

**IRON COUNTY HOSPITAL DISTRICT
DBA: IRON COUNTY MEDICAL CENTER**

HISTORICAL AND PROJECTED FINANCIAL STATEMENTS

**YEARS ENDED JUNE 30, 2017 AND 2018 (HISTORICAL)
JUNE 30, 2019 THROUGH 2023 (PROJECTED)**

**IRON COUNTY HOSPITAL DISTRICT
DBA: IRON COUNTY MEDICAL CENTER
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JUNE 30, 2019 THROUGH 2023 (PROJECTED)**

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**IRON COUNTY HOSPITAL DISTRICT
DBA: IRON COUNTY MEDICAL CENTER
HISTORICAL AND PROJECTED BALANCE SHEET
JUNE 30, 2017 AND 2018 (HISTORICAL) AND
JUNE 30, 2019 THROUGH 2023 (PROJECTED)**

(\$ in Thousands)

ASSETS

Current Assets

	Historical		Projected				
	2017	2018	2019	2020	2021	2022	2023
Cash and Cash Equivalents	\$ 88	\$ 284	\$ 1,160	\$ 786	\$ 1,161	\$ 1,457	\$ 1,504
Current AWUIL	16	6	6	6	6	6	6
Bankruptcy AWUIL	-	-	-	-	-	-	-
Accounts Receivable	1,202	1,537	1,300	1,335	1,409	1,453	1,498
Other Current Assets	353	927	630	571	589	608	627
Total Current Assets	1,659	2,753	3,096	2,698	3,165	3,524	3,635
Net Property and Equipment	5,705	4,741	3,947	3,694	3,434	3,192	2,957
Total Assets	\$ 7,365	\$ 7,495	\$ 7,044	\$ 6,393	\$ 6,600	\$ 6,717	\$ 6,593

LIABILITIES AND NET DEFICIT

Current Liabilities

Current Portion of LTD	\$ 782	\$ -	\$ 51	\$ 48	\$ 40	\$ 17	\$ 18
Other Current Liabilities	2,278	1,337	1,784	1,563	1,613	1,665	1,718
Total Current Liabilities	3,060	1,337	1,835	1,611	1,653	1,682	1,736
Long-Term Debt, Net	9,247	732	337	254	187	156	138
Pre-Petition Payables	-	1,864	1,864	1,664	1,664	1,524	1,096
USDA Bonds Payable	-	6,845	6,845	6,845	6,845	6,845	6,845
Medicare Notes Payable	3,090	2,096	1,826	1,640	1,454	1,268	1,082
Missouri Medicaid Payable	0	438	438	350	263	175	88
Total Liabilities	15,397	13,312	13,145	12,365	12,065	11,650	10,984
Net Deficit	(8,032)	(5,817)	(6,101)	(5,972)	(5,466)	(4,933)	(4,391)
Total Liabilities & Net Deficit	\$ 7,365	\$ 7,495	\$ 7,044	\$ 6,393	\$ 6,600	\$ 6,717	\$ 6,593

Substantially all required disclosures and the Statement of Changes in Net Deficit are omitted, and no assurance is provided on these financial statements.

**IRON COUNTY HOSPITAL DISTRICT
DBA: IRON COUNTY MEDICAL CENTER
HISTORICAL AND PROJECTED STATEMENT OF OPERATIONS
YEARS ENDED JUNE 30, 2017 AND 2018 (HISTORICAL) AND
JUNE 30, 2019 THROUGH 2023 (PROJECTED)**

(\$ in Thousands)

OPERATING REVENUES

	Historical		Projected				
	2017	2018	2019	2020	2021	2022	2023
Net Patient Revenues	\$ 11,027	\$ 13,450	\$ 13,152	\$ 13,508	\$ 14,250	\$ 14,697	\$ 15,154
Other Revenues	384	79	427	515	546	558	570
Total Operating Revenues	11,410	13,529	13,579	14,024	14,797	15,255	15,724
Operating Revenue % Change		18.6%	0.4%	3.3%	5.5%	3.1%	3.1%

OPERATING EXPENSES

Labor Expense	4,633	4,847	5,859	6,056	6,258	6,465	6,677
Other Expense	8,023	8,410	7,663	7,905	8,154	8,408	8,669
Total Non Capital Expenses	12,655	13,256	13,521	13,961	14,412	14,873	15,345
Operating EBIDA	(1,245)	273	57	62	385	382	379
Operating EBIDA %	-10.9%	2.0%	0.4%	0.4%	2.6%	2.5%	2.4%
Depreciation & Amortization	895	853	683	628	593	585	588
Interest Expense	489	513	280	23	18	13	11
Total Operating Expenses	14,040	14,622	14,484	14,612	15,022	15,471	15,944
Operating Margin	(2,629)	(1,093)	(905)	(589)	(226)	(216)	(220)
Operating Margin %	-23.0%	-8.1%	-6.7%	-4.2%	-1.5%	-1.4%	-1.4%

NON-OPERATING, NET

Investment Income	4	-	-	8	11	13	11
Sales Tax Revenue	409	370	621	710	721	736	751
Gain (Loss) on Disposal of Capital	-	(241)	-	-	-	-	-
Impairment Loss on Assets	-	-	-	-	-	-	-
Gain/Forgiveness on DSH Reserves	-	3,005	-	-	-	-	-
Non-Capital Contributions	42	172	-	-	-	-	-
Total Non-Operating, Net	455	3,307	621	718	732	749	763
NET MARGIN	\$ (2,175)	\$ 2,214	\$ (284)	\$ 129	\$ 506	\$ 533	\$ 542
Net Margin %	-19.1%	16.4%	-2.1%	0.9%	3.4%	3.5%	3.4%

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**IRON COUNTY HOSPITAL DISTRICT
DBA: IRON COUNTY MEDICAL CENTER
PROJECTED STATEMENT OF CASH FLOW
YEARS ENDED JUNE 30, 2019 THROUGH 2023 (PROJECTED)**

(\$ in Thousands)	Projected				
	2019	2020	2021	2022	2023
CASH FLOWS FROM OPERATIONS					
Net Margin (Loss)	\$ (284)	\$ 129	\$ 506	\$ 533	\$ 542
Add: Depreciation & Amortization	683	628	593	585	588
Add: Adjustment of MO Medicaid Payable	-	-	-	-	-
Add: Adjustment of USDA Debt	-	-	-	-	-
Add: Gain (Loss) on Disposal of Capital	-	-	-	-	-
Add: Impairment of Assets	-	-	-	-	-
Bankruptcy Cash Flow Impacts	-	(200)	-	(140)	(428)
Net Working Capital Needs (Sources)	711	(196)	(41)	(11)	(12)
Adjustments to Net Cash Flows	-	-	-	-	-
Net Cash Flows from Operations	1,110	361	1,058	966	691
CASH FLOWS FROM INVESTING ACTIVITIES					
Capitalized Property & Equipment					
Routine	(50)	(100)	(333)	(343)	(354)
RHC Set Up	(25)	(275)	-	-	-
Net Cash Flows from Investing Activities	(75)	(375)	(333)	(343)	(354)
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal Payments on Bank Loans	(73)	(51)	(48)	(40)	(17)
USDA Interest Payment Convert to Debt	-	-	-	-	-
Principal Payments on Capital Leases	(85)	(35)	(28)	(14)	-
Principal Payments on Original USDA Debt	-	-	-	-	-
Future USDA Principal Payment Adjustments	-	-	-	-	-
USDA Debt Interest Accrual (Payments)	-	-	-	-	-
Medicare Payment	-	(186)	(186)	(186)	(186)
Missouri Medicaid Payment	-	(88)	(88)	(88)	(88)
Net Cash Flows from Financing Activities	(158)	(360)	(350)	(327)	(291)
Total Net Change in Cash and Reserves	877	(374)	375	296	46
Beginning Cash & Reserves	283	1,160	786	1,161	1,457
Ending Cash & Reserves	\$ 1,160	\$ 786	\$ 1,161	\$ 1,457	\$ 1,504

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**IRON COUNTY HOSPITAL DISTRICT
DBA: IRON COUNTY MEDICAL CENTER
SUMMARY OF SIGNIFICANT MANAGEMENT ASSUMPTIONS (CONTINUED)
YEARS JUNE 30, 2019 THROUGH 2023 (PROJECTED)**

Key Baseline Assumptions: Inflation and Spread

Baseline Performance

- Baseline Performance = Fiscal year end June 30, 2018 results (Unaudited)
- Fiscal Year 2019 = Period ended March 31, 2019 actual results (unaudited) prorated through end of fiscal year June 30, 2019.

Net Inflation (Rates):

- Medicare: Based on cost changes/year
- Medicaid: 1.5%/year (2020+)
- Commercial & Other Payors: 1.5%/year (2020+)
- Self-Pay: 1.5%/year (2020+)
- Other Operating: 1.0%/year (2020+)

Expenses (COLA):

- Labor: 2.5%/year (2020+)
- Physician Labor: 2.5%/year (2020+)
- Non-Labor: 2.5%/year (2020+)
- Variable Expenses (Baseline Growth): Based on estimated variable expense at % of baseline net revenue growth
 - Inpatient: 65% variable expense (35% contribution margin)
 - Outpatient: 55% variable expense (45% contribution margin)
 - Clinics: 85% variable expense (10% contribution margin)

Baseline Volume Growth:

- Inpatient: 1.5% in 2020 and 0%/year (2021+)
- Outpatient: 1.5% in 2020 and 0%/year (2021+)
- Emergency Room: 1.0% in 2020 and 0%/year (2020+)
- Rural Health Clinic/Professional: 1.5% in 2020 and 0%/year (2020+)

Capital Spending

- Routine Capital Spending: \$50,000 in 2019
- Rural Health Clinic build out: \$25,000 in 2019
- Rural Health Clinic build out: \$275,000 in 2020
- Routine Capital Spending: 2.25% of Operating Revenue (2020+)

Key Assumptions: Long-Term Debt Strategies

Medicare Loan Repayment Extension:

- 10 year amortization on existing loans (2020 to 2019) reduced by approximately \$262,000
- 0.0% interest rate

USDA Loan

- No payments (principal and interest) on the USDA loan for period 2019 to 2023
- No interest accruing on USDA loan through end of plan period

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**IRON COUNTY HOSPITAL DISTRICT
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SUMMARY OF SIGNIFICANT MANAGEMENT ASSUMPTIONS (CONTINUED)
YEARS JUNE 30, 2019 THROUGH 2023 (PROJECTED)**

Medicaid Repayment Plan:

- Approximately \$3M of DSH Reserves and past settlements forgiven and \$438,000 repayment plan
- Payments of approximately \$88,000 per year (2020 to 2024)
- 0.0% interest rate

Key Assumptions: Pre-Petition Accounts Payable Strategies

Pre-Petition Accounts Payable Repayment:

- Trade accounts payables of \$1.864 million treated as “Pre-Petition Payables”.
- \$200K of administrative claims paid in 2019 included in Pre-Petition Payables.
- Days cash on hand minimum set to 36 days
- Repayment of Pre-petition accounts payable to begin in 2022 limited to maintaining 36 days cash on hand.
- \$0K repayment to Medicare (2019) for liquidation of liabilities regarding \$1.8M of pre-petition payables.

Key Assumptions: Revenue Strategies

- \$100K increase in 340b revenue (2020 and thereafter)
- \$150K (2019) and additional \$100K (2020) of incremental sales tax revenue
- \$300K of commercial contract rate improvements (2019)
- \$200K of rural health clinic enhancements (2021)

Key Assumptions: Expense Strategies

- \$200K reduction in emergency room physician coverage (2019)
- \$120K increase in pharmacist costs (2019)

Key Assumptions: Cash Flow Strategies

\$320K Medicaid RHC settlements received in 2019.

Medicare Loan Repayment Extension:

- 10 year amortization on existing loans (1.1.2019)
- 0.0% interest rate

USDA Loan

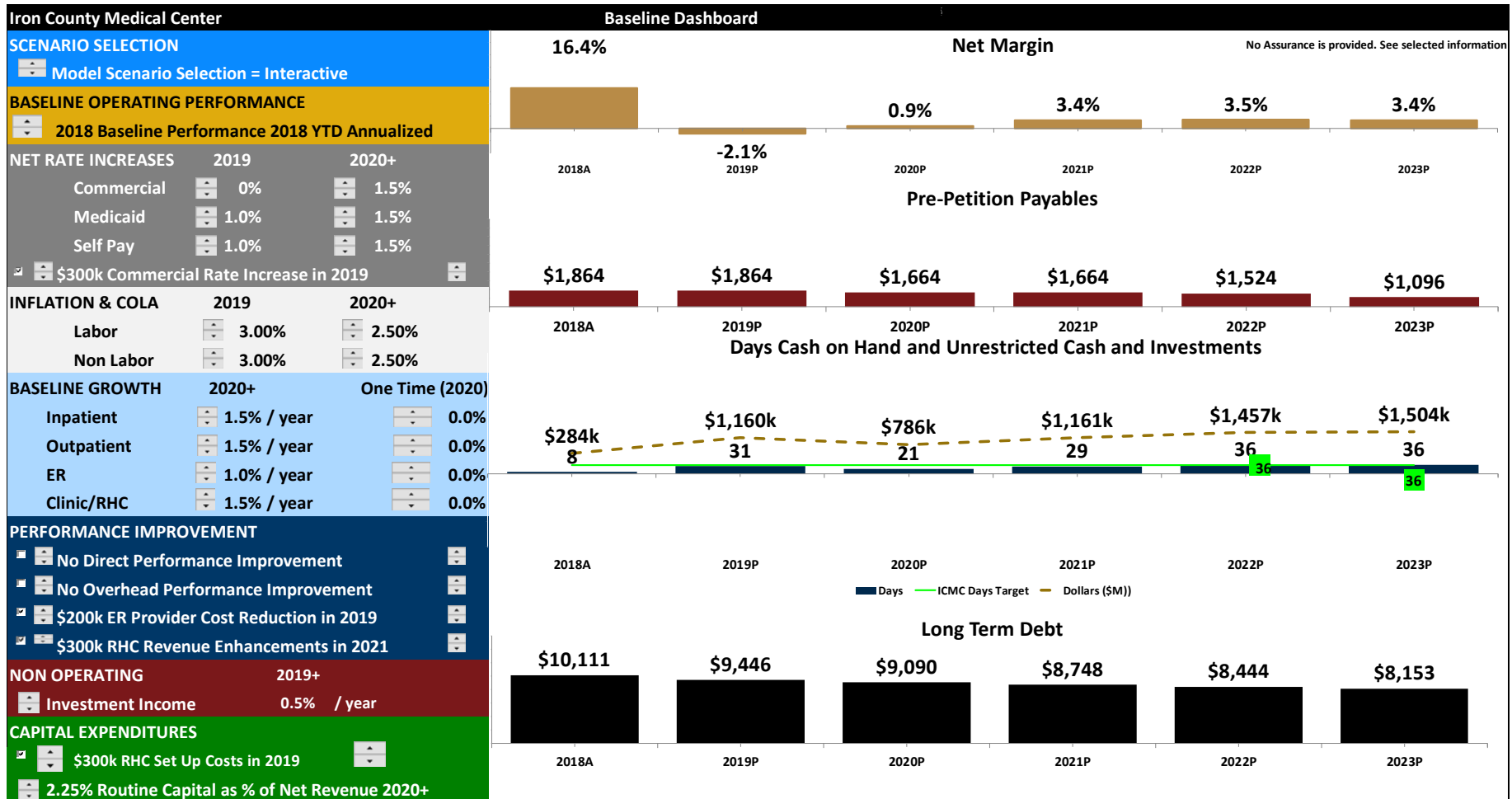
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Medicaid Repayment Plan:

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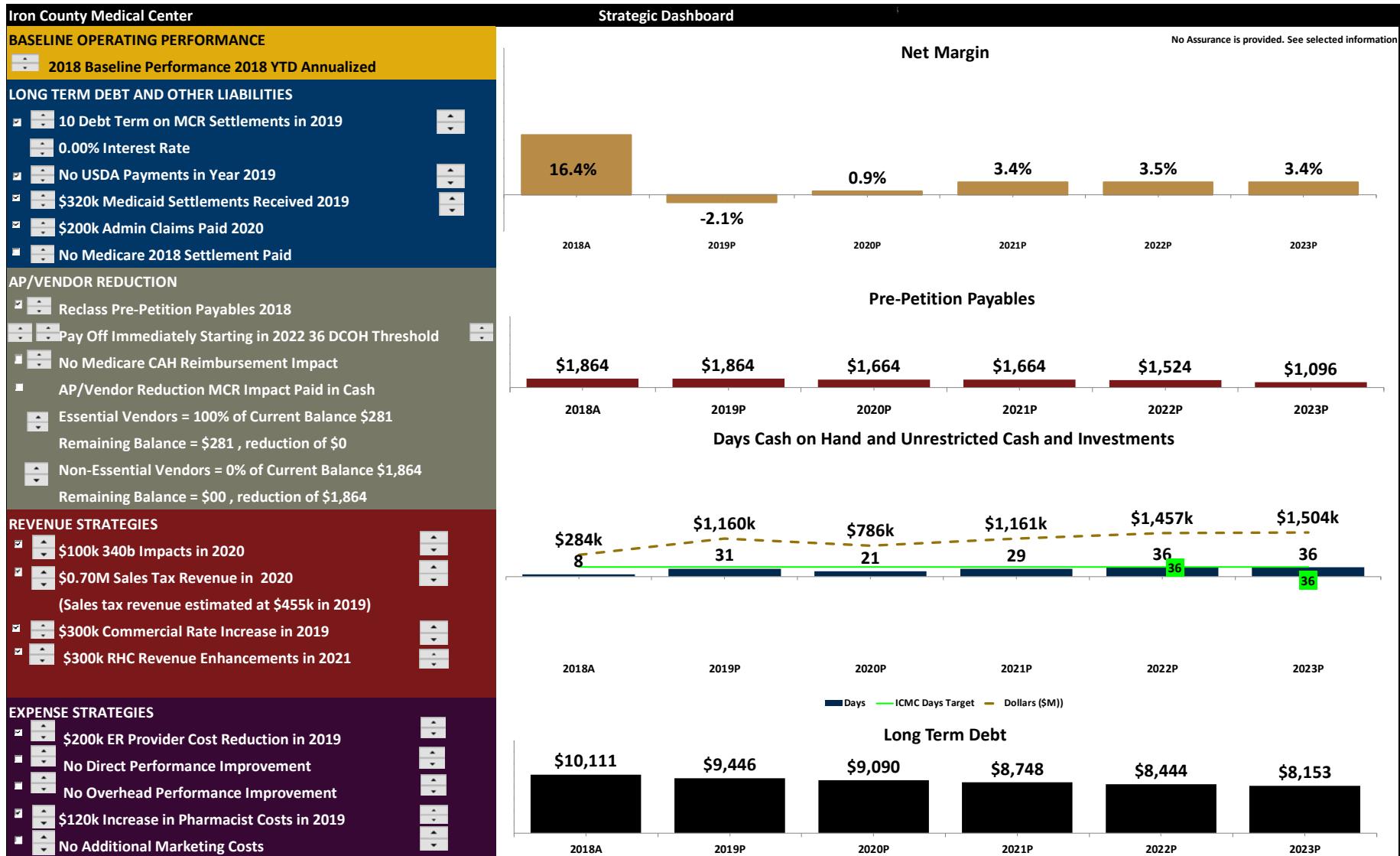
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