CHOCTAW REGIONAL MEDICAL CENTER (A Component Unit of Choctaw County, Mississippi)

STATEMENTS OF NET POSITION

September 30, 2017 and 2016

| <u>Assets</u> | | | | | | |
|---|----|--------------------|----|-------------------|--|--|
| | - | 2017 | | 2016 | | |
| Current Assets Cash | \$ | 353,056 | \$ | 531,822 | | |
| Patient accounts receivable, net of estimated uncollectibles of \$2,509,710 and \$2,763,920, respectively | | 3,119,617 | | 2,594,125 | | |
| Estimated amounts due from third-party payors | | 525,830 114,635 | | 575,872 96,097 | | |
| Inventory Prepaid expenses | | 44,570 | | 71,488 | | |
| Total current assets | | 4,157,708 | | 3,869,404 | | |
| Capital Assets Property and equipment, net of depreciation | | 14,497,602 | | 15,235,565 | | |
| Other Assets Assets whose use is limited | | 950,856 | | 951,418 | | |
| Patient trust funds | | 19,854 | | 81,664 | | |
| Unemployment reserve account | | 36,931 | • | 36,931 | | |
| Total other assets | (| 1,007,641 | | 1,070,013 | | |
| | | | | | | |
| Total assets | \$ | 19,662,951 | \$ | 20,174,982 | | |

Liabilities and Net Position

| | 7 | 2017 | 2016 | |
|--|----|---|--|--|
| Current Liabilities Accounts payable Patient accounts receivable credit balances Accrued expenses and payroll withholdings Accrued interest payable Estimated amounts due to third-party payors Current maturities of note payable Current maturities of capital lease obligations | \$ | 1,427,615 188,892 673,016 87,713 1,242,493 440,000 52,853 | \$ 1,915,855 210,503 673,450 97,017 631,120 415,000 100,623 | |
| Total current liabilities | | 4,112,582 | 4,043,568 | |
| Noncurrent Liabilities Note payable, less current maturities Capital lease obligations, less current maturities Patient trust funds Total noncurrent liabilities | 17 | 3,745,000 77,554 19,693 3,842,247 | 4,147,180 129,480 81,664 4,358,324 | |
| Total liabilities | | 7,954,829 | 8,401,892 | |
| Net Position Invested in capital assets, net of related debt Restricted note agreement Unrestricted Total net position | | 10,182,195 950,856 575,071 11,708,122 | 10,405,462 951,418 416,210 11,773,090 | |
| Total liabilities and net position | \$ | 19,662,951 | \$ 20,174,982 | |

CHOCTAW REGIONAL MEDICAL CENTER (A Component Unit of Choctaw County, Mississippi)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended September 30, 2017 and 2016

| 0 | | 2017 | 2016 | | |
|---|----|-------------|-----------|--------------|--|
| Operating Revenues | 1 | | | | |
| Net patient revenue, net of provision for bad debts | | | | 47 077 045 | |
| of \$3,770,188 and \$3,362,900, respectively | \$ | 19,725,917 | \$ | 17,677,645 | |
| 340B pharmacy program revenue, net of | | | | 57.007 | |
| expenses of \$78,081 and \$311, respectively | | 193,026 | | 57,997 | |
| Electronic health records incentive | | 501,300 | 1,512,769 | | |
| Other revenue | | 77,223 | | 147,159 | |
| Total operating revenues | | 20,497,466 | | 19,395,570 | |
| Operating Expenses | | | | 40,000,440 | |
| Salaries and benefits | | 14,092,108 | | 13,636,410 | |
| Supplies and drugs | | 1,773,976 | | 1,677,609 | |
| Other expenses | | 4,807,021 | | 5,558,557 | |
| Insurance | | 229,349 | | 125,200 | |
| Depreciation | | 942,569 | - | 922,606 | |
| Total operating expenses | | 21,845,023 | | 21,920,382 | |
| | | (1,347,557) | | (2,524,812) | |
| Loss from operations | | (1,047,007) | | (=,== -,= -, | |
| Nonoperating Revenues (Expenses) | | | | | |
| Contributions from Choctaw County | | 1,524,179 | | 2,138,336 | |
| Other contributions | | 37,704 | | 38,300 | |
| Interest income | | 1,681 | | 1,767 | |
| Interest expense | - | (280,975) | | (259,786) | |
| Total nonoperating revenues (expenses) | - | 1,282,589 | | 1,918,617 | |
| Change in net position | | (64,968) | | (606,195) | |
| Net position, beginning of year | | 11,773,090 | | 12,379,285 | |
| Net position, end of year | \$ | 11,708,122 | \$ | 11,773,090 | |

The accompanying notes are an integral part of the financial statements.

CHOCTAW REGIONAL MEDICAL CENTER (A Component Unit of Choctaw County, Mississippi)

STATEMENTS OF CASH FLOWS

For the Years Ended September 30, 2017 and 2016

| Cash Flows Provided By (Used For) Operating Activities: \$19,840,068 \$19,144,490 Receipts from and on behalf of patients (7,290,206) (7,846,788) Payments to and on behalf of employees (14,092,542) (7,846,788) Other receipts and payments (771,131) (1,907,208) Cash Flows From (Used For) Capital and Related Financing Activities: (771,131) (1,907,208) Principal payments on notes payable Principal payments on notes payable Principal payments on notes payable Principal payments on capital lease obligations (99,969) (86,080) Change in assets whose use is limited (290,279) (162,769) Proceeds from issuance of debt (204,606) (747,351) Proceeds from issuance of debt (204,606) (747,351) Proceeds from issuance of debt (204,606) (706,804) Proceeds from issuance of debt (204,606) (747,351) Net cash used for capital and related financing activities: (971,199) (706,804) Cash Flows From (Used For) Noncapital Financing Activities: 1,561,883 2,176,636 Cash Flows From (Used For) Investing Activities: 1,681 1,767 Net decrease in cash and cash equival | | | 2017 | | 2016 |
|--|---|-----|--|-----|--|
| Principal payments on notes payable (377,180) (400,000) Principal payments on capital lease obligations (99,696) (86,080) Change in assets whose use is limited 562 (300,778) Interest paid on long-term debt (290,279) (162,768) Proceeds from issuance of debt - 990,174 990,174 Purchase of capital assets (204,606) (774,351) Net cash used for capital and related financing activities (971,199) (706,804) Cash Flows From (Used For) Noncapital Financing Activities: 1,561,883 2,176,636 Cash Flows From (Used For) Investing Activities: 1,681 1,767 Net decrease in cash and cash equivalents (178,766) (435,609) Cash and cash equivalents - beginning of the year 531,822 967,431 Cash and cash equivalents - end of the year \$353,056 \$531,822 Reconciliation of Operating Income (Loss) to Net Cash (20,000,000) (20,000,000) Provided By (Used For) Operating Activities: (20,000,000) (20,000,000) Operating loss (20,000,000) (20,000,000) Adjustments to Reconcile Operating Income (Loss) | Receipts from and on behalf of patients Payments for supplies and other expenses Payments to and on behalf of employees Other receipts and payments | \$ | (7,290,206) (14,092,542) 771,549 | \$ | (7,846,788) (13,407,368) 202,458 |
| Cash Flows From (Used For) Investing Activities: Interest income Net decrease in cash and cash equivalents Cash and cash equivalents - beginning of the year Cash and cash equivalents - end of the year Cash and cash equivalents - end of the year Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities: Operating loss Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided By (Used For) Operating Activities: Depreciation and amortization Provisions for uncollectible accounts Change in assets and liabilities: Patient accounts receivable Accounts payable, accrued expenses, and other current liabilities Estimated third-party payor settlements 1,681 1,767 1,681 1,767 1,681 1,767 1,681 1,767 1,681 1,767 1,787 1,788 1,767 1,788 2,776,899 2,7431 2,774,893 2,774,893 2,776,893 2,776,893 2,776,893 2,776,993 2,7 | Principal payments on notes payable Principal payments on captial lease obligations Change in assets whose use is limited Interest paid on long-term debt Proceeds from issuance of debt Purchase of capital assets | 3 | (99,696) 562 (290,279) - (204,606) | | (86,080) (300,778) (162,769) 990,174 (747,351) |
| Interest income Net decrease in cash and cash equivalents Cash and cash equivalents - beginning of the year Cash and cash equivalents - end of the year Cash and cash equivalents - end of the year Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities: Operating loss Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided By (Used For) Operating Activities: Depreciation and amortization Provisions for uncollectible accounts Change in assets and liabilities: Patient accounts receivable Supplies and curent assets Accounts payable, accrued expenses, and other current liabilities Estimated third-party payor settlements Output 1,681 1,767 (435,609) (435,609) (511,347,557) (2,524,812) (1,347,557) (2,524,812) (1,347,557) (2,524,812) (2,524,812) (4,245,799) (2,996,107) (2,996,107) (3,700) (4,245,799) (2,996,107) (510,285) (982,562) (982,562) (982,562) | | | 1,561,883 | | 2,176,636 |
| Cash and cash equivalents - beginning of the year Cash and cash equivalents - end of the year Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities: Operating loss Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided By (Used For) Operating Activities: Depreciation and amortization Provisions for uncollectible accounts Change in assets and liabilities: Patient accounts receivable Accounts payable, accrued expenses, and other current liabilities Estimated third-party payor settlements 531,822 967,431 \$ 353,056 \$ 531,822 \$ (1,347,557) \$ (2,524,812) \$ (1,347,557) \$ (2,524,812) \$ (1,347,557) \$ (2,524,812) \$ (1,347,557) \$ (2,524,812) | | | 1,681 | | 1,767 |
| Cash and cash equivalents - end of the year Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities: Operating loss Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided By (Used For) Operating Activities: Depreciation and amortization Provisions for uncollectible accounts Change in assets and liabilities: Patient accounts receivable Supplies and curent assets Accounts payable, accrued expenses, and other current liabilities Estimated third-party payor settlements \$ 353,056 \$ 531,822 \$ (1,347,557) \$ (2,524,812) \$ (1,347,557) \$ (2,524,812) \$ (2,524,812) \$ (4,245,69) \$ (92,606) \$ (4,245,799) \$ (2,996,107) \$ (640,196) \$ (640,196) \$ (510,285) \$ (982,562) \$ (982,562) \$ (982,562) \$ (983,562) | Net decrease in cash and cash equivalents | | (178,766) | | (435,609) |
| Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities: Operating loss Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided By (Used For) Operating Activities: Depreciation and amortization Provisions for uncollectible accounts Change in assets and liabilities: Patient accounts receivable Supplies and curent assets Accounts payable, accrued expenses, and other current liabilities Estimated third-party payor settlements Reconciliation of Operating Income (Loss) \$ (1,347,557) \$ (2,524,812) \$ (4,245,69 \$ 922,606 \$ 3,770,188 \$ 3,362,900 \$ (4,245,799) \$ (2,996,107) \$ (640,196) \$ (640,196) \$ (510,285) \$ (982,562) \$ (982,562) \$ (982,562) | Cash and cash equivalents - beginning of the year | | 531,822 | | 967,431 |
| Provided By (Used For) Operating Activities: Operating loss Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Provided By (Used For) Operating Activities: Depreciation and amortization Provisions for uncollectible accounts Change in assets and liabilities: Patient accounts receivable Supplies and curent assets Accounts payable, accrued expenses, and other current liabilities Estimated third-party payor settlements \$ (1,347,557) \$ (2,524,812) \$ (2,5 | Cash and cash equivalents - end of the year | _\$ | 353,056 | \$ | 531,822 |
| Depreciation and amortization Provisions for uncollectible accounts Change in assets and liabilities: Patient accounts receivable Supplies and curent assets Accounts payable, accrued expenses, and other current liabilities Estimated third-party payor settlements 942,569 3,770,188 3,362,900 (4,245,799) (4,245,799) (510,285) (640,196) (982,562) (982,562) | Provided By (Used For) Operating Activities: Operating loss Adjustments to Reconcile Operating Income (Loss) to Net | \$ | (1,347,557) | \$ | (2,524,812) |
| Patient accounts receivable Supplies and curent assets Accounts payable, accrued expenses, and other current liabilities Estimated third-party payor settlements (4,245,799) (2,996,107) (640,196) (640,196) (982,562) (982,562) | Depreciation and amortization Provisions for uncollectible accounts | | 14 m - Norman & Harris (1975) | | |
| current liabilities (510,285) (982,562) Estimated third-party payor settlements (510,285) (982,562) 611,373 950,963 | Patient accounts receivable Supplies and curent assets | | * | | |
| TT (() () () () () () () () () | current liabilities | | | | · · · · · · · · · · · · · · · · · · · |
| | | \$ | (771,131) | _\$ | (1,907,208) |

The accompanying notes are an integral part of the financial statements.