient's Compensation Fund (the Fund). The Fund is used to pay medical malpractice claims in excess of per occurrence and the annual aggregate amounts as noted above, under certain terms and conditions. No accrual for possible losses attributable to incidents that may have occurred but that have not been identified has been made because the amount, if any, is not reasonably estimable. The Fund is on a claims-made basis and as long as this coverage is continuous or replaced with equivalent insurance, claims based on occurrences during its term but reported subsequently will be insured.

Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Hospital's claim experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term.

12. COMMITMENTS AND CONTINGENCIES

In March 2015, the Hospital entered into an agreement with Deaconess Hospital, Inc. to implement a new Hospital-wide information system. Terms of this agreement provide for annual maintenance costs to approximate \$1,461,000 to \$1,693,000 annually for the seven-year term ending in 2023.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

13. CONCENTRATIONS OF CREDIT RISK

The Hospital grants credit without collateral to its patients, who are primarily local residents and are insured under third-party payor agreements. The mix of receivables and gross patient service revenues from patients and third-party payors for 2022 and 2021 was as follows:

	Receivables		Revenues	
	2022	2021	2022	2021
Medicare	51%	45%	52%	52%
Medicaid	12%	12%	17%	17%
Other commercial	34%	37%	29%	29%
Self pay	3%	6%	2%	2%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

14. SUBSEQUENT EVENT

During 2023, the Hospital entered into a contract with Good Samaritan Family Health Center, Inc. (the Center) in which the Center will become the provider of all outpatient behavioral healthcare operations occurring at the Samaritan Center, a department of the Hospital, effective July 1, 2023. The Center will lease approximately 7 buildings from the Hospital and acquire the related equipment and vehicles involved.

15. COVID-19 AND RELATED FUNDING

During the Coronavirus (COVID-19) pandemic, grants under the American Rescue Plan (ARP) and the Coronavirus Aid, Relief, and Economic Security (CARES) Act were distributed to health care providers impacted by the COVID-19 pandemic. Revenues from ARP and CARES grants can be recognized to the extent of expenses incurred specific to responding to the COVID-19 pandemic. Eligible expenses must not be reimbursed from another source and not obligated to be reimbursed from another source. ARP and CARES grants that are not fully expended on eligible expenses can then be applied to lost revenues as defined by the guidance issued by the grantor. The Hospital received ARP and CARES grants totaling \$30,861,000 during the COVID-19 pandemic from January 1, 2020 through December 31, 2021. ARP and CARES funds are subject to recoupment by the grantor in the event that the conditions for recognition are not satisfied. During 2022 and 2021, the Hospital recognized ARP and CARES grants of \$-0- and \$11,260,000, respectively, as COVID-19 grant funds in nonoperating revenue (expenses) in the statements of revenues, expenses and changes in net position. Compliance with the terms and conditions may also be subject to future government review and interpretation as they are emerging and uncertain at the time the financial statements were available to be issued. There can be no assurance that regulatory authorities will not challenge the Hospital's compliance with the terms and conditions, and it is not possible to determine the impact (if any) such claims would have upon the Hospital.

GOOD SAMARITAN HOSPITAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

16. BLENDED COMPONENT UNITS

The Hospital's financial statements include the accounts of its blended component units, the Foundation and PSI. Separate financial statements related to the individual component units may be obtained by contacting Hospital management. The following is a summary of the financial activity of the Foundation, PSI, and EMS as of and for the years ended December 31, 2022 and 2021.

	2022			2021	
	Foundation	PSI	EMS	Foundation	PSI
Assets					
Cash	\$ 381,535	\$ (1)	\$ -0-	\$ 213,917	\$ -0-
Investments	3,808,698	-0-	-0-	4,396,301	-0-
Patient accounts receivable, net	-0-	2,102,187	169,504	-0-	2,081,816
Other receivables	-0-	-0-	1,010,000	-0-	-0-
Estimated third-party settlements	-0-	411,486	-0-	-0-	913,387
Capital assets, net	314	-0-	790,322	439	-0-
Total assets	\$ 4,190,547	\$ 2,513,672	\$ 1,969,826	\$ 4,610,657	\$ 2,995,203
Liabilities					
Accounts payable and accrued expenses	\$ 154	\$ 881,096	\$ (293)	\$ (207,000)	\$ 720,360
Accrued wages and related liabilities	75	53,684	-0-	295	316,701
Estimated third-party settlements	-0-	-0-	-0-	-0-	-0-
Total liabilities	229	934,780	(293)	(206,705)	1,037,061
Net position	4,190,318	1,578,892	1,970,119	4,817,362	1,958,142
Total liabilities and net position	\$ 4,190,547	\$ 2,513,672	\$ 1,969,826	\$ 4,610,657	\$ 2,995,203
Operating revenues					
Net patient service revenue	\$ -0-	\$ 30,677,482	\$ 313,102	\$ -0-	\$ 31,438,095
Federal, state, and county grant revenue	-0-	-0-	-0-	-0-	59,999
County appropriations	-0-	-0-	1,370,000	-0-	-0-
Other revenue	-0-	2,830,290	525,247	-0-	3,139,834
Total operating revenues	-0-	33,507,772	2,208,349	-0-	34,637,928
Operating expenses					
Salaries and wages	-0-	32,740,785	1,041,409	-0-	33,108,808
Employee benefits	-0-	7,018,791	178,987	-0-	8,003,605
Physician fees	-0-	9,990,075	3,646	-0-	8,185,661
Professional fees and purchased services	-0-	4,014,316	42,106	-0-	3,434,755
Medical supplies and drugs	-0-	1,567,332	8,606	-0-	1,853,545
Other supplies	-0-	704,787	101,623	-0-	594,242
Utilities	-0-	227,568	-0-	-0-	197,341
Rent and leases	-0-	475,042	-0-	-0-	506,102
Depreciation and amortization	125	-0-	110,091	125	-0-
Other	-0-	774,098	211,958	-0-	1,065,565
Total operating expenses	125	57,512,794	1,698,426	125	56,949,624
Operating loss	(125)	(24,005,022)	509,923	(125)	(22,311,696)
Non-operating revenues (expenses)					
Investment return, net	(568,043)	23,259	-0-	564,121	6,247
COVID-19 grant funds	-0-	-0-	-0-	-0-	698,816
Other nonoperating	(249,846)	(15,745)	(16,546)	(854,483)	-0-
Intercompany transfers	190,970	23,618,258	1,476,742	208,555	22,634,823
Total nonoperating revenues (expenses)	(626,919)	23,625,772	1,460,196	(81,807)	23,339,886
Change in net position	(627,044)	(379,250)	1,970,119	(81,932)	1,028,190
Net position, beginning of year	4,817,362	1,958,142	-0-	4,899,294	929,952
Net position, end of year	\$ 4,190,318	\$ 1,578,892	\$ 1,970,119	\$ 4,817,362	\$ 1,958,142
Cash flows from activities					
Operating	\$ 397,904	\$ (7,515)	\$ 916,959	\$ (330)	\$ (705,063)
Non-capital financing activities	-0-	-0-	-0-	-0-	698,816
Capital and related financing	-0-	-0-	(900,413)	-0-	-0-
Investing	(230,286)	7,514	(16,546)	(228,360)	6,247
Net change in cash	167,618	(1)	-0-	(228,690)	-0-
Cash, beginning of year	213,917	-0-	-0-	442,607	-0-
Cash, end of year	\$ 381,535	\$ (1)	\$ -0-	\$ 213,917	\$ -0-



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**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Governors
Good Samaritan Hospital
Vincennes, Indiana

Report on the Financial Statements

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, the financial statements of Good Samaritan Hospital (the Hospital), which comprise the statement of net position as of December 31, 2022, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2023.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of the Hospital's internal control.

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 Hospital'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 have not been identified.

Board of Governors
Good Samaritan Hospital
Vincennes, Indiana

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 Hospital's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blue & Co., LLC

Indianapolis, Indiana
June 30, 2023



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**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE AND SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Governors
Good Samaritan Hospital
Vincennes, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Knox County Hospital's d/b/a Good Samaritan Hospital (the Hospital), a component unit of Knox County, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Hospital's major federal programs for the year ended December 31, 2022. The Hospital's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Hospital complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Hospital and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Hospital's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Hospital's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Hospital's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Hospital's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Hospital's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Hospital's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Board of Governors
Good Samaritan Hospital
Vincennes, Indiana

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements the *Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Hospital as of and for the year ended December 31, 2022 and have issued our report thereon dated June 30, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the Uniform Guidance, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

Board of Governors
Good Samaritan Hospital
Vincennes, Indiana

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Blue & Co., LLC
Indianapolis, Indiana
June 30, 2023

GOOD SAMARITAN HOSPITAL

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-through Grantor/Program Title	Grant ID #	Assistance Listing Number	Federal Expenditures
Major program			
U.S. Department of Health and Human Services (DHHS)			
COVID-19 - Provider Relief Fund and American Rescue Plan			
(ARP) Rural Distribution	N/A	93.498	\$ 11,663,894
Non-Major Programs:			
DHHS			
Indiana Family and Social Services Administration			
Substance Abuse Prevention and Treatment (SAPT) Block Grant	3B08TI010019-19S1	93.959	309,786
Block Grants for Community Mental Health Services	2B09SM010019-19	93.958	185,681
Social Services Block Grant	1902INSOSR	93.667	68,320
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement	N/A	93.912	18,264
Substance Abuse and Mental Health Services Administration			
Section 223 Demonstration Programs to Improve Community Mental Health Services	1H79SM083251-01	93.829	1,432,106
U.S. Department of Justice			
Indiana Family and Social Services Administration			
Comprehensive Opioid, Stimulant, and Substance Abuse Site-based Program	2020-AR-BX-0135	16.838	279,236
Total non-major programs			<u>2,293,393</u>
Total federal expenditures			<u><u>\$ 13,957,287</u></u>

See Report on Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance* on page 36.
See notes to schedule of expenditures of federal awards.

GOOD SAMARITAN HOSPITAL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2022

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Good Samaritan Hospital (the Hospital) under programs of the federal government for the year ended December 31, 2022 and is presented on the accrual basis of accounting. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Hospital, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Hospital.

2. SUMMARY OF SIGNIFICANT POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Hospital has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

3. PASS-THROUGH FUNDS TO SUB-RECIPIENTS

During 2022, the Hospital did not pass-through funds to sub-recipients.

4. PROVIDER RELIEF FUNDS

During the COVID-19 pandemic, the Hospital received grants from the American Rescue Plan (ARP) and the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under terms and conditions of ARP and CARES, the Hospital is required to report COVID-19 related expenses and lost revenue to the U.S. Department of Health and Human Services (HHS). Guidance from HHS requires the reporting of the COVID-19 related expenses and lost revenue in certain reporting periods based on when the funds were received. From January 1, 2020 through December 31, 2021, the Hospital recognized approximately \$30,861,000 in COVID-19 grant funds on the statements of revenues, expenses and changes in net position. The Hospital received approximately \$19,197,000 in ARP and CARES funding prior to December 31, 2020. This amount was reported on the 2021 Schedule based on the HHS guidance. During 2021, the Hospital received approximately \$11,664,000 in ARP and CARES funding which is reported on the 2022 Schedule based on HHS guidance. The ARP and CARES funding was recognized as revenue in 2020 and 2021.

5. FAIR MARKET VALUE OF DONATED PERSONAL PROTECTIVE EQUIPMENT (UNAUDITED)

During 2022, the Hospital did not receive donated personal protective equipment from federal sources.

See Report on Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance* on page 36.

GOOD SAMARITAN HOSPITAL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS DECEMBER 31, 2022

Section I - Summary of Audit Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	_____ <input checked="" type="checkbox"/> none reported
Significant deficiency(s) identified that are not considered material weakness(es) noted?	_____ yes	_____ <input checked="" type="checkbox"/> none reported
Noncompliance material to consolidated financial statements noted?	_____ yes	_____ <input checked="" type="checkbox"/> no

Federal Awards

Internal controls over major programs:		
Material weakness(es) identified?	_____ yes	_____ <input checked="" type="checkbox"/> none reported
Significant deficiency(s) identified that are not considered material weakness(es) noted?	_____ yes	_____ <input checked="" type="checkbox"/> none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	_____ yes	_____ <input checked="" type="checkbox"/> no

Identification of major program(s):	Assistance Listing
<u>Name of Federal Programs</u>	<u>Number</u>
COVID-19 - Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution	93.498
Threshold used to distinguish between Type A and B programs:	\$750,000
Auditee qualified as low-risk auditee?	_____ <input checked="" type="checkbox"/> yes _____ no

Section II - Findings Related to Financial Statements Reported in Accordance with Government Auditing Standards:

No matters reported

Section III - Findings and Questioned Costs Relating to Federal Awards

No matters reported

Section IV - Summary Schedule of Prior Audit Findings

Not applicable