

**WINNIE-STOWELL HOSPITAL DISTRICT
WINNIE, TEXAS**

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**



INDEPENDENT AUDITOR'S REPORT

Board of Directors and Management
Winnie-Stowell Hospital District
Winnie, Texas

Opinion

We have audited the accompanying financial statements of the business-type activities and of Winnie-Stowell Hospital District (the “District”), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Winnie-Stowell Hospital District’s basic financial statements as presented on pages 1-5.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Winnie-Stowell Hospital District as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our 2022 audit was also conducted in accordance with the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Winnie-Stowell Hospital District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 aggregate, that raise substantial doubt about Winnie-Stowell Hospital District’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of the 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 District'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 discussion and analysis on pages A-1 through A-4 be presented to supplement the basic financial statements. Such information, 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.

Required Supplementary Information (Continued)

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



D & Co, L.L.P.
Lubbock, Texas
June 26, 2024

**WINNIE-STOWELL HOSPITAL DISTRICT
WINNIE, TEXAS**

Management's Discussion and Analysis

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

WINNIE-STOWELL HOSPITAL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AND FINANCIAL STATEMENTS

Our discussion and analysis of Winnie-Stowell Hospital District's financial performance provides an overview of the District's financial activities for the fiscal years ended December 31, 2023 and 2022. Please read it in conjunction with the District's financial statements, which begin on page 1.

FINANCIAL HIGHLIGHTS

- The District's net position increased in 2023 by \$4,181,118 or 19.4% and increased in 2022 by \$9,730,241 or 82.5%.
- The District's net patient service revenue increased in 2023 by \$46,856,378 or 13.1% and increased in 2022 by \$80,623,147 or 29.1%.
- The District's operating expenses increased in 2023 by \$51,351,615 or 14.7% and increased in 2022 by \$61,885,265 or 21.6%.
- The District's non-operating revenues/expenses decreased in 2023 by \$2,699,760 or 471.3% and decreased in 2022 by \$7,002,538 or 92.4%.

USING THIS ANNUAL REPORT

The District's financial statements consist of three statements, a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Fund Net Position; and a Statement of Cash Flows. These financial statements and related notes provide information about the activities of the District, including resources held by the District but restricted for specific purposes by contributors, grantors, and enabling legislation.

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

Our analysis of the District's finances begins on page A-2. One of the most important questions asked about the District's finances is, "Is the District as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes to it. You can think of the District's net position—the difference between assets and liabilities—as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the District.

**WINNIE-STOWELL HOSPITAL DISTRICT
 UNAUDITED MANAGEMENT’S DISCUSSION AND ANALYSIS
 AND FINANCIAL STATEMENTS (CONTINUED)**

The Statement of Cash Flows

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as “Where did cash come from? “What was cash used for?” and “What was the change in cash balance during the reporting period?”

THE DISTRICT’S NET POSITION

The District’s net position is the difference between its assets and liabilities reported in the Statement of Net Position on page 2. The District’s assets, liabilities, and net position are summarized in **Table 1**. The total net position represents the District’s net worth.

Table 1: Assets, Liabilities, and Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets:			
Current Assets	\$142,270,930	\$111,654,902	\$97,868,701
Capital Assets (net)	2,065,752	1,426,949	121,283
Total Assets	<u>\$ 144,336,682</u>	<u>\$ 113,081,851</u>	<u>\$97,989,984</u>
Liabilities:			
Other Current and Non-Current	\$ 118,634,127	\$ 91,560,414	\$82,946,636
Deferred Inflows of Resources	-	-	3,252,152
Total Net Position	<u>25,702,555</u>	<u>21,521,437</u>	<u>11,791,196</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 144,336,682</u>	<u>\$ 113,081,851</u>	<u>\$97,989,984</u>

A significant component of the change in the District’s assets is the increase in patient accounts receivable in the amount of \$23,193,191, and the increase in prepaid and other current assets of \$5,218,162 in 2023. A significant component of the change in the District’s liabilities, deferred inflows of resources and net position is the increase in accounts payable of \$30,526,303 and the decrease in notes payable of \$3,464,868 in 2023.

**WINNIE-STOWELL HOSPITAL DISTRICT
UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS
AND FINANCIAL STATEMENTS (CONTINUED)**

OPERATING RESULTS AND CHANGES IN THE HOSPITAL'S NET POSITION

In 2023 and 2022, the District's net position increased in 2023 by \$4,181,118 or 19.4% and decreased in 2022 by \$9,730,241 or 82.5%.

	2023	2022	2021
Operating Revenues:			
Net Patient Service Revenue	\$404,139,295	\$357,282,917	\$276,659,770
Other Operating Revenue	1,682,827	36,953	12,314
Total Operating Revenue	<u>405,822,122</u>	<u>357,319,870</u>	<u>276,672,084</u>
Operating Expenses:			
Salaries	184,339	150,062	126,149
Employee Benefits	16,186	11,559	10,394
Nursing Home Expenses	367,380,339	322,097,373	260,782,079
Indigent Care	2,625,275	892,601	1,023,637
Legal and Consulting Fees	3,479,022	2,825,549	2,283,616
Grant Expense	1,868,233	1,442,537	118,970
Other Operating	23,955,542	20,737,640	21,927,211
Depreciation and Amortization	5,179	5,179	5,179
Total Operating Expenses	<u>399,514,115</u>	<u>348,162,500</u>	<u>286,277,235</u>
Operating Income (Loss)	6,308,007	9,157,370	(9,605,151)
Nonoperating Revenues and (Expenses):			
Sales Tax Revenue	945,549	781,769	675,333
CAREs Act Provider Relief Funds	-	3,252,152	9,610,727
Investment Income	328,761	36,847	21,443
Interest Expense	<u>(3,401,199)</u>	<u>(3,497,897)</u>	<u>(2,732,094)</u>
Total Nonoperating Revenue / (Expense)	<u>(2,126,889)</u>	<u>572,871</u>	<u>7,575,409</u>
Increase (Decrease) in Net Position	<u>\$ 4,181,118</u>	<u>\$ 9,730,241</u>	<u>\$ (2,029,742)</u>

Operating Income (Loss)

Contributing to the overall change of the District's net position is its operating income, generally, the difference between the net patient service revenue and the expenses incurred to perform those services. The District has reported an operating income of \$6,308,007 and \$9,157,370 in 2023 and 2022, respectively.

**WINNIE-STOWELL HOSPITAL DISTRICT
UNAUDITED MANAGEMENT'S DISCUSSION AND ANALYSIS
AND FINANCIAL STATEMENTS (CONTINUED)**

Nonoperating Revenues and Expenses

Nonoperating revenues consist primarily of sales taxes levied by the state and provider relief funds. The District received \$163,780 more in taxes in 2023, while in 2022 the taxes collected increased by \$106,436. The District recognized provider relief funds of \$-0- and \$3,252,152 as of December 31, 2023 and 2022. Nonoperating expenses consist primarily of interest expense. The District paid \$96,698 more in interest in 2023 and \$765,803 more in 2022.

THE DISTRICT'S CASH FLOWS

Changes in the District's cash flows are consistent with changes in operating losses and nonoperating revenues and expenses previously discussed.

DEBT ADMINISTRATION

Debt

At December 31, 2023 and 2022, the District had \$25,606,894 and \$29,071,762, respectively, in notes payable as detailed in Note 8 of the financial statements.

Other Economic Factors

The District maintains good relations with various employers in the area. The District seeks to maintain its provider status in the many health insurance networks that local employers participate in. The District will continue to look for ways to foster its relationship with local employers and work towards promoting the services it offers to potential patients in the area.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact, the District's office at Winnie-Stowell Hospital District, 538 Broadway, Winnie, Texas 77665.

**WINNIE-STOWELL HOSPITAL DISTRICT
WINNIE, TEXAS**

Financial Statements

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

**WINNIE-STOWELL HOSPITAL DISTRICT
STATEMENTS OF NET POSITION**

DECEMBER 31, 2023 AND 2022

ASSETS:	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 22,101,569	\$ 24,293,196
Short-Term Investments	8,200,000	7,019,422
Patient Accounts Receivable, Net of Allowance	72,875,433	49,682,242
Nursing Home Supplemental Payment Receivable	15,037,104	11,842,095
Prepaid and Other Current Assets	23,899,652	18,681,490
Sales Taxes Receivable	<u>157,172</u>	<u>136,457</u>
Total current assets	142,270,930	111,654,902
 CAPITAL ASSETS, NET		
Land	1,197,232	1,197,232
Construction-in-Progress	757,595	113,613
Depreciable Capital Assets, Net	<u>110,925</u>	<u>116,104</u>
Total Capital Assets, Net	<u>2,065,752</u>	<u>1,426,949</u>
Total Assets	<u><u>\$ 144,336,682</u></u>	<u><u>\$ 113,081,851</u></u>

WINNIE-STOWELL HOSPITAL DISTRICT
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022

LIABILITIES AND NET POSITION:	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts Payable	\$ 93,013,549	\$ 62,487,246
Accrued Payroll, Benefits, and Related Liabilities	13,684	1,406
Notes Payable	<u>25,606,894</u>	<u>29,071,762</u>
Total Current Liabilities	<u>118,634,127</u>	<u>91,560,414</u>
Total Liabilities	<u>118,634,127</u>	<u>91,560,414</u>
NET POSITION		
Invested in Capital Assets Net of Related Debt	2,065,752	1,426,949
Unrestricted	<u>23,636,803</u>	<u>20,094,488</u>
Total Net Position	<u>25,702,555</u>	<u>21,521,437</u>
Total Liabilities and Net Position	<u><u>\$ 144,336,682</u></u>	<u><u>\$ 113,081,851</u></u>

WINNIE-STOWELL HOSPITAL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
OPERATING REVENUES:		
Net Nursing Home Patient Service Revenue	\$ 404,139,295	\$ 357,282,917
Other Revenue	1,682,827	36,953
Total Operating Revenues	405,822,122	357,319,870
OPERATING EXPENSES:		
Salaries	184,339	150,062
Employee Benefits	16,186	11,559
Nursing Home Expenses	367,380,339	322,097,373
Indigent Care	2,625,275	892,601
Legal and Consulting Fees	3,479,022	2,825,549
Grant Expense	1,868,233	1,442,537
Other Operating	23,955,542	20,737,640
Depreciation and Amortization	5,179	5,179
Total Operating Expenses	399,514,115	348,162,500
Operating Income (Loss)	6,308,007	9,157,370
NONOPERATING REVENUES (EXPENSES):		
Sales Tax Revenue	945,549	781,769
CAREs Act Provider Relief Funds	-	3,252,152
Investment Income	328,761	36,847
Interest Expense	(3,401,199)	(3,497,897)
Total Nonoperating Revenues (Expenses)	(2,126,889)	572,871
Excess of Revenues Over Expenses Before Capital Grants and Contributions	4,181,118	9,730,241
Increase (Decrease) in Net Position	4,181,118	9,730,241
Net Position, Beginning of Year	21,521,437	11,791,196
Net Position, End of Year	\$ 25,702,555	\$ 21,521,437

**WINNIE-STOWELL HOSPITAL DISTRICT
STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from and on Behalf of Patients	\$ 338,892,760	\$ 316,462,731
Other Receipts and Payments, net	(1,393,850)	(213,370)
Indigent Care Support	(10,219,299)	2,037,454
Payments to Suppliers and Contractors	(321,845,959)	(315,810,825)
Payments to Employees	(188,247)	(161,799)
Net cash provided by (used in) operating activities	5,245,405	2,314,191
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Earnings	328,761	36,847
Purchase of Investments	(1,180,578)	(997,083)
Net Cash Provided by (Used in) Investing Activities	(851,817)	(960,236)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(643,982)	(1,310,845)
Net Cash Provided by (Used in) Capital and Related	(643,982)	(1,310,845)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES		
Sales Tax	924,834	777,730
Principal Payments on Debt and Notes Payable	(50,376,597)	(23,572,319)
Proceeds From Issuance of Long-Term Debt and Notes Payable	46,911,729	29,071,763
Interest Payments on Long-Term Debt and Notes Payable	(3,401,199)	(3,497,897)
Net Cash Provided by (Used in) Noncapital Financing Activities	(5,941,233)	2,779,277
Net Increase (Decrease) in Cash and Cash Equivalents	(2,191,627)	2,822,387
Cash and Cash Equivalents, Beginning of Year	24,293,196	21,470,809
Cash and Cash Equivalents, End of Year	\$ 22,101,569	\$ 24,293,196

**WINNIE-STOWELL HOSPITAL DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)**

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
RECONCILIATION OF CASH AND EQUIVALENTS TO THE BALANCE SHEETS		
Cash and equivalents presented under the following titles:		
Cash and Cash Equivalents	\$ 22,101,569	\$ 24,293,196
	\$ 22,101,569	\$ 24,293,196
RECONCILIATION OF NET INCOME TO NET CASH USED IN OPERATING ACTIVITIES		
Operating Income (Loss)	6,308,007	9,157,370
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows Used in Operating Activities:		
Depreciation and Amortization	5,179	5,179
(Increase) Decrease in:		
Accounts Receivable	(23,193,191)	(5,625,848)
Prepaid Expenses and Other Current Assets	(5,218,162)	(2,932,317)
Nursing Home Supplemental Payment Receivable	(3,195,009)	(1,404,527)
Increase (Decrease) in:		
Accounts Payable	30,526,303	3,114,512
Accrued Salaries and Benefits Payable	12,278	(178)
 Net Cash Provided By (Used in) Operating Activities	 \$ 5,245,405	 \$ 2,314,191

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - The Winnie-Stowell Hospital District (the “District”) was formed as a political subdivision under the laws of the State of Texas, and became effective on January 1, 2005, in the eastern portion of Chambers County, Texas. The District is governed by an elected five-member board of directors serving four-year terms. As a hospital district it is not controlled by or dependent upon any other entity and does not exercise control over operations of any other entity. The District has entered into operations transfer agreements with forty nursing facilities which transferred the operations and certain operating assets of each facility. The District has also received an assignment or transfer of the Medicare and Medicaid Provider agreements for each facility.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America.

Enterprise Fund Accounting – The District uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. The District has elected to apply the provisions based on Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The District has also elected to apply the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

Newly Adopted Accounting Pronouncements:

GASB Statement No. 96 – In May 2020, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for reporting periods beginning after June 15, 2022, with earlier application encouraged. Implementation of the Statement had no effect on the District’s change in net position.

GASB Statement No. 99 – In April 2022, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Newly Adopted Accounting Pronouncements (Continued):

GASB Statement No. 99 (Continued) –

The practice issues addressed by this Statement are as follows:

- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions of Statement No. 34, Basic Financial Statements—and Management’s Discussions and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.
- Terminology used in Statement No. 53 to refer to resource flows statements.

This statement is effective upon issuance for requirements related to disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions of Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases and SBITAs are effective for fiscal years beginning after June 15, 2022. Implementation of the Statement had no effect on the District’s change in net position.

Pending Adoption of Recent Accounting Pronouncements:

GASB Statement No. 100 – In June 2022, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 100 – *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for fiscal years beginning after June 15, 2023, with earlier application encouraged. Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Adoption of Recent Accounting Pronouncements (Continued):

GASB Statement No. 101 – In June 2022, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for fiscal years beginning after December 15, 2023, with earlier application encouraged. Management is currently evaluating the effect this statement will have on the financial statements and related disclosures.

GASB Statement No. 102 – In December 2023, the Governmental Accounting Standards Board (“GASB”) issued GASB Statement No. 102 – *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The Statement is effective for fiscal years beginning after June 15, 2024, with earlier application encouraged. Management is currently evaluating the effect this Statement will have on the financial statements and related disclosures.

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

Cash and Cash Equivalents - The District considers highly liquid investments with an original maturity of three months or less to be cash equivalents, excluding amounts whose use is limited by board designation or other arrangements under trust agreements.

Patient Accounts Receivable – The allowance for estimated uncollectible patient accounts receivable is maintained at a level which, in management’s judgment, is adequate to absorb patient account balance write-offs inherent in the billing process. The amount of the allowance is based on management’s evaluation of the collectability of patient accounts receivable, including the nature of the accounts, credit concentrations, and trends in historical write-off experience, specific impaired accounts, and economic conditions. Allowances for uncollectibles and contractuals are general determined by applying historical percentages to financial classes within accounts receivable. The allowances are increased by a provision for bad debt expenses and contractual adjustments, and reduced by write-offs, net of recoveries.

Investments – The District is authorized to invest excess working capital and assets whose use is limited in certificate of deposit, money market accounts, or U.S. government securities. The District can invest its excess working capital monies in certificates of deposit at its designated depository and other financial institutions. Investments at the District’s depository are secured by the Federal Deposit Insurance Corporation (FDIC) or through the purchase of collateral in the form of US government securities by the depository.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Whose Use is Limited - Assets whose use is limited (if any) include assets held under indenture agreements and designated assets set aside by the board of directors to be used for capital expenditures over which the board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of the District have been reclassified as current assets

Capital Assets – Capital assets are carried at cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. Equipment under capital lease obligations is amortized on the straight-line method over the shorter of the lease term or the estimated useful life of the equipment life. Such amortization is included in depreciation and amortization in the financial statements. Except for capital assets acquired through gifts, contributions, or capital grants, interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring these assets.

The District has elected to capitalize expenditures over \$5,000 and provide for depreciation of capital assets by the straight-line method at rates promulgated by the American Hospital Association, which are designed to amortize the cost of such equipment over its useful life as follows:

Building	5 to 50 years
Major Moveable Equipment	3 to 20 years

Net Position – Net position of the District is classified into two components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets.

Operating Revenues and Expenses – For purposes of display, the District’s statements of revenues, expenses and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses result from exchange transactions associated with providing health care services - the District’s principal activity. Non-exchange revenues and expenses, including taxes, grants and contributions, and intergovernmental transfers received for purposes other than capital asset acquisition, are reported as non-operating revenues and expenses. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Federal Income Taxes - The District is a political subdivision under the laws of the State of Texas, and therefore, it is exempt from federal income tax pursuant to Section 115 of the Internal Revenue Code. Additionally, pursuant to Section 1.6033-2(g)(6) of the Income Tax Regulations, it is not required to file an information return form 990.

Indigent Care – The District provides payment for services to health care providers for certified indigents who have applied and met the District’s criteria for indigent care. The District pays a discounted rate which in most cases is equal to the Medicaid reimbursement rates.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales Tax Revenue – Sales taxes are collected by the state of Texas and remitted to the District monthly. The tax is collected by the vendor and is required to be remitted to the state by the 20th of the month following collection. The tax is then paid to the District by the Friday following the second Wednesday of the subsequent month. These funds were used to support operations.

Risk Management - The District is exposed to various risks of loss from torts: theft of, damage to and destruction of assets; business interruption; errors and omissions and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage during the year.

Reclassifications – Certain reclassifications have been made to the 2022 financial statements to conform to the 2023 financial statement presentation. These reclassifications had no effect on the change in net position.

NOTE 2 – NURSING HOME NET PATIENT SERVICE REVENUE

A significant portion of the District’s nursing home revenues and related accounts receivable are derived from programs administered by various federal and state agencies. Accordingly, the District is subject to regulatory requirements imposed by these governmental agencies. Revenues under certain of these programs are subject to examination and retroactive adjustment. Management does not expect a material settlement to result from any such examinations.

Patient service revenue for the Nursing Homes is comprised as follows:

	<u>2023</u>	<u>2022</u>
SNF Gross Patient Revenue	\$ 415,809,377	\$ 368,786,300
Provision for Bad Debts	<u>(11,670,082)</u>	<u>(11,503,383)</u>
Net Nursing Home Patient Service Revenue	<u>\$ 404,139,295</u>	<u>\$ 357,282,917</u>

**WINNIE-STOWELL HOSPITAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2023 AND 2022**

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

At December 31, 2023 and 2022, the carrying amount of the District’s deposits with financial institutions was \$31,038,389 and \$30,611,591, respectively, and the bank balance was \$29,564,649 and \$30,611,591, respectively.

	2023	2022
Amount insured by the FDIC	\$ 1,000,000	\$ 1,000,000
Amount collateralized with securities held by the pledging financial institution's trust department in the District's name	28,571,600	29,611,591
Total bank balance	\$29,571,600	\$30,611,591

NOTE 4 – INVESTMENTS

The District has funds invested in TexSTAR which is reported as cash and equivalents. TexSTAR is a local government investment pool created under the Interlocal Cooperation Act specifically tailored to meet Texas state and local government investment objectives of preservation of principal, daily liquidity, and competitive yield. TexSTAR is administered by First Southwest Asset Management, Inc. and JP Morgan Chase. The fund is rated AAAM by Standard and Poor’s and maintains a maturity of 60 days or less, with a maximum maturity of 13 months for any individual security. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas Public Funds Investment Act for local government investment pools. At December 31, 2023 and 2022, the carrying amount of the District’s deposits with financial institutions was \$736,920 and \$701,027, respectively. Separate financial statements can be obtained by sending TexSTAR a fax or calling 1-800-TEX-STAR.

TexSTAR is a member of Securities Investor Protection Corporation (SIPC). The SIPC provides \$500,000 of coverage for missing securities, including \$250,000 for claims of cash awaiting reinvestment. Market losses are not covered by SIPC.

The District’s investments may be exposed to the following types of risk:

Interest Rate Risk – Interest rate risk is the risk that the market values of investments will change based on changes in market interest rates. The District limits maturities to one year or less as a means of managing its exposure to fair value losses arising from increasing interest rates. State investment pools are presented as an investment with a maturity of less than one year because they are redeemable in full immediately.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2023 and 2022, the District’s investments in TexSTAR was rated AAA by Standard & Poor’s.

**WINNIE-STOWELL HOSPITAL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2023 AND 2022**

NOTE 4 – INVESTMENTS (CONTINUED)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. TexSTAR is managed to fulfill all requirements of the Texas Public Funds Investment Act.

Concentration of Credit Risk – The District places no limit on the amount that may be invested in any one issuer. At December 31, 2023 and 2022, the investment in state investment pools was approximately 2.4% and 4.0% of total cash and cash equivalents and short-term investments respectively.

NOTE 5 – NURSING HOME ACCOUNTS RECEIVABLE

Concentration of Credit Risk – The District grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31 is as follows:

	<u>2023</u>	<u>2022</u>
Medicare	9%	16%
Medicaid	15%	15%
Managed Care	54%	44%
Patients	22%	25%
Total	<u>100%</u>	<u>100%</u>

NOTE 6 – SALES TAX RECEIVABLE

Sales taxes are reported as revenues in the period for which they are collected. Tax revenue for 2023 and 2022 was \$945,549 and \$781,769, respectively. As of December 31, 2023 and 2022, the balance of sales tax receivable and its related allowance for uncollectible taxes are as follows:

	<u>2023</u>	<u>2022</u>
Taxes Receivable	<u>\$ 157,172</u>	<u>136,457</u>

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 7 – CAPITAL ASSETS

The following is a summary of capital assets at cost less accumulated depreciation:

	Balance 12/31/22	Additions	Reclass/ Retirements	Balance 12/31/23
Land	\$ 1,197,232	\$ -	\$ -	\$ 1,197,232
Building and improvements	129,483	-	-	129,483
Equipment	140,655	-	-	140,655
Construction in progress	113,613	643,982	-	757,595
Totals at Historical Cost	1,580,983	643,982	-	2,224,965
Less Accumulated Depreciation for:				
Building and improvements	(8,200)	(5,179)	-	(13,379)
Equipment	(145,834)	-	-	(145,834)
Total Accumulated Depreciation	(154,034)	(5,179)	-	(159,213)
Capital Assets, Net	<u>\$ 1,426,949</u>	<u>\$ 638,803</u>	<u>\$ -</u>	<u>\$ 2,065,752</u>
	Balance 12/31/21	Additions	Reclass/ Retirements	Balance 12/31/22
Land	\$ -	\$ 1,197,232	\$ -	\$ 1,197,232
Building and improvements	129,483	-	-	129,483
Equipment	140,655	-	-	140,655
Construction in progress	-	113,613	-	113,613
Totals at Historical Cost	270,138	1,310,845	-	1,580,983
Less Accumulated Depreciation for:				
Building and improvements	(3,021)	(5,179)	-	(8,200)
Equipment	(145,834)	-	-	(145,834)
Total Accumulated Depreciation	(148,855)	(5,179)	-	(154,034)
Capital Assets, Net	<u>\$ 121,283</u>	<u>\$ 1,305,666</u>	<u>\$ -</u>	<u>\$ 1,426,949</u>

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 8 – NOTES PAYABLE

Following is a summary of notes payable at December 31:

	Balance 12/31/22	Additions	Reductions	Balance 12/31/23
(21) Salt Creek Capital	9,014,433	-	(9,014,433)	-
First Financial Bank	13,057,329	-	(13,057,329)	-
Stellar Bank	7,000,000	-	(7,000,000)	-
FFB Line of Credit	-	2,442,255	-	2,442,255
FBB Loan 5 Months	-	11,694,493	(11,694,493)	-
FBB Loan 11 Months	-	17,353,948	(9,610,342)	7,743,606
FBB Loan	-	15,421,033	-	15,421,033
	<u>\$ 29,071,762</u>	<u>\$ 46,911,729</u>	<u>\$(50,376,597)</u>	<u>\$ 25,606,894</u>
	Balance 12/31/21	Additions	Reductions	Balance 12/31/22
(19) Salt Creek Capital	11,786,159	-	(11,786,159)	-
(20) Salt Creek Capital	11,786,159	-	(11,786,159)	-
(21) Salt Creek Capital	-	9,014,433	-	9,014,433
First Financial Bank	-	13,057,329	-	13,057,329
Stellar Bank	-	7,000,000	-	7,000,000
	<u>\$ 23,572,318</u>	<u>\$ 29,071,762</u>	<u>\$(23,572,318)</u>	<u>\$ 29,071,762</u>

The terms and due dates of the District’s notes payable at December 31, 2023 and 2022 follow:

- (19) Salt Creek Capital – 16.8% note payable with all outstanding principal and interest due April 30, 2022 and is collateralized by cash and investments.
- (20) Salt Creek Capital – 16.8% note payable with all outstanding principal and interest due October 30, 2022 and is collateralized by cash and investments.
- (21) Salt Creek Capital – 16.8% note payable with all outstanding principal and interest due April 30, 2023 and is collateralized by cash and investments.
- First Financial Bank – 16.8% note payable with all outstanding principal and interest due October 30, 2023 and is collateralized by cash and investments.
- Stellar Bank – 2.55% note payable with all outstanding principal and interest due May 23, 2023 and is collateralized by a certificate of deposit.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 8 – NOTES PAYABLE (CONTINUED)

- FFB Line of Credit – 5.6% note payable with all outstanding principal and interest due May 1, 2024 and is collateralized by cash and investments.
- FFB Loan 5 Months – 8.25% note payable with all outstanding principal and interest due November 1, 2023 and is collateralized by cash and investments.
- FFB Loan 11 Months – 8.25% note payable with all outstanding principal and interest due May 1, 2024 and is collateralized by cash and investments.
- FFB Loan – 8.25% note payable with all outstanding principal and interest due November 1, 2024 and is collateralized by cash and investments.

In 2023 and 2022, total interest incurred was \$3,401,199 and \$3,497,897, respectively, all of which was charged to operations.

NOTE 9 – INDIGENT CARE

The District is responsible for providing healthcare for residents of the District that qualify under the indigent program guidelines. In March 2015, the District hired an indigent care director and began operating the indigent care program themselves. In addition, the District is part of an indigent care assistance agreement with Winnie Community Hospital (the “Hospital”). This agreement is intended to reimburse the Hospital for services provided to residents of the District. The District incurred expense for indigent care and assistance in the amount of \$2,625,275 and \$892,601 for the year ended December 31, 2023 and 2022, respectively.

NOTE 10 – NURSING HOME OPERATIONS

During 2014, the District entered into operations transfer agreements with thirteen nursing facilities which transferred the operations and certain operating assets of each facility. In fiscal years 2017 and 2018, the District entered into operations transfer agreements with a total of eleven additional nursing homes. In fiscal year 2020, the District entered into an operation transfer agreement with an additional nursing home. In 2021, the District entered into operations transfer agreement with an additional fourteen nursing home. In 2022, the District entered into an operation transfer agreement with an additional nursing home. In 2023, the District entered into operations transfer agreement with an additional ten nursing homes. The District has also received an assignment or transfer of the Medicare and Medicaid Provider agreements for each facility. In addition to the operations transfer agreements, the District has also entered into a lease agreement with each facility for the lease of real property, fixed assets, and associated equipment that encompass the nursing home’s physical properties. Additionally, in 2023, the District entered into an operations transfer agreement, which resulted in one nursing home leaving the District. The total rental expense paid to all facilities was \$43,434,844 and \$37,465,824 for the year ended December 31, 2023 and 2022, respectively.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 10 – NURSING HOME OPERATIONS (CONTINUED)

At the time of each transfer agreement, the District executed a management agreement with LTC Group, LLC to provide certain operational and clinical review services for all of the nursing home facilities on behalf of the Hospital District. The initial term of these agreements are through August 31, 2016, unless sooner terminated. These agreements shall be automatically renewed for successive two-year periods unless either party cancels in writing on or before 90 days prior to the end of the current term. As of December 31, 2023 and 2022, no termination event has occurred.

Under these agreements, the District has paid total service fees of \$22,549,402 and \$17,124,144, respectively, which is recorded in other operating expenses on the statements of revenues, expenses, and changes in net position for the year ended December 31, 2023 and 2022.

In connection with these agreements, the District has recorded all patient revenue and the related accounts receivable. The District recorded \$404,139,295 and \$357,282,917 in net patient related revenue for the years ended December 31, 2023 and 2022, respectively. These revenues are recorded as Net Nursing Home Patient Service Revenues on the statements of revenues, expenses, and changes in net position.

Additionally, the District has entered into separate management agreements whereby each facility is managed by a third-party in which the District pays monthly fees for management services and operating expenses including quality incentives, if any, based upon the terms of each individual agreement. These fees total \$367,380,339 and \$322,097,373 for the years ended December 31, 2023 and 2022, respectively. These expenses are recorded as Nursing Home expenses on the statements of revenues, expenses, and changes in net position. Amounts due and unpaid as of December 31, 2023 and 2022 for these expenses are \$93,013,549 and \$62,487,246, respectively.

Quality Incentive Payment Program (QIPP) – During its 84th session, the Texas Legislature directed HHSC to transition MPAP to a new Quality Incentive Payment Program (QIPP) effective September 1, 2016, and HHSC will implement QIPP on September 1, 2017. QIPP will require participating facilities meeting certain qualifying criteria to submit projects to HHSC requesting the additional funding as supported in the individual projects. These projects are expected to improve quality and innovation in the provision of nursing facility services, including but not limited to payment incentives to establish culture change, small house models, staffing enhancements and outcome measures to improve the quality of care and life for nursing facility residents. A portion of the additional funding will be funded through intergovernmental transfer (IGT) payments from each participating provider. QIPP IGTs for a specific capitation rate period will be due to HHSC approximately six months prior to the beginning of the rate period. The District has recorded a QIPP receivable of \$15,037,104 and \$11,842,095 at December 31, 2023 and 2022, respectively.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Litigation – The District is, from time to time, subject to claims and suits for damages, including damages for personal injuries to patients and others, most of which are covered as to risk and amount. In the opinion of management, there were no known pending legal proceedings that could have a material effect on the District’s financial position or results of operations.

NOTE 12 – MALPRACTICE CLAIMS

The District is a unit of government covered by the Texas Tort Claims Acts which, by statute, limits its liability to \$100,000 per person and \$300,000 for each single occurrence. These limits coincide with the malpractice insurance coverage maintained by the District, which is purchased 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 claims 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 District’s claims experience, no such accrual has been made.

NOTE 13 – COVID-19 FEDERAL AND STATE FINANCIAL ASSISTANCE

The Coronavirus Aids, Relief, and Economic Security (CARES) Act (P.L. 116-136) and the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act (P.L. 116-123) appropriated funds to reimburse eligible healthcare providers for healthcare related expense or lost revenues attributable to coronavirus. These funds were distributed by the Health Resources and Services Administration (HRSA) through the Provider Relief Fund (PRF) program. The District received relief funds through General and Targeted Distributions stimulus payments and Allocation for Skilled Nursing Facilities (SNFs).

Recipients of these funds agreed to Terms and Conditions, which require compliance with reporting requirements as specified by the Secretary of Health and Human Services in program instructions.

- **Targeted Distribution** – By accepting the Relief Funds, the District must maintain compliance with the Secretary's terms and conditions, including but not limited to, using the Relief Funds to prevent, prepare for, and respond to coronavirus, and shall reimburse the District only for health care related expenses or lost revenues that are attributable to coronavirus. The District's commitment to full compliance with all terms and conditions is material to the Secretary's decision to disburse these funds. Non-compliance with any terms and conditions is grounds for the secretary to recoup some or all of the payment made from the Relief Fund.
- **General Distribution** – The Provide Relief Funds designated to rural hospital is for those hospitals that are located in a geography that is non-Metro county, in an independent rural health clinic, critical access hospital, or has a Rural-Urban Commuting Area (RUCA) code of 2, 3, or 4-10. The funds received by the district shall reimburse the expenses used to prevent, prepare for, and respond to coronavirus or lost revenues attributable to coronavirus.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 13 – COVID-19 FEDERAL AND STATE FINANCIAL ASSISTANCE (CONTINUED)

- **Skilled Nursing Facilities (SNFs) and Nursing Home Infection Control** – The Relief Funds provided to skilled nursing facilities is to help them combat the effects of the pandemic on the nation’s vulnerable seniors. The provider relief funds will be used to support nursing homes suffering from significant expensed or lost revenue attributable to COVID-19. Each SNF will receive a fixed distribution of \$50,000, plus a distribution of \$2,500 per bed to all certified SNFs with six or more certified beds. The Nursing Home must attest they will only use the Provider Relief Fund payments to prevent, prepare for, and respond to coronavirus. The payment shall reimburse for health care related expense or lost revenues that are attributable to coronavirus.

In accordance with the Department of Health and Human Services Post-Payment Notice of Reporting Requirements, the recipients must submit their use of PRF payments by reporting healthcare related expense attributable to coronavirus that another source has not reimbursed then applying actual patient care lost revenues to the remaining funds.

The period of availability of funds is based on the date the payment is received as follows:

<u>Payment Received Period</u>	<u>Period of Availability for Eligible Expenses</u>	<u>Period of Availability for Lost Revenues</u>
April 10, 2020 through June 30, 2020	January 1, 2020 through June 30, 2021	January 1, 2020 through June 30, 2021
July 1, 2020 through December 31, 2020	January 1, 2020 through December 31, 2021	January 1, 2020 through December 31, 2021
January 1, 2021 through June 30, 2021	January 1, 2020 through June 30, 2022	January 1, 2020 through June 30, 2022
July 1, 2021 through December 31, 2021	January 1, 2020 through December 31, 2022	January 1, 2020 through December 31, 2022
January 1, 2022 through June 30, 2022	January 1, 2020 through June 30, 2023	January 1, 2020 through June 30, 2023
July 1, 2022 through December 31, 2022	January 1, 2020 through December 31, 2023	January 1, 2020 through June 30, 2023
January 1, 2023 through June 30, 2023	January 1, 2020 through June 30, 2024	January 1, 2020 through June 30, 2023

If recipients do not expend PRF funds in full by these deadlines towards expenses attributable to coronavirus but not reimbursed by other sources, and/or lost revenues, the funds may become subject to recoupment.

For the year ended December 31, 2023 and 2022, the District recognized \$-0- and \$3,252,152, respectively, in COVID-19 federal and state financial assistance. The respective revenue is included with nonoperating revenues in accompanying statements of revenues, expenses and changes in net position.

**WINNIE-STOWELL HOSPITAL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2023 AND 2022**

NOTE 14 – SUBSEQUENT EVENTS

During January 2024, the District entered into operations transfer agreement with an additional seven nursing homes. Additionally, in June 2024, the District entered into operations transfer agreement with an additional three nursing homes.

The date to which events occurring after December 31, 2023, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosure is June 26, 2024, which is the date on which the financial statements were available to be issued.