

## Agenda

### Estes Park Health Board of Directors' Finance Committee Meeting

Wednesday, August 26, 2020

2:00 - 3:00 p.m.

Estes Park Health, 555 Prospect Avenue, Estes Park CO 80517

Timberline Conference Room / Teams Online / 1-719-300-6108 Conference ID: 363072636#

Regular Session		Mins.	Procedure	Presenter(s)
1	Call to Order/Welcome	1	Action	Mr. Steve Alper
2	Public Comments	2	Information	Public
3	Approval of the Agenda	1	Action	Mr. Steve Alper
4	Approval of Finance Meeting Minutes June 25, 2020	1	Action	Mr. Steve Alper
5	Presentations			
	5.1 Renewal of the Line of Credit from Bank of Colorado	10	Action	Mr. Tim Cashman
	5.2 Month End Financials - July 2020	40	Discussion	Mr. Tim Cashman
6	Adjourn	1	Action	Mr. Steve Alper
<i>Total Regular Session Mins.</i>		56		

**Next Regular Finance Subcommittee Meeting: Thursday, September 24, 2020 3:00 - 4:00 p.m.**



**ESTES PARK HEALTH  
BOARD OF DIRECTORS’  
Finance Committee Meeting Minutes – June 25, 2020**

**Board Members in Attendance**

Dr. David Batey  
Ms. Diane Muno (via phone)  
Mr. William Pinkham  
Dr. Steve Alper

**Board Members Absent**

Ms. Sandy Begley

**Other Attendees**

Mr. Vern Carda, CEO  
Mr. Tim Cashman, CFO

**Community Attendees (via phone)**

Dr. Larry Leaming

**1. Call to Order**

The Finance Committee meeting was called to order at 3:06 p.m. by Dr. Alper, Chair; there was a quorum present. Notice of the Finance Committee meeting was posted in accordance with the SUNSHINE Law Regulation.

**2. Approval of the Agenda**

Dr. Batey motioned to approve the agenda as submitted. Mr. Pinkham seconded the motion, which carried unanimously.

**3. Approval of the Meeting Minutes – May 15, 2020**

Dr. Batey motioned to approve the minutes from the May 15 meeting as presented. Mr. Pinkham seconded the motion, which carried unanimously.

**4. Public Comments**

No comments were submitted.

## 5. Month End Financials – May 2020

### Financial Overview Month End May 31, 2020

FINANCIAL RATIOS					
	Apr	May	RED	YELLOW	GREEN
Days in Accounts Receivable	50.5	57.3	>60	50-60	
Days Cash on Hand	222	241	<125	125-224	>225
Dept Service Coverage Ratio	-0.67	-1.91	<1.25	1.25-2.0	>2.0
Operating Margin (12Mo. Rolling)	-15.0%	-19.5%	<2.0%	2%-4.99%	>5%
Total Margin (12 Mo. Rolling)	-8.0%	-12.2%	<5.0%	5%-9.99%	>10.0%

OTHER INDICATORS					
	Apr	May	Budget	YTD	YTD Budget
Total Deductions from Revenue%	44.1%	45.3%	46.0%	44.5%	46.0%
Operating Margin	(\$2,156,649)	(\$2,089,342)	(\$481,149)	(\$7,724,976)	(\$3,635,614)
Operating Margin %	-91.1%	-71.4%	-11.1%	-47.8%	-17.8%
Increase (decrease) in Net Assets	(\$1,905,625)	(\$1,837,911)	\$198,040	(\$6,429,123)	(\$2,117,369)
Total Margin %	-80.5%	-62.8%	-4.6%	-39.8%	-10.4%

### SUMMARY

**Statistics:** IP Days are at 94 compared to 83 in April and 131 in May 2019.

Physicians Clinic Visits are at 1027 compared to 648 in April and 2168 in May 2019. Surgeries are at 15 compared to 4 in April and 29 in May 2019.

**Revenue:** May's Gross Patient Revenue is \$5,254,517 compared to a budget level of \$7,929,482.

**Other Operating Revenue:** YTD Other Revenues are \$121,468 below budget.

**Expenses:** Total Operating Expenses in May are \$184,695 over budget. Salaries and benefits are over budget by \$142,470.

**Excess Revenues (Expenses):** May's increase in Net Assets is -\$1,837,911 compared to a budget of of -\$198,040. May's Total Margin is -62.8% compared to a budgeted level of -4.6%.

**Ratio Analysis:** Day's in AIR is at 57.3 which is higher than the industry average of fifty. Day's Cash on Hand is at 241 compared to April's level of 222 and May 2019 of 176.

**Debt Coverage Ratio:** May's rolling 12-month ratio is -1.91%. The loan end of year minimum required ratio is 1.25.

## Statement of Revenues and Expenses (Unaudited)

**May 31, 2020**

REVENUE	MONTH May-20	YEAR TO DATE FY 2020	PRIOR YEAR TO DATE FY 2019
	Actual / Budget / Var	Actual / Budget / Var	Actual / Var
Patient Revenue			
In-Patient			
Out-Patient			
TOTAL PATIENT REVENUE	\$ 902,898 \$1,516,743 -40% 4,351,620 6,412,739 -32%	\$ 4,688,872 \$ 8,190,511 -43% 24,024,177 28,953,053 -17%	\$ 8,444,797 -44% 27,268,418 -12%
Less Contractual Adjustments	5,254,517 7,929,482 -34%	28,713,049 37,143,564 -23%	35,713,215 -20%
Less Bad Debt Adjustments	(2,200,487) (3,568,267) 38%	(12,346,563) (16,714,605) 26%	(16,759,172) 26%
TOTAL REVENUE DEDUCTIONS	(178,077) (79,295) -125%	(425,061) (371,437) -14%	(405,897) -5%
NET PATIENT REVENUE	(2,378,564) (3,647,562) 35% 45.3% 46.0%	(12,771,624) (17,086,042) 25% 44.5% 46.0%	(17,165,069) -26% 48.7%
Other Operating Revenue	2,875,953 4,281,920 -33%	15,941,426 20,057,522 -21%	18,548,146 -14%
TOTAL OPERATING REVENUE	49,882 67,414 -26%	216,655 338,123 -36%	314,522 -31%
EXPENSES	2,925,835 4,349,334 -33%	16,158,080 20,395,645 -21%	18,862,668 -14%
Wages			
Benefits	2,233,332 2,130,440 -5%	10,396,885 10,390,976 0%	9,034,830 -15%
Contract Labor	636,885 597,307 -7%	2,775,238 2,707,038 -3%	2,692,349 -3%
Medical Supplies	464,494 526,618 12%	2,662,518 2,631,090 -1%	2,570,562 -4%
Non-Medical Supplies	344,642 375,278 8%	1,791,205 1,870,089 4%	1,827,108 2%
Purchased Services	98,143 84,772 -16%	462,946 421,876 -10%	470,046 2%
Other Operating Expenses	606,856 503,844 -20%	2,668,989 2,847,695 6%	2,104,876 -27%
Depreciation & Amortization	340,658 314,106 -8%	1,691,405 1,711,901 1%	1,474,485 -15%
Interest	254,983 263,852 3%	1,265,829 1,279,264 1%	833,532 -52%
TOTAL OPERATING EXPENSE	35,184 34,266 -3%	168,041 171,330 2%	163,968 -2%
	5,015,178 4,830,483 -4%	23,883,056 24,031,259 1%	21,171,755 -13%
OPERATING INCOME (LOSS)	(2,089,342) (481,149) -334% 71.4% -11%	(7,724,976) (3,635,614) -112% -47.8% -17.8%	(2,309,087) -235% -12.2%
Operating Margin			
Non-Operating Revenue	255,626 287,559 -11%	1,316,828 1,440,295 -9%	1,315,236 0%
Non-Operating Expense	(4,195) (4,450) 6%	(20,975) (22,050) 5%	(2,097,400) 0%
EXCESS REVENUES (EXPENSES)	(1,837,911) (198,040) -828%	(6,429,123) (2,217,369) -190%	(1,014,825) 534%
Gift to Purchase Capital Assets		100,000	15,277
INCREASE(DECREASE) IN NET ASSETS	(1,837,911) (198,040) -828% -62.8% -4.6%	(6,429,123) (2,117,369) -204% -39.8% -0.4%	(999,548) -543% -5.3%
Total Margin			

**Balance Sheet (Unaudited) May 31, 2020**

ASSETS	2020 May	2020 Apr	2019 May
CASH & CASH EQUIVALENTS	\$ 29,848,292	\$ 26,343,798	\$ 16,697,723
PATIENT ACCOUNTS RECEIVABLE	9,099,346	9,310,952	11,823,575
LESS: ALLOWANCES	(4,287,315)	(4,553,120)	(5,902,596)
NET ACCOUNTS RECEIVABLE	4,812,031	4,757,832	5,920,979
RECEIVABLES FROM OTHER PAYORS	2,377,996	2,817,604	2,037,710
INVENTORY	1,074,365	1,069,955	1,108,802
PREPAID EXPENSES	<u>457,933</u>	<u>519,972</u>	<u>463,451</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>38,570,619</u></b>	<b><u>35,509,161</u></b>	<b><u>26,228,665</u></b>
<b>NET PROPERTY, EQUIPMENT &amp; INTANGIBLE ASSETS</b>	<b><u>33,202,093</u></b>	<b><u>32,773,117</u></b>	<b><u>30,550,542</u></b>
<b>RESTRICTED ASSETS</b>	<b><u>3,914,547</u></b>	<b><u>3,914,266</u></b>	<b><u>1,407,565</u></b>
OTHER ASSETS	0	0	0
LONG TERM INVESTMENTS	1,040,820	1,040,820	5,004,786
<b>TOTAL OTHER ASSETS</b>	<b><u>1,040,820</u></b>	<b><u>1,040,820</u></b>	<b><u>5,004,786</u></b>
<b>TOTAL ASSETS</b>	<b>\$ <u>76,728,080</u></b>	<b>\$ 73,237,364</b>	<b>\$ 63,191,558</b>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	951,042	710,108	621,868
ACCRUED EXPENSES	10,879,872	5,860,327	4,217,683
ACCRUED COMP PAYABLE	1,247,047	1,180,800	1,122,693
ACCRUED INTEREST PAYABLE	149,666	119,142	156,907
EST THIRD-PARTY SETTLEMENT	5,811,882	5,811,882	906,007
SHORT TERM NOTES PAYABLE	5,116,581	5,116,581	
OTHER CURRENT LIABILITIES	0	0	0
CURRENT MATURITIES OF OTHER LONG-TERM DEBT	1,085,000	1,085,000	1,060,000
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>25,241,090</u></b>	<b><u>19,883,840</u></b>	<b><u>8,085,157</u></b>
<b>DEPOSITS AND DEFERRED INCOME</b>			
LOANS PAYABLE	15,541,481	15,570,105	13,485,000
LEASES PAYABLE	0	0	0
<b>TOTAL LONG-TERM LIABILITIES</b>	<b><u>15,541,481</u></b>	<b><u>15,570,105</u></b>	<b><u>13,485,000</u></b>
<b>TOTAL LIABILITIES</b>	<b>40,782,571</b>	<b>35,453,945</b>	<b>21,570,157</b>
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT UNRESTRICTED	42,374,632	42,374,632	42,620,949
<b>TOTAL NET ASSETS</b>	<b>42,374,632</b>	<b>42,374,632</b>	<b>42,620,949</b>
<b>EXCESS REVENUES YTD</b>	<b><u>(6,429,123)</u></b>	<b><u>(4,591,212)</u></b>	<b><u>(999,548)</u></b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ 76,728,080</b>	<b>\$ 73,237,364</b>	<b>\$ 63,191,558</b>

## Statement of Cash Flows (Unaudited)

1/1/20 through 5/31/20

### Cash Flows from Operating Activities

(Deficiency) Excess of Revenues over Expenses	\$ (6,429,123)
Interest expense (considered financing activity)	168,041
County tax subsidy, net (considered financing activity)	(1,248,940)
Interest income (considered investing activity)	<u>(45,913)</u>
Net income (loss) from operating activities	(7,555,935)
Assets released from restrictions	(1,000)
Depreciation & amortization	1,265,829
Amortization of Deferred Bond Financing Costs	
Changes in working capital:	
Decrease (Increase) in Accounts receivable, net	3,246,860
Decrease (Increase) in Inventory	22,041
Decrease (Increase) in Prepaid expenses	222,562
Decrease (Increase) in Other Assets	
Decrease (Increase) in Long Term Investment	(286,840)
Increase (Decrease) in Accounts payable	(1,921,948)
Increase (Decrease) in Accrued wages & related liabilities	955,416
Increase (Decrease) in Other current liabilities	137,468
Increase (Decrease) in Deposits and Deferred Income	5,349,414
Increase (Decrease) in Payable to 3rd party payors	4,407,877
Increase (Decrease) in Retirement cottage liability (current portion)	
Increase (Decrease) in Apartment Damage Deposit Liability	
Net (gain) loss on sale of equipment	
Net cash provided by (used in) operating activities	<u>5,841,744</u>

### Cash Flows from Financing Activities

Restricted contributions	1,000
County tax subsidy, net	1,248,940
Increase (Decrease) in line of credit	
Interest expense	(168,041)
Sale of equipment	
Purchase of property, equipment & intangible assets	(2,436,280)
Increase (Decrease) in capital lease commitments, net	
Increase (Decrease) in deferred income retirement cottage admission	
Loan Activity	8,258,062
Bond Activity	
Net cash provided by (used in) financing activities	<u>6,903,681</u>

### Cash Flows from Investing Activities

Interest income	<u>45,913</u>
Net cash provided by (used in) investing activities	<u>45,913</u>

**Net Increase (Decrease) in Cash and Cash Equivalents** 12,791,338

**Cash and Cash Equivalents, 01/01/2020** 20,971,503

**Cash and Cash Equivalents, 5/31/20** \$ 33,762,841

Restricted Cash and Cash Equivalents, 5/31/20 \$ 3,914,547

Unrestricted Cash and Cash Equivalents, 5/31/20 29,848,294

\$ 33,762,841

**EPH Days in AR (Gross)**

	<b>Jun 2019</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>
AIR (Gross)	12,635,331	15,365,170	16,601,424	15,378,349	14,173,824	13,806,401
Days in Month	30	31	31	30	31	30
Monthly Revenue	7,410,739	10,356,792	8,951,469	7,200,698	7,808,340	6,340,531
Daily Revenue	242,118	276,556	290,424	288,141	260,440	234,611
Days in ARI	52.2	55.61	57.21	53.41	54.41	58.81

	<b>Dec</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May -20</b>
AIR (Gross)	14,575,357	14,237,980	13,759,900	11,257,627	9,310,952	9,099,346
Days in Month	31	31	29	31	30	31
Monthly Revenue	7,414,874	6,857,233	7,238,504	5,214,133	4,148,662	5,254,518
Daily Revenue	234,389	224,050	236,380	212,196	184,459	158,884
Days in ARI	62.2	63.51	58.2	53.1	50.51	57.31

**EPH Days Cash on Hand**

	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Jul</b>	<b>Aug</b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec</b>
2020	142	140	135	222	241							
2019	177	183	177	179	176	171	172	161	163	164	160	152
2018	187	184	178	175	176	180	182	178	181	187	187	176
2017	202	206	197	196	191	189	195	200	196	196	197	196
Bond Covenant MIN	90	90	90	90	90	90	90	90	90	90	90	90
Cash Target	220	220	220	220	220	220	220	220	220	220	220	220

Statement of Revenues and Expenses (Unaudited)

	FORECAST FY2020						
	2nd Quarter	3rd Quarter	4th Quarter	FY 2020 Forecast	Budget 2020	Variance	% Variance
<b>REVENUE</b>							
Patient Revenue							
In-Patient	3,167,447	3,795,374	3,588,309	13,580,611	19,985,112	(6,404,501)	-320%
Out-Patient	12,754,893	17,068,838	13,972,570	60,075,571	77,722,701	(17,647,130)	-22.7%
<b>TOTAL PATIENT REVENUE</b>	15,922,339	20,864,212	17,560,878	73,656,183	97,707,813	(24,051,631)	-24.6%
Less Contractual Allowances	(6,687,382)	(8,762,969)	(7,375,569)	(30,935,597)	(43,968,516)	13,032,919	-296%
Less Bad Debt Adjustments	(318,447)	(417,284)	(351,218)	(1,473,124)	(977,078)	(496,046)	50.8%
<b>TOTAL REVENUE DEDUCTIONS</b>	(7,005,829)	(9,180,253)	(7,726,786)	(32,408,720)	(44,945,594)	12,536,874	-27.9%
	-1.0%	44.0%	44.0%	44.0%	46.0%		00%
<b>NET PATIENT REVENUE</b>	8,916,510	11,683,959	9,834,092	41,247,462	52,762,219	(11,514,757)	-21.8%
Other Operating Revenue	216,655	250,000	250,000	933,310	988,559	(55,249)	-56%
<b>TOTAL OPERATING REVENUE</b>	9,133,164	11,933,959	10,084,092	42,180,772	53,750,778	(11,570,006)	-21.5%
<b>EXPENSES</b>							
Wages	5,906,814	5,956,814	5,981,814	23,914,573	24,027,256	(112,683)	-0.5%
Benefits	1,939,977	2,179,977	2,169,977	7,850,658	8,759,908	(909,250)	-10.4%
Contract Labor	1,499,679	1,499,679	1,499,679	6,349,478	6,398,715	(49,237)	-0.8%
Medical Supplies	939,370	989,370	989,370	4,278,573	4,257,478	21,094	0.5%
Non-Medical Supplies	266,092	266,092	266,092	1,148,289	1,064,370	83,920	7.9%
Purchased Services	801,370	801,370	801,370	4,193,271	3,405,478	787,793	23.1%
Other Operating Expenses	1,396,204	1,396,204	1,396,204	5,232,587	5,584,814	(352,228)	-6.3%
Depreciation & Amortization	792,557	792,557	792,557	3,060,979	3,170,229	(109,250)	-3.4%
Interest/Bank Fees	102,797	102,797	102,797	405,784	411,187	(5,403)	-1.3%
<b>TOTAL OPERATING EXPENSE</b>	13,644,859	13,984,859	13,999,859	56,434,191	57,079,435	(645,244)	-1.1%
<b>OPERATING INCOME (LOSS)</b>	<b>(4,511,695)</b>	<b>(2,050,900)</b>	<b>(3,915,767)</b>	<b>(14,253,419)</b>	<b>(3,328,657)</b>	<b>(10,924,762)</b>	<b>-328.2%</b>
<i>Operating Margin</i>	-49.4%	-17.2%	-38.8%	-33.8%			
Non-Operating Revenue	871,128	871,128	871,128	3,419,367	3,484,512	(65,145)	-1.9%
Non-Operating Expense	(20,975)	(20,975)	(20,975)	(75,510)	(72,840)	(2,670)	37%
<b>NON-OPERATING</b>	850,153	850,153	850,153	3,343,857	3,411,672	(67,815)	
<b>EXCESS REVENUES (EXPENSES)</b>	(3,661,542)	(1,200,747)	(3,065,614)	(10,909,562)	83,015	(10,992,577)	
Gift to Purchase Capital Assets	400,000	-	-	400,000	300,000	100,000	33.3%
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ (3,261,542)</b>	<b>\$ (1,200,747)</b>	<b>\$ (3,065,614)</b>	<b>\$ (10,509,562)</b>	<b>\$ 383,015</b>	<b>\$ (10,892,577)</b>	
<i>Total Margin</i>	-35.7%	-10.1%	-30.4%		0.7%		
<b>EBIDA</b>	<b>\$ (2,366,188)</b>	<b>\$ (305,393)</b>	<b>\$ (2,170,260)</b>	<b>\$ (7,042,799)</b>	<b>\$ 3,964,431</b>		

Loan from DHHS/Medicare	Adv Pmt Program (APP)		4,381,398
Grants, with requirements	HHS Stimulus		5,098,817
Must use at least 75% to cover Payroll	Payroll Protect Program (PPP)		4,800,000
Purchase PPE for COVID Response. Send receipts incurred since March 1	CHA - ASPR Grant		7,230
			-
	<b>Total Receipts</b>		<b>\$ 14,287,445</b>



Discussion included:

- The substantial revenue decline began in April – mid May.
- \$14.1M was obtained from stimulus packages and grants. Determination still needs to be made as to whether the loans will be forgivable or if there will be a change in the repayment schedules.
- The balance sheet reflects the money received from the stimulus packages and grants.
- The remaining \$2.5M line of credit is earmarked for the facility master plan.
- The estimate for June was a 60% return on expenses to budget. Currently it is at 66%.
- Currently there is 241 Days Cash on Hand.
- There are three sources that were identified for expense reductions: 1) 10% wage decrease, 2) PTO accrual freeze and 3) 10% departmental expense reductions. The payroll reduction went into effect May 31.
- Strategic discussions regarding services lines will take place over the next 30 days.
- The Urgent Care Clinic proforma projected an average daily patient volume of 14. Currently the volume is at 8 per day.
- The hospital census and clinic visits have been steadily rising, while Telemedicine visits have been declining.

6. **Adjournment**

Mr. Pinkham motioned to adjourn the Finance Committee meeting at 4:29 p.m. Dr. Batey seconded the motion, which carried unanimously.

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Steve Alper  
**Estes Park Health Board Finance Committee Chair**



555 Prospect Ave. | P.O. Box 2740 | Estes Park, CO 80517

## **CFO Report July 2020**

### **Executive Summary**

The month of July continues to show slightly promising return to busy months. For the month, Operating Revenues are 10% down from Budget and 19% down from last year. Year to date shows 17% less than Budget. Year-to-date Operating Revenues are 17% under Budget and 9% under last year. Due to the Covid-19 pandemic the hospital had anticipated a 20% drop for the month. Year to date, expectations indicated an 80% recovery.

Expenses for the year are 3% under budget. Currently, the only area above budgeted Expense is Supplies. The 10% rollback of wages for the highest earners was initiated June 1, resulting in a 13% drop in Salary expense. For the month, Expenses are 7% under budget.

Earnings for the month are a net \$1.2M, under budget by 18%. However, Year-To-Date earnings are a loss of \$4.8M compared to a budgeted loss of \$214K, obviously due to the impact of COVID-19.

Stimulus funds received to date are a total of \$14.5M. Expectations for retainage include \$10.1M, with the remainder of \$4.4M currently held as a "loan" and identified for repayment.

Days in Accounts Receivable continue to rebound from the Epic conversion in November; from a high of 64 to a current 46. And, Days Cash on Hand are up significantly to 234, due specifically to the Stimulus and Loan funds. While the Net Income (Change in Net Assets) is reporting (\$8.0M) loss before a projected recognition of Stimulus of \$10.1M in Cash, to cover this shortfall, for 2020.

The challenge, going forward, is to effectively manage the hospital with a likely decrease of 20% in volumes and revenues.

### **Revenues**

Year to Date Revenues are substantially below budget by 19% or \$10.6M. Outpatient visits are also reporting significant losses, for the year-to-date. Initial expectations for the 2<sup>nd</sup> Quarter were 35% less, thus "only" a loss of 20% is deemed "pretty good". There is reason for slight optimism for better results than initial Forecast. Looking forward, the prevailing thought suggests a potential continued recovery through the remaining summer and the rest of the year.

## Statistics

	YTD	Budget	2019
Inpatient Days	371	555	576
Swing Bed	189	277	160
Births	29	49	42
ER Visits	2,491	3,121	3,399
Urgent Care Visits	496	1,442	0
Ambulance Trips	1,031	1,262	1,262
Clinic Visits	10,576	13,740	15,580
Surgeries (not incl GI)	207	216	218
GI Procedures	221	259	215
Pain Procedures	133	286	212
Lab Tests	39,296	44,784	44,784
Radiology Exams	5,062	6,683	6,683
Rehab Visits	4,090	6,223	6,277
Home Health/Hospice	5,721	5,304	5,679
Living Center Days	6,298	8,056	7,399

## Balance Sheet

The Balance Sheet has certainly looked better than it does now. Unfortunately, there remain numerous challenges for the hospital. However, the Stimulus funds are helping. Days Cash on Hand are artificially high at 234. It is expected, however, that we will continue to slowly burn through these funds until the hospital can settle either increasing revenues or reduce expenses.

As a note, the Accrued Liabilities, the Est Third-Party Settlement and Short-Term Notes Payable does reflect the recording of Stimulus Funds, the Advanced Payment from Medicare and the Payroll Protection Program, totaling \$14.5M. When there is confirmation that any of these advances are forgivable, those will be recognized as Other Non-Operating Income

## Forecast for 2020

Please note an attached Forecast. The numbers are indeed staggering. We have tried to develop a realistic look at the remainder of the year. Some assumptions were made regarding recovery of Revenues and some Expense reductions. However, given the dramatic and sudden loss of patient visits earlier in the year, and the current recovery period, it is anticipated that Revenues will recover to 80% of Budget. The challenge will be managing expenses with less Revenues, going forward.

The good news is, while this Forecast does indicate the recognition of most of the Stimulus funds (\$10.1M) and the projection of a modest recovery of business volumes and revenues, the year should report modestly favorable.

## Funding Support

The District was successful in obtaining outside funding opportunities. However, it is anticipated that the \$4.4M Advanced Payment Program are designated as a loan and due to be repaid later this year. There is some hope that the Federal Government will designate those funds as forgivable. But that is not confirmed.

As a result of the recent support from the Federal Government, via several programs have provided funding in April:

- Advance Payment Program                      \$4.4M  
    -currently scheduled for repayment; possibility of forgiveness
- HHS Stimulus                                      \$5.3M  
    -forgivable
- Payroll Protection Program                  \$4.8M (approved; pending receipt)  
    -eligible for forgiveness assuming compliance with stipulations.
- Other Grants                                      \$82K  
    -forgivable

## Summary

Obviously, the remainder of the year does not look overly optimistic for a full recovery. The good news is that we do have some funding completed to help navigate the next few difficult months. We do believe sufficient funds exist, for the short-term, given a modest economic growth and good cash management. It is highly unlikely the District will accomplish the budgetary goals for the year, due specifically to the COVID-19 pandemic. However, the Stimulus funds will aid the recovery period. The goal for the remainder of the year is to maintain enough cash flow in order to stay compliant with our covenants.

**Estes Park Health**  
**Financial Overview**  
 Month Ended July 31, 2020

**FINANCIAL RATIOS**

	June	July	RED	YELLOW	GREEN
Days in Accounts Receivable	55.3	46.3	> 60	50 - 60	< 50
Days Cash on Hand	233	234	< 125	125 - 224	> 225
Debt Service Coverage Ratio	-1.40	-1.40	< 1.25	1.25 - 2.0	> 2.0
Operating Margin (12 Mo. Rolling)	-18.7%	-18.9%	< 2.0%	2% - 4.99%	> 5%
Total Margin (12 Mo. Rolling)	-11.0%	-11.3%	< 5.0%	5% - 9.99%	> 10.0%

**OTHER INDICATORS**

	June	July	Budget	YTD	YTD Budget
Total Deductions from Revenue %	47.8%	45.2%	46.0%	45.2%	46.0%
Operating Margin	\$34,869	\$921,419	\$1,163,923	(\$6,768,687)	(\$2,217,235)
Operating Margin %	0.8%	17.4%	19.7%	-26.3%	-7.1%
Increase (decrease) in Net Assets	\$544,483	\$1,195,548	\$1,461,583	(\$4,689,092)	(\$113,381)
Total Margin %	12.6%	22.5%	24.8%	-18.2%	-0.4%

**SUMMARY**

**Statistics:** IP Days are at 100 compared to 101 in June and 93 in July 2019.  
 Physicians Clinic Visits are at 2096 compared to 1645 in June and 2182 in July 2019.  
 Surgeries are at 48 compared to 42 in June and 42 in July 2019.

**Revenue:** July's Gross Patient Revenue is \$9,531,427 compared to a budget level of \$10,805,278.

**Other Operating Revenue:** YTD Other Revenues are \$154,655 below budget.

**Expenses:** Total Operating Expenses in July are \$346,579 under budget. Salaries and benefits are under budget by \$531,168.

**Excess Revenues (Expenses):** July's increase in Net Assets is \$1,195,548 compared to a budget of \$1,461,583. July's Total Margin is 22.5% compared to a budgeted level of 24.8%.

**Ratio Analysis:** Day's in A/R is at 46.3 which is lower than the industry average of fifty.  
 Day's Cash on Hand is at 234 compared to June's level of 233 and July 2019 of 172.

**Debt Coverage Ratio:** July's rolling 12 month ratio is -1.4%. The loan end of year minimum required ratio is 1.25.

**ESTES PARK HEALTH**  
**Statement of Revenues and Expenses (Unaudited)**  
**July 31, 2020**

REVENUE	MONTH Jul-20			YEAR TO DATE FY 2020			PRIOR YEAR TO DATE FY 2019	
	Actual	Budget	Var	Actual	Budget	Var	Actual	Var
Patient Revenue								
In-Patient	\$ 1,443,800	\$ 2,044,917	-29%	\$ 7,047,775	\$ 12,052,225	-42%	\$ 11,140,994	-37%
Out-Patient	8,087,627	8,760,361	-8%	39,419,371	44,851,380	-12%	42,339,751	-7%
TOTAL PATIENT REVENUE	9,531,427	10,805,278	-12%	46,467,146	56,903,605	-18%	53,480,745	-13%
Less Contractual Adjustments	(4,002,351)	(4,862,375)	18%	(20,134,511)	(25,606,624)	21%	(24,457,839)	18%
Less Bad Debt Adjustments	(308,834)	(108,053)	-186%	(877,567)	(569,038)	-54%	(991,122)	11%
TOTAL REVENUE DEDUCTIONS	(4,311,185)	(4,970,428)	13%	(21,012,078)	(26,175,662)	20%	(25,448,961)	17%
NET PATIENT REVENUE	5,220,242	5,834,850	-11%	25,455,068	30,727,943	-17%	28,031,783	-9%
Other Operating Revenue	87,306	61,781	41%	321,849	476,501	-32%	430,465	-25%
TOTAL OPERATING REVENUE	5,307,548	5,896,631	-10%	25,776,917	31,204,444	-17%	28,462,249	-9%
EXPENSES								
Wages	1,850,423	2,130,438	13%	14,091,705	14,589,686	3%	12,900,098	-9%
Benefits	328,308	579,461	43%	3,688,334	3,866,564	5%	3,776,988	2%
Contract Labor	597,888	537,018	-11%	3,748,599	3,705,626	-1%	3,755,533	0%
Medical Supplies	527,390	378,938	-39%	2,637,742	2,625,845	0%	2,502,792	-5%
Non-Medical Supplies	70,768	82,903	15%	662,764	587,641	-13%	739,987	10%
Purchased Services	416,869	417,771	0%	3,434,394	3,661,810	6%	2,987,151	-15%
Other Operating Expenses	304,855	308,061	1%	2,257,808	2,337,677	3%	2,005,724	-13%
Depreciation & Amortization	256,224	263,852	3%	1,779,657	1,806,968	2%	1,173,490	-52%
Interest	33,404	34,266	3%	244,602	239,862	-2%	229,198	-7%
TOTAL OPERATING EXPENSE	4,386,129	4,732,708	7%	32,545,604	33,421,679	3%	30,070,962	-8%
OPERATING INCOME (LOSS)	921,419	1,163,923	-21%	(6,768,687)	(2,217,235)	-205%	(1,608,713)	-321%
<i>Operating Margin</i>	<i>17.4%</i>	<i>19.7%</i>		<i>-26.3%</i>	<i>-7.1%</i>	<i>-5.7%</i>		
Non-Operating Revenue	279,829	302,060	-7%	1,979,156	2,034,704	-3%	1,848,559	7%
Non-Operating Expense	(5,700)	(4,400)	-30%	(32,465)	(30,850)	-5%	(29,366)	-11%
EXCESS REVENUES (EXPENSES)	1,195,548	1,461,583	-18%	(4,821,996)	(213,381)	-2160%	210,480	2391%
Gift to Purchase Capital Assets	0	0		132,905	100,000		102,095	
INCREASE (DECREASE) IN NET ASSETS	1,195,548	1,461,583	-18%	(4,689,092)	(113,381)	-4036%	312,575	1600%
<i>Total Margin</i>	<i>22.5%</i>	<i>24.8%</i>		<i>-18.2%</i>	<i>-0.4%</i>	<i>1.1%</i>		
EBDITA	\$ 1,485,176	\$ 1,759,701	-16%	\$ (2,664,833)	\$ 1,933,449	-238%	\$ 1,715,263	

**ESTES PARK HEALTH**  
**Balance Sheet (Unaudited)**  
**July 31, 2020**

ASSETS	2020 July	2020 June	2019 July
CASH & CASH EQUIVALENTS	\$ 22,028,163	\$ 21,587,026	\$ 17,084,604
PATIENT ACCOUNTS RECEIVABLE	11,581,546	10,711,059	15,365,170
LESS: ALLOWANCES	(5,457,673)	(5,184,155)	(7,603,829)
NET ACCOUNTS RECEIVABLE	<u>6,123,873</u>	<u>5,526,904</u>	<u>7,761,341</u>
RECEIVABLES FROM OTHER PAYORS	2,079,061	2,442,015	1,783,127
INVENTORY	1,080,086	1,070,357	1,110,435
PREPAID EXPENSES	394,954	414,783	434,540
<b>TOTAL CURRENT ASSETS</b>	<b><u>31,706,137</u></b>	<b><u>31,041,084</u></b>	<b><u>28,174,047</u></b>
<b>NET PROPERTY, EQUIPMENT &amp; INTANGIBLE ASSETS</b>	<b><u>33,199,865</u></b>	<b><u>33,413,267</u></b>	<b><u>30,623,792</u></b>
<b>RESTRICTED ASSETS</b>	<b><u>3,915,039</u></b>	<b><u>3,914,799</u></b>	<b><u>1,409,330</u></b>
OTHER ASSETS	0	0	0
LONG TERM INVESTMENTS	8,253,706	8,253,706	4,773,001
<b>TOTAL OTHER ASSETS</b>	<b><u>8,253,706</u></b>	<b><u>8,253,706</u></b>	<b><u>4,773,001</u></b>
<b>TOTAL ASSETS</b>	<b>\$ <u>77,074,747</u></b>	<b><u>76,622,856</u></b>	<b><u>64,980,171</u></b>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE	565,920	671,136	1,019,759
ACCRUED EXPENSES	10,324,812	10,829,909	4,737,058
ACCRUED COMP PAYABLE	1,028,279	1,192,146	1,100,966
ACCRUED INTEREST PAYABLE	30,524	0	32,213
EST THIRD-PARTY SETTLEMENT	5,811,882	5,811,882	611,650
SHORT TERM NOTES PAYABLE	5,116,581	5,116,581	0
OTHER CURRENT LIABILITIES	0	0	0
CURRENT MATURITIES OF OTHER LONG TERM DEBT	<u>1,085,000</u>	<u>1,085,000</u>	<u>1,060,000</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>23,962,998</u></b>	<b><u>24,706,655</u></b>	<b><u>8,561,647</u></b>
<b>DEPOSITS AND DEFERRED INCOME</b>			
LOANS PAYABLE	15,426,208	15,426,208	13,485,000
LEASES PAYABLE	0	0	0
<b>TOTAL LONG-TERM LIABILITIES</b>	<b><u>15,426,208</u></b>	<b><u>15,426,208</u></b>	<b><u>13,485,000</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>39,389,207</u></b>	<b><u>40,132,864</u></b>	<b><u>22,046,647</u></b>
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT UNRESTRICTED	42,374,632	42,374,632	42,620,949
<b>TOTAL NET ASSETS</b>	<b><u>42,374,632</u></b>	<b><u>42,374,632</u></b>	<b><u>42,620,949</u></b>
<b>EXCESS REVENUES YTD</b>	<b><u>(4,689,092)</u></b>	<b><u>(5,884,640)</u></b>	<b><u>312,575</u></b>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>\$ <u>77,074,747</u></b>	<b><u>76,622,856</u></b>	<b><u>64,980,171</u></b>

**ESTES PARK HEALTH**  
**Statistical and Consolidated Financial Summary**  
**Month Ended July 31, 2020**

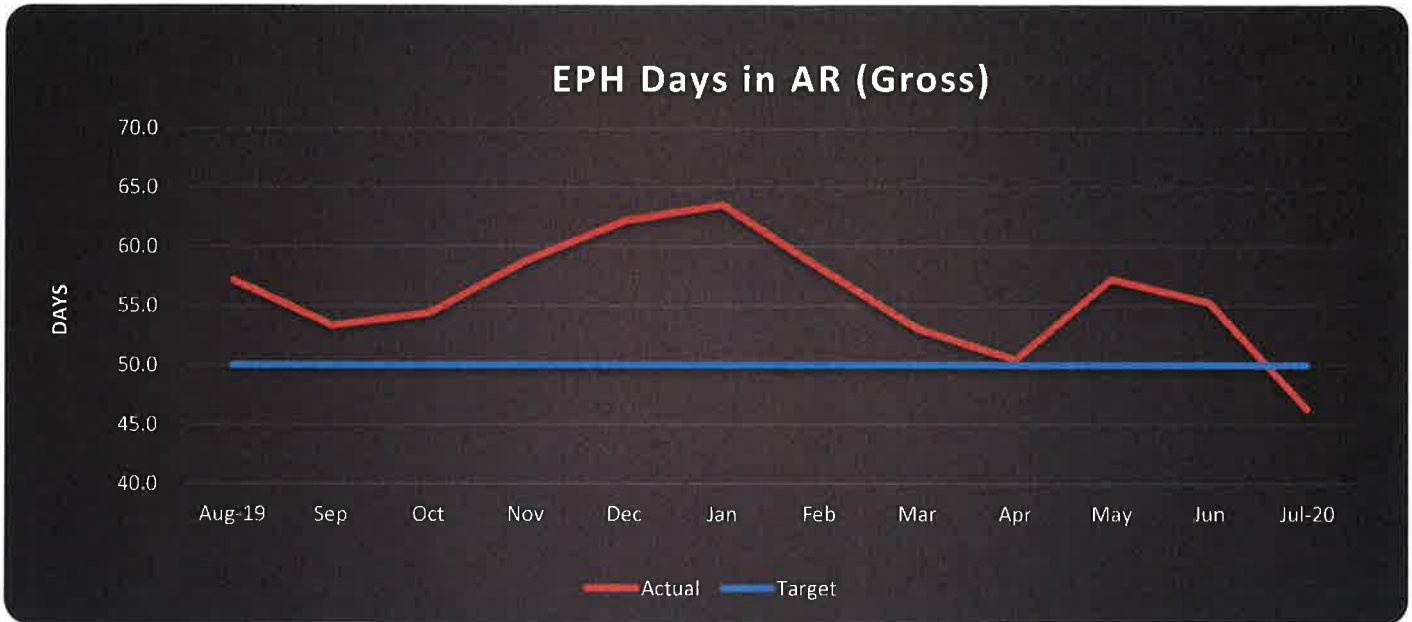
	Month		Year To Date		Variance To Budget
	Actual	Budget	Actual	Budget	
<b>Utilization</b>					
Hospital					
In-Patient Days	100	149	678	1023	-33.7%
Out Patient Visits	9765	10703	49732	58065	-14.4%
Living Center					
Resident Days	806	1178	6298	8056	-21.8%
Clinic					
Physicians Clinic Visits	2096	2228	10576	13740	-23.0%

	Month		Year To Date		Variance To Budget
	Actual	To Budget	Actual	To Budget	
<b>Income Statement</b>					
Hospital					
Operating Revenue (Net)	\$ 4,127,554	\$ 4,418,788	\$ 21,884,059	(2,835,509)	-13.0%
Operating Expenses	3,324,318	3,443,005	24,435,434	760,265	3.1%
Net Operating Income (Loss)	803,236	975,783	(2,551,375)	(2,075,244)	-81.3%
Living Center					
Operating Revenue (Net)	244,224	388,846	2,660,999	(686,805)	-25.8%
Operating Expenses	310,051	410,622	2,869,201	220,697	7.7%
Net Operating Income (Loss)	(65,827)	(21,776)	(208,202)	(466,108)	223.9%
Clinic					
Operating Revenue (Net)	935,770	1,088,997	6,659,386	(1,905,213)	-28.6%
Operating Expenses	751,760	879,081	6,117,044	(104,887)	-1.7%
Net Operating Income (Loss)	184,010	209,916	542,342	(2,010,100)	-370.6%
<b>Total</b>					
Operating Revenue (Net)	5,307,548	5,896,631	31,204,444	(5,427,527)	-17.4%
Operating Expenses	4,386,129	4,732,708	33,421,679	876,075	2.6%
Net Operating Income (Loss)	921,419	1,163,923	(2,217,235)	(4,551,452)	-205.3%
<b>Total</b>					
Non Operating Revenue (Net)	279,829	302,060	2,034,704	(55,548)	-2.7%
Non Operating Expenses (Net)	(5,700)	(4,400)	(30,850)	(1,615)	-5.2%
Excess of Rev over Exp Before Cap gifts	\$ 1,195,548	\$ 1,461,583	\$ (213,381)	\$(4,608,615)	-2159.8%
Gifts to Purchase Capital Assets	-	-	100,000	32,905	32.9%
<b>Increase (Decrease) in Net Assets</b>	\$ 1,195,548	\$ 1,461,583	\$ (113,381)	\$(4,575,710)	-4035.7%



**ESTES PARK HEALTH**  
**Statement of Cash Flows (Unaudited)**  
**1/1/20 through 7/31/20**

<b>Cash Flows From Operating Activities</b>	
(Deficiency) Excess of Revenues over Expenses	\$ (4,689,092)
Interest expense (considered financing activity)	244,602
County tax subsidy, net (considered financing activity)	(1,782,664)
Interest income (considered investing activity)	(78,496)
Net income (loss) from operating activities	<u>(6,305,650)</u>
Assets released from restrictions	(140,636)
Depreciation & amortization	1,779,657
Changes in working capital:	
Decrease (Increase) in Accounts receivable, net	2,233,954
Decrease (Increase) in Inventory	16,320
Decrease (Increase) in Prepaid expenses	285,541
Decrease (Increase) in Other Assets	-
Decrease (Increase) in Long Term Investment	(7,499,726)
Increase (Decrease) in Accounts payable	(2,307,070)
Increase (Decrease) in Accrued wages & related liabilities	108,078
Increase (Decrease) in Other current liabilities	139,037
Increase (Decrease) in Deposits and Deferred Income	5,302,214
Increase (Decrease) in Payable to 3rd party payors	4,407,877
Net (gain) loss on sale of equipment	-
Net cash provided by (used in) operating activities	<u><u>(1,980,404)</u></u>
<b>Cash Flows From Financing Activities</b>	
Restricted contributions	140,636
County tax subsidy, net	1,782,664
Interest expense	(244,602)
Sale of equipment	-
Purchase of property, equipment & intangible assets	(2,947,880)
Increase (Decrease) in capital lease commitments, net	-
Loan Activity	<u>8,142,789</u>
Net cash provided by (used in) financing activities	<u><u>6,873,607</u></u>
<b>Cash Flows From Investing Activities</b>	
Interest income	<u>78,496</u>
Net cash provided by (used in) investing activities	<u><u>78,496</u></u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	4,971,699
<b>Cash and Cash Equivalents, 01/01/2020</b>	<u>20,971,503</u>
<b>Cash and Cash Equivalents, 7/31/20</b>	<u><u>\$ 25,943,202</u></u>
Restricted Cash and Cash Equivalents, 7/31/20	\$ 3,915,039
Unrestricted Cash and Cash Equivalents, 7/31/20	<u>22,028,163</u>
	<u><u>\$ 25,943,202</u></u>



**Calculation:** 
$$\frac{\text{Gross Accounts Receivable}}{\text{Average Daily Revenue}}$$

**Definition:** Considered a key "liquidity ratio" that calculates how quickly accounts are paid.

**Desired Position:** Downward trend below the median, and below average.

**How ratio is used:** Used to determine timing required to collect accounts. Usually, organizations below the average Days in AR are likely to have higher levels of Days Cash on Hand.

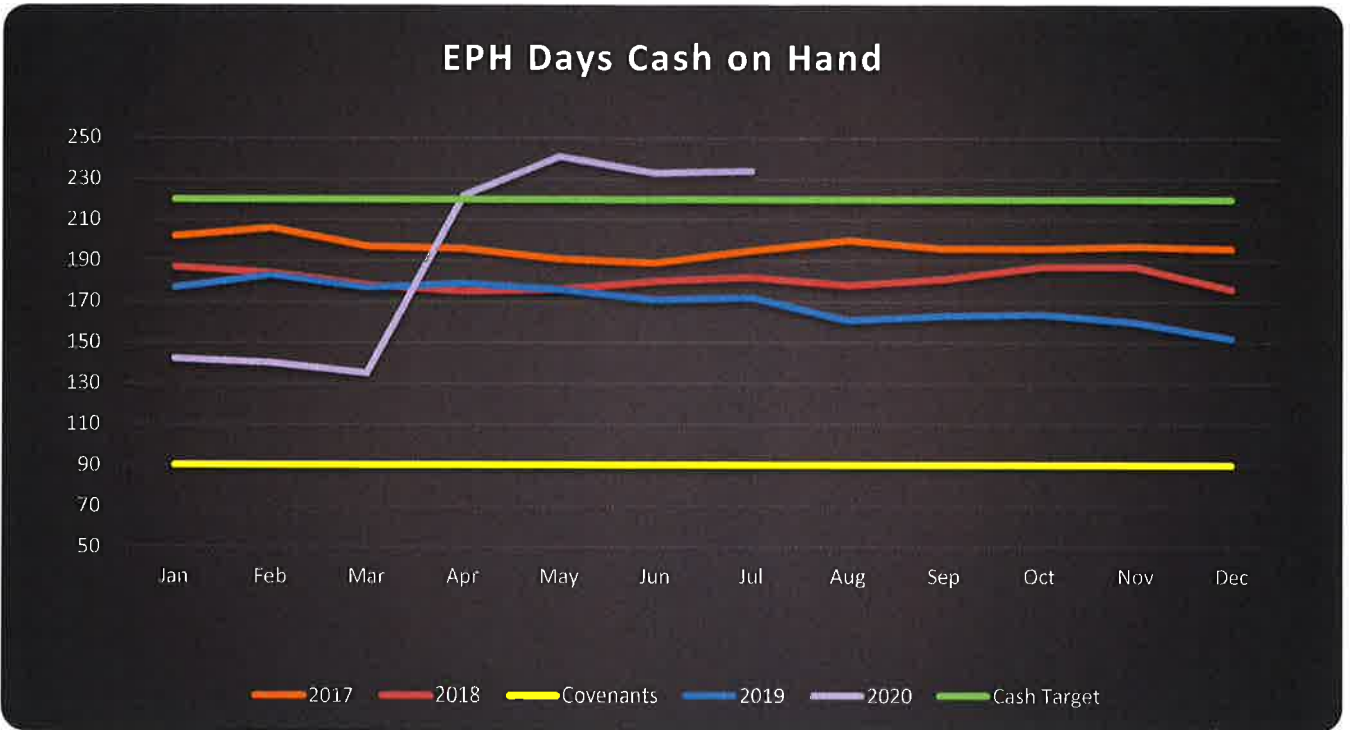
	Aug-19	Sep	Oct	Nov	Dec	Jan
A/R (Gross)	16,601,424	15,378,349	14,173,824	13,806,401	14,575,357	14,237,980
Days in Month	31	30	31	30	31	31
Monthly Revenue	8,951,469	7,200,698	7,808,340	6,340,531	7,414,874	6,857,233
Daily Revenue	290,424	288,141	260,440	234,611	234,389	224,050
Days in AR	57.2	53.4	54.4	58.8	62.2	63.5

	Feb	Mar	Apr	May	Jun	Jul-20
A/R (Gross)	13,759,900	11,257,627	9,310,952	9,099,346	10,711,059	11,581,546
Days in Month	29	31	30	31	30	31
Monthly Revenue	7,238,504	5,214,133	4,148,662	5,254,518	8,222,669	9,531,427
Daily Revenue	236,380	212,196	184,459	158,884	193,691	250,094
Days in AR	58.2	53.1	50.5	57.3	55.3	46.3

# ESTES PARK HEALTH

## Days Cash on Hand

July 31, 2020



**Calculation:**

$\frac{\text{Total Unrestricted Cash on Hand}}{\text{Daily Operating Cash Needs}}$

**Definition:**

This ratio quantifies the amount of cash on hand in terms of how many "days" an organization can survive with existing cash reserves.

**Desired Position:**

Upward trend, above the median--AND above Bond Covenant Minimums

**How ratio is used:**

This ratio is frequently used by bankers, bondholders and analysts to gauge an organization's liquidity--and ability to meet short term obligations as they mature.

**Note:**

At EPH, the Bond Refunding/Loan documents require a minimum level of 90 days cash be maintained. It changed to 90 effective March 1, 2016.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020	142	140	135	222	241	233	234					
2019	177	183	177	179	176	171	172	161	163	164	160	152
2018	187	184	178	175	176	180	182	178	181	187	187	176
2017	202	206	197	196	191	189	195	200	196	196	197	196
Bond Covenant MIN	90	90	90	90	90	90	90	90	90	90	90	90
Cash Target	220	220	220	220	220	220	220	220	220	220	220	220

**ESTES PARK HEALTH**  
**Statement of Revenues and Expenses (Unaudited)**  
**Forecast 2020**

	FORECAST			
	FY 2020		FY 2020	
	Forecast	Budget 2020	Variance	% Variance
Patient Revenue				
In-Patient	13,529,854	19,985,112	(6,455,258)	-32.3%
Out-Patient	64,810,439	77,722,701	(12,912,262)	-16.6%
<b>TOTAL PATIENT REVENUE</b>	<b>78,340,293</b>	<b>97,707,813</b>	<b>(19,367,520)</b>	<b>-19.8%</b>
Less Contractual Allowances	(33,979,728)	(43,968,516)	9,988,788	-22.7%
Less Bad Debt Adjustments	(939,668)	(977,078)	37,410	-3.8%
Total Revenue Deductions	(34,919,395)	(44,945,594)	10,026,199	-22.3%
	<i>44.6%</i>	<i>46.0%</i>		0.0%
<b>NET PATIENT REVENUE</b>	<b>43,420,898</b>	<b>52,762,219</b>	<b>(9,341,321)</b>	<b>-17.7%</b>
Other Operating Revenue	734,543	988,559	(254,016)	-25.7%
<b>TOTAL OPERATING REVENUE</b>	<b>44,155,441</b>	<b>53,750,778</b>	<b>(9,595,337)</b>	<b>-17.9%</b>
<b>EXPENSES</b>				
Wages	23,654,909	24,027,256	(372,347)	-1.5%
Benefits	7,489,993	8,759,908	(1,269,915)	-14.5%
Contract Labor	6,110,342	6,398,715	(288,374)	-4.5%
Medical Supplies	4,245,403	4,257,478	(12,075)	-0.3%
Non-Medical Supplies	1,168,403	1,064,370	104,033	9.8%
Purchased Services	4,749,073	3,405,478	1,343,595	39.5%
Other Operating Expenses	4,766,178	5,584,814	(818,636)	-14.7%
Depreciation & Amortization	3,108,548	3,170,229	(61,682)	-1.9%
Interest/Bank Fees	416,792	411,187	5,605	1.4%
<b>TOTAL OPERATING EXPENSE</b>	<b>55,709,640</b>	<b>57,079,435</b>	<b>(1,369,796)</b>	<b>-2.4%</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(11,554,199)</b>	<b>(3,328,657)</b>	<b>(8,225,542)</b>	<b>-247.1%</b>
<i>Operating Margin</i>	<i>-26.2%</i>			
Non-Operating Revenue	3,441,583	3,484,512	(42,929)	-1.2%
Non-Operating Expense	(55,125)	(72,840)	17,715	-24.3%
<b>NON-OPERATING</b>	<b>3,386,458</b>	<b>3,411,672</b>	<b>(25,214)</b>	
<b>EXCESS REVENUES (EXPENSES)</b>	<b>(8,167,741)</b>	<b>83,015</b>	<b>(8,250,756)</b>	
Gift to Purchase Capital Assets	132,905	300,000	(167,095)	-55.7%
Stimulus Funds	10,160,520			
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>2,125,684</b>	<b>383,015</b>	<b>1,742,669</b>	
<i>Total Margin</i>	<i>4.8%</i>	<i>0.7%</i>		
<b>EBIDA</b>	<b>5,651,023</b>	<b>3,964,431</b>		