

**Good Shepherd Nursing Home District**

Independent Accountant's Review Report and  
Financial Statements

December 31, 2020 and 2019

# **Good Shepherd Nursing Home District**

## **December 31, 2020 and 2019**

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## **Independent Accountant's Review Report**

Board of Directors  
Good Shepherd Nursing Home District  
Lockwood, Missouri

We have reviewed the accompanying financial statements of Good Shepherd Nursing Home District, which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### ***Accountant's Conclusion***

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-7 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. Such information was not audited, reviewed, or compiled by us and, accordingly, we do not express an opinion, a conclusion, or provide any assurance on it.

**Supplementary Information**

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any assurance on it.

*BKD, LLP*

Springfield, Missouri  
May 18, 2021

# **Good Shepherd Nursing Home District**

## **Management's Discussion and Analysis**

### **Years Ended December 31, 2020 and 2019**

#### ***Introduction***

This management's discussion and analysis of the financial performance of Good Shepherd Nursing Home District (the "District") provides an overview of the District's financial activities for the years ended December 31, 2020 and 2019. It should be read in conjunction with the accompanying financial statements of the District.

#### ***Financial Highlights***

- The District's cash increased in 2020 by \$411,810, or 23 percent, and in 2019 increased by \$413,532, or 30 percent.
- The District's net position increased in 2020 by \$129,827, or 5 percent, and in 2019 increased by \$420,625, or 18 percent.
- The District reported an operating loss in 2020 of \$234,555. The District reported an operating income in 2019 of \$334,142.
- Net nonoperating revenues increased by \$277,899, or 321 percent, in 2020 compared to 2019, and decreased by \$103,741, or 55 percent, in 2019 compared to 2018.

#### ***Using This Annual Report***

The District's financial statements consist of three statements—a balance sheet; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These statements provide information about the activities of the District. The District is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

#### ***The Balance Sheet and Statement of Revenues, Expenses, and Changes in Net Position***

One of the most important questions asked about any District's finances is "Is the District as a whole better or worse off as a result of the year's activities?" The balance sheet 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. Using the accrual basis of accounting means that 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 in them. The District's total net position—the difference between assets and liabilities—is one measure of the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the District's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients, and local economic factors should also be considered to assess the overall financial health of the District.

## The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments, and net changes in cash resulting from four defined types of 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 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 balance sheet. The District's net position increased by \$129,827 (5 percent) in 2020 from 2019 and increased by \$420,625 (18 percent) in 2019 from 2018, as shown in Table 1.

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

	2020	2019	2018
<b>Assets</b>			
Cash	\$ 2,203,002	\$ 1,791,192	\$ 1,377,660
Short-term investment	34,854	123,420	35,051
Restricted investment	-	-	86,297
Patient accounts receivable, net	242,694	336,424	191,147
Estimated amounts due from third-party payors	5,148	14,147	46,664
Other current assets	115,981	110,629	221,216
Capital assets, net	692,916	708,057	744,928
Other noncurrent assets	91,656	-	-
Total assets	3,386,251	3,083,869	2,702,963
<b>Deferred Outflows of Resources</b>	-	-	792
Total assets and deferred outflows of resources	\$ 3,386,251	\$ 3,083,869	\$ 2,703,755
<b>Liabilities</b>			
Deferred Revenue - CARES Act relief funds	\$ 152,514	\$ -	\$ -
Other current liabilities	292,060	272,019	312,530
Total liabilities	444,574	272,019	312,530
<b>Net Position</b>			
Net investment in capital assets	692,916	708,057	744,928
Unrestricted	2,248,761	2,103,793	1,646,297
Total net position	2,941,677	2,811,850	2,391,225
Total liabilities and net position	\$ 3,386,251	\$ 3,083,869	\$ 2,703,755

Significant changes in the District's balance sheet in 2020 compared to 2019 include an increase of cash of \$411,810, or 23 percent. Cash increased primarily due to disbursements from the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act) Provider Relief Fund. The Provider Relief Fund disbursements were provided to help continue operations during COVID-19. Refer to *Note 8* for additional information on the financial impacts of COVID-19 and CARES Act relief funding.

Significant changes in the District's balance sheet in 2019 compared to 2018 include an increase of cash of \$413,532, or 30 percent. Cash increased due to an increase in net position related to an increase in census and consistent operating revenues in excess of operating expenses.

### ***Operating Results and Changes in the District's Net Position***

In 2020 and 2019, the District's net position increased by \$129,827, or 5 percent, and increased by \$420,625, or 18 percent, respectively, as shown in Table 2. In 2020, the increase is due to recognition of Provider Relief Funds as nonoperating revenues as the terms and conditions were met (refer to *Note 8*). In 2019, the increase is due to an increase in overall census and the Medicare Census.

**Table 2: Operating Results and Changes in Net Position**

	2020	2019	2018
<b>Operating Revenues</b>			
Net patient service revenue	\$ 4,358,819	\$ 4,514,170	\$ 3,855,359
Other operating revenues	16,036	29,161	31,872
Total operating revenues	4,374,855	4,543,331	3,887,231
<b>Operating Expenses</b>			
Professional services	2,314,934	2,108,686	1,711,794
Dietary services	506,749	475,508	423,929
General services	501,915	480,743	428,924
Administrative services	879,229	751,098	669,700
Provider tax and fees	301,193	291,915	276,181
Depreciation and amortization	105,390	101,239	94,693
Total operating expenses	4,609,410	4,209,189	3,605,221
<b>Operating Income (Loss)</b>	(234,555)	334,142	282,010
<b>Nonoperating Revenues (Expenses)</b>			
Investment income	11,334	39,858	13,416
Interest expense	(198)	(1,237)	(6,487)
Property taxes	53,639	47,862	180,090
CARES Act relief funds	299,607	-	3,205
Total nonoperating revenues (expenses)	364,382	86,483	190,224
<b>Increase in Net Position</b>	\$ 129,827	\$ 420,625	\$ 472,234

### ***Operating Income (Loss)***

The first component of the overall change in the District's net position is its operating income or loss—generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services.

In 2020, the District reported an operating loss of \$234,555. In 2019, the District reported operating income of \$334,142.

An operating loss was incurred in 2020 as a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, beginning in March 2020. The District experienced a significant decline in occupancy and a related decline in net patient service revenue, as well as an increase in expenses necessary to maintain staffing and overall safety for staff and patients. Refer to *Note 8* for additional information on the financial impacts from COVID-19.

The operating income improved from 2018 to 2019 due to an increase in net patient service revenues in excess of increases in expenses in 2019 due to an increase in Medicare and overall census.

### ***Nonoperating Revenues and Expenses***

Nonoperating revenues and expenses consist of property taxes levied by the District, investment income, interest expense, and CARES Act relief funding. Nonoperating revenues increased by \$277,899 or 321 percent in 2020 compared to 2019 as a result of the CARES Act relief funding received to prevent, prepare for, and respond to coronavirus (refer to *Note 8*). Nonoperating revenues decreased by \$103,741 or 55 percent in 2019 compared to 2018 primarily due to decreased property tax revenues. The property tax revenue declined due to the District paying off its debt, so it did not receive the debt service property tax levy in 2019.

### ***The District's Cash Flows***

Changes in the District's cash flows are consistent with changes in operating income and nonoperating revenues and expenses, discussed earlier.

### ***Capital Asset and Debt Administration***

#### **Capital Assets**

At the end of 2020 and 2019, the District had \$692,916 and \$708,057, respectively, invested in capital assets, net of accumulated depreciation, as detailed in *Note 5* to the financial statements. In 2020 and 2019, the District purchased new equipment costing \$89,953 and \$63,773, respectively.

#### **Debt**

At December 31, 2020 and 2019, the District had no outstanding long-term debt.

### ***Current Economic Conditions***

Due to the current regulatory environment, economic uncertainties that have arisen as a result of the spread of the COVID-19 coronavirus, and the growing pressures on the budgets of both the state and federal governments, it is possible that Medicare and Medicaid reimbursement could change in the near term which could impact the financial results and cash flows of the District. The values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments.



## **COVID-19**

Beginning in March 2020, the District's operations were impacted by the COVID-19 outbreak and, as a result, the District began seeing a significant reduction in occupancy. Management is working diligently to ensure the safety of patients and employees, in addition to evaluating the ongoing impact from the pandemic on operations. At this time, management is unable to evaluate what the long-term impact from the COVID-19 pandemic will be to ongoing operations and overall profitability. Refer to *Note 8* for additional information on the financial impacts from COVID-19.

## ***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. Questions about this report and requests for additional financial information should be directed to the District Business Administration by telephoning 417.232.4571.

# Good Shepherd Nursing Home District

## Balance Sheets

December 31, 2020 and 2019

### Assets

	2020	2019
<b>Current Assets</b>		
Cash	\$ 2,203,002	\$ 1,791,192
Short-term investment	34,854	123,420
Patient accounts receivable, net of allowance; 2020 and 2019 - \$5,000	242,694	336,424
Property taxes receivable	42,694	44,966
Estimated amounts due from third-party payors	5,148	14,147
Supplies	5,167	3,254
Prepaid expenses and other	68,120	62,409
Total current assets	2,601,679	2,375,812
<b>Noncurrent Investments</b>	91,656	-
<b>Capital Assets, Net</b>	692,916	708,057
Total assets	<u>\$ 3,386,251</u>	<u>\$ 3,083,869</u>

### Liabilities and Net Position

<b>Current Liabilities</b>		
Accounts payable	\$ 145,430	\$ 147,280
Accrued payroll and vacation pay	132,218	113,490
Accrued expenses	14,412	11,249
Deferred revenue - CARES Act relief funds	152,514	-
Total current liabilities	444,574	272,019
Total liabilities	444,574	272,019
<b>Net Position</b>		
Net investment in capital assets	692,916	708,057
Unrestricted	2,248,761	2,103,793
Total net position	2,941,677	2,811,850
Total liabilities and net position	<u>\$ 3,386,251</u>	<u>\$ 3,083,869</u>

**Good Shepherd Nursing Home District**  
**Statements of Revenues, Expenses, and Changes in Net Position**  
**Years Ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Operating Revenues</b>		
Net patient service revenue, net of provision for uncollectible accounts; 2020 - \$8,923 and 2019 - \$27,104	\$ 4,358,819	\$ 4,514,170
Other	16,036	29,161
Total operating revenues	<u>4,374,855</u>	<u>4,543,331</u>
<b>Operating Expenses</b>		
Professional services	2,314,934	2,108,686
Dietary services	506,749	475,508
General services	501,915	480,743
Administrative services	879,229	751,098
Provider taxes and fees	301,193	291,915
Depreciation and amortization	105,390	101,239
Total operating expenses	<u>4,609,410</u>	<u>4,209,189</u>
<b>Operating Income (Loss)</b>	<u>(234,555)</u>	<u>334,142</u>
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	11,334	39,858
Interest expense	(198)	(1,237)
Property taxes	53,639	47,862
CARES Act relief funds	299,607	-
Total nonoperating revenues (expenses)	<u>364,382</u>	<u>86,483</u>
<b>Increase in Net Position</b>	129,827	420,625
<b>Net Position, Beginning of Year</b>	<u>2,811,850</u>	<u>2,391,225</u>
<b>Net Position, End of Year</b>	<u><u>\$ 2,941,677</u></u>	<u><u>\$ 2,811,850</u></u>

**Good Shepherd Nursing Home District**  
**Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Operating Activities</b>		
Receipts from and on behalf of patients	\$ 4,461,548	\$ 4,401,410
Payments to suppliers and contractors	(2,004,798)	(1,824,039)
Payments to employees	(2,486,805)	(2,247,386)
Other receipts, net	16,036	29,161
Net cash provided by (used in) operating activities	<u>(14,019)</u>	<u>359,146</u>
<b>Noncapital Financing Activities</b>		
Property taxes supporting operations	55,911	162,493
CARES Act relief funds	452,121	-
Net cash provided by noncapital financing activities	<u>508,032</u>	<u>162,493</u>
<b>Capital and Related Financing Activities</b>		
Principal paid on long-term debt	-	(86,297)
Interest paid on long-term debt	(198)	(2,937)
Purchase of capital assets	(89,953)	(56,659)
Net cash used in capital and related financing activities	<u>(90,151)</u>	<u>(145,893)</u>
<b>Investing Activities</b>		
Interest on investments	11,334	39,858
Purchase of investments	(3,386)	(2,072)
Net cash provided by investing activities	<u>7,948</u>	<u>37,786</u>
<b>Increase in Cash</b>	411,810	413,532
<b>Cash, Beginning of Year</b>	<u>1,791,192</u>	<u>1,377,660</u>
<b>Cash, End of Year</b>	<u><u>\$ 2,203,002</u></u>	<u><u>\$ 1,791,192</u></u>
<b>Reconciliation of Net Operating Expenses to Net Cash Provided by (Used in) Operating Activities</b>		
Operating income (loss)	\$ (234,555)	\$ 334,142
Depreciation and amortization	105,390	101,239
Changes in operating assets and liabilities		
Patient accounts receivable, net	93,730	(145,277)
Estimated amounts due from third-party payors	8,999	32,517
Supplies	(1,913)	5,538
Accounts payable and accrued expenses	20,041	40,372
Prepaid expenses and other	(5,711)	(9,385)
Net cash provided by (used in) operating activities	<u><u>\$ (14,019)</u></u>	<u><u>\$ 359,146</u></u>
<b>Noncash; Investing, Capital, and Financing</b>		
Capital asset acquisitions included in accounts payable	\$ -	\$ 7,114

# **Good Shepherd Nursing Home District**

## **Notes to Financial Statements**

### **December 31, 2020 and 2019**

#### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

##### ***Nature of Operations and Reporting Entity***

Good Shepherd Nursing Home District (the “District”) operates a 69-bed nursing care facility and a 20-bed residential care facility located in Lockwood, Missouri. The 69 nursing care beds are certified for Medicare and Medicaid participation.

##### ***Basis of Accounting and Presentation***

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

The District prepares its financial statements as a business-type activity in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB).

##### ***Use of Estimates***

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

##### ***Property Taxes***

The District received approximately 1 percent of its financial support from property taxes in 2020 and 2019. These funds were used entirely to support operations.

Property taxes are assessed as of January 1, due November 1, and become delinquent after December 31 of each calendar year. Revenue from property taxes is recognized in the year for which the taxes are levied.

# **Good Shepherd Nursing Home District**

## **Notes to Financial Statements**

**December 31, 2020 and 2019**

### ***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; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in 2020 or 2019.

### ***Investments and Investment Income***

Investments in nonnegotiable certificates of deposit are carried at amortized cost. Investment income consists of interest income.

### ***Patient Accounts Receivable***

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

### ***Supplies***

Supply inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

### ***Capital Assets***

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

Land improvements	5 – 15 years
Buildings and improvements	10 – 40 years
Equipment	3 – 20 years

### ***Capital Asset Impairment***

The District evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. No asset impairment was recognized during the years ended December 31, 2020 and 2019.

# **Good Shepherd Nursing Home District**

## **Notes to Financial Statements**

**December 31, 2020 and 2019**

### ***Compensated Absences***

District policies permit most employees to accumulate paid-time-off benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as paid-time-off benefits are earned whether the employee is expected to realize the benefit as time off or in cash. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date.

### ***Net Position***

Net position of the District is classified in two components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of 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.

### ***Net Patient Service Revenue***

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

### ***Income Taxes***

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

# Good Shepherd Nursing Home District

## Notes to Financial Statements

December 31, 2020 and 2019

### Note 2: Net Patient Service Revenue

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

*Medicare.* The District is paid under a prospective payment system for Medicare Part A services. Under the prospective payment system there is no additional settlement on the difference between the interim per diem rates paid and actual costs. The District is paid on a fee schedule basis for Medicare Part B services.

*Medicaid.* The District is reimbursed for services rendered to Title XIX Medicaid patients on the basis of estimated per diem rates. The reimbursement plan is on a prospective basis and, subject to certain limitations, no additional settlement will be made on the difference between the estimated per diem rates paid and actual costs.

*Other.* The District has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Approximately 50 percent and 48 percent of net patient service revenue are from participation in the Medicare and state-sponsored Medicaid programs for the years ended December 31, 2020 and 2019, respectively. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

### Note 3: Deposits and Investment Income

#### ***Deposits***

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

State law requires collateralization of all deposits with federal depository insurance; bonds and other acceptable collateral in specific amounts.

At December 31, 2020 and 2019, the District's bank balances of approximately \$2,348,000 and \$1,919,000, respectively, were not exposed to custodial credit risk.



# Good Shepherd Nursing Home District

## Notes to Financial Statements

December 31, 2020 and 2019

### Summary of Carrying Values

The carrying values of deposits of \$2,237,856 and \$1,914,612, respectively, at December 31, 2020 and 2019, are included in the following balance sheet captions:

	<b>2020</b>	<b>2019</b>
Cash	\$ 2,203,002	\$ 1,791,192
Short-term investment - Certificates of deposit	34,854	123,420
	<u>\$ 2,237,856</u>	<u>\$ 1,914,612</u>

### Investment Income

Investment income for the years ended December 31, 2020 and 2019, consisted of:

	<b>2020</b>	<b>2019</b>
Interest	\$ 11,334	\$ 39,858

### Note 4: Patient Accounts Receivable

The District grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payr agreements. Patient accounts receivable at December 31, 2020 and 2019, consisted of:

	<b>2020</b>	<b>2019</b>
Medicare	\$ 56,765	\$ 106,186
Medicaid	90,216	102,585
Insurance	67,106	107,041
Private pay	33,607	25,612
	<u>247,694</u>	<u>341,424</u>
Total patient accounts receivable	247,694	341,424
	<u>5,000</u>	<u>5,000</u>
Less allowance for uncollectible accounts		
	<u>\$ 242,694</u>	<u>\$ 336,424</u>

# Good Shepherd Nursing Home District

## Notes to Financial Statements

December 31, 2020 and 2019

### Note 5: Capital Assets

Capital assets activity for the years ended December 31, 2020 and 2019, was:

	2020			
	Beginning Balance	Additions	Disposals	Ending Balance
Land and land improvements	\$ 134,096	\$ -	\$ -	\$ 134,096
Buildings and improvements	2,270,674	44,030	-	2,314,704
Equipment	1,052,963	45,923	-	1,098,886
	<u>3,457,733</u>	<u>89,953</u>	<u>-</u>	<u>3,547,686</u>
Less accumulated depreciation				
Land improvements	69,687	1,257	-	70,944
Buildings and improvements	1,818,726	54,794	-	1,873,520
Equipment	861,263	49,043	-	910,306
	<u>2,749,676</u>	<u>105,094</u>	<u>-</u>	<u>2,854,770</u>
Capital assets, net	<u>\$ 708,057</u>	<u>\$ (15,141)</u>	<u>\$ -</u>	<u>\$ 692,916</u>
	2019			
	Beginning Balance	Additions	Disposals	Ending Balance
Land and land improvements	\$ 134,096	\$ -	\$ -	\$ 134,096
Buildings and improvements	2,249,376	21,298	-	2,270,674
Equipment	1,010,488	42,475	-	1,052,963
	<u>3,393,960</u>	<u>63,773</u>	<u>-</u>	<u>3,457,733</u>
Less accumulated depreciation				
Land improvements	68,253	1,434	-	69,687
Buildings and improvements	1,764,241	54,485	-	1,818,726
Equipment	816,538	44,725	-	861,263
	<u>2,649,032</u>	<u>100,644</u>	<u>-</u>	<u>2,749,676</u>
Capital assets, net	<u>\$ 744,928</u>	<u>\$ (36,871)</u>	<u>\$ -</u>	<u>\$ 708,057</u>

# **Good Shepherd Nursing Home District**

## **Notes to Financial Statements**

### **December 31, 2020 and 2019**

#### **Note 6: Medical Malpractice Claims**

The District obtains professional liability coverage insurance through membership in the Missouri Public Entity Risk Management Fund (MOPERM). The purpose of MOPERM, as established in Chapter 537.700, RSMo 1986, and in the bylaws, is to provide liability protection to participating public entities, their officials and employees. Annual contributions are calculated based on actuarial projections designed to produce sufficient funds to pay losses and expenses. If contributions do not produce sufficient funds to meet obligations, MOPERM is empowered to make special assessments. Members are jointly and severally liable for claims against MOPERM.

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

#### **Note 7: Workers' Compensation Insurance**

The District has obtained workers' compensation insurance through membership in the Health Care Facilities of Missouri Insurance Trust (the "Trust"), a trust formed for the benefit of qualified nursing homes in the state of Missouri who wish to pool their resources to qualify as a group self-insurer as permitted under the Workmen's Compensation Law, Chapter 287 of the Revised Statutes of Missouri, as amended. The Trust and its members jointly and severally agree to assume and discharge, by payment, any lawful awards entered against any member of the Trust. Workers' compensation expense through participation in the Trust was \$115,333 and \$69,293 for the years ended December 31, 2020 and 2019, respectively.

#### **Note 8: Financial Impacts from COVID-19 and CARES Act Funding**

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19) as a global pandemic. Patient volumes and the related revenues were significantly affected by COVID-19 as various policies were implemented by federal, state, and local governments in response to the pandemic that led many people to remain at home and forced the closure of or limitations on certain businesses. The District experienced declines in occupancy as a result of reduced admissions and additional operating costs as a result of increased regulations in an attempt to reduce patients' exposure to the virus.

While some of these policies have been eased, some restrictions remain in place, and some state and local governments are reimposing certain restrictions due to increasing rates of COVID-19 cases prior to the widespread availability of a vaccine.

# Good Shepherd Nursing Home District

## Notes to Financial Statements

December 31, 2020 and 2019

The District's pandemic response plan has multiple facets and continues to evolve as the pandemic unfolds. The District has taken precautionary steps to enhance its operational and financial flexibility, and react to the risks the COVID-19 pandemic presents to its business.

The District received approximately \$452,121 in general and targeted Provider Relief Fund distributions, both as provided for under the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*.

The extent of the COVID-19 pandemic's adverse effect on the District's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the District's control and ability to forecast. Such factors include, but are not limited to, the scope and duration of stay-at-home practices and business closures and restrictions, government-imposed or recommended suspensions of elective procedures leading to a decline in skilled nursing admissions, continued declines in occupancy for an indeterminable length of time, incremental expenses required for supplies and personal protective equipment, and changes in professional and general liability exposure.

Because of these and other uncertainties, the District cannot estimate the length or severity of the effect of the pandemic on the District's business. Decreases in cash flows and results of operations may have an effect on the inputs and assumptions used in significant accounting estimates, including estimated bad debts and contractual adjustments related to patient accounts.

### **Provider Relief Fund**

During the year ended December 31, 2020, the District received approximately \$452,121 of distributions from the CARES Act Provider Relief Fund (the "Provider Relief Fund"). These distributions from the Provider Relief Fund are not subject to repayment, provided the District is able to attest to and comply with the terms and conditions of the funding, including demonstrating that the distributions received have been used for qualifying expenses or lost revenues attributable to COVID-19, as defined by the Department of Health and Human Services.

Subsequent to year-end, the District received approximately \$70,000 in additional Provider Relief Fund distributions. Refer to *Note 9* for additional information.

The District is accounting for such payments as conditional contributions. Payments are recognized as contribution revenue once the applicable terms and conditions required to retain the funds have been met. Based on an analysis of the compliance and reporting requirements of the CARES Act funding and the effect of the pandemic on the District's operating revenues and expenses through December 31, 2020, the District recognized \$299,607, and these payments are recorded as nonoperating revenue in the statements of revenues, expenses, and changes in net position. The unrecognized amount of CARES Act funding distributions are recorded as part of deferred revenue – CARES Act relief funds in the accompanying balance sheets.

# Good Shepherd Nursing Home District

## Notes to Financial Statements

December 31, 2020 and 2019

### Note 9: Subsequent Events

Subsequent to year-end, the District received approximately \$70,000 in additional Provider Relief Funds. The District will recognize this nonoperating revenue as the terms and conditions are met. In the event the District cannot meet the terms and conditions of the proceeds, these amounts will have to be repaid. See further discussion in *Note 8*.

The District will continue to monitor compliance with the terms and conditions of the Provider Relief Fund and the effect of the pandemic on the District's revenues and expenses. The terms and conditions governing the Provider Relief Fund are complex and subject to interpretation and change. If the District is unable to attest to or comply with current or future terms and conditions, the District's ability to retain some or all of the distributions received may be affected. The Provider Relief Funds are subject to government oversight, including potential audits.

Subsequent to yearend, the District also received reimbursements for certain expenses required to prevent, prepare for, and respond to coronavirus from the State of Missouri through the Coronavirus Relief Fund of approximately \$30,000.

Subsequent events have been evaluated through May 18, 2021, which is the date the financial statements are available to be issued.

## **Supplementary Information**

**Good Shepherd Nursing Home District**  
**Operating Revenues**  
**Years Ended December 31, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Net Patient Service Revenue</b>		
Room and board – nursing home	\$ 3,655,792	\$ 3,949,902
Room and board – residential care	434,422	448,954
Pharmacy	44,727	74,831
Therapy	685,507	688,053
Lab	4,210	6,450
X-ray	1,090	2,340
Medical supplies	9,444	9,534
Contractual allowances	(467,450)	(638,790)
Provision for uncollectible accounts	(8,923)	(27,104)
	<u>\$ 4,358,819</u>	<u>\$ 4,514,170</u>
<b>Other Revenue</b>		
Meals sold	\$ 6,246	\$ 7,980
Miscellaneous	336	486
Vending income	3,611	7,208
Cable television income	2,578	8,035
Contributions	3,265	5,452
	<u>\$ 16,036</u>	<u>\$ 29,161</u>

**Good Shepherd Nursing Home District**  
**Expenses**  
**Years Ended December 31, 2020 and 2019**

	<b>Salaries</b>	<b>2020 Supplies and Expense</b>	<b>Total</b>
<b>Professional Services</b>			
Nursing service	\$ 1,558,709	\$ 77,126	\$ 1,635,835
Medical supplies	-	61,713	61,713
Medical consultants	-	8,430	8,430
Residential care nursing	133,927	-	133,927
Therapy consultant and supplies	-	357,903	357,903
Social service	60,225	-	60,225
Patient recreation	51,505	5,396	56,901
	<u>1,804,366</u>	<u>510,568</u>	<u>2,314,934</u>
<b>Dietary Services</b>	<u>240,669</u>	<u>266,080</u>	<u>506,749</u>
<b>General Services</b>			
Plant operation and maintenance	75,754	39,664	115,418
Laundry	36,464	6,219	42,683
Housekeeping	152,293	15,263	167,556
Repairs and replacements	-	43,501	43,501
Utilities	-	132,757	132,757
	<u>264,511</u>	<u>237,404</u>	<u>501,915</u>
<b>Administrative Services</b>			
Salaries	199,150	-	199,150
Office supplies and postage	-	48,152	48,152
Telephone	-	4,575	4,575
Professional fees	-	41,769	41,769
Insurance	-	39,954	39,954
Freight and miscellaneous	-	4,607	4,607
Payroll taxes	-	177,095	177,095
Employee benefits	-	356,707	356,707
Travel and public relations	-	5,228	5,228
Dues	-	1,992	1,992
	<u>199,150</u>	<u>680,079</u>	<u>879,229</u>
<b>Provider Tax and Fees</b>	<u>-</u>	<u>301,193</u>	<u>301,193</u>
<b>Depreciation and Amortization</b>	<u>-</u>	<u>105,390</u>	<u>105,390</u>
	<u>\$ 2,508,696</u>	<u>\$ 2,100,714</u>	<u>\$ 4,609,410</u>



	<b>2019</b>	
	<b>Supplies</b>	
<b>Salaries</b>	<b>and Expense</b>	<b>Total</b>
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\$ 1,384,230	\$ 103,240	\$ 1,487,470
-	50,019	50,019
-	9,175	9,175
125,689	-	125,689
-	327,740	327,740
62,312	-	62,312
43,882	2,399	46,281
<hr/> 1,616,113	<hr/> 492,573	<hr/> 2,108,686
 209,372	 266,136	 475,508
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76,443	35,299	111,742
33,780	3,697	37,477
141,426	13,713	155,139
-	51,809	51,809
-	124,576	124,576
<hr/> 251,649	<hr/> 229,094	<hr/> 480,743
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175,407	-	175,407
-	43,911	43,911
-	5,511	5,511
-	33,903	33,903
-	34,171	34,171
-	7,627	7,627
-	162,317	162,317
-	274,805	274,805
-	9,762	9,762
-	3,684	3,684
<hr/> 175,407	<hr/> 575,691	<hr/> 751,098
<hr/>		
-	291,915	291,915
<hr/>		
-	101,239	101,239
<hr/>		
<hr/> \$ 2,252,541	<hr/> \$ 1,956,648	<hr/> \$ 4,209,189
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