

Management's Discussion and Analysis, Continued  
For the Year Ending March 31, 2021

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 operating, investing, and financing activities. It provides answers to such questions as "Where did cash come from?", "What is cash used for?" and "What was the change in cash balance during the reporting period?".

The Authority's Net Position

The Authority's net position is the difference between its assets and liabilities reported on the balance sheet. The following table summarizes the balance sheets as of March 31, 2021, 2020 and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>Balance Sheet Data</u>			
Current assets	\$ 18,619,915	\$ 12,127,500	\$ 12,566,454
Capital assets, net	12,284,905	11,950,684	12,895,210
Other non-current assets	<u>11,264,176</u>	<u>2,807,989</u>	<u>2,093,615</u>
Total assets	<u>\$ 42,168,996</u>	<u>\$ 26,886,173</u>	<u>\$ 27,555,279</u>
Current liabilities	\$ 22,631,265	\$ 13,791,632	\$ 13,485,859
Medicare advance payments, long term	1,343,007	-	-
Long-term debt	<u>8,810,000</u>	<u>9,575,061</u>	<u>10,445,379</u>
Total liabilities	<u>32,784,272</u>	<u>23,366,693</u>	<u>23,931,238</u>
Net position:			
Net investments in capital assets	3,434,559	2,884,196	3,560,955
Restricted	1,864,806	1,717,651	1,100,111
Unrestricted	<u>4,085,359</u>	<u>(1,082,367)</u>	<u>(1,037,025)</u>
Total net position	<u>9,384,724</u>	<u>3,519,480</u>	<u>3,624,041</u>
Total liabilities and net position	<u>\$ 42,168,996</u>	<u>\$ 26,886,173</u>	<u>\$ 27,555,279</u>

Current assets increased by approximately \$6.5 million primarily due to an increase in cash of \$5.1 million. MHM was fortunate to receive funds from the Paycheck Protection Program and the CARES Provider Relief Funds to alleviate the financial effects of the COVID-19 pandemic. Other receivables increased \$1 million with a slight decrease in patient receivables of \$347,000 due to increased upfront collections and reduction of accounts receivable. Current liabilities increased by \$8.8 million due to having an additional accrual of \$4.3 million for the Paycheck Protection Program loan awaiting forgiveness to be granted, \$6.2 million from the CARES Act, and \$1.6 for the current portion of the Medicare Advanced Payments. Accounts payable and accrued liabilities decreased \$2.7 million due to the ability to pay expenditures timely.

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The following table summarizes the revenues and expenses for the years ended March 31, 2021, 2020 and 2019:

Statement of Revenue and Expense Data

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Operating revenue	\$ 46,667,067	\$ 45,466,128	\$ 45,063,480
Expenses:			
Operating expenses	45,741,786	45,557,153	47,190,301
Depreciation and amortization	<u>1,373,523</u>	<u>1,352,478</u>	<u>1,377,298</u>
Total expenses	<u>47,115,309</u>	<u>46,909,631</u>	<u>48,567,599</u>
Operating loss	(448,242)	(1,443,503)	(3,504,119)
Nonoperating revenues (expenses)	4,865,389	(65,195)	224,668
Rural Hospital Tax Credit	802,667	828,830	1,666,043
Capital contributions	<u>645,430</u>	<u>575,307</u>	<u>603,746</u>
Change in net position	5,865,244	(104,561)	(1,009,662)
Net position at beginning of year	<u>3,519,480</u>	<u>3,624,041</u>	<u>4,633,703</u>
Net position at end of year	<u>\$ 9,384,724</u>	<u>\$ 3,519,480</u>	<u>\$ 3,624,041</u>

Slight decreases in overall volumes for the Authority resulted in decrease in gross patient charges of \$6.7 million or 5.2% while net patient service revenue increased \$1.6 million or 3.8%. Services were scaled down during April and May 2020 due to COVID-19. The Authority's provision for bad debt and deductions decreased by \$8 million primarily due to decreased volumes resulting in the increase of net patient service revenue.

Total operating expenses decreased by \$206,000. Salaries and wages increased by \$46,000 or .22%. Employee health and welfare costs decreased by approximately \$989,000 or 14.2% primarily due to lower employee health claim costs, while purchased services increased by \$319,000 or 7.1%. Medical supply costs also increased by \$1.5 million or 16.3% due to higher cost COVID-19 related drugs and supplies while professional fees decreased by \$733,000 or 20% resulting from decreased E/R Physician Fees of \$555,000 or 34.7%.

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