




Salida Hospital District d/b/a Heart of the Rockies Regional Medical Center

Independent Auditor's Report and Financial Statements

December 31, 2024 and 2023



**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
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December 31, 2024 and 2023**

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Independent Auditor's Report

Board of Directors
Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Salida, Colorado

Opinion

We have audited the financial statements of Salida Hospital District d/b/a Heart of the Rockies Regional Medical Center (the Medical Center), as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Medical Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Salida Hospital District d/b/a Heart of the Rockies Regional Medical Center as of December 31, 2024 and 2023, and the 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 (GAAS). 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 Medical Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Medical Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Medical Center's ability to continue as a going concern for a reasonable period of time

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Medical Center's basic financial statements. The combining statements of net position, combining statements of revenues, expenses and changes in net position, and budgeted and actual revenues and expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining statements of net position, combining statements of revenues, expenses and changes in net position, and budgeted and actual revenues and expenses are fairly stated in all material respects in relation to the financial statements as a whole.

Forvis Mazars, LLP

Denver, Colorado
April 4, 2025

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Management’s Discussion and Analysis (Unaudited)
Years Ended December 31, 2024 and 2023**

Introduction

Management’s discussion and analysis of the financial performance of Salida Hospital District, d/b/a Heart of the Rockies Regional Medical Center (the Medical Center or “HRRMC”), provides an overview of the Medical Center’s financial activities for the years ended December 31, 2024, and 2023, with comparative information for 2022. This discussion should be read in conjunction with the accompanying financial statements. The financial data presented in this analysis pertains to both Heart of the Rockies Regional Medical Center and its blended component unit, Salida Hospital Foundation, doing business as the Heart of the Rockies Regional Medical Center Foundation (collectively referred to as “the Organization”).

Heart of the Rockies Regional Medical Center (HRRMC) – 2024 Operational And Strategic Highlights

Heart of the Rockies Regional Medical Center (HRRMC) is a critical access hospital offering a wide range of inpatient and outpatient services, including Level 4 emergency care, surgical services, maternity care, specialty care, and primary care clinics. HRRMC also operates four rural health clinics, two of which are located outside its governmental district, extending our community support footprint and strengthening our regional healthcare presence.

Operational and Financial Success Amid Challenges

In 2024, HRRMC demonstrated continued operational and financial success despite the staffing challenges associated with its rural destination location. Through a balanced focus on strategic and operational priorities—including service, people, quality, finance, facilities, growth, and physician relations—the Medical Center effectively managed expenses within its growth curve.

Key Expansion Activities in 2024

HRRMC initiated and/or completed several significant expansion projects in 2024, including:

- Pharmacy Renovation and Clean Room Suite: A major renovation and build-out of the pharmacy improved workflow efficiencies and enabled the addition of a clean room suite to enhance support for infusion services.
- Land Improvements for Increased Patient Access: Investments in land improvements supporting current and future patient access needs.
- Wound Care and Surgery Clinic Development: Expanded programmatic development for wound care and surgical services.
- Outreach and Market Expansion: Increased outreach services to capture market share and provide specialty services to outlying regions.
- Introduction of New Technologies: Adoption of advanced treatment options, including:
 - o Inspire Therapy to address obstructive sleep apnea.
 - o Aquablation Therapy as a minimally invasive alternative to transurethral resection of the prostate (TURP).

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- Delnay Guest House: Addressing Housing and Hospitality Needs

In partnership with the HRRMC Foundation, the Medical Center began construction of the Delnay Guest House in 2024. This facility will provide:

- o Hospitality housing for patients traveling from distant locations to receive care.
- o Temporary housing to address the housing challenges faced by caregivers relocating to the region.

Commitment to “Keeping Care Local”

HRRMC remains committed to its mission of “keeping care local” by continuously expanding services and infrastructure to meet the healthcare needs of our community. Our history of growth reflects this ongoing commitment.

Strategic Growth Timeline

- 2008: Construction of a replacement facility.
- 2012 & 2015: Surgical, clinic, and support area expansions.
- 2016: Establishment and accreditation of a cardiac rehabilitation program.
- 2017: Certification of an outpatient dialysis clinic by the Centers for Medicare and Medicaid Services (CMS).
- September 2020: Achievement of Joint Commission Accreditation, a milestone reaffirmed in 2023.

Continued Growth in Primary and Specialty Care

HRRMC has persistently expanded its primary and specialty care services to meet growing community demand, including:

- 2011: Acquisition of HRRMC Buena Vista Health Center.
- 2019: Establishment of HRRMC Salida Health Center and HRRMC Saguache Health Center, both of which became rural health clinics in 2020.
- 2020: Formation of HRRMC Custer County Health Center.
- March 2023: Launch of HRRMC South Park Health Care.
- November 2023: Establishment of HRRMC Custer County Pharmacy.

Growth in Specialty Services and Provider Expansion

HRRMC has experienced significant growth in physician specialty services and provider employment since 2014. This trend continues into 2024, supported by the acquisition of an additional on-campus clinic location in 2023 to house more provider specialists and services.

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Future Expansion Plans for 2025

Looking ahead, HRRMC has budgeted major facility expansions for 2025 to address the growing demand for:

- Surgical Services and Diagnostic Imaging Capacity
- Future Specialty Services and Outpatient Care

Through these initiatives, HRRMC is poised to enhance healthcare delivery, improve patient outcomes, and strengthen our position as a leader in regional healthcare.

Financial Highlights (Organization)

Cash and Investments: Increased by \$15,577,604 in 2024, compared to an increase of \$10,452,445 in 2023.

Net Position: Rose by \$20,952,590 (16%) in 2024, compared to an increase of \$15,220,025 (15%) in 2023.

Heart of the Rockies Regional Medical Center (Medical Center)

- Cash and Investments: Increased by \$16,938,781 (21%) in 2024, compared to an increase of \$10,302,104 (14%) in 2023.
- Net Position: Increased by \$22,291,388 (17%) in 2024, compared to an increase of \$15,091,684 (13%) in 2023.
- Operating Income: Increased by \$4,728,383 (43%) in 2024, following a decrease of \$1,517,819 (12%) in 2023.
- Total Operating Revenues: Increased by \$22,372,612 (17%) in 2024, compared to an increase of \$12,461,362 (10%) in 2023.
- Total Operating Expenses: Increased by \$17,644,229 (14%) in 2024, compared to an increase of \$13,979,181 (13%) in 2023.

Salida Hospital Foundation (Foundation)

- Cash and Investments: Decreased by \$1,361,177 (40%) in 2024, after increasing by \$150,341 (5%) in 2023.
- Net Position: Decreased by \$1,338,798 (40%) in 2024, following an increase of \$128,341 (4%) in 2023.

Using This Annual Report

This report includes the Organization's financial statements:

- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows

These statements provide a comprehensive view of the Organization's activities, including resources held by the Foundation that are restricted for specific purposes by creditors, contributors, grantors, or enabling legislation.

**Salida Hospital District
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Management’s Discussion and Analysis (Unaudited)
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The Statement of Net Position & Statement of Revenues, Expenses, and Changes in Net Position

A critical question for any organization’s financial review is: “Has the Organization’s overall financial position improved or worsened over the past year?”

These two statements help answer that question. They detail the Organization’s resources, liabilities, and activities on an accrual basis of accounting, including both restricted and unrestricted assets. All revenues and expenses for the current year are reflected, regardless of when cash transactions occurred.

These statements show the Organization’s net position—the difference between assets, liabilities, and deferred inflows of resources. Tracking changes in net position over time helps assess whether the Organization’s financial health is improving or declining. It’s important to also consider non-financial factors such as patient base changes, regulatory shifts, service quality, and local economic conditions when evaluating overall financial health.

The Statement of Cash Flows

The Statement of Cash Flows answers key questions about the Organization’s cash activity:

- *Where did cash come from?*
- *What was cash used for?*
- *What was the change in cash and cash equivalents during the reporting periods?*

The Organization’s Net Position

The Organization’s combined net position increased by \$20,952,590 (16%) in 2024, as shown in Table 1, representing the difference between assets, liabilities, and deferred inflows of resources.

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

Noteworthy changes in the Organization’s assets, liabilities and deferred inflows of resources for 2024 are the increases in current and non-current cash and investments, net accounts receivable, other current assets and current liabilities and the decrease in investments internally designated by the Board of Directors.

Changes of note in 2023 are the increases in current and non-current cash and investments, net capital assets and current liabilities and the decrease in investments internally designated by the Board of Directors.

**Salida Hospital District
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Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets			
Cash and cash equivalents	\$ 55,224,374	\$ 39,738,935	\$ 31,720,393
Patient accounts receivable, net	20,569,913	19,017,558	18,428,169
Cash and investments internally designated by Board of Directors, current	17,391,781	18,126,629	19,774,147
Other current investments	130,722	130,722	1,159,104
Other current assets	8,524,348	6,461,589	6,861,111
Capital, leased and subscription assets, net	62,292,419	60,717,007	56,374,756
Noncurrent cash and investments	28,126,435	27,299,422	22,189,619
Investment in joint venture	338,010	312,035	249,020
Other assets	1,150,557	362,895	984,782
Total Assets	<u>\$ 193,748,559</u>	<u>\$ 172,166,792</u>	<u>\$ 157,741,101</u>
Liabilities and Deferred Inflows of Resources			
Current liabilities (including current maturities on long-term debt)	\$ 15,993,905	\$ 14,724,221	\$ 13,287,195
Long-term debt, lease and subscription liabilities	21,668,355	23,089,561	24,641,841
Deferred inflows of resources	1,221,420	440,721	1,119,801
Total Liabilities and Deferred Inflows of Resources	<u>38,883,680</u>	<u>38,254,503</u>	<u>39,048,837</u>
Net Position			
Net investment in capital assets	38,406,383	35,485,983	29,582,301
Restricted			
Expendable	761,854	2,155,701	2,108,769
Nonexpendable	40,000	40,000	40,000
Unrestricted	115,656,642	96,230,605	86,961,194
Total Net Position	<u>154,864,879</u>	<u>133,912,289</u>	<u>118,692,264</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 193,748,559</u>	<u>\$ 172,166,792</u>	<u>\$ 157,741,101</u>

2024 Financial Overview

The increase in cash and cash equivalents in 2024 is primarily driven by improvements in net position and a rise in total liabilities, mainly attributable to higher current liabilities associated with increased volume and the timing of payments. Conversely, the increase in cash and cash equivalents in 2023 was fueled by operating cash flows, including a shift in third-party settlements—from a net receivable of \$614,525 in 2022 to a payable of \$1,291,420—and a rise in current liabilities of \$1,437,026.

**Salida Hospital District
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Management's Discussion and Analysis (Unaudited)
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Net Patient Accounts Receivable

In 2024, net patient accounts receivable increased by \$1,552,355, representing an approximate 8% rise. This reflects a reduction in net days outstanding from 53.6 to 50.0, despite a 12% overall increase in gross revenues. However, ongoing staffing gaps in key revenue cycle leadership roles continue to pose challenges, impacting the Medical Center's revenue cycle performance throughout 2024.

Other Current Assets

Other current assets increased by \$1,366,297, or 114%, in 2024. This increase is attributed to a rise in inventory by \$1,539,900, an increase in other receivables by \$951,835 (which includes tax revenue not levied in 2023 due to delays caused by a special Governor's session), and an increase in prepaid expenses of \$412,126. In contrast, other current assets decreased by \$399,522, or 6%, in 2023, primarily due to third-party settlements resulting in a net payable of \$1,291,420 (reversing the net receivable recognized in 2022) and an \$802,774 (18%) increase in inventories.

Net Capital, Leased, and Subscription Assets

In 2024, net capital, leased, and subscription assets increased by \$1,575,412, reflecting capital purchases of \$8,013,527, offset by disposals and accumulated depreciation. In comparison, 2023 saw a more significant increase of \$4,342,251, driven by capital purchases of \$10,431,502, also offset by disposals and accumulated depreciation.

Non-Current Cash and Investments

Non-current cash and investments grew by \$827,013 in 2024, benefiting from an improved interest rate environment for converted positions. In 2023, non-current cash and investments saw a more substantial increase of \$5,109,803, reflecting the positive impact of a favorable interest rate environment within the Medical Center's laddered portfolio. Additionally, a decrease of \$1,028,382 in other current investments helped lock in favorable rates for longer-term positions.

Debt Position

The Medical Center maintains a privately placed 20-year promissory note with a fixed interest rate of 2.96%. Outstanding notes payable totaled \$22,825,000 as of December 31, 2024, down from \$24,390,000 at year-end 2023. It is important to note that the Medical Center's formal debt issuances remain subject to limitations imposed by state law.

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Operating Results and Changes in the Organization's Net Position

In 2024, the Organization's increase in net position was \$20,952,590 as shown in Table 2. This increase is made up of the following components:

Table 2: Operating Results and Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating Revenues			
Net patient service revenue, net	\$ 150,676,734	\$ 129,529,195	\$ 117,488,130
Other operating revenue	6,964,636	5,739,563	5,319,266
Total Operating Revenues	<u>157,641,370</u>	<u>135,268,758</u>	<u>122,807,396</u>
Operating Expenses			
Salaries, wages and employee benefits	82,438,592	71,696,262	62,099,507
Purchased services and professional fees	8,745,219	8,231,281	7,895,722
Depreciation and amortization	6,437,199	6,090,430	6,130,257
Other operating expenses	44,404,399	38,349,624	34,260,971
Total Operating Expenses	<u>142,025,409</u>	<u>124,367,597</u>	<u>110,386,457</u>
Operating Income	<u>15,615,961</u>	<u>10,901,161</u>	<u>12,420,939</u>
Nonoperating Revenues (Expenses)			
Property taxes	960,588	828,955	(1,118,314)
Interest income	4,380,854	2,874,362	680,751
Other nonoperating revenues and expenses, net	(98,992)	377,507	(451,266)
Net Nonoperating Revenues (Expenses)	<u>5,242,450</u>	<u>4,080,824</u>	<u>(888,829)</u>
Gifts and Grants to Purchase Capital Assets	<u>94,179</u>	<u>238,040</u>	<u>135,770</u>
Increase in Net Position	<u>\$ 20,952,590</u>	<u>\$ 15,220,025</u>	<u>\$ 11,667,880</u>

Operating Income

The first component of the overall change in the Organization's net position for 2024 and 2023 is its operating income (loss) – generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. In each of the past three years the Medical Center has reported operating income.

Medical Center Vision and 2024 Financial Performance

The Medical Center's vision is to be the healthcare provider of choice for its region and a world-class rural healthcare organization. HRRMC strives to deliver personalized and exceptional healthcare while maintaining a strong financial position to withstand the industry's uncertain regulatory environment, declining reimbursements, and rising costs. Despite ongoing challenges, including increasing personnel expenses, the Medical Center achieved strong financial performance in 2024.

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Management's Discussion and Analysis (Unaudited)
Years Ended December 31, 2024 and 2023**

Operating Income Growth

The Organization's operating income increased by \$4,714,800 (43%) in 2024 and decreased by \$1,519,778 (12%) in 2023. Key contributors to these changes include:

Net Patient Service Revenue: Increased by \$21,147,539 (16%) in 2024 and \$12,041,065 (10%) in 2023.

- Gross Patient Revenue: Increased by \$36,517,980 (12%) in 2024 and \$49,711,866 (20%) in 2023, driven by:
 - An aggregate price increase of 5% in both 2024 and 2023.
 - Volume changes impacting gross revenue, including:
 - Discharges: Decreased by 5% in 2024 and 4% in 2023, while the average length of stay increased by 1% and 7%, respectively. Patient days declined by 3.5% in 2024 but rose by 3% in 2023.
 - Observation Service Hours: Increased by 44% in 2024, reflecting the impact of third-party payor criteria driving a shift from inpatient stays to observation status.
 - Emergency Department Visits: Decreased by 0.7% in 2024 but increased by 5% in 2023.
 - Total Outpatient Visits: Increased by 5% in 2024 and 13% in 2023.
 - Outpatient Surgeries: Increased by 2% in 2024 and 16% in 2023. However, fourth-quarter 2024 surgical volumes were negatively impacted by a fluid supply shortage caused by Hurricane Helene.
 - Rehabilitation Services: Increased by 13% in 2024 and 5% in 2023.
 - Infusion Department Visits: Increased by 2% in 2024 and 5% in 2023.
 - Imaging Services: Including CT, MRI, x-rays, fluoroscopy, mammography, and nuclear medicine, increased by 10% in 2024 and 14% in 2023.
 - Lab Volume: Increased by 6% in 2024 and 16% in 2023.
 - Dialysis Clinic Treatments: Decreased by 12% in 2024 and increased by 19% in 2023.
 - Total Clinic Visits: Increased by 10% in 2024 and 23% in 2023.
- Deductions and Reimbursement Impact
 - Deductions as a Percentage of Gross Revenue:
 - Decreased by 2.8% in 2024.
 - Increased by 4% in 2023, primarily due to changes in listed service prices and reimbursement rates from third-party payors.
 - Medicare Sequestration: The 2% Medicare sequestration resulted in deductions of \$466,825 in 2024 and \$415,000 in 2023, following a graduated reimplemention in 2022 (1% in April and 2% in July).

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- Medicaid Supplemental Payments: Deductions were reduced by Medicaid supplemental payments amounting to \$10,544,500 in 2024 and \$7,524,858 in 2023 under the Colorado Healthcare Accountability and Sustainability Enterprise Legislation.
- Cost Report Settlements: Reduced Medicare deductions by \$164,525 (0.05%) of gross revenue in 2024 but increased deductions by \$1,905,945 (0.8%) in 2023, reflecting changes in cost, volume, and interim per diem rates.
- Charity and Other Deductions:
 - Increased by \$1,042,412 (holding at 0.6% of gross revenue) in 2024.
 - Increased by \$686,629 (from 0.5% to 0.6% of gross revenue) in 2023.
 - Supplemental Colorado Indigent Care Program (CICP) payments of \$801,025 in 2024 underfunded CICP write-offs by \$1,903,469, while 2023 payments of \$563,647 exceeded write-offs by \$189,568.

Salaries, Wages, and Benefits

- Increased by \$10,742,330 (15%) in 2024 and \$9,596,755 (15%) in 2023.
- Full-Time Equivalents (FTEs):
 - Increased by 48.6 FTEs (9%) in 2024, including 39.3 FTEs in nursing and physician clinic services and a net increase of 14.7 FTEs in other patient care and support services.
 - Increased by 57.1 FTEs in 2023, with a similar distribution of roles.
- Vacancy Rates: Increased from 4.6% in 2023 to 5.1% in 2024, representing approximately 30 FTEs.
- Employee Health Plan: Self-insured employee health plan expenses increased by \$2,162,588 in 2024 and \$211,032 in 2023, reflecting the inherent volatility in small, self-insured plans and increased covered members. Health insurance costs represent approximately 16% of salary dollars in 2024, an increase from 2023 which approximated 14.5%. Employee contribution rates have remained unchanged despite the volatility.
- Targeted Retention and Recruitment Programs:
 - 2024 increases were driven by targeted salary programs addressing critical staffing needs.
 - Both 2024 and 2023 included a 3% average performance-based salary increase.
 - Turnover rates fell to 19% in 2024, down from 20.6% in 2023. Both years fall below the most recent NSI National Healthcare Retention benchmark (20.2% for hospitals in the South-Central region - which includes Colorado).

Purchased Services and Professional Fees

- Increased by \$513,938 (6%) in 2024 and \$335,559 (4%) in 2023.
- Purchased services and professional fees were adjusted to reclassify contract labor expenses as salaries, wages, and benefits to more accurately reflect labor costs. This reclassification was applied to all periods presented.

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Depreciation and Amortization

- Increased by \$346,769 (0.2%) of total operating expenses in 2024.
- Decreased by \$39,827 (0.1%) of total operating expenses in 2023.
- Depreciation and amortization expenses reflect the cost of capital and leased asset purchases and their estimated useful lives. The Medical Center's Average Age of Plant was 10.0 years in 2024 and 9.7 years in 2023, favorable compared to the 2023 Becker's benchmark of 12.7 years.

Supplies and Pharmaceutical Expenses

- Supplies Expense: Representing almost 70% of other operating expenses, increased by \$4,500,538 (17%) in 2024 and \$3,043,551 (13%) in 2023.
- Medical and Departmental Supplies: Increased by 7% in 2024 and 13% in 2023, reflecting volume and service line changes.
- Pharmaceutical Expense: Increased by 20% in 2024 and 11% in 2023 due to volume variances in both hospital and retail pharmacies, with respective increases of 5.2% and 22%. Infusion services continued to grow, with a 2% volume increase in 2024 following a 5% increase in 2023.

Non-Operating Revenues and Expenses

Non-operating revenues and expenses primarily consist of net investment income, property taxes levied by the Medical Center, and interest expenses.

The Medical Center was established to serve the residents of the Salida Hospital District in Chaffee, Fremont, and Saguache counties. It levies property taxes, which contribute approximately 0.6% of its net financial support. Property taxes saw an increase of 16% in 2024 and a significant 235% in 2023 – the 2023 increase was primarily driven by the TABOR (Taxpayer's Bill of Rights) refund initiated in 2022, which helped bring the Medical Center into compliance with statutory property tax revenue limitations.

Net investment income rose by 53.9% in 2024 and 130% in 2023, reflecting changes in the balance between short- and long-term investments in the portfolio and alongside fluctuations in interest rates available. The Medical Center also recorded unrealized gains on investments of \$73,454 in 2024 and \$785,833 in 2023.

Capital and Operating Gifts

The Medical Center receives capital and operating gifts from donors, private foundations, and other grant sources to support specific programs. In 2024, grants recognized totaled \$1,883,298, a significant increase compared to \$503,556 in 2023. Of the grants received in 2024, \$1,716,045 are gifts and grants to purchase capital assets. During 2024, the Foundation contributed \$1,621,866 toward the Delnay Guest House; however, this intra-organizational contribution was eliminated upon consolidation.

In both years, funding included grants from the Department of Local Affairs (DOLA) for equipment purchases benefiting two rural health clinics, as well as support from the Women's Wellness Connection Program to enhance access to diagnostic services. Additionally, in 2023, the Medical Center received funding from the South Park Hospital District to assist with the transition and operationalization of HRRMC South Park Health Care.

The Medical Center's Cash Flows

Changes in the Medical Center's cash flows align with shifts in operating revenues, expenses, and non-operating revenues, as discussed throughout this report.

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d/b/a Heart of the Rockies Regional Medical Center
Management’s Discussion and Analysis (Unaudited)
Years Ended December 31, 2024 and 2023**

Other Economic Factors

Management believes several factors contribute to the Medical Center’s financial risks. These factors include challenges related to physician and staff recruitment and retention, a shortage of affordable housing, and lower-than-average income trends within the Medical Center’s service area. Additionally, potential impacts from healthcare legislation at the national and state levels—focused on budget reductions, changes to or repeal of the Patient Protection and *Affordable Care Act*, and reimbursement adjustments—are notable risks. Other key concerns include the ongoing changes to Facility-Based Billing, constraints within the 340B program, and the continuation of the Colorado Public Option payer system.

Contacting the Medical Center’s Financial Management

This financial report is designed to provide a general overview of the Medical Center’s finances to our patients, suppliers, taxpayers, and creditors, showcasing the Medical Center’s accountability for the funds it receives. For questions regarding this report or requests for additional financial information, please contact the Medical Center’s Financial Administration at 719.530.2213.

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Statements of Net Position
December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 55,224,374	\$ 39,738,935
Certificates of deposit	130,722	130,722
Patient accounts receivable, net of allowance for uncollectible accounts; 2024 - \$7,778,899 and 2023 - \$9,435,858	20,569,913	19,017,558
Inventories	6,803,490	5,263,590
Prepaid expenses and other	1,720,858	1,197,999
Cash and investments internally designated by Board of Directors, current	<u>17,391,781</u>	<u>18,126,629</u>
Total Current Assets	<u>101,841,138</u>	<u>83,475,433</u>
Noncurrent Cash and Investments		
Cash and investments internally designated by Board of Directors	26,807,591	24,603,722
Certificates of deposit	500,000	500,000
Externally restricted by donors	<u>818,844</u>	<u>2,195,700</u>
Total Noncurrent Cash and Investments	<u>28,126,435</u>	<u>27,299,422</u>
Investment in Joint Venture	<u>338,010</u>	<u>312,035</u>
Capital, Leased and Subscription Assets, Net	<u>62,292,419</u>	<u>60,717,007</u>
Other Assets		
Lease receivable	283,119	362,895
Property taxes receivable	<u>867,438</u>	<u>-</u>
Total Assets	<u>\$ 193,748,559</u>	<u>\$ 172,166,792</u>

Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Statements of Net Position
December 31, 2024 and 2023

(Continued)

	<u>2024</u>	<u>2023</u>
LIABILITIES DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Accounts payable	\$ 4,065,953	\$ 3,969,711
Accrued compensation and compensated absences	5,479,192	4,882,997
Current maturities of long-term debt, lease and subscription liabilities	1,745,479	1,680,034
Estimated amounts due to third-party payers	1,126,895	1,291,420
Other current liabilities	2,276,386	1,680,059
Estimated self-insurance costs	1,300,000	1,220,000
Total Current Liabilities	<u>15,993,905</u>	<u>14,724,221</u>
Other Liabilities		
Long-term debt, lease and subscription liabilities	<u>21,668,355</u>	<u>23,089,561</u>
Total Other Liabilities	<u>21,668,355</u>	<u>23,089,561</u>
Total Liabilities	<u>37,662,260</u>	<u>37,813,782</u>
Deferred Inflows of Resources		
Lease related	353,982	440,721
Property tax related	867,438	-
Total Deferred Inflows of Resources	<u>1,221,420</u>	<u>440,721</u>
Total Liabilities and Deferred Inflows of Resources	<u>38,883,680</u>	<u>38,254,503</u>
Net Position		
Net investment in capital assets	38,406,383	35,485,983
Restricted - expendable for		
Scholarships	70,013	58,062
Capital acquisitions	38,471	1,477,832
Other	653,370	619,807
Restricted nonexpendable	40,000	40,000
Unrestricted	115,656,642	96,230,605
Total Net Position	<u>154,864,879</u>	<u>133,912,289</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 193,748,559</u>	<u>\$ 172,166,792</u>

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2024 - \$5,018,792 and 2023 - \$4,505,472	\$ 150,676,734	\$ 129,529,195
Other operating revenue	6,964,636	5,739,563
Total Operating Revenues	<u>157,641,370</u>	<u>135,268,758</u>
Operating Expenses		
Salaries and wages	66,179,452	58,516,128
Employee benefits	16,259,140	13,180,134
Supplies	30,834,310	26,333,761
Purchased services	4,555,479	4,261,239
Professional fees	4,189,740	3,970,042
Depreciation and amortization	6,437,199	6,090,430
Provider fee expense	3,340,832	2,944,299
Repairs and maintenance	3,874,885	3,348,844
Lease and rental	79,567	104,353
Utilities	952,880	966,736
Insurance	707,624	587,428
Other expenses	4,614,301	4,064,203
Total Operating Expenses	<u>142,025,409</u>	<u>124,367,597</u>
Operating Income	<u>15,615,961</u>	<u>10,901,161</u>
Nonoperating Revenues (Expenses)		
Property taxes	960,588	828,955
Interest income	4,380,854	2,874,362
Noncapital grants and gifts	463,995	294,258
Gain on investments	73,454	785,833
Interest expense	(731,113)	(774,161)
Gain on sale of capital assets	18,992	55,300
Gain on investment in equity investee	213,737	113,015
Other expenses	(138,057)	(96,738)
Total Nonoperating Revenues (Expenses)	<u>5,242,450</u>	<u>4,080,824</u>
Excess of Revenues Over Expenses Before Capital Gifts	20,858,411	14,981,985
Gifts and Grants to Purchase Capital Assets	<u>94,179</u>	<u>238,040</u>
Increase in Net Position	20,952,590	15,220,025
Net Position, Beginning of Year	<u>133,912,289</u>	<u>118,692,264</u>
Net Position, End of Year	<u>\$ 154,864,879</u>	<u>\$ 133,912,289</u>

Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Receipts from, and on behalf of, patients	\$ 149,544,274	\$ 131,641,078
Payments to suppliers and contractors	(40,654,154)	(37,179,119)
Payments to employees	(81,842,397)	(70,777,823)
Other payments, net	(7,031,787)	(5,714,692)
Net Cash Provided by Operating Activities	<u>20,015,936</u>	<u>17,969,444</u>
Cash Flows from Noncapital Financing Activities		
Property taxes supporting operations	960,588	828,955
Noncapital grants and gifts	463,995	251,758
Other nonoperating expense	(138,057)	(96,738)
Net Cash Provided by Noncapital Financing Activities	<u>1,286,526</u>	<u>983,975</u>
Cash Flows from Capital and Related Financing Activities		
Gifts to purchase capital assets	94,179	238,040
Principal paid on long-term debt, lease and subscription liabilities	(1,694,094)	(1,744,970)
Interest paid on long-term debt, lease and subscription liabilities	(742,694)	(785,409)
Purchase of capital and leased assets	(8,045,319)	(10,014,630)
Proceeds from the sale of capital assets	21,000	55,300
Net Cash Used in Capital and Related Financing Activities	<u>(10,366,928)</u>	<u>(12,251,669)</u>
Cash Flows from Investing Activities		
Purchase of investments	(22,127,063)	(23,019,873)
Proceeds from disposition of investments	20,459,377	20,939,877
Investment income	4,547,075	4,523,871
Net Cash Provided by Investing Activities	<u>2,879,389</u>	<u>2,443,875</u>
Increase in Cash and Cash Equivalents	13,814,923	9,145,625
Cash and Cash Equivalents, Beginning of Year	<u>44,641,844</u>	<u>35,496,219</u>
Cash and Cash Equivalents, End of Year	<u>\$ 58,456,767</u>	<u>\$ 44,641,844</u>

Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

(Continued)

	<u>2024</u>	<u>2023</u>
Reconciliation of Cash and Cash Equivalents to the Statements of Net Position		
Cash and cash equivalents	\$ 55,224,374	\$ 39,738,935
Cash in noncurrent cash and investments		
Internally designated	2,413,549	2,707,209
Externally restricted by donors	<u>818,844</u>	<u>2,195,700</u>
Total Cash and Cash Equivalents	<u>\$ 58,456,767</u>	<u>\$ 44,641,844</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 15,615,961	\$ 10,901,161
Depreciation and amortization	6,437,199	6,090,430
Provision for uncollectible accounts	5,018,792	4,505,472
Changes in operating assets and liabilities		
Patient accounts receivable, net	(5,986,727)	(4,299,534)
Estimated amounts due from and to third-party payers	(164,525)	1,905,945
Accounts payable and accrued expenses	1,061,470	(892,864)
Other assets and liabilities	<u>(1,966,234)</u>	<u>(241,166)</u>
Net Cash Provided by Operating Activities	<u>\$ 20,015,936</u>	<u>\$ 17,969,444</u>
Supplemental Cash Flows Information		
Capital asset acquisition included in accounts payable	\$ 473,409	\$ 824,442
Liabilities for lease and subscription assets	338,333	140,554

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

Nature of Operations and Reporting Entity

The financial statements include Salida Hospital District d/b/a Heart of the Rockies Regional Medical Center (the Medical Center) and its component unit Salida Hospital Foundation d/b/a Heart of the Rockies Regional Medical Center Foundation (the Foundation), which has been included in these financial statements using the blended method. The Medical Center and the Foundation are collectively referred to as the Organization. All significant intercompany balances and transactions have been eliminated.

The Medical Center is a 25-bed acute care facility in Salida, Colorado designated as a Critical Access Hospital (CAH). The Medical Center is governed by a Board of Directors, which is elected by Salida Hospital District residents. The Medical Center primarily earns revenues by providing inpatient and outpatient acute care and multi-specialty physician clinic services to patients from and visiting Chaffee, Fremont and Saguache counties.

Foundation

The Foundation is a legally separate, tax-exempt component unit of the Medical Center. The Foundation's primary function is to raise and hold funds to support the Medical Center and its programs.

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

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets and liabilities and deferred inflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants and county appropriations) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific (such as county appropriations), property taxes, investment income and interest on capital assets-related debt are included in nonoperating revenues and expenses. The Organization first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net positions are available.

Use of Estimates

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

Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. The Organization does not consider uninvested cash held in investment accounts as cash or cash equivalents. At December 31, 2024 and 2023, cash equivalents consisted primarily of repurchase agreements secured by ownership in *Public Deposit Protection Act* qualifying securities.

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Notes to Financial Statements
December 31, 2024 and 2023**

Investments and Investment Income

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at the time of acquisition and in nonnegotiable certificates of deposit are carried at fair value. The investment in joint venture is reported on the equity method of accounting. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes interest income, realized gains and losses on investments carried at other than fair value and the net change for the year in the fair value of investments carried at fair value.

Patient Accounts Receivable

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

Inventories

Supply inventories are stated at the lower of cost, determined by using an average calculated cost which approximates the first-in, first-out method, or market.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the Medical Center:

Land improvements	2 – 25 years
Buildings and improvements	5 – 40 years
Equipment	3 – 20 years

Lease Assets

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

Subscription Assets

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

Capital, Lease and Subscription Asset Impairment

The Medical Center evaluates capital, lease and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital, leased or subscription asset has occurred. If a capital, lease or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the historical cost and related accumulated depreciation or amortization is decreased by the amount of the impairment loss.

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Notes to Financial Statements
December 31, 2024 and 2023**

No asset impairment was recognized during the years ended December 31, 2024 and 2023.

Compensated Absences

The Medical Center policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. A liability is accrued for compensated absences as the benefits are earned if the leave is more likely than not to be used for time off or settled in cash.

Compensated absence liabilities are computed using the regular pay and termination pay rates, as applicable, in effect at the balance sheet date plus an additional amount for salary-related payments such as social security and Medicare taxes computed using rates in effect at that date. The estimated compensated absences liability expected to be paid more than one year after the balance sheet date is included in other long-term liabilities.

Risk Management

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

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

Deferred Inflows of Resources

The Medical Center reports an acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in separate sections of its statements of net position.

Net Position

Net position of the Organization is classified in four components on its statements of net position.

- Net investment in capital assets consists of capital, leased and subscription assets net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowings, lease and subscription liabilities used to finance the purchase or construction of those assets
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the Organization, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings
- Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the Organization, such as permanent endowments
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Notes to Financial Statements
December 31, 2024 and 2023**

Net Patient Service Revenue

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

Charity Care

The Medical Center provides charity care to patients who qualify under the Colorado Indigent Care Program (the Program) and/or its own charity care policy. The Program provides reimbursement for services at less than the Medical Center's established rates. The amount of charity care is included in net patient service revenue and is not separately classified from the provision for uncollectible accounts.

Property Taxes

The Medical Center received approximately 1% of its gross financial support from property taxes in 2024 and 2023. These funds were used to support operations. Taxes are recorded as revenue in the year they are assessed.

Income Taxes

As an essential government function of the counties, the Medical Center is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the Medical Center is subject to federal income tax on any unrelated business taxable income.

The Foundation is an entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code.

Implementation of New Accounting Standard

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, *Compensated Absences*. The new accounting guidance updates the recognition and measurement guidance for compensated absences under a unified model.

Specifically, the new standard clarifies that a liability should be recorded for compensated absences that are more likely than not to be paid or otherwise settled. Additionally, it amends certain existing disclosure requirements.

The government adopted this standard on January 1, 2024, and applied it retrospectively to the earliest period presented. There was no effect on beginning net position as of January 1, 2023.

Note 2. Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the state Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments.

The Medical Center's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Notes to Financial Statements
December 31, 2024 and 2023**

The amendment excludes enterprises from its provisions. Enterprises are defined as government-owned businesses authorized to issue revenue bonds and that receive less than 10% of their annual revenue in grants from all state and local governments combined. The Medical Center is of the opinion that its operations qualify for this exclusion.

Note 3. Charity Care

The costs of charity care provided under the Medical Center's charity care policy and participation in the Colorado Indigent Care Program were approximately \$230,900 and \$402,400, respectively, in 2024 and 2023. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges. Applications for charitable assistance have been significantly reduced by the Medicaid expansion under the *Affordable Care Act*.

Note 4. Net Patient Service Revenue

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

Medicare. Inpatient acute care services rendered to Medicare program beneficiaries are paid on a cost reimbursed basis. Certain outpatient services related to Medicare beneficiaries are paid based on a combination of fee schedules and a cost-reimbursement methodology. The Medical Center is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare Administrative Contractor.

Medicaid. Reimbursements for Medicaid inpatient services are generally paid at prospectively determined rates per discharge, per occasion of service or per covered member similar to Medicare. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Medical Center is reimbursed for cost-reimbursable services at tentative rates, with final settlement determined after submission of annual cost reports by the Medical Center. Reimbursements for Medicaid outpatient services are paid prospectively under the Enhanced Ambulatory Patient Grouping (EAPG) System, to a patient classification system that is based on clinical, diagnostics, and other factors.

Approximately 52% and 53% of net patient service revenues are from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2024 and 2023, respectively. Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

The Medical Center has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to the Medical Center under these agreements includes discounts from established charges for hospital facility services and percentages above the Medicare Fee Schedule for physician professional services.

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Notes to Financial Statements
December 31, 2024 and 2023**

The *Colorado Healthcare Affordability Act*, designated as House Bill 1293 (HB 1293), was passed during 2009 implementing a fee on hospitals to generate matching funds to the state of Colorado from federal sources. Implementation of this act occurred during April of 2010. HB 1293 was superseded by Senate Bill 17-267 which repealed the Hospital Provider Fee and created the Colorado Healthcare Accountability and Sustainability Enterprise (CHASE), with the following effect on the Medical Center's financial statements:

	<u>2024</u>	<u>2023</u>
Colorado Indigent Care Program - supplemental revenue	\$ 801,025	\$ 563,647
CHASE supplemental payments included in patient service revenue	10,544,501	7,524,858
CHASE fee expense	<u>(3,340,832)</u>	<u>(2,944,299)</u>
Effect of SB 17-267	<u>\$ 8,004,694</u>	<u>\$ 5,144,206</u>

Patient service revenue, after deductions for contractual allowances and uncollectible accounts, is as follows:

	<u>2024</u>		
	<u>Gross Revenue</u>	<u>Contractual Adjustments and Uncollectible Accounts</u>	<u>Net Patient Service Revenue</u>
Medicare	\$ 181,878,688	\$ 121,110,170	\$ 60,768,518
Medicaid	39,823,519	22,256,342	17,567,177
Other	<u>113,846,297</u>	<u>41,505,258</u>	<u>72,341,039</u>
Total	<u>\$ 335,548,504</u>	<u>\$ 184,871,770</u>	<u>\$ 150,676,734</u>
	<u>2023</u>		
	<u>Gross Revenue</u>	<u>Contractual Adjustments and Uncollectible Accounts</u>	<u>Net Patient Service Revenue</u>
Medicare	\$ 159,328,468	\$ 104,463,586	\$ 54,864,882
Medicaid	41,602,829	27,281,262	14,321,567
Other	<u>98,099,225</u>	<u>37,756,479</u>	<u>60,342,746</u>
Total	<u>\$ 299,030,522</u>	<u>\$ 169,501,327</u>	<u>\$ 129,529,195</u>

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Notes to Financial Statements
December 31, 2024 and 2023**

Note 5. Patients Accounts Receivable

The Medical Center grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. Patient accounts receivable at December 31, 2024 and 2023 consisted of:

	<u>2024</u>	<u>2023</u>
Medicare	\$ 21,809,629	\$ 21,630,708
Medicaid	4,347,173	4,964,057
Other third-party payers	21,850,068	19,017,375
Patients	<u>5,170,125</u>	<u>7,329,282</u>
	53,176,995	52,941,422
Less allowance for contractals and uncollectible accounts	<u>32,607,082</u>	<u>33,923,864</u>
Total	<u>\$ 20,569,913</u>	<u>\$ 19,017,558</u>

Note 6. Deposits and Investments

Deposits

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

The Colorado Public Deposit Protection Act (the PDPA) requires financial institutions to collateralize any uninsured public deposits. The bank balance is insured by federal insurance (FDIC) for up to \$250,000 for interest and noninterest bearing accounts. Any excess of deposit accounts over the FDIC limit that is not insured is covered by collateral pledged by the financial institution in accordance with the PDPA. Pledged collateral is reported to, and reviewed by, the Medical Center.

At December 31, 2024 and 2023, \$59,426,312 and \$44,818,264, respectively, of the Organization's bank balances of \$60,557,034 and \$45,939,256, respectively, were exposed to custodial credit risk as follows:

	<u>2024</u>	<u>2023</u>
Uninsured and uncollateralized	\$ -	\$ -
Insured (FDIC) or collateralized with securities held by the Organization	1,130,722	1,120,992
Uninsured and collateral held by the pledging financial institution's trust department or agent in other than the Organization's name	<u>59,426,312</u>	<u>44,818,264</u>
	<u>\$ 60,557,034</u>	<u>\$ 45,939,256</u>

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Notes to Financial Statements
December 31, 2024 and 2023**

Investments

The Organization may legally invest in investments in compliance with Colorado state law.

At December 31, 2024 and 2023, the Organization had the following investments and maturities:

<u>Type</u>	<u>Fair Value</u>	<u>2024</u>	
		<u>Maturities in Years</u>	
		<u>Less than 1</u>	<u>1-5</u>
U.S. Treasury and agency obligations	\$ 39,907,326	\$ 15,013,284	\$ 24,894,042
Money market funds	1,434,794	1,434,794	-
	<u>\$ 41,342,120</u>	<u>\$ 16,448,078</u>	<u>\$ 24,894,042</u>
<u>Type</u>	<u>Fair Value</u>	<u>2023</u>	
		<u>Maturities in Years</u>	
		<u>Less than 1</u>	<u>1-5</u>
U.S. Treasury and agency obligations	\$ 39,134,416	\$ 17,237,903	\$ 21,896,513
Money market funds	520,984	520,984	-
	<u>\$ 39,655,400</u>	<u>\$ 17,758,887</u>	<u>\$ 21,896,513</u>

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the Organization’s investment policy is limited to purchasing securities that mature in five years or less from the date of purchase. Money market funds are not permitted to invest in securities with maturities longer than one year and as such are considered to be in compliance with this policy.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Organization’s policy to limit new purchases of investments to only investments in compliance with Colorado State law. At December 31, 2024 and 2023, the Organization’s investments were in compliance with the policy, including the investments in money market funds which are unrated.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Organization will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk – The Organization will not have any single investment exceed one-third of the total portfolio, except for U.S. Treasury securities and federal agencies. At December 31, 2024 and 2023, the Organization had no investment concentration exceeding 5%.

Foreign Currency Risk – This risk is related to adverse effects on the fair value of an investment from changes in exchange rates. The Organization’s investment policy does not permit foreign currency holdings at December 31, 2024.

**Salida Hospital District
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Notes to Financial Statements
December 31, 2024 and 2023**

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the statements of net position as follows:

	<u>2024</u>	<u>2023</u>
Carrying value		
Deposits	\$ 59,082,026	\$ 45,267,443
Money market funds	1,434,794	520,984
Investments	39,907,326	39,134,416
Interest receivable	444,910	369,159
Cash on hand	4,256	3,706
	<u> </u>	<u> </u>
Total	<u>\$ 100,873,312</u>	<u>\$ 85,295,708</u>

Included in the following statements of net position captions:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 55,224,374	\$ 39,738,935
Certificates of deposit	130,722	130,722
Cash and investments internally designated by Board of Directors, current	17,391,781	18,126,629
Noncurrent cash and investments		
Certificates of deposit	500,000	500,000
Internally designated by Board of Directors	26,807,591	24,603,722
Externally restricted by donors	818,844	2,195,700
	<u> </u>	<u> </u>
Total	<u>\$ 100,873,312</u>	<u>\$ 85,295,708</u>

Investment Income

Investment income for the years ended December 31 consisted of:

	<u>2024</u>	<u>2023</u>
Interest income/realized gains	\$ 4,380,854	\$ 2,874,362
Net change in fair value of investments - unrealized gains and losses	73,454	785,833
	<u> </u>	<u> </u>
Total	<u>\$ 4,454,308</u>	<u>\$ 3,660,195</u>

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Notes to Financial Statements
December 31, 2024 and 2023**

Note 7. Disclosures About Fair Value of Assets

The Organization categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Organization has the following recurring fair value measurements as of December 31, 2024 and 2023:

- Money market funds of \$1,434,794 and \$520,984, respectively, are valued using quoted market prices (Level 1 inputs)
- U.S. Treasury and Agency obligations of \$39,907,326 and \$39,134,416, respectively, are valued using quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset (Level 2 inputs)

Note 8. Investment in Joint Venture

The investment in joint venture relates to a 50% ownership in Enhabit Home Health and Hospice, LLC. The joint venture began operations on January 1, 2006. Financial positions and results of operations of the investee are summarized below:

	2024 (Unaudited)	2023 (Unaudited)
Current assets	\$ 839,679	\$ 852,137
Property and other long-term assets, net	<u>42,884</u>	<u>46,604</u>
Total assets	<u>882,563</u>	<u>898,741</u>
Current liabilities	198,723	216,851
Long-term liabilities	<u>7,820</u>	<u>7,820</u>
Total liabilities	<u>206,543</u>	<u>224,671</u>
Members' equity	<u>\$ 676,020</u>	<u>\$ 674,070</u>
Net revenues	<u>\$ 2,319,366</u>	<u>\$ 2,278,524</u>
Net income	<u>\$ 427,474</u>	<u>\$ 226,030</u>

Salida Hospital District
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Notes to Financial Statements
December 31, 2024 and 2023

Note 9. Capital, Lease and Subscription Assets

Capital, lease and subscription assets activity for the years ended December 31, 2024 and 2023 are as follows.

	2024				Ending Balance
	Beginning Balance	Additions	Disposals and Retirements	Transfers	
Land	\$ 2,725,876	\$ -	\$ -	\$ -	\$ 2,725,876
Land improvements	9,856,943	56,365	-	353,716	10,267,024
Buildings and improvements	43,665,458	76,273	-	754,227	44,495,958
Equipment	58,524,458	2,569,593	(673,379)	502,485	60,923,157
Construction in progress	2,444,258	4,909,336	-	(1,610,428)	5,743,166
	<u>117,216,993</u>	<u>7,611,567</u>	<u>(673,379)</u>	<u>-</u>	<u>124,155,181</u>
Less accumulated depreciation					
Land improvements	5,610,099	609,718	-	-	6,219,817
Buildings and improvements	15,657,454	1,620,099	-	-	17,277,553
Equipment	35,604,965	4,060,831	(673,379)	-	38,992,417
	<u>56,872,518</u>	<u>6,290,648</u>	<u>(673,379)</u>	<u>-</u>	<u>62,489,787</u>
Total capital assets, being depreciated	<u>60,344,475</u>	<u>1,320,919</u>	<u>-</u>	<u>-</u>	<u>61,665,394</u>
Lease assets (equipment)	180,410	270,555	(36,817)	-	414,148
Less accumulated amortization	46,087	52,564	(35,901)	-	62,750
Right to use leased assets, net	<u>134,323</u>	<u>217,991</u>	<u>(916)</u>	<u>-</u>	<u>351,398</u>
Subscription asset - software	342,763	131,405	-	-	474,168
Less accumulated amortization	104,554	93,987	-	-	198,541
Right to use subscription assets, net	<u>238,209</u>	<u>37,418</u>	<u>-</u>	<u>-</u>	<u>275,627</u>
Capital, leased and subscription assets, net	<u>\$ 60,717,007</u>	<u>\$ 1,576,328</u>	<u>\$ (916)</u>	<u>\$ -</u>	<u>\$ 62,292,419</u>

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Notes to Financial Statements
December 31, 2024 and 2023**

	2023				Ending Balance
	Beginning Balance	Additions	Disposals and Retirements	Transfers	
Land	\$ 2,265,876	\$ 460,000	\$ -	\$ -	\$ 2,725,876
Land improvements	9,812,591	24,352	-	20,000	9,856,943
Buildings and improvements	41,006,930	2,369,816	-	288,712	43,665,458
Equipment	54,941,359	4,093,879	(1,533,851)	1,023,071	58,524,458
Construction in progress	434,140	3,341,901	-	(1,331,783)	2,444,258
	<u>108,460,896</u>	<u>10,289,948</u>	<u>(1,533,851)</u>	<u>-</u>	<u>117,216,993</u>
Less accumulated depreciation					
Land improvements	4,997,154	612,945	-	-	5,610,099
Buildings and improvements	14,114,715	1,542,739	-	-	15,657,454
Equipment	33,432,304	3,706,512	(1,533,851)	-	35,604,965
	<u>52,544,173</u>	<u>5,862,196</u>	<u>(1,533,851)</u>	<u>-</u>	<u>56,872,518</u>
Total capital assets, being depreciated	<u>55,916,723</u>	<u>4,427,752</u>	<u>-</u>	<u>-</u>	<u>60,344,475</u>
Lease assets (equipment)	564,799	141,554	(525,943)	-	180,410
Less accumulated amortization	424,276	147,754	(525,943)	-	46,087
Right to use leased assets, net	<u>140,523</u>	<u>(6,200)</u>	<u>-</u>	<u>-</u>	<u>134,323</u>
Subscription asset - software	342,763	-	-	-	342,763
Less accumulated amortization	25,253	79,301	-	-	104,554
Right to use subscription assets, net	<u>317,510</u>	<u>(79,301)</u>	<u>-</u>	<u>-</u>	<u>238,209</u>
Capital, leased and subscription assets, net	<u>\$ 56,374,756</u>	<u>\$ 4,342,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,717,007</u>

Note 10. Long-Term Obligations, Lease and Subscription Liabilities

The following is a summary of long-term obligation transactions for the Medical Center for the years ended December 31, 2024 and 2023:

	2024				Amounts Due Within One Year
	Beginning Balance	Additions	Reductions	Ending Balance	
Long-term debt, lease and subscription liabilities					
Note from direct borrowing	\$ 24,390,000	\$ -	\$ 1,565,000	\$ 22,825,000	\$ 1,610,000
Subscription liabilities	243,276	101,640	83,364	261,552	86,736
Lease liabilities	136,319	236,693	45,730	327,282	48,743
Total long-term liabilities	<u>\$ 24,769,595</u>	<u>\$ 338,333</u>	<u>\$ 1,694,094</u>	<u>\$ 23,413,834</u>	<u>\$ 1,745,479</u>

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Notes to Financial Statements
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	2023				Amounts Due Within One Year
	Beginning Balance	Additions	Reductions	Ending Balance	
Long-term debt, lease and subscription liabilities					
Note from direct borrowing	\$ 25,910,000	\$ -	\$ 1,520,000	\$ 24,390,000	\$ 1,565,000
Subscription liabilities	317,510	-	74,234	243,276	77,320
Lease liabilities	146,501	140,554	150,736	136,319	37,714
Total long-term liabilities	<u>\$ 26,374,011</u>	<u>\$ 140,554</u>	<u>\$ 1,744,970</u>	<u>\$ 24,769,595</u>	<u>\$ 1,680,034</u>

Note from Direct Borrowing

The note payable to bank, in the original amount of \$23,355,000, is due October 1, 2036. Additionally, the Medical Center borrowed an additional \$10,000,000, to fund the construction, improvement, and equipping of hospital facilities. These proceeds were received on October 1, 2018. Principal on the note is payable annually and interest is payable semi-annually on each April 1 and October 1 with interest at 2.96%.

The Organization's outstanding note from direct borrowing of \$22,825,000 is secured by the Medical Center's net revenues. This outstanding note contains a provision that in an event of default, the timing of repayment of outstanding amounts become immediately due as listed in the events of default in the agreement.

The debt service requirements for the note from direct borrowing as of December 31, 2024, are as follows:

Year Ended December 31,	Total to be Paid	Principal	Interest
2025	\$ 2,285,620	\$ 1,610,000	\$ 675,620
2026	2,287,964	1,660,000	627,964
2027	2,288,828	1,710,000	578,828
2028	2,288,212	1,760,000	528,212
2029	2,286,116	1,810,000	476,116
2030 - 2034	11,438,936	9,895,000	1,543,936
2035 - 2036	4,575,360	4,380,000	195,360
Total	<u>\$ 27,451,036</u>	<u>\$ 22,825,000</u>	<u>\$ 4,626,036</u>

Note 11. Leases and Subscription-Based Arrangements

Lessee – Liability

The Medical Center leases equipment, the terms of which expire in various years through 2034. The leases were measured based upon the rate that approximates the Medical Centers incremental borrowing rate at lease commencement. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance.

**Salida Hospital District
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Notes to Financial Statements
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The following is a schedule by year of payments under the leases as of December 31, 2024:

<u>Year Ending December 31,</u>	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 62,692	\$ 48,743	\$ 13,949
2026	54,411	42,585	11,826
2027	51,815	41,895	9,920
2028	44,638	36,657	7,981
2029	27,084	20,377	6,707
2030-2034	<u>151,977</u>	<u>137,025</u>	<u>14,952</u>
	<u>\$ 392,617</u>	<u>\$ 327,282</u>	<u>\$ 65,335</u>

Lessor – Lease Receivable

A lease is a contract that conveys control of the right to use another entity's nonfinancial asset in the contract for a period of time in an exchange or exchange-like transaction. Nonfinancial assets include buildings. Lease receivables result from lessor contracts measured at the present value of the lease payments expected to be received during the lease term. The Medical Center has recognized lease receivables for a building and an office space lease. Lease receivables amount to \$376,175 and \$454,824 for December 31, 2024 and 2023, respectively, of which the current portion of \$93,058 and \$91,929, respectively, is included in prepaid and other current assets. The long-term portion is recorded as lease receivables in the accompanying financial statements.

Revenue recognized under lease contracts during the years ended December 31, 2024 and 2023 were \$116,524 and \$148,480, respectively, which includes both lease revenue and interest.

Subscription Liability

The Medical Center has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2028. Variable payments of certain subscriptions are based upon the Consumer Price Index (Index). The subscriptions were measured based upon the Index at commencement of the SBITA term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance.

The following is a schedule by year of payments under the SBITAs as of December 31, 2024:

<u>Year Ending December 31,</u>	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 95,816	\$ 86,736	\$ 9,080
2026	86,836	80,995	5,841
2027	75,907	73,338	2,569
2028	<u>21,285</u>	<u>20,483</u>	<u>802</u>
	<u>\$ 279,844</u>	<u>\$ 261,552</u>	<u>\$ 18,292</u>

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Notes to Financial Statements
December 31, 2024 and 2023**

Note 12. Risk Management

The Organization 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; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than employee health claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The Medical Center self-insures the cost of employees’ health care benefits and has purchased annual stop-loss insurance coverage for individual claims exceeding \$100,000 after satisfaction of the aggregate \$35,000 plan specific limit. A provision is accrued for self-insured employee health claims including both claims reported, and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, and frequency of claims. It is possible that the Medical Center’s estimate could change.

Activity in the Medical Center’s accrued employee health claims liability during 2024 and 2023 is summarized as follows:

	2024	2023
Balance, beginning of year	\$ 1,220,000	\$ 1,220,000
Current year claims incurred and changes in estimates for claims incurred in prior years	10,362,651	8,064,335
Claims and expenses paid	(10,282,651)	(8,064,335)
Balance, end of year	\$ 1,300,000	\$ 1,220,000

The Medical Center is a member of the Colorado Hospital Association Trust for Workers’ Compensation (the Trust). The Trust was formed to provide workers’ compensation insurance to member hospitals in Colorado. The Medical Center pays fixed annual premiums to the Trust. The Trust is self-funded and purchases stop-loss insurance coverage.

Note 13. Medical Malpractice Claims

The Medical Center purchases medical malpractice insurance under a claims-made policy on a fixed premium basis. 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 Medical Center’s claims experience, no such accrual has been made. It is reasonably possible that this estimate could change materially in the near term. Further, the Medical Center is subject to the provisions of the *Colorado Governmental Immunity Act*, which provides a limitation on the liability of the Medical Center.

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Notes to Financial Statements
December 31, 2024 and 2023**

Note 14. Restricted Net Position

At December 31, 2024 and 2023, restricted expendable and nonexpendable net position were available for the following purposes:

	2024	2023
Restricted – Expendable For		
Scholarships	\$ 70,013	\$ 58,062
Capital acquisitions	38,471	1,477,832
Other	653,370	619,807
	\$ 761,854	\$ 2,155,701
Restricted – Nonexpendable		
Endowment restricted by donors for investment in perpetuity	\$ 40,000	\$ 40,000

Note 15. Employee Retirement Plans

The Medical Center offers two types of defined contribution retirement plans for its employees. The first is a 401(a) Money Purchase Plan, where employees are required to contribute 3.75% of their pre-tax wages in lieu of Social Security contributions, with the Medical Center matching this amount. The second is a 457(b) plan that allows employees to make additional pre-tax contributions from their wages, subject to IRS-defined limits. The Medical Center matches up to 3.25% of an employee’s wages contributed to the 457(b) plan with the matching contributions directed into the 401(a) plan. Overall, the Medical Center’s contributions are capped at a combined 7% of the employee’s wages, with a maximum employer match of \$15,000 per employee, contingent on the employee’s contributions to the plans.

Pension expense is recorded for the amount of the Medical Center’s required contributions and administrative fees determined in accordance with the terms of the plans. The Medical Center has an appointed investment committee, including the Chief Executive Officer and an external investment advisor, to administer the plans. Benefit provisions are contained in the plan documents and, where established, can be amended by action of the Medical Center’s Board of Directors and management. Employee contributions of pre-tax wages are subject to a maximum set by the Internal Revenue Service.

Contribution rates to all plans for plan members and the Medical Center expressed as a percentage of covered payrolls were 8.91% and 5.69% for 2024 and 8.98% and 5.15% for 2023, respectively. Contributions actually made by plan members and the Medical Center aggregated \$5,898,081 and \$3,763,535 during 2024, and \$5,252,029 and \$3,014,231 during 2023, respectively.

Note 16. Commitments and Contingencies

Litigation

In the normal course of business, the Medical Center is, from time to time, subject to allegations that may or do result in litigation. The Medical Center evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of legal counsel, management records an estimate of the amount of ultimate expected loss, if any, for each. No such loss has been recorded for the years ended December 31, 2024 or 2023. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Supplementary Information

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Combining Statement of Net Position
December 31, 2024**

	<u>Medical Center</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 54,446,301	\$ 778,073	\$ -	\$ 55,224,374
Certificates of deposit	-	130,722	-	130,722
Patient accounts receivable, net of allowance of \$7,778,899	20,569,913	-	-	20,569,913
Inventories	6,803,490	-	-	6,803,490
Prepaid expenses and other	1,696,858	24,000	-	1,720,858
Cash and investments internally designated by Board of Directors, current	<u>17,391,781</u>	<u>-</u>	<u>-</u>	<u>17,391,781</u>
Total Current Assets	<u>100,908,343</u>	<u>932,795</u>	<u>-</u>	<u>101,841,138</u>
Noncurrent Cash and Investments				
Cash and investments internally designated by Board of Directors	26,483,254	324,337	-	26,807,591
Certificates of deposit	500,000	-	-	500,000
Externally restricted by donors	<u>40,000</u>	<u>778,844</u>	<u>-</u>	<u>818,844</u>
Total Noncurrent Cash and Investments	<u>27,023,254</u>	<u>1,103,181</u>	<u>-</u>	<u>28,126,435</u>
Investment in Joint Venture	<u>338,010</u>	<u>-</u>	<u>-</u>	<u>338,010</u>
Capital, Leased and Subscription Assets, Net	<u>62,292,419</u>	<u>-</u>	<u>-</u>	<u>62,292,419</u>
Other Assets				
Lease receivable	283,119	-	-	283,119
Property tax receivable	<u>867,438</u>	<u>-</u>	<u>-</u>	<u>867,438</u>
Total Assets	<u>\$ 191,712,583</u>	<u>\$ 2,035,976</u>	<u>\$ -</u>	<u>\$ 193,748,559</u>

Salida Hospital District
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Combining Statement of Net Position
December 31, 2024

(Continued)

	<u>Medical Center</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current Liabilities				
Accounts payable	\$ 4,064,332	\$ 1,621	\$ -	\$ 4,065,953
Accrued compensation and compensated absences	5,479,192	-	-	5,479,192
Current maturities of long-term debt, lease and subscription liabilities	1,745,479	-	-	1,745,479
Estimated amounts due to third-party payers	1,126,895	-	-	1,126,895
Other current liabilities	2,276,386	-	-	2,276,386
Estimated self-insurance costs	1,300,000	-	-	1,300,000
Total Current Liabilities	<u>15,992,284</u>	<u>1,621</u>	<u>-</u>	<u>15,993,905</u>
Other Liabilities				
Long-term debt, lease and subscription liabilities	21,668,355	-	-	21,668,355
Total Other Liabilities	<u>21,668,355</u>	<u>-</u>	<u>-</u>	<u>21,668,355</u>
Total Liabilities	<u>37,660,639</u>	<u>1,621</u>	<u>-</u>	<u>37,662,260</u>
Deferred Inflows of Resources				
Lease related	353,982	-	-	353,982
Property tax related	867,438	-	-	867,438
Total Deferred Inflows of Resources	<u>1,221,420</u>	<u>-</u>	<u>-</u>	<u>1,221,420</u>
Total Liabilities and Deferred Inflows of Resources	<u>38,882,059</u>	<u>1,621</u>	<u>-</u>	<u>38,883,680</u>
Net Position				
Net investment in capital and lease assets	38,406,383	-	-	38,406,383
Restricted - expendable for				
Scholarships	-	70,013	-	70,013
Capital acquisitions	-	38,471	-	38,471
Other	-	653,370	-	653,370
Restricted nonexpendable	40,000	-	-	40,000
Unrestricted	114,384,141	1,272,501	-	115,656,642
Total Net Position	<u>152,830,524</u>	<u>2,034,355</u>	<u>-</u>	<u>154,864,879</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 191,712,583</u>	<u>\$ 2,035,976</u>	<u>\$ -</u>	<u>\$ 193,748,559</u>

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Combining Statement of Net Position
December 31, 2023**

	<u>Medical Center</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 38,976,541	\$ 762,394	\$ -	\$ 39,738,935
Certificates of deposit	-	130,722	-	130,722
Patient accounts receivable, net of allowance of \$9,435,858	19,017,558	-	-	19,017,558
Inventories	5,263,590	-	-	5,263,590
Prepaid expenses and other	1,197,999	-	-	1,197,999
Cash and investments internally designated by Board of Directors, current	<u>18,126,629</u>	<u>-</u>	<u>-</u>	<u>18,126,629</u>
Total Current Assets	<u>82,582,317</u>	<u>893,116</u>	<u>-</u>	<u>83,475,433</u>
Noncurrent Cash and Investments				
Cash and investments internally designated by Board of Directors	24,279,385	324,337	-	24,603,722
Certificates of deposit	500,000	-	-	500,000
Externally restricted by donors	<u>40,000</u>	<u>2,155,700</u>	<u>-</u>	<u>2,195,700</u>
Total Noncurrent Cash and Investments	<u>24,819,385</u>	<u>2,480,037</u>	<u>-</u>	<u>27,299,422</u>
Investment in Joint Venture	<u>312,035</u>	<u>-</u>	<u>-</u>	<u>312,035</u>
Capital, Leased and Subscription Assets, Net	<u>60,717,007</u>	<u>-</u>	<u>-</u>	<u>60,717,007</u>
Other Assets				
Lease receivable	<u>362,895</u>	<u>-</u>	<u>-</u>	<u>362,895</u>
Total Assets	<u>\$ 168,793,639</u>	<u>\$ 3,373,153</u>	<u>\$ -</u>	<u>\$ 172,166,792</u>

Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Combining Statement of Net Position
December 31, 2023

(Continued)

	<u>Medical Center</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current Liabilities				
Accounts payable	\$ 3,969,711	\$ -	\$ -	\$ 3,969,711
Accrued compensation and compensated absences	4,882,997	-	-	4,882,997
Current maturities of long-term debt, lease and subscription liabilities	1,680,034	-	-	1,680,034
Estimated amounts due to third-party payers	1,291,420	-	-	1,291,420
Other current liabilities	1,680,059	-	-	1,680,059
Estimated self-insurance costs	1,220,000	-	-	1,220,000
Total Current Liabilities	<u>14,724,221</u>	<u>-</u>	<u>-</u>	<u>14,724,221</u>
Other Liabilities				
Long-term debt, lease and subscription liabilities	<u>23,089,561</u>	<u>-</u>	<u>-</u>	<u>23,089,561</u>
Total Other Liabilities	<u>23,089,561</u>	<u>-</u>	<u>-</u>	<u>23,089,561</u>
Total Liabilities	<u>37,813,782</u>	<u>-</u>	<u>-</u>	<u>37,813,782</u>
Deferred Inflows of Resources				
Lease related	<u>440,721</u>	<u>-</u>	<u>-</u>	<u>440,721</u>
Total Liabilities and Deferred Inflows of Resources	<u>38,254,503</u>	<u>-</u>	<u>-</u>	<u>38,254,503</u>
Net Position				
Net investment in capital and lease assets	35,485,983	-	-	35,485,983
Restricted - expendable for				
Scholarships	-	58,062	-	58,062
Capital acquisitions	-	1,477,832	-	1,477,832
Other	-	619,807	-	619,807
Restricted nonexpendable	40,000	-	-	40,000
Unrestricted	<u>95,013,153</u>	<u>1,217,452</u>	<u>-</u>	<u>96,230,605</u>
Total Net Position	<u>130,539,136</u>	<u>3,373,153</u>	<u>-</u>	<u>133,912,289</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 168,793,639</u>	<u>\$ 3,373,153</u>	<u>\$ -</u>	<u>\$ 172,166,792</u>

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2024**

	<u>Medical Center</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Operating Revenues				
Net patient service revenue, net of provision for uncollectible accounts of \$5,018,792	\$ 150,676,734	\$ -	\$ -	\$ 150,676,734
Other operating revenue	<u>6,964,636</u>	<u>-</u>	<u>-</u>	<u>6,964,636</u>
Total Operating Revenues	<u>157,641,370</u>	<u>-</u>	<u>-</u>	<u>157,641,370</u>
Operating Expenses				
Salaries and wages	66,162,388	17,064	-	66,179,452
Employee benefits	16,259,140	-	-	16,259,140
Supplies	30,834,310	-	-	30,834,310
Purchased services	4,548,369	7,110	-	4,555,479
Professional fees	4,189,740	-	-	4,189,740
Depreciation and amortization	6,437,199	-	-	6,437,199
Provider fee expense	3,340,832	-	-	3,340,832
Repairs and maintenance	3,874,885	-	-	3,874,885
Lease and rental	79,567	-	-	79,567
Utilities	952,880	-	-	952,880
Insurance	707,624	-	-	707,624
Other expenses	<u>4,602,654</u>	<u>11,647</u>	<u>-</u>	<u>4,614,301</u>
Total Operating Expenses	<u>141,989,588</u>	<u>35,821</u>	<u>-</u>	<u>142,025,409</u>
Operating Income (Loss)	<u>15,651,782</u>	<u>(35,821)</u>	<u>-</u>	<u>15,615,961</u>
Nonoperating Revenues (Expenses)				
Property taxes	960,588	-	-	960,588
Interest income	4,220,649	160,205	-	4,380,854
Noncapital grants and gifts	166,254	311,601	(13,860)	463,995
Contributions to the Medical Center	-	(1,635,726)	1,635,726	-
Gain on investments	73,454	-	-	73,454
Interest expense	(731,113)	-	-	(731,113)
Gain on sale of capital assets	18,992	-	-	18,992
Gain on investment in equity investee	213,737	-	-	213,737
Other expenses	<u>1,000</u>	<u>(139,057)</u>	<u>-</u>	<u>(138,057)</u>
Total Nonoperating Revenues (Expenses)	<u>4,923,561</u>	<u>(1,302,977)</u>	<u>1,621,866</u>	<u>5,242,450</u>
Excess (Deficiency) of Revenues Over Expenses Before Capital Gifts	20,575,343	(1,338,798)	1,621,866	20,858,411
Gifts and Grants to Purchase Capital Assets	<u>1,716,045</u>	<u>-</u>	<u>(1,621,866)</u>	<u>94,179</u>
Increase (Decrease) in Net Position	22,291,388	(1,338,798)	-	20,952,590
Net Position, Beginning of Year	<u>130,539,136</u>	<u>3,373,153</u>	<u>-</u>	<u>133,912,289</u>
Net Position, End of Year	<u>\$ 152,830,524</u>	<u>\$ 2,034,355</u>	<u>\$ -</u>	<u>\$ 154,864,879</u>

**Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Combining Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2023**

	<u>Medical Center</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined</u>
Operating Revenues				
Net patient service revenue, net of provision for uncollectible accounts of \$4,505,472	\$ 129,529,195	\$ -	\$ -	\$ 129,529,195
Other operating revenue	<u>5,739,563</u>	<u>-</u>	<u>-</u>	<u>5,739,563</u>
Total Operating Revenues	<u>135,268,758</u>	<u>-</u>	<u>-</u>	<u>135,268,758</u>
Operating Expenses				
Salaries and wages	58,505,628	10,500	-	58,516,128
Employee benefits	13,180,134	-	-	13,180,134
Supplies	26,333,761	-	-	26,333,761
Purchased services	4,254,494	6,745	-	4,261,239
Professional fees	3,970,042	-	-	3,970,042
Depreciation and amortization	6,090,430	-	-	6,090,430
Provider fee expense	2,944,299	-	-	2,944,299
Repairs and maintenance	3,348,844	-	-	3,348,844
Lease and rental	104,353	-	-	104,353
Utilities	966,736	-	-	966,736
Insurance	587,428	-	-	587,428
Other expenses	<u>4,059,210</u>	<u>4,993</u>	<u>-</u>	<u>4,064,203</u>
Total Operating Expenses	<u>124,345,359</u>	<u>22,238</u>	<u>-</u>	<u>124,367,597</u>
Operating Income (Loss)	<u>10,923,399</u>	<u>(22,238)</u>	<u>-</u>	<u>10,901,161</u>
Nonoperating Revenues (Expenses)				
Property taxes	828,955	-	-	828,955
Interest income	2,742,387	131,975	-	2,874,362
Noncapital grants and gifts	265,516	292,273	(263,531)	294,258
Contributions to the Medical Center	-	(176,931)	176,931	-
Gain on investments	785,833	-	-	785,833
Interest expense	(774,161)	-	-	(774,161)
Gain on sale of capital assets	55,300	-	-	55,300
Gain on investment in equity investee	113,015	-	-	113,015
Other expenses	<u>(86,600)</u>	<u>(96,738)</u>	<u>86,600</u>	<u>(96,738)</u>
Total Nonoperating Revenues (Expenses)	<u>3,930,245</u>	<u>150,579</u>	<u>-</u>	<u>4,080,824</u>
Excess of Revenues Over Expenses Before Capital Gifts	14,853,644	128,341	-	14,981,985
Gifts and Grants to Purchase Capital Assets	<u>238,040</u>	<u>-</u>	<u>-</u>	<u>238,040</u>
Increase in Net Position	15,091,684	128,341	-	15,220,025
Net Position, Beginning of Year	<u>115,447,452</u>	<u>3,244,812</u>	<u>-</u>	<u>118,692,264</u>
Net Position, End of Year	<u>\$ 130,539,136</u>	<u>\$ 3,373,153</u>	<u>\$ -</u>	<u>\$ 133,912,289</u>

Salida Hospital District
d/b/a Heart of the Rockies Regional Medical Center
Budgeted and Actual Revenues and Expenses – Medical Center Only
Year Ended December 31, 2024

	<u>Actual</u>	<u>Budget</u>	<u>Favorable (Unfavorable) Variance</u>
Operating Revenues			
Net patient service revenue	\$ 150,676,734	\$ 144,847,431	\$ 5,829,303
Other operating revenue	<u>6,964,636</u>	<u>5,649,105</u>	<u>1,315,531</u>
Total Operating Revenues	<u>157,641,370</u>	<u>150,496,536</u>	<u>7,144,834</u>
Operating Expenses			
Salaries, wages and employee benefits	82,421,528	82,975,047	553,519
Other operating expenses	<u>59,568,060</u>	<u>56,439,093</u>	<u>(3,128,967)</u>
Total Operating Expenses	<u>141,989,588</u>	<u>139,414,140</u>	<u>(2,575,448)</u>
Operating Income	15,651,782	11,082,396	4,569,386
Nonoperating Revenues, Net	<u>4,923,561</u>	<u>4,510,857</u>	<u>412,704</u>
Excess of Revenues Over Expenses Before Capital Gifts	<u>\$ 20,575,343</u>	<u>\$ 15,593,253</u>	<u>\$ 4,982,090</u>

Notes to Schedule

Annual budgets are adopted as required by Colorado statues. Formal budgetary integration is employed as a management control device during the year. Budgets are adopted on a basis that is consistent with generally accepted accounting principles.

Appropriations are adopted by resolution in total. There were no supplemental budgets adopted during 2024.