HCMO-1: Notice of Material Change Transaction

Attachment D

Detailed Information About Coquille Valley Hospital District

1. Describe the Participating Entity.

a. Describe the Participating Entity's business, including business lines or segments.

Coquille Valley Hospital District is a 501(c)(3) hospital district organized under Oregon law. It owns and operates Coquille Valley Hospital, a critical access hospital located in Coquille, Oregon. Coquille Valley Hospital District's business lines or segments include emergency care services; inpatient care services (hospitalist program, surgical services, swing bed rehabilitation services); and outpatient services (anticoagulation management, cardiopulmonary services, colonoscopy and endoscopy services, infusion center, laboratory, orthopedics, medical imaging, nutrition, primary care, Senior Life Solutions, and wound care).

b. Describe the Participating Entity's governance and operational structure (including ownership of or by a health care entity)

Coquille Valley Hospital District is a 501(c)(3) hospital district with an elected board of five members. It owns and operates Coquille Valley Hospital. The governance documents for Coquille Valley Hospital District are attached as **Attachment D, Exhibit 1.b.**

c. Provide a diagram or chart showing the organizational structure and relationships between business entities.

See **Attachment D, Exhibit 1.c**.

d. List all of the Participating Entity's business entities currently licensed to operate in Oregon using HCMO-1b: Business Entities form. Provide the business name, assumed business name, business structure, date of incorporation, jurisdiction, principal place of business, and FEIN for each entity.

See **Attachment D, Exhibit 1.d**.

e. Provide financial statements for the most recent three fiscal years. If Party A also operates outside of Oregon, provide financial statements both for Party A nationally and for the Participating Entity's Oregon business.

See **Attachment D, Exhibit 1.e**.

f. Describe and identify the Participating Entity's health care business. A description of Coquille Valley Hospital District's business lines and services is

set forth in item 1.a., above. Coquille Valley Hospital District has two service locations, including its hospital location and its clinic location.

Provide responses to i-ix as applicable:

i. Provider type (hospital, physician group, etc.)
Coquille Valley Hospital District is a 501(c)(3) health district. It owns and operates Coquille Valley Hospital, a critical access hospital, and Coquille Clinic, a provider-based clinic that provides orthopedic, primary care, and wound care services.

ii. Service lines, both overall and in Oregon
See response to item 1.a., above.

iii. Products and services, both overall and in Oregon
See response to item 1.a., above.

iv. Number of staff and FTE, both overall and in Oregon
Coquille Valley Hospital District has 239 employees and 206 FTEs (both in Oregon and overall).

v. Geographic areas served, both overall and in Oregon
Coquille Valley Hospital District serves Coos County, which has a population of 64,832. Most of its patients come from Coquille, Myrtle Point, Powers, Bridge, and Fairview, Oregon.

vi. Addresses of all facilities owned or operated using HCMO-1c: Facilities and Locations form
See **Attachment D, Exhibit 1.f.vi**.

vii. Annual number of people served in Oregon, for all business, not just business related to transaction
Coquille Valley Hospital District served 10,630 people in 2025.

viii. Annual number of services provided in Oregon
Coquille Valley Hospital District annually handles about 1,234 acute inpatient days, 141 extended recovery days, 809 swing bed days, 362 observation days, 6,600 emergency room visits, 21,000 clinic visits, 105,000 lab tests, 10,500 general radiology examinations, 1,200 MRIs, 4,200 CT scans, 1,100 mammography examinations, 550 dexa scans, 1,650 ultrasound visits, and 1,050 surgical/procedural visits.

ix. For hospitals, number of licensed beds
Coquille Valley Hospital has 25 licensed beds.

2. Describe all mergers, acquisitions, and joint ventures that closed in the ten (10) years prior to filing this notice of material change transaction involving any entities party to the current proposed transaction, the same or related services, and health care entities. For each previous transaction, include:

a. Legal names of all entities party to the transaction

b. Type of transaction

c. Description of the transaction

d. Date the transaction closed

NA. Coquille Valley Hospital District has closed no mergers, acquisitions, or joint ventures within the past 10 years.

Attachment D

Exhibit 1.b.

Governance Documents

BYLAWS
OF
COQUILLE VALLEY HOSPITAL DISTRICT
BOARD OF DIRECTORS

STATEMENT OF PURPOSES

The purposes of these Bylaws is to regulate the conduct and define the duties of the members of the Board of Directors of the Coquille Valley Hospital District, hereinafter called "the Board", toward the Coquille Valley Hospital, hereinafter called "the Hospital", as an institution, the personnel of the Hospital and among themselves.

The District is a political subdivision and municipal corporation of the State of Oregon created pursuant to the laws of the State of Oregon for the purpose of supplying the inhabitants of the District with facilities for care of the sick and injured.

Recognizing that the best interests of patients can be served only by concerted effort to achieve the purposes of the Hospital through correlation and coordination of certain essential functions, the general purposes to be achieved by the Hospital are as follows:

1. To provide for persons suffering from illness or disability, to insure that such persons receive hospital care with equal rights to all and special privileges to none and to prevent any practice from being conducted in the Hospital which would be injurious or detrimental to the health and welfare of any patient.

2. To carry on educational activities related to the care of the sick or injured, or to the promotion of health, which in the opinion of the Board may be justified by the facilities, funds, personnel or other requirements that are available.

3. To promote and carry on scientific research related to the care of the sick and injured in so far as such can be carried on in or in connection with the Hospital.

4. To participate, as far as circumstances may justify, in any activity designed and carried on to promote the general health of the community.

5. To guard against any activity being carried on in the Hospital that would have, or tend to have a bad affect upon the Hospital as an institution, its reputation or the services it renders.

6. To encourage all personnel holding the responsibility of a supervisory position to use every opportunity to help those under their supervision receive satisfaction out of the job to which they are assigned.

In order to assist in the achievement of the above purposes, these Bylaws are adopted as a guide, no only in the development of Hospital policies, but also in providing for continuity in fulfilling the policies herein adopted.

ARTICLE I
NAME, MEMBERSHIP AND FUNCTIONS

Section 1. Name:

The name of the District is the Coquille Valley Hospital District. The name of the governing body is the Board of Directors of the Coquille Valley Hospital District.

Section 2. Election of Directors:

2.1 The Board shall consist of five members, each of whom shall be a qualified voter and resident within the District. Members of the Board shall be elected for a four year term as provided by Oregon law.

2.2 The term of a Director shall expire when a Director is absent from four or more consecutive meetings and the Board declares the position vacant.

2.3 Vacancies on the Board occasioned by absence, removal, resignation or otherwise shall be filled by appointment by the remaining Directors until the next regular election.

Section 3. Functions.

3.1 The Board shall be responsible for the management and control of the Hospital. Among the duties of the Board shall be:

3.1.1 To determine the policies of the Hospital with relation to community needs, with particular reference to the extent and quality of service.

3.1.2 To assure that the proper professional standards are maintained in the care of the sick and injured.

3.1.3 To coordinate the professional interests of the Hospital with administrative, financial and community needs.

3.1.4 To direct the administrative personnel in order to carry out these policies.

3.1.5 To provide adequate financing and sufficient income and to assure business like control of expenditures.

3.1.6 To appoint all members of the professional staff on a bi-annual basis.

3.1.7 To see that patients are admitted to the Hospital only under the orders of a physician on the staff of the Hospital.

3.1.8 To ensure that a physician is available at the Hospital within 30 minutes for emergencies.

3.2 The essential function of the Board is policy making. Members of the Board shall limit their activities to those directed by official action of the Board. At no time shall any member of the Board, unless so directed by the Board, encroach upon the activities of any of the personnel of the Hospital by attempting to dictate or direct activities within the Hospital.

3.3 When considering the adoption of a new policy, a modification of an existing policy or a discontinuance of any general policy or rule, the Board shall refer, in writing, the matter under consideration to the Joint Advisory Committee provided for in Article 3, Section 6, for study and recommendations. The Joint Advisory Committee shall, after due consideration, make its recommendations in writing to the Board to be considered when making its decision.

3.4 The Board shall have all powers necessary to carry out the purposes of ORS 440.315 to 440.410, including but not limited to those set forth below and those powers of a Health District set forth in ORS 440.360, as now exists or hereafter amended.

3.5 The District shall provide on a non-profit basis hospital facilities and services for the care and treatment of persons who are acutely ill who otherwise require medical and related services of the kind customarily furnished most effectively by hospitals, pursuant to Section 242 of the National Housing Act, as amended.

3.6 The District shall have the power to mortgage or otherwise hypothecate its real and personal property and to do and perform all acts reasonably necessary to accomplish the purposes of the District including the execution of a Regulatory Agreement with the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner, and of such other instruments and undertakings as may be necessary to enable the District to secure the benefits of financing with the assistance of mortgage insurance under the provisions of the National Housing Act. Such Regulatory Agreement and other instruments and undertakings shall remain binding upon the District its successor and assigns, so long as a mortgage on the District's property is insured or held by the Secretary of Housing and Urban Development.

3.7 So long as a mortgage on the District's property is insured or held by the Secretary of Housing and Urban Development, these Bylaws may not be amended without the prior written approval of the said Secretary.

3.8 In the event of a conflict between any of the provisions of these Bylaws and any of the provisions of the Note, Mortgage, Security Agreement, or the Regulatory Agreement (the "HUD Loan Documents"), the provisions of the HUD Loan Documents shall govern and be controlling in all aspects.

ARTICLE II
OFFICERS AND COMMITTEES

Section 1. Officers:

Each two years, at its first meeting in July, after the election of the members of the incoming Board, the Board shall organize for the ensuing two year term by electing a Chairman, Vice-Chairman, Secretary and Treasurer of the District.

Section 2. Duties of Officers:

2.1 The Chairman shall call and preside at all meetings of the Board. The Chairman shall participate in all affairs of the Hospital and shall be ex-officio, a member of all committees, except the Joint Advisory Committee.

2.2 The Vice-Chairman shall assist the Chairman in such ways as the Chairman may request from time-to-time. He or she shall act in place of the Chairman in all matters and meetings when the Chairman is unable to act or be present.

2.3 The Secretary shall act as custodian of all records and reports of the District and the Board, and perform such duties as usually pertain to the office of Secretary.

2.4 The Treasurer shall administer the finances of the District, keep accurate and complete accounts of books and perform such other duties as usually pertain to the office of Treasurer.

Section 3. Committees:

The committees of the Board shall be standing committees and ad hoc committees. All ad hoc committees shall be specifically designated as such. Ad hoc committees may be appointed by the Board, from time-to-time, to explore, investigate and make recommendations with respect to any subject within the Board's purview. Such committees may be established or disbanded by direction of the Board.

Section 4. Joint Advisory Committee:

The Joint Advisory Committee shall consist of the Hospital Board of Directors, a representative of the medical staff and the Administrator. The representative of the medical staff shall be the elected member of the Board of Directors when there is such a member. If no member of the medical staff is elected to the Board of Directors, then the Chief of Staff or his designate shall be the liaison between the medical staff and the Board of Directors. The committee shall meet monthly in executive session to review medical/audit findings.

Section 5. Budget Committee:

A Budget Committee shall be formed and governed under the provisions of ORS 294.305 through 294.565 known as the Local Budget Law. The Budget Committee shall consist of the members of the Board of Directors and a like number of additional members from the public, each of whom shall be a registered voter within the District and none of whom shall be officers, employees or agents of the District.

ARTICLE III
MEETINGS

Section 1. Regular and Special Meetings:

The Board shall hold a regular monthly meeting at the time and place determined by the Board. The Administrator shall attend these meetings and present such reports as the Board may determine necessary to keep it informed as to the operation of the Hospital. The Administrator shall act in the liaison capacity between the Board and the Hospital staff in all matters. In the event of an urgent or emergency matter, the consideration of which cannot be delayed until the next regular monthly meeting, either the Chairman or Secretary may call a special meeting. In addition, the Board may conduct work-study meetings as required.

Section 2. Executive Session:

Executive sessions of the Board shall be governed by applicable Oregon law. Executive sessions may be held only for those purposes set forth in ORS 192.660, as now exists or hereafter amended. An executive session may be held by the Board only after its presiding officer has identified the purpose for holding the executive session. No executive session may be held for the purpose of taking any final action or making any final decision.

Section 3. Notice of Meetings:

Notice of meetings shall be given by issuing a press release to the local newspaper stating the time and place of the regular or special meeting of the Board. Unless otherwise provided by Oregon law, such notice shall be given at least 24 hours prior to the meeting. If the meeting is to be an executive session, the notice shall state the specific provision of the law authorizing the executive session.

Notice of meeting shall be given to each member of the Board, either by mail, telephone, telefax or personal delivery.

Section 4. Quorum:

A quorum at any meeting shall be three members of the Board.

Section 5. Agenda at Meetings:

The Administrator shall assemble the information to come before the Board at its regular monthly meetings. The agenda shall include the following:

1. Call to Order
2. Discussion and Approval of Minutes
3. Public Comments and Correspondence

4. Review of Financial Statements

5. Approval of Bills and Prospective Bills

6. Auditor's Report

7. Administrator's Report

8. Unfinished Business

9. New Business.

10. Adjournment of the Regular Session

11. Executive Session

12. Return to Regular Session

13. Adjournment

ARTICLE IV
SIGNATURES AND ENDORSEMENTS

Section 1. Signatures:

All checks of the District shall be signed as directed by the Board pursuant to ORS 440.400.

Section 2. Endorsements:

Checks, drafts, notes or other negotiable instruments payable to the Hospital or District shall be endorsed for collection or deposit by the Chairman, Treasurer, Secretary or by any other officer or person authorized by the Board.

Notes issued for loans made to the District shall be signed by any two of the following officers: Chairman, Secretary or Treasurer.

ARTICLE V
APPOINTMENT OF MEDICAL STAFF

The Board shall appoint a medical staff comprised of reputable physicians, dentists and surgeons who are graduates of approved medical, dental and osteopathic schools and who hold unlimited licenses to practice medicine, dentistry or osteopathy, within the State of Oregon.

Subject to approval by the Board of its bylaws, rules and regulations, the medical staff shall organize itself into a responsible body under rules and regulations consistent with hospital rules established by the Department of Human Resources, Health Division, State of Oregon.

Each physician shall make written application to the Board for hospital privileges, and in the application shall state his or her qualifications and the services which he or she intends to perform in the hospital, such as general practice, surgery, and others. Before appointment to the medical staff becomes final, the applicant must read the Bylaws, rules and regulations of the medical staff and these Bylaws, and shall affix his or her signature signifying the physician's understanding and compliance.

ARTICLE VI
ADMINISTRATOR

Section 1. Employment of Administrator:

The Board shall employ a competent and experienced Administrator who shall be the direct representative of the Board in the management of the Hospital and the liaison between the Board and the Hospital staff. The Administrator shall receive from the Board all necessary authority to carry out the responsibilities delegated to the Administrator.

Any and all matters requiring the attention of the Board shall be presented to the Administrator as the administrative agent of the Board. The Administrator shall refer the matters to the Board at its next regular meeting. If any such matters shall be of an emergency nature, the Administrator shall check with the Chairman or the Secretary so that a determination can be made as to the holding of a special meeting of the Board.

Section 2. Delegation of Duties:

The Administrator shall delegate such responsibilities as are practicable to subordinates, with the understanding that the Board shall hold the Administrator responsible for the end results accomplished.

The Board shall consider recommendations made by the Administrator in the formulation of overall planning and policy making.

Section 3. Authority and Duties of the Administrator:

Generally, the authority and duties of the Administrator shall include the following:

3.1 To identify, prepare and implement the functions necessary to accomplish the services to be rendered, a plan for the organization of personnel, policies to be used in the supervision of personnel and any matters concerned with the operation of the Hospital, and to submit all such materials to the Board for approval.

3.2 To prepare or be responsible for the preparation of all records of receipts and expenditures for budget use and to keep the Board informed of the financial activities of the Hospital.

3.3 To prepare all statistical and special reports required by the Board to keep it properly informed as to the service of the Hospital.

3.4 To select, approve the selection of, control, and discharge employees placed under the Administrator's supervision.

3.5 To see that the buildings and grounds are maintained in a good state of repair and cleanliness.

3.6 To attend all meetings of the Board and its committees.

3.7 To attend the regular monthly meetings of the professional staff.

3.8 To transmit and interpret the policies, rules and regulations of the Board affecting the personnel and all hospital activities.

3.9 To see that necessary means of protection and safety of hospital patients and hospital personnel are provided and used.

3.10 To be aware of the value of good public relations and to formulate and maintain an adequate program to accomplish this goal.

3.11 To stay abreast of changes in business and management methods, technology, economics and political trends in order that the service of the Hospital may progress in the proper degree to meet the expanding needs of the community.

3.12 To serve as budget officer of the District.

3.13 To perform any other duties that may be necessary in the best interest of the Hospital and its patients.

ARTICLE VII
PROFESSIONAL STAFF

Section 1.

The Board shall make all appointments to the professional staff. The professional staff shall answer to the Board for the proper discharge of its professional duties with regard to the quality of health care, including examination, diagnosis, treatment, rehabilitation and prevention. The members of the professional staff shall fulfill the regulations established by the Board and recognize and observe all established professional ethics.

Any applicant for membership to the professional staff shall hold a license to practice medicine, surgery, dentistry or osteopathy in the State of Oregon, and if accepted for membership, shall be assigned to the division of the professional staff on which he or she is best qualified to serve.

Section 2.

The members of the active professional staff must be willing and able to devote their time to the interests of the Hospital.

Section 3.

The professional staff shall be self governing, have its own Bylaws and officers and an organization chart approved by the Board in order to provide a united approach to professional problems and to assure the self discipline of the professional staff.

Section 4.

The Board shall appoint a professional staff comprised of physicians holding licenses to practice medicine, surgery, dentistry or osteopathy in the State of Oregon, and shall see that they are organized in such a manner as to secure the best results.

In the professional care of patients, the attending physician who has been appointed to the professional staff shall have full authority, subject only to the policies stated by the board.

In administrative matters, the professional staff, as an organized body, shall act in an advisory capacity to the Joint Advisory Committee.

Section 5.

In all matters of a strictly professional nature which concern only the professional staff and the Board, the executive committee of the active professional staff shall present the problem to the Administrator who shall refer the same to the Board for consideration and a hearing, if necessary.

Section 6.

All approvals for membership to the professional staff shall be for a two year period, except those who apply for membership within that period, in which event the approval shall be only until the end of the current cycle. No applicant can become a member of the professional staff until recommended by the active professional staff and approved by the Board.

Section 7.

Any dentist holding a license to practice dentistry in the State of Oregon may apply for membership to the professional staff, under such rules and procedures as are required for physicians.

Section 8.

Upon the recommendation of the professional staff, the Board shall approve the medical staff Bylaws, rules and regulations.

ARTICLE VIII
AUXILIARY

A Hospital Auxiliary, if existing, shall organize under rules and regulations approved or proposed by the Board. Membership in any auxiliary shall be open to everyone, regardless of race, color, creed or sex.

ARTICLE IX
CONFLICTS OF INTEREST AND ETHICAL CONSIDERATIONS

Section 1. Actual Conflict of Interest:

No member of the Board or of a Board committee shall participate or vote in any matter concerning staff appointment, clinical privileges or discipline if he or she is a direct economic competitor of the person under review, holds a personal bias against that person or if the Board or committee member has previously voted or taken an official position in the matter under consideration as part of some other committee, group or office. Any member of the Board or a committee member whose vote or participation in a matter coming before the Board or committee would result in financial gain for himself or herself or for any member of his or her household or for a business with which he or she or any member of his or her household is associated, shall also declare an actual conflict of interest and abstain from participation or vote in the matter.

Section 2. Potential Conflict of Interest:

A member of the Board or of a Board committee who is not clearly disqualified by the rules stated in the Bylaws or other applicable statute or regulation but who believes he or she may have or be perceived to have a potential conflict of interest shall publicly announce the nature of the potential conflict prior to taking any official action in the matter. The potential conflict, as declared, shall be recorded in the official minutes of the meeting and need not thereafter be declared again at the same meeting.

Section 3. Ethical Prohibitions:

No member of the Board or of a Board committee shall use that position to obtain financial gain for himself or herself, or any member of his or her household, or for any business with which he or she or any member of his or her household is associated. No member of the Board or of a Board committee shall solicit or receive, either directly or indirectly, any pledge or promise of future employment based on any understanding that his or her official action or judgment would be influenced thereby. No member of the Board or of a Board committee shall further his or her personal gain through the use of confidential information gained in the course of or by reason of his or her Board position in any way.

ARTICLE X
INDEMNIFICATION AND EXPENSE REIMBURSEMENT

Section 1. Limitation on Authority:

No director, officer, committee member or employee of the District shall contract or incur any debt on behalf of the District, without the approval of the Board of Directors. No officer, director, committee member or employee of the District is authorized to promise moral or financial support without the approval of the Board.

Section 2. Indemnification of Officers and Directors:

The Board and District shall indemnify, to the fullest extent permitted by Oregon law, any person who has been made, or threatened to be made, a party to any action, suit or proceeding, whether civil, criminal, administrative, investigative or otherwise (including an action, suit or proceeding by or in the right of the Board or District), by reason of the fact that the person is or was a director or officer of the District. The right and amount of indemnification shall be determined in accordance with the provisions of Oregon Non Profit Corporation law in effect at the time of the determination, provided however indemnification under this Article shall be limited to reasonable expenses and fees actually incurred in connection with the proceeding.

Indemnification shall apply only if: the conduct of the individual was in good faith; the individual reasonably believed that the individual's conduct was in the best interest of the corporation, or at least not opposed to its best interest; and, in the case of any criminal proceeding, the individual had no reasonable cause to believe the conduct of the individual was unlawful.

The Board and District shall not indemnify a director or officer under this section in connection with a proceeding in which the officer or director is adjudged liable to the District; or, in connection with any other proceeding charging improper personal benefit to the officer or director in which the officer or director is adjudged liable on the basis that personal benefit was improperly received by the officer or director.

The Board and District may not indemnify an officer or director under ORS 65.391 unless authorized in the specific case after determination has been made that indemnification of the officer or director is permissible in the circumstances because the officer or director has met the standard of conduct set forth in ORS 65.391.

Section 3. Advances for Expenses.

The Board and District may pay for or reimburse the reasonable expenses incurred by a officer or director who is a party to a proceeding, in advance of final disposition of the proceeding, if the officer or director furnishes the District the written affirmation of the officer's or director's good faith belief that he or she has met the standard of conduct described in ORS 65.391; and if the officer or director furnishes the corporation a written undertaking, executed personally or on the officer's or director's behalf, to repay the advance if it is ultimately determined that the officer or director did not meet the standard of conduct. The undertaking required must be an unlimited general obligation of the officer or director but need not be secured and may be accepted without reference to financial ability to make repayment.

ARTICLE XI
RULES AND REGULATIONS

The Board shall adopt rules and regulations as may be necessary for the proper conduct of work in the Hospital. All rules and regulations, when adopted by the Board, shall be part of these Bylaws, except that they may be amended at any meeting without previous notice, by a majority vote of the total membership of the Board. Such amendment shall become effective when approved.

ARTICLE XII
AMENDMENTS

These Bylaws may be amended by a majority vote of the members of the Board of Directors at any regular meeting, so long as the amendment is not contrary to law and so long as the amendment is not inconsistent with the Bylaws or with any Regulatory Agreement between the District and the Secretary of Housing and Urban Development in effect at the time of adoption of the amendment. Proposed amendments or changes to the Bylaws shall be made available to all members of the Board of Directors at least two weeks prior to the Board Meeting at which the amendments or changes will be considered.

ARTICLE XIII
DISCIPLINARY PROCEDURE

When a recommendation is received from the executive committee of the medical staff relating to a member of the medical staff, including suspension or cancellation of privileges for a member, the Board shall act as follows:

1. Invite the offending staff member, the executive committee of the medical staff and the hospital attorney to a special meeting of the Board.

2. At the special meeting the complaint and the answer to the complaint will be heard.

3. The Board will then retire to deliberate and thereafter a vote will be taken on the recommendation.

4. The Board will instruct the Administrator to convey the result of the vote to the offending staff member and to the medical staff and to enforce the ruling.

5. An appeal of the ruling may be made if there is proof of new or additional facts that may influence a decision. Reappointment or conditional reappointment may be made by a new vote at that time.

6. Reappointment may be made on the same basis as a new appointment.

ARTICLE XIV
HOME HEALTH CARE AGENCY

The Board approves the establishment of a home health care agency to be designated as Coquille Valley Hospital Home Health Care Agency. The Board shall appoint a qualified Administrator for the agency; appoint a professional advisory committee; adopt and annually review agency policies; document all decisions effecting home health care services; disclose all names and addresses of each owner, officer and director and promptly report all changes to the State of Oregon; assume full legal authority and responsibility for the operation of the agency; and oversee the management and affairs of the agency.

The area of service of the agency shall be Coos County, excluding that area served by the Bay Area Hospital District.

Services to be offered by the agency shall include skilled nursing, physical therapy, occupational therapy and speech therapy.

The agency shall be directed by the Administrator. The Administrator shall appoint a director.

ADOPTION

These Bylaws replace the Bylaws that were adopted at the regular meeting of the Board of the Coquille Valley Hospital District on the 18th day of April, 1996, and all amendments thereto. These Bylaws shall become effective upon adoption.

CERTIFICATION

I, CLAY DAVIS and DARLene KeLLey the duly-elected Chairman and Secretary of Coquille Valley Hospital District, hereby certify that the above Bylaws were adopted by unanimous Resolution of all directors of Coquille Valley Hospital on October 12, 2010 in Coquille, Coos County, Oregon.

COQUILLE VALLEY HOSPITAL DISTRICT
BOARD OF DIRECTORS

By: _____
Chairman

By: _____
Secretary

COQUILLE VALLEY HOSPITAL

"Improving lives through exceptional healthcare"

940 E. Fifth • Coquille, Oregon 97423 • (541) 396-3101 • Fax (541) 396-5760 • www.cvhospital.org

RESOLUTION NO. 2010-2011 (2)

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE COQUILLE VALLEY HOSPITAL DISTRICT RELATING TO AMENDING THE DISTRICT BYLAWS TO INCORPORATE FHA/HUD COVENANTS AS REQUIRED FOR RECEIVING FHA MORTGAGE INSURANCE RELATED TO FINANCING DISTRICT'S REPLACEMENT HOSPITAL PROJECT

WHEREAS, District adopted Bylaws on or about August 10, 1976, which Bylaws have been amended from time to time; and

WHEREAS, on March 17, 2010, the Board of Directors, having previously authorized the construction of a replacement hospital facility, determined that it was appropriate to seek mortgage insurance for the financing of the project under Section 242 of Title II of the National Housing Act; and

WHEREAS, in order to obtain the mortgage insurance, the District must adopt certain covenants and restrictions required by the U.S. Department of Housing and Urban Development ("HUD"), which covenants and restrictions would serve to insure security for the mortgage until such time as the mortgage is repaid; and

WHEREAS, the amendments to the District Bylaws which have been deemed acceptable by HUD are shown in red-line format in Exhibit 1, attached hereto and hereby incorporated by reference. A clean copy, wherein the amendments are fully incorporated into the District Bylaws is labeled Exhibit 2 and is attached hereto and incorporated herein by this reference.

NOW, THEREFORE, BE IT RESOLVED THAT, this District has reviewed and accepts and approves of the Bylaw amendments as shown in Exhibits 1 and 2; and

Be it **FURTHER RESOLVED** that the Bylaws of the Coquille Valley Health (Hospital) District are hereby amended to read as set forth in Exhibit 2, attached hereto.

IN WITNESS WHEREOF, I have hereby set my name as Chair of the Board of this District, this 12th day of October ____, 2010.

ATTEST:

Chief Executive Officer

Date: 10-13-10

Chairman of the Board

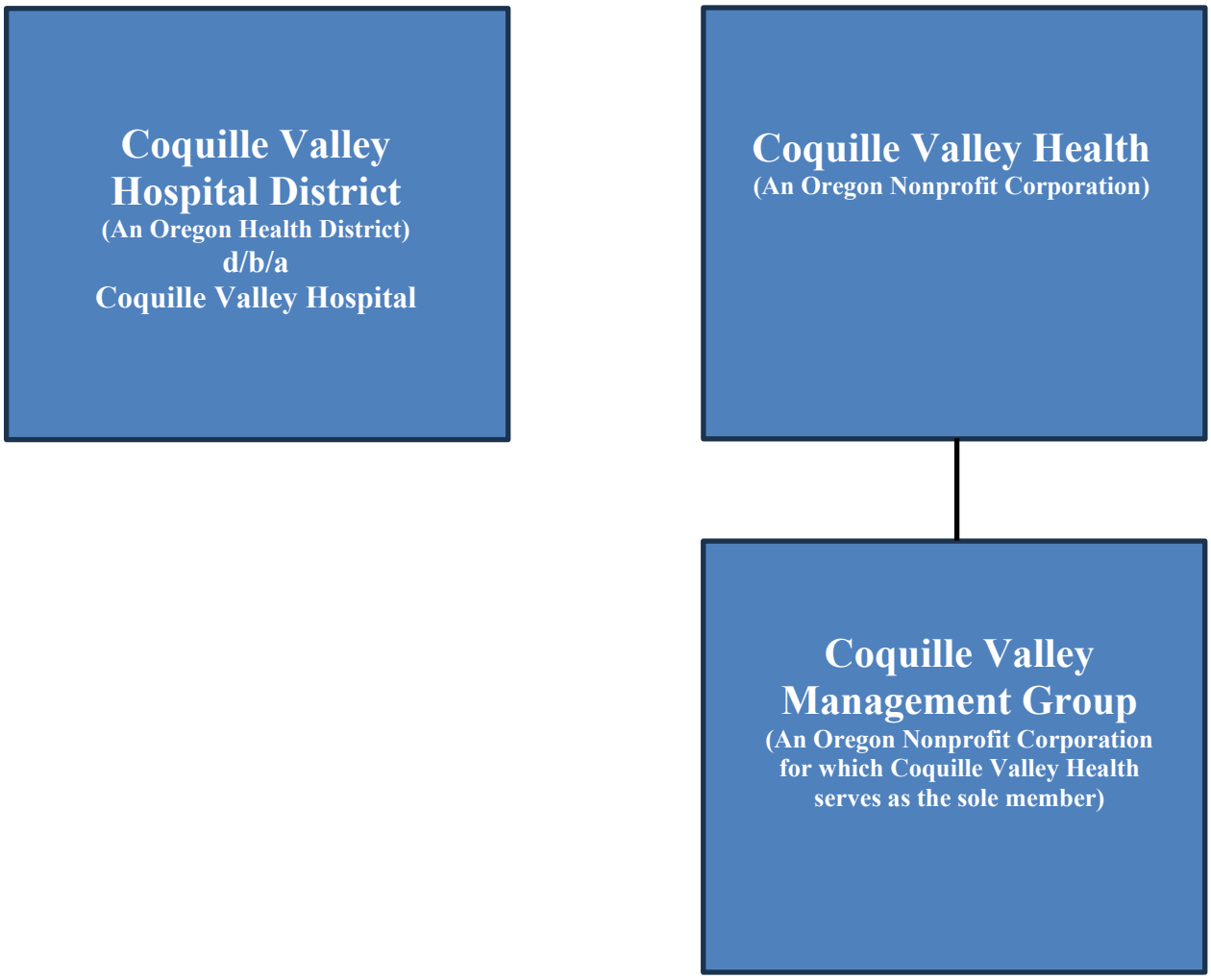
Date: 10/12/10

Attachment D

Exhibit 1.c.

Organizational Chart or Structure

ORGANIZATIONAL CHART
COQUILLE VALLEY HOSPITAL DISTRICT



Notes:

- Coquille Valley Hospital District has no affiliates.

Attachment D

Exhibit 1.d.

HCMO-1b: Business Entities Form

Health Care Market Oversight (HCMO) Program
HCMO-1b: Business Entities Form

List all business entities associated with parties to the proposed material change transaction that are currently registered to operate in Oregon. Please add additional rows or pages as needed. Submit the completed form in a portable document form (pdf) to hcmo.info@oha.oregon.gov. This form will be published.

Definitions

"**Business Name**" refers to the legal business name as reported to the Internal Revenue Service.

"**Assumed Business Name**" has the meaning provided in ORS 648.005.

"**Business Structure**" refers to type of structure, such as a corporation, partnership, LLC, or other.

"**Date Formed or Incorporated**" refers to the date when the business entity was formed or incorporated.

"**Jurisdiction**" refers to the state of domestic registration.

"**Principal Place of Business**" is the physical street address where the business is located.

"**FEIN**" means the 9-digit federal tax identification number assigned by the Internal Revenue Service.

Business entities associated with Party A

Entity Name: Coquille Valley Hospital District

Business Name	Assumed Business Name	Business Structure	Date Formed or Incorporated	Jurisdiction	Principal Place of Business	FEIN
Coquille Valley Hospital District	Coquille Valley Hospital	501(c)(3) public health district	November 27, 1967	Oregon	940 E. Fifth Street, Coquille, Oregon 97423	93-0579541
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Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.
Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.	Click or tap here to enter text.
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Attachment D

Exhibit 1.e.

Financial Statements

COQUILLE VALLEY HOSPITAL DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2024 AND 2023

CPAs | CONSULTANTS | WEALTH ADVISORS

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COQUILLE VALLEY HOSPITAL DISTRICT
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2024 AND 2023

DISTRICT OFFICIALS	**1**
INDEPENDENT AUDITORS' REPORT	**2**
MANAGEMENT'S DISCUSSION AND ANALYSIS	**5**
BASIC FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	**11**
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	**13**
STATEMENTS OF CASH FLOWS	**14**
NOTES TO THE FINANCIAL STATEMENTS	**16**
OTHER INFORMATION	
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – HOSPITAL OPERATING FUND	**31**
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – DEBT SERVICE FUND	**32**
INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS	**33**
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	**35**

COQUILLE VALLEY HOSPITAL DISTRICT
DISTRICT OFFICIALS
JUNE 30, 2024

BOARD OF DIRECTORS

Colleen Todd, Chair
1080 Knott Street
Coquille, OR 97423

Dr. James Sinnott, Vice Chair
57766 Hidden Valley Road
Coquille, OR 97423

Dan Mast, Board Member
1109 East 14th Street
Coquille, OR 97423

Mark Libby, Board Member
150 E. 3rd Street
Coquille, OR 97423

REGISTERED AGENT

Jeff Lang, Chief Executive Officer

REGISTERED OFFICE

Coquille Valley Hospital
940 East Fifth Street
Coquille, OR 97423

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Coquille Valley Hospital District
Coquille, Oregon

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Coquille Valley Hospital District (the District), which comprise the statements of net position as of June 30, 2024 and 2023, and the related statements of revenue, expenses, and changes in net position, and statements of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information – Non-GAAP Budgetary Basis Schedules

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedules of revenues and expenditures – budget (non-GAAP budgetary basis) and actual on pages 31-32 are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedules of revenues and expenditures – budget (non-GAAP budgetary basis) and actual on pages 31-32 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 14, 2024 on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on the compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
November 14, 2024

Introduction

The management of Coquille Valley Hospital District (the District) provides this Management's Discussion and Analysis to provide an interpretive context to enhance the reader's awareness and understanding of some of the elements and issues influencing the organization's financial position for the fiscal year ended June 30, 2024. This overview represents management's perspective and should be viewed as a source of information complimentary to the financial statements themselves.

About the District

The District is a nonprofit, municipal corporation. The District currently operates Coquille Valley Hospital (the Hospital), a general service Critical Access Hospital. In addition, the District operates a multispecialty clinic made up of primary care providers and specialists, as well as leases space in its facilities to other medical professionals. The District serves a large, predominantly rural, nonmetropolitan geographic area in Coos County Oregon, inclusive of the city of Coquille and the surrounding area. Coos County is designated as a Medically Underserved Area (MUA). The population of the city of Coquille is approximately 4,000 and the District is approximately 7,500. The District's primary service areas include approximately 14,000 people with a secondary serve area population of approximately 65,000.

The District was established in 1967. The Hospital is licensed for 25 acute care beds; however, at this time only operates 16 beds. The District serves the residents of the community by operating a 24-hour emergency room, laboratory and diagnostic imaging services, surgical services, respiratory care, inpatient, swing bed and outpatient services. In March 2003, the District received designation as a Critical Access Hospital (CAH) allowing the Hospital to receive Medicare reimbursement on a cost basis, which is higher than what the District would receive without the designation.

The District is governed by a five-member elected board of directors and the chief executive officer manages operations. The District employed approximately 216 people on June 30, 2024 compared to 177 on June 30, 2023 and has annual salary and benefits costs of approximately $20.5 million or approximately 52.3% of total operating expenses.

The District serves a high proportion of Medicare patients, Medicaid patients, and patients without the ability to pay for services received (identified as charity and bad debt). Consequently, less than 25% of the charges for hospital services provided are paid at or near the billed amount. The community supports the Hospital with a property tax at the rate of $1.5299 per $1,000 of assessed valuation that provides an important resource to help enable the facility to continue to serve the needs of those without the ability to pay for services rendered. The tax support along with charitable contributions covers 3% of the Hospital and the Clinic operating expenses. The remaining 97% of the funding needed to operate the Hospital and Clinic comes solely from amounts collected for the Hospital and the Clinic services billed.

Issues Facing the District

Coquille's economy consists primarily of government, schools, self-employment, and other small business. The number of area employer-sponsored health insurance plans has been declining due to economic pressures within the area as well as the effect of health care reform. Additionally, some private insurance market networks have restricted access to "In Network" benefits from the District due to having exclusive risk-based contracts with other facilities. With an older population and less employer-based health insurance, the District has had a higher number of the public that are covered by either Medicare or Medicaid. The District experienced an increase in Medicaid covered services due to the Oregon state expansion of Medicaid under the Affordable Care Act (ACA). Medicaid covered lives saw significant growth in both 2021 and 2022 due to the effects of the COVID-19 pandemic. Medicaid continued expanded coverage for people effected by the COVID-19 pandemic through FY 2024 and began the disenrollment process in FY 2024 with a phased disenrollment approach.

Many systemic long-term issues facing the District have remained unchanged from prior years. They are:

- The high fixed cost of technology and informatics related to patient care and quality reporting.
- The 2% sequestration reduction, which reduces Medicare reimbursement from 101% to 99% of allowable costs.
- An operating environment heavily dependent on governmental payors such as Medicare and Medicaid.
- The ability to recruit professional and technical staff to deliver necessary services during times when contract positions are being offered at much higher paid hourly rates than can be sustained by a critical access hospital.

Recruitment and Retention

The COVID-19 pandemic greatly affected the ability of companies to recruit and retain employees sufficient to meet the needs of the many businesses nationally. The District experienced similar challenges during, and immediately following, the COVID-19 pandemic which caused the District to take several bold steps. The District issued significant market pay adjustments outside of its normal salary increase cycle as a means to strengthen employee retention. The District noticed a substantial decline in the number of employees leaving the organization and an improvement in its ability to backfill open positions following these adjustments. The District also invested in utilizing travel staff to back fill all patient care positions in an effort to continue care and services at pre-pandemic levels.

The District has been extremely successful in back-filling positions vacated during the pandemic. The District was able to increase the number of people employed by the organization by 39 over the past year filling many crucial open positions. Most notably, the District was able to fill crucial registered nursing (RN) positions in the Medical/Surgical, and Surgery departments. The filling of these positions allowed the District to provide increased services to patients and as a result, recognize significant revenue growth over the past year. The District has also capitalized on provider recruitment adding.

Hospital Volumes

- The District experienced significant increases in volumes in FY 2024 over FY 2023 due to the success in implementing its strategy and backfilling critical staff and provider positions.
    - Acute patient days increased by 10.3%
    - Swing bed days increased by 26%
    - A new patient status "extended recovery" was created in FY 2024 and saw 131 days.
    - Observation days increased by 4.8%
    - Clinic work Relative Value Units (wRVU's) increased by 52.5%
    - Lab tests increased by 20.3%
    - Total radiology increased by 12.1% with MRI's increasing by 46.8% and CT's increasing by 17.2%. 0

Financial Highlights

- Total operating revenue was favorable in FY 2024 compared to FY 2023 by over 11.5%. This revenue growth was fueled by a 25% increase in swing bed revenue, a 33% increase in hospital outpatient revenue, and a 64% increase in clinic revenue. The District has increased patient service revenue by 28.6% since FY 2022 and expect to continue to see year over year revenue growth more consistent with the experience of 2024.
- Operating expenses increased $2.3 million from FY 2023 to FY 2024. Contract labor expenses decreased by $1.6 million over the previous fiscal year, with salaries and benefits increasing by $2.8 million.
- The District's operating income (loss) for FY 2024 is ($44,283). While still negative, the operating income improved by approximately $1.5 million over the previous fiscal year.
- Net nonoperating income increased in FY 2024 by approximately $22.6 million, an increase of 69%. This increase in non-operating income was related to strong interest rates received on the District's investments.
- The District's change in net position increased by $1.18 million during FY 2024, with a net position at the end of the year of $22.55 million.

Using this Annual Report

The annual report contains three primary financial statements - Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. The financial statements, related notes, and supplementary information contained in this annual report provide information about the operations and activities of the District, including resources held by the District but restricted for specific purposes.

Overview of Financial Statements

These financial statements report information about the District's resources and its activities. The financial statements present all assets (restricted and unrestricted) and all liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position measures the District's financial position in terms of resources (assets) owned and obligations (liabilities) owed as of the end of the fiscal year. The information reported on the Statement of Net Position reflects the District's assets in relation to its liabilities to bond and mortgage holders, suppliers, employees and other creditors. The excess of the assets over liabilities is the equity or net position.

The Statement of Revenues, Expenses, and Changes in Net Position show how much the overall net position increased or decreased during the year because of operations and for other reasons. Over time, increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating. Additional factors, such as changes in the patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients and local economic conditions, are also important in making this determination.

The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash and cash equivalents for the District during the year. It reflects all the cash received during the year from operations, contributions, and other sources; and how those funds were applied (for example, payment of operating expenses, repayment of debt, purchases of new property and equipment). In addition, it reports the net change in cash position (increases or decreases to the cash reserves) that occurred during the year.

The District's Statement of Net Position

The District's net position as reported on the Statement of Net Position is an indicator of capital position. The District's net position increased 5.6% to $22.6 million in FY 2024. The following is a presentation of certain financial information derived from the District's Statement of Net Position:

	June 30,		
	2024	2023	2022
ASSETS			
Current Assets	$ 24,798,347	$ 15,276,217	$ 24,854,437
Other Assets	3,539,244	10,495,403	3,823,652
Capital Assets, Net	15,399,921	14,080,885	13,344,869
Total Assets	$ 43,737,512	$ 39,852,505	$ 42,022,958
LIABILITIES			
Current Liabilities	$ 6,882,761	$ 3,489,061	$ 4,151,579
Long-Term Liabilities	14,208,556	14,993,407	15,707,647
Total Liabilities	21,091,317	18,482,468	19,859,226
NET POSITION			
Net Investment in Capital Assets	(221,283)	(1,592,063)	(3,065,147)
Restricted Expendable for Debt Service	3,543,992	3,221,282	3,381,738
Unrestricted	19,323,486	19,740,818	21,847,141
Total Net Assets	22,646,195	21,370,037	22,163,732
Total Liabilities and Net Position	$ 43,737,512	$ 39,852,505	$ 42,022,958

The District's Statement of Revenues, Expenses, and Changes in Net Position

The following is a presentation of summary financial information derived from the District's Statement of Revenues, Expenses, and Changes in Net Position:

	June 30,		
	2024	2023	2022
OPERATING REVENUES			
Net Patient Service Revenue	$ 38,562,833	$ 34,584,917	$29,983,776
Other	620,344	786,338	578,865
Total Operating Revenues	39,183,177	35,371,255	30,562,641
OPERATING EXPENSES			
Salaries and Benefits	20,496,829	17,686,992	15,615,485
Medical Supplies and Drugs	5,461,580	5,057,843	3,372,508
Insurance	469,059	385,179	387,926
Other Operating Expenses	10,350,249	11,575,094	9,830,414
Depreciation and Amortization	2,368,137	2,190,192	2,279,553
Total Operating Expenses	39,145,854	36,895,300	31,485,886
OPERATING INCOME (LOSS)	37,323	(1,524,045)	(923,245)
NET NONOPERATING INCOME	1,238,835	730,350	2,151,530
CHANGE IN NET POSITION	1,276,158	(793,695)	1,228,285
Net Position - Beginning of Year	21,370,037	22,163,732	20,935,447
NET POSITION - END OF YEAR	$ 22,646,195	$ 21,370,037	$ 22,163,732

Operating Loss

The first component of the overall change in the District's net position is its operating (loss) income, which is the difference between the operating revenues and the expenses incurred to perform patient services. The District reported an operating loss of $44,283 in FY 2024. While not positive, this performance represented a $1.5 million turnaround from the previous year.

Net Nonoperating Income

Nonoperating income and expenses consist primarily of federal grant proceeds, property tax revenue, federal bond subsidy, net state provider tax, and investment income and interest expense. Nonoperating income improved considerably due primarily to interest income.

The District's Cash Flows

In FY 2024, the District had a net increase in cash flow of $1.9 million from FY 2023.

	Years Ended June 30,		
	2024	2023	2022
Net Cash from Operating Activities	$ 2,752,802	$ 710,249	$ (344,731)
Net Cash from Noncapital Financing Activities	1,045,047	959,743	2,738,254
Net Cash from Capital and Related Financing Activities	(4,560,147)	(3,885,917)	(2,368,763)
Net Cash from Investing Activities	836,894	372,834	80,565
NET CHANGE IN CASH AND CASH EQUIVALENTS	$ 74,596	$ (1,843,091)	$ 105,325

Capital Assets and Debt Structure

Capital assets – At June 30, 2024, the District had $15.4 million investment in capital assets, net of accumulated depreciation, as detailed in Note 8 to the financial statements.

Debt administration – At June 30, 2024, the District had $14.2 million in long-term debt obligations as detailed in Note 9 to the financial statements.

Contacting the District's Financial Management

This financial report provides the patients, suppliers, taxpayers and creditors with a general overview of the District's finances and shows the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Administrative Office at: 940 East Fifth Street, Coquille, Oregon 97423.

COQUILLE VALLEY HOSPITAL DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 8,392,626	$ 8,640,740
Receivables:		
Patients Accounts, Net of Estimated Uncollectibles	6,917,002	4,117,541
Estimated Third-Party Payor Settlements	236,596	626,664
Property Taxes, Net of Allowance for Doubtful Accounts	67,158	61,202
Other	453,473	459,001
Supplies Inventory	951,605	834,069
Prepaid Expenses	473,900	509,882
Assets Limited as to Use, Current Portion	7,305,987	27,118
Total Current Assets	24,798,347	15,276,217
OTHER ASSETS		
Assets Limited as to Use, Net of Current Portion	3,411,244	10,367,403
Other Assets	128,000	128,000
Total Other Assets	3,539,244	10,495,403
CAPITAL ASSETS, NET		
Non-Depreciable Capital Assets	345,261	345,262
Depreciable Capital Assets, Net of Accumulated Depreciation	15,054,660	13,735,623
Total Capital Assets, Net	15,399,921	14,080,885
Total Assets	$ 43,737,512	$ 39,852,505

See accompanying Notes to Financial Statements.

COQUILLE VALLEY HOSPITAL DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2024 AND 2023

	2024	2023
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	$ 979,130	$ 1,229,229
Accrued Salaries and Benefits	1,049,530	607,397
Accrued Vacation	664,600	588,766
Accrued Interest	68,142	71,704
Estimated Third-Party Payor Settlements	2,708,711	143,818
Current Maturities of Long-Term Debt	822,402	778,567
Current Maturities of Lease Liabilities	24,095	25,141
Current Maturities of Subscription Liabilities	566,151	44,439
Total Current Liabilities	6,882,761	3,489,061
LONG-TERM LIABILITIES		
Long-Term Debt, Net of Current Maturities	14,071,979	14,894,381
Lease Liabilities, Net of Current Maturities	28,686	52,781
Subscription Liabilities, Net of Current Maturities	107,891	46,245
Total Long-Term Liabilities	14,208,556	14,993,407
Total Liabilities	21,091,317	18,482,468
NET POSITION		
Net Investment in Capital Assets	(221,283)	(1,592,063)
Restricted Expendable for Debt Service	3,543,992	3,221,282
Unrestricted	19,323,486	19,740,818
Total Net Position	22,646,195	21,370,037
Total Liabilities and Net Position	$ 43,737,512	$ 39,852,505

See accompanying Notes to Financial Statements.

COQUILLE VALLEY HOSPITAL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING REVENUE		
Net Patient Service Revenue	$ 38,562,833	$ 34,584,917
Other	620,344	786,338
Total Operating Revenue	39,183,177	35,371,255
OPERATING EXPENSES		
Salaries and Benefits	20,496,829	17,686,992
Medical Supplies and Drugs	5,461,580	5,057,843
Insurance	469,059	385,179
Other Operating Expenses	10,350,249	11,575,094
Depreciation and Amortization	2,368,137	2,190,192
Total Operating Expenses	39,145,854	36,895,300
OPERATING INCOME (LOSS)	37,323	(1,524,045)
NONOPERATING INCOME (EXPENSE)		
Federal Grant Income	-	11,337
Property Taxes	929,853	898,315
Federal Bond Subsidy	269,149	281,054
Investment Income	836,894	372,834
Other Nonoperating Revenue, Net	72,041	53,713
Interest Expense	(869,102)	(886,903)
Total Nonoperating Income	1,238,835	730,350
CHANGE IN NET POSITION	1,276,158	(793,695)
Net Position - Beginning of Year	21,370,037	22,163,732
NET POSITION - END OF YEAR	$ 22,646,195	$ 21,370,037

See accompanying Notes to Financial Statements.

COQUILLE VALLEY HOSPITAL DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Patients and Third-Party Payors	$ 38,718,333	$ 35,239,175
Cash Paid to Suppliers	(16,607,013)	(17,839,583)
Cash Paid to Employees	(19,978,862)	(17,475,681)
Cash Received from Other Operating Revenue	620,344	786,338
Net Cash Provided by Operating Activities	2,752,802	710,249
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property Taxes	923,897	891,972
Noncapital Grants	121,150	67,771
Net Cash Provided by Noncapital Financing Activities	1,045,047	959,743
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(2,590,434)	(1,967,919)
Proceeds from Sale of Capital Assets	17,316	-
Principal Payments on Long-Term Debt	(778,567)	(737,068)
Payments on Lease Liability	(28,680)	(98,134)
Payments on Subscription Liability	(579,806)	(478,946)
Net Interest Payments on Long-Term Debt, Lease and Subcription Liabilities	(599,976)	(603,850)
Net Cash Used by Capital and Related Financing Activities	(4,560,147)	(3,885,917)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	836,894	372,834
Net Cash Provided by Investing Activities	836,894	372,834
NET CHANGE IN CASH AND CASH EQUIVALENTS	74,596	(1,843,091)
Cash and Cash Equivalents - Beginning of Year	19,035,261	20,878,352
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 19,109,857	$ 19,035,261
NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchases of Capital Assets Included in Accounts Payable	$ -	$ 149,317
ROU Assets Received in Exchange for Lease Liability	$ -	$ 49,859
Subscription Assets Received in Exchange for Subscription Liability	$ 1,163,164	$ 135,707
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION		
Cash and Cash Equivalents in Current Assets	$ 8,392,626	$ 8,640,740
Assets Limited as to Use	10,717,231	10,394,521
Total Cash and Cash Equivalents	$ 19,109,857	$ 19,035,261

See accompanying Notes to Financial Statements.

COQUILLE VALLEY HOSPITAL DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ 37,323	$ (1,524,045)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,368,137	2,190,192
Provision for Bad Debts	482,645	190,943
Changes in Operating Assets and Liabilities:		
Patient Accounts Receivables	(3,282,106)	(304,423)
Other Receivables	5,528	(208,789)
Supplies Inventory	(117,536)	30,324
Prepaid Expenses	35,982	(250,176)
Accounts Payable	(250,099)	(386,826)
Accrued Salaries and Benefits	442,133	109,561
Accrued Vacation	75,834	101,750
Estimated Third-Party Payor Settlements	2,954,961	767,738
Other Liabilities	-	(6,000)
Net Adjustments	2,715,479	2,234,294
Net Cash Provided by Operating Activities	$ 2,752,802	$ 710,249

See accompanying Notes to Financial Statements.

NOTE 1 DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Coquille Valley Hospital District (the District), a municipal corporation, was organized in 1967 under Oregon Revised Statutes (ORS) 440.305 through 440.410 to provide various health care and health care-related services to the citizens of the District. The District currently operates Coquille Valley Hospital (the Hospital) and provides facilities to the Coquille Family Practice Clinic for physicians under lease arrangements. An elected five-member board governs the District. The board members are not compensated for their services.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. Based on the application of the criteria established by GASB, there are no component units of the District.

For financial reporting purposes, management reports the activities relating to the operation of the District using the proprietary fund accounting approach which is based on the full accrual method of accounting. However, for budgetary and legal purposes, these activities are accounted for in the following funds:

- The *Hospital Operating Fund* accounts for all general operating revenues and expenditures of the District. Major sources of revenues are charges for patient services and property taxes and major sources of expenditures are personal services.
- The *Debt Service Fund* accounts for the payments of principal and interest on the debt.

Budgetary Information

ORS 440.403 establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. Budgetary comparisons for enterprise funds are not required by GAAP. Accordingly, such comparisons of approved budgeted amounts with actual results of operations for individual funds prepared on a basis other than GAAP are set forth as supplemental information as listed in the table of contents.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 these estimates.

NOTE 1 DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include certain highly liquid investments with original maturities of three months. Cash and cash equivalents are valued at cost, which approximates market value.

Patient Accounts Receivable

Accounts receivable arising from revenue for services to patients are reported net of estimated uncollectible accounts and contractual adjustments. The District manages receivables by regularly reviewing its accounts and contracts and by providing appropriate allowance for uncollectible amounts based on experience, third-party contractual reimbursement arrangements, and other circumstances which may affect the ability of patients to meet their obligations. The District determines past due accounts based upon contract terms. The District charges nominal interest on past due accounts. Management does not believe there are any credit risks associated with receivables from governmental agencies. Private and other receivables consist of receivables from a large number of payors involved in diverse activities and subject to differing economic conditions, which do not represent any concentrated credit risks to the District.

Supplies Inventory

Supplies inventory, comprised primarily of medical and surgical inventory, is stated at lower of cost (first-in, first-out) or net realizable value.

Assets Limited as to Use

Assets limited as to use are amounts internally designated by the District to fund future obligations for general operations in addition to reserves for future bond payments. The carrying amounts reported in the statement of net position approximate fair value.

Capital Assets

The District's capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. Expenditures for maintenance and repairs are charged to operations as incurred. Betterments and major renewals *over* $5,000 are capitalized. All capital assets, other than land, are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using these asset lives:

Land Improvements	10 to 30 Years
Buildings	40 Years
Equipment	3 to 20 Years

Property Taxes

Property taxes are levied by the County on the District's behalf on July 1 and are payable on November 15 and may be paid in installments due November 15, February 15, and May 15. Taxes are billed and collected by the County of Coos and remittance to the District is made at periodic intervals. Property tax revenues are recognized when levied.

NOTE 1 DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The District determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the District's control of the right-to-use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Entity has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

The District accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the Entity treats the components as a single lease unit.

Accrued Vacation

The District has a paid time off plan, which includes vested vacation and holiday time. These benefits are accrued and expensed as they are earned.

Other liabilities

Other liabilities include additional payroll related liabilities including liabilities related to outstanding litigation.

NOTE 1 DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position of the District is classified in four components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is noncapital net position that must be used for a particular purpose, as specified by creditors, granters, or contributors external to the District. Restricted nonexpendable net position equals the principal portion of permanent endowments. Unrestricted net position is remaining net position that does not meet the definition of the other components. There was no restricted nonexpendable net position at June 30, 2024 and 2023.

Restricted Resources

When the District has both restricted and unrestricted resources available to finance a particular program, it is the District's policy to use restricted resources before unrestricted resources.

Operating Revenues and Expenses

The District's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services - the District's principal activity and rent revenue. Nonexchange revenues, including taxes and investment income, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Net Patient Service Revenue

Patient service revenue is recorded at established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Preliminary settlements under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Charity Care

The District provides care without charge, or at amounts less than its established rates, to patients meeting the criteria of its charity care policy. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of costs foregone for services and supplies furnished under the District's charity policy aggregated approximately $353,000 and $221,000 for the years ended June 30, 2024 and 2023, respectively.

Income Taxes

The District is a municipal corporation under Oregon state law and is not subject to federal or state income taxes.

NOTE 1 DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Bond Subsidy

The District receives subsidy payments related to interest payments under the federal Build America Bonds program. This source of funds is accounted for as nonoperating revenues and recorded as they are received. Under the program, the District applies for subsidy funds commensurate with each semi-annual bond payment. For the years ended June 30, 2024 and 2023, the District recognized approximately $269,000 and $281,000 in federal bond subsidy, respectively.

Right-of-Use Lease Asset and Liability

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Subscription-Based Information Technology Arrangements (SBITA)

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements Effective in Current Fiscal Year

In March 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This standard provides accounting and financial reporting requirements for public-private and public-public partnership arrangements (PPPs) that either meet the definition of an SCA or are not within the scope of Statement 87, as amended This standard also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which are arrangements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The District adopted this standard for fiscal year 2024 and the adoption of the standard had no Impact on its financial statements.

NOTE 1 DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effective in Future Fiscal Years (Continued)

The GASB has Issued the following pronouncements that have effective dates which may impact future financial statement presentation. The District has determined the following statements have no effect, as they do not apply to the District or its operations. The District will continue to monitor the following statements to see if they become applicable for adoption and disclosure:
GASB Statement No. 100 - Accounting Changes and Error Corrections
GASB Statement No. 101 - Compensated Absences

Subsequent Events

Subsequent events are events or transactions that occur after the statement of net position date but before financial statements are issued. The District recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of net position, including the estimates inherent in the process of preparing the financial statements.

The District's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of net position but arose after the statement of net position date and before financial statements are issued. The District has evaluated subsequent events through November 14, 2024, which is the date the financial statements were available to be issued.

Effective January 1, 2025, House Bill 3320 will go into effect. Per the Oregon Health Authority, House Bill 3320 relates to the prescreening and presumptive eligibility awards related to financial assistance. The district is currently determining the impact of the new bill on it’s operations. The District has not yet determined the full impact of this bill, and will monitor its affect after the effective date of the bill going into law.

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. A summary of the payment arrangements with major third-party payors is as follows:

Medicare

Coquille Valley Hospital is a Critical Access Hospital (CAH) for Medicare program purposes. As a CAH, the Hospital may operate no more than 25 beds. In addition, the average length of stay for all inpatients cannot exceed 96 hours. As a CAH, the Hospital will be reimbursed for Medicare inpatient and outpatient services at the cost of providing the service plus 1% rather than on a fee schedule or the inpatient drug rehab center and outpatient ambulatory payment classifications prospective payment system. Medicare swing-bed services are also reimbursed at cost for a CAH. The District is paid at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary.

NOTE 2 NET PATIENT SERVICE REVENUE (CONTINUED)

The District's Medicare cost reports have been audited by the Medicare Administrative Contractor through June 30, 2021. Net revenue billed under the Medicare program totaled approximately $24,900,000 and $19,200,000 for the years ended June 30, 2024 and 2023, respectively.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been audited through June 30, 2019. Net revenue billed under the Medicaid program totaled approximately $6,600,000 and $4,900,000 for the years ended June 30, 2024 and 2023, respectively.

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.

NOTE 3 DEPOSITS AND INVESTMENTS

ORS, Chapter 294, authorizes the District to invest in obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by a qualified financial institution, commercial paper, corporate bonds, repurchase agreements, State of Oregon Local Government Investment Pool (LGIP), and various interest-bearing bonds of Oregon and other municipalities. The District has no investment policy that would further limit its investment choices.

The District had the following deposits and investments at June 30:

	2024	2023
Petty Cash	$ 1,561	$ 1,240
Demand Deposits	4,596,977	4,687,543
Local Government Investment Pool	14,511,319	14,346,478
Total	$ 19,109,857	$ 19,035,261

Deposits and investments are classified as follows:

	2024	2023
Cash and Cash Equivalents	$ 8,392,626	$ 8,640,740
Assets Limited as to Use, Current Portion	7,305,987	27,118
Assets Limited as to Use, Net of Current Portion	3,411,244	10,367,403
Total	$ 19,109,857	$ 19,035,261

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

The District maintains their investments in the State of Oregon LGIP, which is an alternate investment vehicle offered to participants that by law are made the custodian of, or have control of, any public funds. The investments are booked at fair value and are the same as the value of the pool shares. The LGIP investments are governed by a written investment policy that is reviewed annually by the Oregon Short-Term Fund Board. The Oregon Short-Term Fund Board is comprised of members of local government and private investment professionals, who are appointed by the Governor of the State of Oregon. The LGIP is not rated by any national rating service.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to interest rate risk.

Custodial Credit Risk on Deposits

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District will not be able to recover deposits. The District does not have a deposit policy for custodial credit risk. As of June 30, 2024 and 2023, approximately $1,000,000 of the District's bank balance was fully covered by depository insurance and not exposed to custodial credit risk.

NOTE 4 ASSETS LIMITED AS TO USE

Assets limited as to use consist of cash and cash equivalents and are restricted by bond trustee. The increase in assets limited to use is due to The District’s board designating cash restricted for the purchase of future capital assets:

	2024	2023
Restricted for Bond and/or Mortgage Reserve Fund	$ 10,717,231	$ 10,394,521
Total	$ 10,717,231	$ 10,394,521

	2024	2023
Assets Limited as to Use (Current Portion)	$ 7,305,987	$ 27,118
Assets Limited as to Use (Long-Term Portion)	3,411,244	10,367,403
Total	$ 10,717,231	$ 10,394,521

NOTE 5 PATIENT ACCOUNTS RECEIVABLE

The District provides services to patients, most of whom are local residents, who are either uninsured, covered by commercial insurance, Medicare, or Division of Medical Assistance Programs (Medicaid). The District grants credit without collateral and maintains reserves for potential credit losses. Such losses have historically been within management's expectations.

NOTE 5 PATIENT ACCOUNTS RECEIVABLE (CONTINUED)

Receivables, including the applicable allowance for estimated contractual adjustments and uncollectible accounts, are as follows:

	2024	2023
Patient Accounts Receivable	$ 11,542,884	$ 6,982,060
Less: Allowance for Contractual Adjustments	(4,050,178)	(2,301,787)
Less: Allowance for Estimated Uncollectible Accounts	(575,704)	(562,732)
Patient Accounts Receivable, Net of Estimated Uncollectibles	$ 6,917,002	$ 4,117,541

NOTE 6 PROPERTY TAXES RECEIVABLE

For the fiscal year ended June 30, 2024, the District levied their property taxes at the rate of $1.5299 per $1,000 of assessed property value. The actual net levy imposed for 2023-2024 was approximately $952,000 and $920,000 for 2022-2023. Property tax revenues are recognized when levied and are used to support general operations. The District has not placed an allowance on the receivable for the years ended June 30, 2024 and 2023, resulting in a balance on the statement of net position of approximately $67,000 and $61,000, respectively.

The following is a summary of property tax transactions during the fiscal years ended June 30:

	Year Ended June 30, 2024						
	Receivable June 30, 2023	2022-2023 Net Levy	Collections	Interest Received	Discounts Allowed	Adjustments Applied	Receivable June 30, 2024
2023-24	$ -	$ 952,261	$ (894,635)	$ 337	$ (24,614)	$ (476)	$ 32,873
2022-23	32,620	-	(15,860)	752	-	(157)	17,355
2021-22	15,028	-	(5,956)	643	-	(49)	9,666
2020-21	7,699	-	(4,787)	754	-	(46)	3,620
2019-20	2,892	-	(2,401)	445	-	(29)	907
2018-19	2,777	-	(151)	43	-	(29)	2,640
Prior Years	186	-	(107)	66	-	(48)	97
Total	$ 61,202	$ 952,261	$ (923,897)	$ 3,040	$ (24,614)	$ (834)	$ 67,158

	Year Ended June 30, 2023						
	Receivable June 30, 2022	2021-2022 Net Levy	Collections	Interest Received	Discounts Allowed	Adjustments Applied	Receivable June 30, 2023
2022-23	$ -	$ 920,494	$ (863,161)	$ 344	$ (23,769)	$ (1,288)	$ 32,620
2021-22	28,505	-	(13,940)	688	-	(225)	15,028
2020-21	12,893	-	(5,762)	683	-	(115)	7,699
2019-20	7,431	-	(5,368)	940	-	(111)	2,892
2018-19	2,848	-	(547)	557	-	(81)	2,777
2017-18	840	-	(436)	164	-	(70)	186
Prior Years	2,342	-	(2,758)	206	-	(102)	-
Total	$ 54,859	$ 920,494	$ (891,972)	$ 3,582	$ (23,769)	$ (1,992)	$ 61,202

NOTE 7 CAPITAL ASSETS

Capital asset additions, retirements, and balances for the years ended June 30 were noted below. The increase in construction in progress of $2.6M is related to The District planning for a building project scheduled to begin in early 2025 and anticipate a 20 month build.

	Balance June 30, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
CAPITAL ASSETS, AT COST					
Land	$ 345,262	$ -	$ -	$ -	$ 345,262
Land Improvements	111,849	-	-	-	111,849
Buildings	26,131,567	-	(47,838)	157,955	26,241,684
Moveable Equipment	10,466,002	-	(322,252)	1,280,910	11,424,660
Autos and Trucks	45,969	-	-	-	45,969
Software	789,477	-	(315,588)	10,870	484,759
Fixed Equipment	1,821,633	-	(670,283)	37,099	1,188,449
Contruction in Progress	1,111,838	2,590,434	-	(1,486,834)	2,215,438
Right of Use Leases	626,701	-	(495,331)	-	131,370
SBITAs	1,435,959	1,163,164	(1,300,252)	-	1,298,871
Total Capital Assets, at Cost	42,886,257	3,753,598	(3,151,544)	-	43,488,311
LESS ACCUMULATED DEPRECIATION					
Land Improvements	(67,815)	(1,810)	-	-	(69,625)
Buildings	(16,552,523)	(969,871)	46,624	-	(17,475,770)
Moveable Equipment	(8,212,793)	(618,667)	257,040	-	(8,574,420)
Autos and Trucks	(45,104)	-	-	-	(45,104)
Software	(722,817)	(6,771)	315,589	-	(413,999)
Fixed Equipment	(1,400,801)	(136,202)	670,283	-	(866,720)
Right of Use Leases	(548,982)	(26,758)	495,331	-	(80,409)
SBITAs	(1,254,537)	(608,058)	1,300,252	-	(562,343)
Total Accumulated Depreciation and Amortization	(28,805,372)	(2,368,137)	3,085,119	-	(28,088,390)
Capital Assets, Net	$ 14,080,885	$ 1,385,461	$ (66,425)	$ -	$ 15,399,921

	Balance June 30, 2022	Additions	Retirements	Transfers	Balance June 30, 2023
CAPITAL ASSETS, AT COST					
Land	$ 345,262	$ -	$ -	$ -	$ 345,262
Land Improvements	103,349	-	-	8,500	111,849
Buildings	26,131,567	-	-	-	26,131,567
Moveable Equipment	9,475,548	-	(95,144)	1,085,598	10,466,002
Autos and Trucks	45,969	-	-	-	45,969
Software	774,426	-	-	15,051	789,477
Fixed Equipment	1,797,721	-	-	23,912	1,821,633
Construction in Progress	127,663	2,117,236	-	(1,133,061)	1,111,838
Right of Use Leases	649,965	-	(23,264)	-	626,701
SBITAs	1,300,252	135,707	-	-	1,435,959
Total Capital Assets, at Cost	40,751,722	2,252,943	(118,408)	-	42,886,257
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION FOR:					
Land Improvements	(66,406)	(1,409)	-	-	(67,815)
Buildings	(15,568,264)	(984,259)	-	-	(16,552,523)
Moveable Equipment	(7,820,736)	(484,480)	92,423	-	(8,212,793)
Autos and Trucks	(41,385)	(3,719)	-	-	(45,104)
Software	(692,031)	(30,786)	-	-	(722,817)
Fixed Equipment	(1,267,814)	(132,987)	-	-	(1,400,801)
Right of Use Leases	(529,492)	(19,490)	-	-	(548,982)
SBITAs	(794,598)	(459,939)	-	-	(1,254,537)
Total Accumulated Depreciation and Amortization	(26,780,726)	(2,117,069)	92,423	-	(28,805,372)
Capital Assets, Net	$ 13,970,996	$ 135,874	$ (25,985)	$ -	$ 14,080,885

NOTE 8 LONG-TERM LIABILITIES

A schedule of changes in the District's long-term debt obligations for the years ended June 30 were as follows:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Series 2010A Bonds	$ 15,672,948	$ -	$ 778,567	$ 14,894,381	$ 822,402
Total Long-Term Liabilities	$ 15,672,948	$ -	$ 778,567	$ 14,894,381	$ 822,402

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Series 2010A Bonds	$ 16,410,016	$ -	$ 737,068	$ 15,672,948	$ 778,567
Total Long-Term Liabilities	$ 16,410,016	$ -	$ 737,068	$ 15,672,948	$ 778,567

Total future minimum payments under debt agreements are as follows:

Year Ending June 30,	2010 Series A Principal	2010 Series A Interest
2025	$ 822,402	$ 797,213
2026	868,706	750,909
2027	917,616	701,999
2028	969,281	650,334
2029	1,023,854	595,761
2030-2034	6,051,670	1,978,482
2035-2039	4,240,852	348,054
Total	$ 14,894,381	$ 5,822,752

2010 Taxable Revenue Obligation Bonds

On December 1, 2010, Series 2010A and 2010B Taxable Revenue Obligations totaling $22,000,000 ($19,750,000 for Series 2010A and $2,250,000 for Series 2010B) were issued to finance the construction and equipping of a replacement critical access hospital facility and the prepayment of certain debt of the District. The Series 2010B obligations matured in April 2017. The Series 2010A obligations were designated as Build America Bonds and the District is eligible to receive a cash subsidy payment from the United States Department of Treasury equal to 35% of the interest payable on the Series 2010A obligations payable on or about each interest payment date for the 2010A obligations. The District must meet certain requirements to receive the subsidy payments. The requirements include the use and investment of proceeds and periodic submission of requests to receive the subsidy.

The proceeds were placed in a trust and are used to purchase fully modified mortgage-backed securities (GNMA Securities) guaranteed as to principal and interest by the Government National Mortgage Association (GNMA). The GNMA Securities are issued by a Lender with whom the District entered into a mortgage note (the Note) on December 29, 2010, maturing April 1, 2037.

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

2010 Taxable Revenue Obligation Bonds (Continued)

The Lender, Colliers Mortgage LLC, formerly Dougherty Mortgage, LLC, is required to pass through to the Trustee, Umpqua Bank, as the holder of the GNMA Securities, the monthly scheduled installments of principal and interest on the Note (less the GNMA guarantee fee and the Lender's servicing fee), whether or not the Lender receives such payment from the District under the Note, plus any unscheduled prepayments of principal of the Note received by the Lender. The GNMA Securities are issued solely for the benefit of the Trustee on behalf of the bondholders and any and all payments received with respect to the GNMA Securities are solely for the benefit of the bondholders.

The Note bears interest at a rate of 5.49% annually. Payments on the Note were interest only during the construction period with principal and interest payments commencing at the completion of the construction period. Principal and interest payments on the Note will pass through to the GNMA Securities, less a 25-basis point servicing fee charged by the Lender. Monthly payments on the Note are $61,422.

The obligations are to be secured by the District's revenues, the GNMA Securities, and any additional funds, moneys, securities or interest in property conveyed, mortgaged, pledged, assigned or transferred as and for additional security.

The Housing and Urban Development Agreement for the bonds has certain financial ratios it recommends the District adhere to. Should the District fall below these financial ratios, it is required to provide additional information and analysis to the Department of Housing and Urban Development (HUD). As of June 30, 2024, the District was not within the limits of the recommended ratios, however the District has submitted formal plan to HUD in accordance with the loan agreement.

NOTE 9 LEASES AND SUBSCRIPTION BASED IT AGREEMENTS (SBITAS)

Lease obligations and receivables consist of the following for the year ended June 30, 2024:

Total future minimum lease payments under lease agreements are as follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Lease Liabilties	$ 77,922	$ -	$ (25,141)	$ 52,781	$ 24,095

Total future minimum lease payments under lease agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 24,095	$ 2,137	$ 26,232
2026	12,786	1,206	13,992
2027	13,070	486	13,556
2028	2,830	13	2,843
Total Minimum Lease Payments	$ 52,781	$ 3,842	$ 56,623

NOTE 9 LEASES AND SUBSCRIPTION BASED IT AGREEMENTS (SBITAS) (CONTINUED)

SBITA obligations consist of the following for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
SBITA Liabilties	$ 186,637	$ 1,045,272	$ (557,867)	$ 674,042	$ 566,151

Total future minimum payments under SBITA agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 566,151	$ 18,788	$ 599,968
2026	107,891	672	108,563
Total Minimum Lease Payments	$ 674,042	$ 19,460	$ 708,531

NOTE 10 CONCENTRATIONS OF CREDIT RISK

Coquille Valley Hospital District is located in Coquille, Oregon. The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors at June 30 was as follows:

	2024	2023
Medicare	34 %	29 %
Other Third-Party Payors	40	39
Medicaid	19	20
Self-Pay	7	12
Total	100 %	100 %

Approximately 38% and 35% of the total Self-Pay receivable balance at June 30, 2024 and 2023, respectively, consists of patients who have monthly payment plan arrangements with the District. These payment plan arrangements are included in the self-pay receivables.

NOTE 11 EMPLOYEE RETIREMENT PLAN

All eligible employees of the District are covered by the Coquille Valley Hospital Retirement Plan (the Plan). The Plan, which issues publicly available financial statements, is a tax deferred annuity plan administrated by the District under Internal Revenue Code (IRC) Section 403(b) with Principal Financial Services, Inc. Full-time and Part-time District employees are eligible after completion of one year of service, 1,000 hours of service and attainment of age 21. Continued participation requires at least one thousand hours of service each year. The District's board of directors has the authority to amend Plan provisions.

NOTE 11 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Participants may elect to contribute any percentage of annual compensation not to exceed the limits of IRC 403(b). The District makes matching contributions of up to a maximum of 4.5% of annual salary, with an additional 3% discretionary contribution of annual salary for each eligible employee. Employees are fully vested in the Plan when eligible. Total pension expense (employer discretionary and employer matching contributions) for the fiscal years ended June 30, 2024 and 2023 were approximately $375,000 and $333,000, respectively.

NOTE 12 CONTINGENT LIABILITIES

Contractual Arrangements

The District renders service to patients under contractual arrangements with the Medicare and Medicaid programs. The programs' administrative procedures preclude final determination of amounts due to/from the District for services to program patients until after the District's cost reports are audited or otherwise reviewed and settled upon with the respective administrative agencies. Preliminary calculations of revenue adjustments relative to third-party contractual agreements are included in the accompanying financial statements.

Professional Liability Claims

The District purchases professional liability insurance to cover medical malpractice claims, Current coverage is for $1,000,000 per claim with a $5,000,000 annual aggregate limit. The coverage has no deductible. There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients. To reduce its risk and related monetary exposures, the District has established a comprehensive quality assurance program. The District management believes that its liability for any claims relating to medical services would not materially affect the District's financial position.

Compliance with Laws and Regulations

The District is subject to many complex federal, state, and local laws and regulations. Compliance with these laws and regulations is subject to government review and interpretation, and unknown or unasserted regulatory actions. Government activity with respect to investigations and allegations regarding possible violations of these laws and regulations by health care providers, including those related to medical necessity and coding and billing for services, has increased significantly. Violations of these laws can result in large fines and penalties, sanctions on providing future services, and repayment of past patient service revenues. The District has implemented a voluntary corporate compliance program which includes guidance for all District employees' adherence to applicable laws and regulations. Management believes any actions that may result from investigations of noncompliance with laws and regulations will not have a material effect on the District's future financial position or results of operations.

NOTE 12 CONTINGENT LIABILITIES (CONTINUED)

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 any of the three preceding years.

COQUILLE VALLEY HOSPITAL DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
HOSPTAL OPERATING FUND
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Year Ended June 30, 2024				
	Actual	Budgetary Adjustment	Budgetary Basis	Budget	Variance
Patient Service Revenues	$ 65,601,837	$ -	$ 65,601,837	$ 63,872,514	$ 1,729,323
Less Allowances and Discounts	27,039,004	-	27,039,004	28,630,634	(1,591,630)
Net Patient Service Revenues	38,562,833	-	38,562,833	35,241,880	3,320,953
OTHE REVENUES					
Cafeteria Sales	193,308	-	193,308	120,000	73,308
Miscellaneous	398,673	-	398,673	2,042,921	(1,644,248)
Rental Income	100,399	-	100,399	119,292	(18,893)
Interest Income	1,106,043	-	1,106,043	372,564	733,479
Property Tax Revenue	929,853	-	929,853	880,000	49,853
Total Other Revenues	2,728,276	-	2,728,276	3,534,777	(806,501)
Total Revenues	41,291,109	-	41,291,109	38,776,657	2,514,452
EXPENDITURES					
Personal Services	20,496,829	-	20,496,829	20,346,243	150,586
Materials and Services	16,280,888	-	16,280,888	23,871,692	(7,590,804)
Capital Outlay	2,368,137	-	2,368,137	7,029,807	(4,661,670)
Total Expenditures	39,145,854	-	39,145,854	51,247,742	(12,101,888)
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	2,145,255	-	2,145,255	(12,471,085)	14,616,340
OTHER FINANCING USES					
Operating Transfers Out	-	-	-	(1,844,943)	1,844,943
Total Other Financing Uses	-	-	-	(1,844,943)	1,844,943
REVENUES OVER (UNDER) OVER FINANCING USES OVER EXPENDITURES	$ 2,145,255	$ -	2,145,255	(14,316,028)	16,461,283
Beginning Budgetary Fund Balance			35,315,731	(1,184,301)	36,500,032
Ending Budgetary Fund Balance			$ 37,460,986	$ (15,500,329)	$ 52,961,315

COQUILLE VALLEY HOSPITAL DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Year Ended June 30, 2024				
	Actual	Budgetary Adjustment	Budgetary Basis	Budget	Variance
EXPENDITURES					
Debt Service	$ 869,102	$ -	$ 869,102	$ 1,984,943	$ (1,115,841)
OTHER FINANCING SOURCES					
Operating Transfers In	-	-	-	1,844,943	(1,844,943)
EXCESS OF EXPENDITURES OVER OTHER FINANCING SOURCES	$ (869,102)	$ -	(869,102)	(140,000)	(729,102)
Beginning Budgetary Fund Balance			3,839,935	(415,454)	4,255,389
Ending Budgetary Fund Balance			$ 2,970,833	$ (555,454)	$ 3,526,287

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INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Coquille Valley Hospital District
Coquille, Oregon

We have audited the accompanying financial statements of Coquille Valley Hospital District (the District) as of June 30, 2024 and for the year then ended and have issued our report thereon dated November 14, 2024. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- The accounting systems and related internal control structure.
- The use of various depositories to secure the deposit of public funds.
- The requirements relating to debt, if any, and the limitation on the debt amount, liquidation of debt within the prescribed period of time, and provisions of indentures or agreements, including restrictions on the use of monies available to retire the indebtedness.
- The requirements relating to the preparation, adoption and execution of the annual budget for the current fiscal year and the preparation and adoption of the budget for the next succeeding fiscal year.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
November 14, 2024

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Coquille Valley Hospital District
Coquille, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities of Coquille Valley Hospital District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Coquille Valley Hospital District's basic financial statements, and have issued our report thereon dated November 14, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coquille Valley Hospital District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
November 14, 2024

COQUILLE VALLEY HOSPITAL DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2025 AND 2024

CPAs | CONSULTANTS | WEALTH ADVISORS

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COQUILLE VALLEY HOSPITAL DISTRICT
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2025 AND 2024

DISTRICT OFFICIALS	**1**
INDEPENDENT AUDITORS' REPORT	**2**
MANAGEMENT'S DISCUSSION AND ANALYSIS	**5**
BASIC FINANCIAL STATEMENTS	
STATEMENTS OF NET POSITION	**12**
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	**14**
STATEMENTS OF CASH FLOWS	**15**
NOTES TO THE FINANCIAL STATEMENTS	**16**
OTHER INFORMATION	
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – HOSPITAL OPERATING FUND	**33**
SCHEDULE OF REVENUES AND EXPENDITURES – BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL – DEBT SERVICE FUND	**32**
INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS	**35**
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	**37**

COQUILLE VALLEY HOSPITAL DISTRICT
DISTRICT OFFICIALS
JUNE 30, 2025

BOARD OF DIRECTORS

Colleen Todd, Chair
1080 Knott Street
Coquille, OR 97423

Dr. James Sinnott, Vice Chair
57766 Hidden Valley Road
Coquille, OR 97423

Dan Mast, Board Member
1109 East 14th Street
Coquille, OR 97423

Mark Libby, Board Member
150 E. 3rd Street
Coquille, OR 97423

Renee Rowe, Board Member
94788 Mark Place
Coquille, OR 97423

REGISTERED AGENT

Jeff Lang, Chief Executive Officer

REGISTERED OFFICE

Coquille Valley Hospital
940 East Fifth Street
Coquille, OR 97423

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Coquille Valley Hospital District
Coquille, Oregon

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Coquille Valley Hospital District (the District), which comprise the statements of net position as of June 30, 2025 and 2024, and the related statements of revenue, expenses, and changes in net position, and statements of cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information – Non-GAAP Budgetary Basis Schedules & Board of Directors Listing

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The schedules of revenues and expenditures – budget (non-GAAP budgetary basis) and actual on pages 31-32 are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedules of revenues and expenditures – budget (non-GAAP budgetary basis) and actual on pages 31-32 and the Board of Directors Listing on page 1 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 16, 2025 on our consideration of the District's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on the compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
December 16, 2025

Introduction

The management of Coquille Valley Hospital District (the District) provides this Management's Discussion and Analysis to provide an interpretive context to enhance the reader's awareness and understanding of some of the elements and issues influencing the organization's financial position for the fiscal year ended June 30, 2025. This overview represents management's perspective and should be viewed as a source of information complimentary to the financial statements themselves.

About the District

The District is a nonprofit, municipal corporation. The District currently operates Coquille Valley Hospital (the Hospital), a general service Critical Access Hospital. In addition, the District operates a multispecialty clinic made up of primary care providers and specialists, as well as leases space in its facilities to other medical professionals. The District serves a large, predominantly rural, nonmetropolitan geographic area in Coos County Oregon, inclusive of the city of Coquille and the surrounding area. Coos County is designated as a Medically Underserved Area (MUA). The population of the city of Coquille is approximately 4,000 and the District is approximately 7,500. The District's primary service areas include approximately 14,000 people with a secondary serve area population of approximately 65,000.

The District was established in 1967. The Hospital is licensed for 25 acute care beds; however, at this time only operates 16 beds. The District serves the residents of the community by operating a 24-hour emergency room, laboratory and diagnostic imaging services, surgical services, respiratory care, inpatient, swing bed and outpatient services. In March 2003, the District received designation as a Critical Access Hospital (CAH) allowing the Hospital to receive Medicare reimbursement on a cost basis, which is higher than what the District would receive without the designation.

The District is governed by a five-member elected board of directors and the chief executive officer manages operations. The District employed approximately 217 people on June 30, 2025 compared to 216 people on June 30, 2024 and has annual salary and benefits costs of approximately $22.4 million or approximately 49.9% of total operating expenses.

The District serves a high proportion of Medicare patients, Medicaid patients, and patients without the ability to pay for services received (identified as charity and bad debt). Consequently, less than 25% of the charges for hospital services provided are paid at or near the billed amount. The community supports the Hospital with a property tax at the rate of $1.5299 per $1,000 of assessed valuation that provides an important resource to help enable the facility to continue to serve the needs of those without the ability to pay for services rendered. The tax support along with charitable contributions covers 3% of the Hospital and the Clinic operating expenses. The remaining 97% of the funding needed to operate the Hospital and Clinic comes solely from amounts collected for the Hospital and the Clinic services billed.

Issues Facing the District

Coquille's economy consists primarily of government, schools, self-employment, and other small business. The number of area employer-sponsored health insurance plans has been declining due to economic pressures within the area as well as the effect of health care reform. With an older population and less employer-based health insurance, the District has had a higher number of the public that are covered by either Medicare or Medicaid. The District experienced an increase in Medicaid covered services due to the Oregon state expansion of Medicaid under the Affordable Care Act (ACA). Medicaid covered lives saw significant growth in both 2021 and 2022 due to the effects of the COVID-19 pandemic. The District anticipates a significant reduction in the number of managed Medicaid lives over the next two years as the Federal Government rolls back eligibility and enhances eligibility criteria.

Many systemic long-term issues facing the District have remained unchanged from prior years. They are:

- The high fixed cost of technology and informatics related to patient care and quality reporting.
- The 2% sequestration reduction, which reduces Medicare reimbursement from 101% to 99% of allowable costs.
- An operating environment heavily dependent on governmental payors such as Medicare and Medicaid.
- The ability to recruit professional and technical staff to deliver necessary services during times when contract positions are being offered at much higher paid hourly rates than can be sustained by a critical access hospital.

Recruitment and Retention

The COVID-19 pandemic greatly affected the ability of companies to recruit and retain employees sufficient to meet the needs of the many businesses nationally. The District experienced similar challenges during, and immediately following, the COVID-19 pandemic which caused the District to take several bold steps. The District issued significant market pay adjustments outside of its normal salary increase cycle as a means to strengthen employee retention. The District noticed a substantial decline in the number of employees leaving the organization and an improvement in its ability to backfill open positions following these adjustments. The District also invested in utilizing travel staff to back fill all patient care positions in an effort to continue care and services at pre-pandemic levels.

The District has been successful in back-filling positions vacated during the pandemic, however, there continues to be struggles finding permanent employees in technical fields such as Radiological Technologists, Respiratory Therapists, and the operating room environment.

Hospital Volumes

- The District experienced significant increases in volumes in FY 2025 over FY 2024.
  - Acute patient days decreased by 4.4%, driven by a 10% reduction in the average length of stay and assignment of 214 days to the new admission category of extended recovery.
  - Swing bed days increased by 8.3%.
  - Observation days increased by 62%
  - Clinic work Relative Value Units (wRVU's) increased by 8.2%.
  - Lab tests increased by 10.2%
  - Total radiology increased by 9.5%.

Financial Highlights

- Total operating revenue was favorable in FY 2025 compared to FY 2024 by over 8%. This revenue growth was fueled by 8% increase in hospital outpatient revenue and an 18% increase in clinic revenue. The District has increased total operating revenues by 20% since FY 2023.
- Operating expenses increased $5.9 million from FY 2024 to FY 2025, due to the District making strategic investments in future capacity. Total salaries increased 9% as the District made strategic investments to increase future capacity. Operating expense increases were related to increased expenses related to implants associated with total joint surgeries.
- The District's operating income (loss) for FY 2025 is ($2,654,617).
- Net nonoperating income increased in FY 2025 by approximately $493,539, an increase of 40%. This increase in non-operating income was related to strong interest rates received on the District's investments.
- The District's change in net position decreased by $919,243 during FY 2025, with a net position at the end of the year of $21.7 million.

Strategic Transition to Private Non-Profit Status:

Coquille Valley Hospital District ("the District") is a political subdivision of the State of Oregon organized under ORS 440.315 to 440.410, which owns and operates the assets of the Coquille Valley Hospital ("the Hospital"). The District has decided that it is in the best interests of the community and patient care to convert the operation of the Hospital to that of a non-governmental, non-profit, tax-exempt charitable organization. To facilitate this, the District formed a new Oregon nonprofit corporation, Coquille Valley Health. The District and Coquille Valley Health will execute a Lease and Agreement under which the District will lease and transfer its interests in all its healthcare operations to Coquille Valley Health. Coquille Valley Health will operate the health care operations in a non-profit, tax-exempt and non-governmental capacity, but in a manner fully consistent with its District's current community and patient care mission and charitable purposes. This transaction is expected to close in FY 2026.

While governance decisions with respect to the Hospital will be made by Coquille Valley Health, there will be no significant changes to operations of the Hospital as a result of the proposed transaction. Coquille Valley Health will operate the Hospital under the same management personnel; there will be no change or reduction in professional and non-professional staffing levels within the Hospital; there will be no change in the individuals responsible for payer contracting on behalf of the Hospital; there will be no reduction or change to the essential health care services currently provided at the Hospital; and the Hospital will operate largely under the same policies, procedures, and systems currently in place.

In a marketplace in which smaller community providers are increasingly being acquired by larger, often multi-state health systems, the District believes this transaction will strategically position the Hospital for continued independence and local control by adopting a more flexible, adaptable, and inclusive governance model. The District anticipates many procompetitive benefits from the transaction that will

benefit the community and patient care, including but not limited to increased operating efficiencies; more diverse and inclusive governance; and enhanced opportunities to partner with other providers.

Using this Annual Report

The annual report contains three primary financial statements - Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and a Statement of Cash Flows. The financial statements, related notes, and supplementary information contained in this annual report provide information about the operations and activities of the District, including resources held by the District but restricted for specific purposes.

Overview of Financial Statements

These financial statements report information about the District's resources and its activities. The financial statements present all assets (restricted and unrestricted) and all liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position measures the District's financial position in terms of resources (assets) owned and obligations (liabilities) owed as of the end of the fiscal year. The information reported on the Statement of Net Position reflects the District's assets in relation to its liabilities to bond and mortgage holders, suppliers, employees and other creditors. The excess of the assets over liabilities is the equity or net position.

The Statement of Revenues, Expenses, and Changes in Net Position show how much the overall net position increased or decreased during the year because of operations and for other reasons. Over time, increases or decreases in the District's net position are one indicator of whether its financial position is improving or deteriorating. Additional factors, such as changes in the patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients and local economic conditions, are also important in making this determination.

The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash and cash equivalents for the District during the year. It reflects all the cash received during the year from operations, contributions, and other sources; and how those funds were applied (for example, payment of operating expenses, repayment of debt, purchases of new property and equipment). In addition, it reports the net change in cash position (increases or decreases to the cash reserves) that occurred during the year.

The District's Statement of Net Position

The District's net position as reported on the Statement of Net Position is an indicator of capital position. The District's net position decreased 4% to $21.7 million in FY 2025. The following is a presentation of certain financial information derived from the District's Statement of Net Position:

	June 30,		
	2025	2024	2023
ASSETS			
Current Assets	$ 19,711,324	$ 24,798,347	$ 15,276,217
Other Assets	6,701,302	3,539,244	10,495,403
Capital Assets, Net	15,010,229	15,399,921	14,080,885
Total Assets	$ 41,422,855	$ 43,737,512	$ 39,852,505
LIABILITIES			
Current Liabilities	$ 5,575,964	$ 6,882,761	$ 3,489,061
Long-Term Liabilities	14,119,939	14,208,556	14,993,407
Total Liabilities	19,695,903	21,091,317	18,482,468
NET POSITION			
Net Investment in Capital Assets	(276,849)	(221,283)	(1,592,063)
Restricted Expendable for Debt Service	4,061,504	3,543,992	3,221,282
Unrestricted	17,942,297	19,323,486	19,740,818
Total Net Assets	21,726,952	22,646,195	21,370,037
Total Liabilities and Net Position	$ 41,422,855	$ 43,737,512	$ 39,852,505

The District's Statement of Revenues, Expenses, and Changes in Net Position

The following is a presentation of summary financial information derived from the District's Statement of Revenues, Expenses, and Changes in Net Position:

	June 30,		
	2025	2024	2023
OPERATING REVENUES			
Net Patient Service Revenue	$ 41,870,955	$ 38,562,833	$34,584,917
Other	548,134	620,344	786,338
Total Operating Revenues	42,419,089	39,183,177	35,371,255
OPERATING EXPENSES			
Salaries and Benefits	22,408,595	20,496,829	17,686,992
Medical Supplies and Drugs	5,707,431	5,461,580	5,057,843
Insurance	488,137	469,059	385,179
Other Operating Expenses	13,336,880	10,350,249	11,575,094
Depreciation and Amortization	3,132,663	2,368,137	2,190,192
Total Operating Expenses	45,073,706	39,145,854	36,895,300
OPERATING INCOME (LOSS)	(2,654,617)	37,323	(1,524,045)
NET NONOPERATING INCOME	1,735,374	1,238,835	730,350
CHANGE IN NET POSITION	(919,243)	1,276,158	(793,695)
Net Position - Beginning of Year	22,646,195	21,370,037	22,163,732
NET POSITION - END OF YEAR	$ 21,726,952	$ 22,646,195	$ 21,370,037

Operating Loss

The first component of the overall change in the District's net position is its operating (loss) income, which is the difference between the operating revenues and the expenses incurred to perform patient services. The District reported an operating loss of ($2.7) million FY 2025. This operating loss is attributed to long term strategic investments being made during the fiscal year such as the opening of a retail pharmacy, implementation of a hospitalist program, the starting of a general surgery program, and an enhanced capacity building in the operating room environment.

Net Nonoperating Income

Nonoperating income and expenses consist primarily of federal grant proceeds, property tax revenue, federal bond subsidy, net state provider tax, and investment income and interest expense. Nonoperating income improved considerably due primarily to interest income.

The District's Cash Flows

In FY 2025, the District had a net decrease in cash flow of ($4.4) million from FY 2024. The primary driver for the change in cash during the year was $2.5 million in overpayments from previous cost report years that were recouped by Medicare.

	Years Ended June 30,		
	2025	2024	2023
Net Cash from Operating Activities	$ (3,031,164)	$ 2,752,802	$ 710,249
Net Cash from Noncapital Financing Activities	1,577,809	1,045,047	959,743
Net Cash from Capital and Related Financing Activities	(3,681,670)	(4,560,147)	(3,885,917)
Net Cash from Investing Activities	753,921	836,894	372,834
NET CHANGE IN CASH AND CASH EQUIVALENTS	$ (4,381,104)	$ 74,596	$ (1,843,091)

Capital Assets and Debt Structure

Capital assets – At June 30, 2025, the District had $15 million investment in capital assets, net of accumulated depreciation, as detailed in Note 7 to the financial statements.

Debt administration – At June 30, 2025, the District had $14.1 million in long-term debt obligations as detailed in Note 8 to the financial statements.

Contacting the District's Financial Management

This financial report provides the patients, suppliers, taxpayers and creditors with a general overview of the District's finances and shows the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Administrative Office at: 940 East Fifth Street, Coquille, Oregon 97423.

COQUILLE VALLEY HOSPITAL DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,494,010	$ 8,392,626
Receivables:		
Patients Accounts, Net of Estimated Uncollectibles	7,420,625	6,917,002
Estimated Third-Party Payor Settlements	483,884	236,596
Property Taxes, Net of Allowance for Doubtful Accounts	71,612	67,158
Other	2,291,295	453,473
Supplies Inventory	912,505	951,605
Prepaid Expenses	375,952	473,900
Assets Limited as to Use, Current Portion	4,661,441	7,305,987
Total Current Assets	19,711,324	24,798,347
OTHER ASSETS		
Assets Limited as to Use, Net of Current Portion	6,573,302	3,411,244
Other Assets	128,000	128,000
Total Other Assets	6,701,302	3,539,244
CAPITAL ASSETS, NET		
Non-Depreciable Capital Assets	345,261	345,261
Depreciable Capital Assets, Net of Accumulated Depreciation	14,664,968	15,054,660
Total Capital Assets, Net	15,010,229	15,399,921
Total Assets	$ 41,422,855	$ 43,737,512

See accompanying Notes to Financial Statements.

COQUILLE VALLEY HOSPITAL DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2025 AND 2024

	2025	2024
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	$ 2,167,508	$ 979,130
Accrued Salaries and Benefits	905,707	1,049,530
Accrued Vacation	813,380	664,600
Accrued Interest	64,379	68,142
Estimated Third-Party Payor Settlements	457,851	2,708,711
Current Maturities of Long-Term Debt	868,706	822,402
Current Maturities of Lease Liabilities	154,804	24,095
Current Maturities of Subscription Liabilities	143,629	566,151
Total Current Liabilities	5,575,964	6,882,761
LONG-TERM LIABILITIES		
Long-Term Debt, Net of Current Maturities	13,203,273	14,071,979
Lease Liabilities, Net of Current Maturities	856,856	28,686
Subscription Liabilities, Net of Current Maturities	59,810	107,891
Total Long-Term Liabilities	14,119,939	14,208,556
Total Liabilities	19,695,903	21,091,317
NET POSITION		
Net Investment in Capital Assets	(276,849)	(221,283)
Restricted Expendable for Debt Service	4,061,504	3,543,992
Unrestricted	17,942,297	19,323,486
Total Net Position	21,726,952	22,646,195
Total Liabilities and Net Position	$ 41,422,855	$ 43,737,512

See accompanying Notes to Financial Statements.

COQUILLE VALLEY HOSPITAL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
OPERATING REVENUE		
Net Patient Service Revenue	$ 41,870,955	$ 38,562,833
Other	548,134	620,344
Total Operating Revenue	42,419,089	39,183,177
OPERATING EXPENSES		
Salaries and Benefits	22,408,595	20,496,829
Medical Supplies and Drugs	5,707,431	5,461,580
Insurance	488,137	469,059
Other Operating Expenses	13,336,880	10,350,249
Depreciation and Amortization	3,132,663	2,368,137
Total Operating Expenses	45,073,706	39,145,854
OPERATING INCOME (LOSS)	(2,654,617)	37,323
NONOPERATING INCOME (EXPENSE)		
Federal Grant Income	10,000	-
Property Taxes	1,025,858	929,853
Federal Bond Subsidy	254,716	269,149
Investment Income	753,921	836,894
Other Nonoperating Revenue, Net	546,405	72,041
Interest Expense	(855,526)	(869,102)
Total Nonoperating Income	1,735,374	1,238,835
CHANGE IN NET POSITION	(919,243)	1,276,158
Net Position - Beginning of Year	22,646,195	21,370,037
NET POSITION - END OF YEAR	$ 21,726,952	$ 22,646,195

See accompanying Notes to Financial Statements.

COQUILLE VALLEY HOSPITAL DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Patients and Third-Party Payors	$ 38,869,184	$ 38,718,333
Cash Paid to Suppliers	(20,044,844)	(16,607,013)
Cash Paid to Employees	(22,403,638)	(19,978,862)
Cash Received from Other Operating Revenue	548,134	620,344
Net Cash Provided (Used) by Operating Activities	(3,031,164)	2,752,802
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property Taxes	1,021,404	923,897
Noncapital Grants	556,405	121,150
Net Cash Provided by Noncapital Financing Activities	1,577,809	1,045,047
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(1,434,795)	(2,590,434)
Proceeds from Sale of Capital Assets	-	17,316
Principal Payments on Long-Term Debt	(822,402)	(778,567)
Payments on Lease Liability	(194,215)	(28,680)
Payments on Subscription Liability	(614,723)	(579,806)
Net Interest Payments on Long-Term Debt, Lease and Subcription Liabilities	(615,535)	(599,976)
Net Cash Used by Capital and Related Financing Activities	(3,681,670)	(4,560,147)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income	753,921	836,894
Net Cash Provided by Investing Activities	753,921	836,894
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,381,104)	74,596
Cash and Cash Equivalents - Beginning of Year	19,109,857	19,035,261
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 14,728,753	$ 19,109,857
NONCASH INVESTING AND FINANCING ACTIVITIES		
ROU Assets Received in Exchange for Lease Liability	$ 1,164,056	$ -
Subscription Assets Received in Exchange for Subscription Liability	$ 144,120	$ 1,163,164
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION		
Cash and Cash Equivalents in Current Assets	$ 3,494,010	$ 8,392,626
Assets Limited as to Use	11,234,743	10,717,231
Total Cash and Cash Equivalents	$ 14,728,753	$ 19,109,857

See accompanying Notes to Financial Statements.

COQUILLE VALLEY HOSPITAL DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (2,654,617)	$ 37,323
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Income (Loss) Activities:		
Depreciation and Amortization	3,132,663	2,368,137
Provision for Bad Debts	330,695	482,645
Changes in Operating Assets and Liabilities:		
Patient Accounts Receivables	(834,318)	(3,282,106)
Other Receivables	(1,837,822)	5,528
Supplies Inventory	39,100	(117,536)
Prepaid Expenses	97,948	35,982
Accounts Payable	1,188,378	(250,099)
Accrued Salaries and Benefits	(143,823)	442,133
Accrued Vacation	148,780	75,834
Estimated Third-Party Payor Settlements	(2,498,148)	2,954,961
Net Adjustments	(376,547)	2,715,479
Net Cash Provided (Used) by Operating Activities	$ (3,031,164)	$ 2,752,802

See accompanying Notes to Financial Statements.

NOTE 1 DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Coquille Valley Hospital District (the District), a municipal corporation, was organized in 1967 under Oregon Revised Statutes (ORS) 440.305 through 440.410 to provide various health care and health care-related services to the citizens of the District. The District currently operates Coquille Valley Hospital (the Hospital) and provides facilities to the Coquille Family Practice Clinic for physicians under lease arrangements. An elected five-member board governs the District. The board members are not compensated for their services.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. Based on the application of the criteria established by GASB, there are no component units of the District.

For financial reporting purposes, management reports the activities relating to the operation of the District using the proprietary fund accounting approach which is based on the full accrual method of accounting. However, for budgetary and legal purposes, these activities are accounted for in the following funds:

- The *Hospital Operating Fund* accounts for all general operating revenues and expenditures of the District. Major sources of revenues are charges for patient services and property taxes and major sources of expenditures are personal services.
- The *Debt Service Fund* accounts for the payments of principal and interest on the debt.

On September 6, 2023, the State of Oregon Secretary of State approved the Articles of Incorporation for the establishment of Coquille Valley Health (CVH). CVH was created as a nonprofit corporation under ORS Chapter 65 for the primary purpose of creating an entity to provide healthcare services to the residents of the county. CVH is controlled by an independent board of trustees. On August 21, 2025, the District authorized entering into a lease agreement with CVH to lease all of the buildings and land from the District. Additionally, as part of the agreement all of the remaining assets and liabilities, excluding long term debt, are assigned to the CVH. The Lease agreement is for 40 years from the date of issuance. Beginning in 2030 CVH will have an option to purchase all the assets and operations of the District for the cost of the outstanding current debt balance plus $1. At the termination of the lease, baring a buyout, all the assets and liabilities are transferred back to the District.

NOTE 1 DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Information

ORS 440.403 establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. Budgetary comparisons for enterprise funds are not required by GAAP. Accordingly, such comparisons of approved budgeted amounts with actual results of operations for individual funds prepared on a basis other than GAAP are set forth as supplemental information as listed in the table of contents.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 these estimates.

Cash and Cash Equivalents

Cash and cash equivalents include certain highly liquid investments with original maturities of three months. Cash and cash equivalents are valued at cost, which approximates market value.

Patient Accounts Receivable

Accounts receivable arising from revenue for services to patients are reported net of estimated uncollectible accounts and contractual adjustments. The District manages receivables by regularly reviewing its accounts and contracts and by providing appropriate allowance for uncollectible amounts based on experience, third-party contractual reimbursement arrangements, and other circumstances which may affect the ability of patients to meet their obligations. The District determines past due accounts based upon contract terms. The District charges nominal interest on past due accounts. Management does not believe there are any credit risks associated with receivables from governmental agencies. Private and other receivables consist of receivables from a large number of payors involved in diverse activities and subject to differing economic conditions, which do not represent any concentrated credit risks to the District.

Supplies Inventory

Supplies inventory, comprised primarily of medical and surgical inventory, is stated at lower of cost (first-in, first-out) or net realizable value.

Assets Limited as to Use

Assets limited as to use are amounts internally designated by the District to fund future obligations for general operations in addition to reserves for future bond payments. The carrying amounts reported in the statement of net position approximate fair value.

NOTE 1 DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District's capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. Expenditures for maintenance and repairs are charged to operations as incurred. Betterments and major renewals *over* $5,000 are capitalized. All capital assets, other than land, are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using these asset lives:

Land Improvements	10 to 30 Years
Buildings	40 Years
Equipment	3 to 20 Years

Property Taxes

Property taxes are levied by the County on the District's behalf on July 1 and are payable on November 15 and may be paid in installments due November 15, February 15, and May 15. Taxes are billed and collected by the County of Coos and remittance to the District is made at periodic intervals. Property tax revenues are recognized when levied.

Leases

The District determines if an arrangement is a lease at inception. Leases are included in lease assets and lease liabilities in the statements of net position.

Lease assets represent the District’s control of the right-to-use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District’s obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

The District has elected to recognize payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Entity has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

NOTE 1 DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases Continued

The District accounts for contracts containing both lease and non-lease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and non-lease components, and it is impractical to estimate the price of such components, the Entity treats the components as a single lease unit.

Accrued Vacation

The District has a paid time off plan, which includes vested vacation and holiday time. These benefits are accrued and expensed as they are earned.

Other liabilities

Other liabilities include additional payroll related liabilities including liabilities related to outstanding litigation.

Net Position

Net position of the District is classified in four components. Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is noncapital net position that must be used for a particular purpose, as specified by creditors, granters, or contributors external to the District. Restricted nonexpendable net position equals the principal portion of permanent endowments. Unrestricted net position is remaining net position that does not meet the definition of the other components. There was no restricted nonexpendable net position at June 30, 2025 and 2024.

Restricted Resources

When the District has both restricted and unrestricted resources available to finance a particular program, it is the District's policy to use restricted resources before unrestricted resources.

Operating Revenues and Expenses

The District's statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services - the District's principal activity and rent revenue. Nonexchange revenues, including taxes and investment income, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

Net Patient Service Revenue

Patient service revenue is recorded at established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Preliminary settlements under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

NOTE 1 DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charity Care

The District provides care without charge, or at amounts less than its established rates, to patients meeting the criteria of its charity care policy. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of costs foregone for services and supplies furnished under the District's charity policy aggregated approximately $731,300 and $353,000 for the years ended June 30, 2025 and 2024, respectively.

Effective January 1, 2025, House Bill 3320 went into effect. Per the Oregon Health Authority, House Bill 3320 relates to the prescreening and presumptive eligibility awards related to financial assistance. The District is currently determining the impact of the new bill on its operations, as charity care has increased significantly since its implementation. The District has not yet determined the full impact of this bill, and will continue to monitor its affect as time goes on.

Income Taxes

The District is a municipal corporation under Oregon state law and is not subject to federal or state income taxes.

Federal Bond Subsidy

The District receives subsidy payments related to interest payments under the federal Build America Bonds program. This source of funds is accounted for as nonoperating revenues and recorded as they are received. Under the program, the District applies for subsidy funds commensurate with each semi-annual bond payment. For the years ended June 30, 2025 and 2024, the District recognized approximately $255,000 and $269,000 in federal bond subsidy, respectively.

Right-of-Use Lease Asset and Liability

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

NOTE 1 DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subscription-Based Information Technology Arrangements (SBITA)

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements Effective in Current Fiscal Year

In March 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This standard provides accounting and financial reporting requirements for public-private and public-public partnership arrangements (PPPs) that either meet the definition of an SCA or are not within the scope of Statement 87, as amended This standard also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which are arrangements in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The District adopted this standard for fiscal year 2024 and the adoption of the standard had no Impact on its financial statements.

Effective in Future Fiscal Years (Continued)

The GASB has Issued the following pronouncements that have effective dates which may impact future financial statement presentation. The District has determined the following statements have no effect, as they do not apply to the District or its operations. The District will continue to monitor the following statements to see if they become applicable for adoption and disclosure:
GASB Statement No. 100 - Accounting Changes and Error Corrections
GASB Statement No. 101 - Compensated Absences

Subsequent Events

Subsequent events are events or transactions that occur after the statement of net position date but before financial statements are issued. The District recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of net position, including the estimates inherent in the process of preparing the financial statements.

The District's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of net position but arose after the statement of net position date and before financial statements are issued. The District has evaluated subsequent events through December 16, 2025, which is the date the financial statements were available to be issued.

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. A summary of the payment arrangements with major third-party payors is as follows:

Medicare

Coquille Valley Hospital is a Critical Access Hospital (CAH) for Medicare program purposes. As a CAH, the Hospital may operate no more than 25 beds. In addition, the average length of stay for all inpatients cannot exceed 96 hours. As a CAH, the Hospital will be reimbursed for Medicare inpatient and outpatient services at the cost of providing the service plus 1% rather than on a fee schedule or the inpatient drug rehab center and outpatient ambulatory payment classifications prospective payment system. Medicare swing-bed services are also reimbursed at cost for a CAH. The District is paid at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary.

The District's Medicare cost reports have been audited by the Medicare Administrative Contractor through June 30, 2021. Net revenue billed under the Medicare program totaled approximately $24,600,000 and $24,900,000 for the years ended June 30, 2025 and 2024, respectively.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The District is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicaid fiscal intermediary. The District's Medicaid cost reports have been audited through June 30, 2019. Net revenue billed under the Medicaid program totaled approximately $5,900,000 and $6,600,000 for the years ended June 30, 2025 and 2024, respectively.

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.

NOTE 3 DEPOSITS AND INVESTMENTS

ORS, Chapter 294, authorizes the District to invest in obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by a qualified financial institution, commercial paper, corporate bonds, repurchase agreements, State of Oregon Local Government Investment Pool (LGIP), and various interest-bearing bonds of Oregon and other municipalities. The District has no investment policy that would further limit its investment choices.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

The District had the following deposits and investments at June 30:

	2025	2024
Petty Cash	$ 1,961	$ 1,561
Demand Deposits	6,245,025	4,596,977
Local Government Investment Pool	8,481,767	14,511,319
Total	$ 14,728,753	$ 19,109,857

Deposits and investments are classified as follows:

	2025	2024
Cash and Cash Equivalents	$ 3,494,010	$ 8,392,626
Assets Limited as to Use, Current Portion	4,661,441	7,305,987
Assets Limited as to Use, Net of Current Portion	6,573,302	3,411,244
Total	$ 14,728,753	$ 19,109,857

The District maintains their investments in the State of Oregon LGIP, which is an alternate investment vehicle offered to participants that by law are made the custodian of, or have control of, any public funds. The investments are booked at fair value and are the same as the value of the pool shares. The LGIP investments are governed by a written investment policy that is reviewed annually by the Oregon Short-Term Fund Board. The Oregon Short-Term Fund Board is comprised of members of local government and private investment professionals, who are appointed by the Governor of the State of Oregon. The LGIP is not rated by any national rating service.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to interest rate risk.

Custodial Credit Risk on Deposits

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District will not be able to recover deposits. The District does not have a deposit policy for custodial credit risk. As of June 30, 2025 and 2024, all of the District's bank balance was fully covered by depository insurance and/or deposited into qualified depositories that participate in Oregon’s Public Funds Collateralization Program.

NOTE 4 ASSETS LIMITED AS TO USE

Assets limited as to use consist of cash and cash equivalents and are restricted by bond trustee. The increase in assets limited to use is due to The District's board designating cash restricted for the purchase of future capital assets:

	2025	2024
Restricted for Bond and/or Mortgage Reserve Fund	$ 11,234,743	$ 10,717,231
Total	$ 11,234,743	$ 10,717,231

	2025	2024
Assets Limited as to Use (Current Portion)	$ 4,661,441	$ 7,305,987
Assets Limited as to Use (Long-Term Portion)	6,573,302	3,411,244
Total	$ 11,234,743	$ 10,717,231

NOTE 5 PATIENT ACCOUNTS RECEIVABLE

The District provides services to patients, most of whom are local residents, who are either uninsured, covered by commercial insurance, Medicare, or Division of Medical Assistance Programs (Medicaid). The District grants credit without collateral and maintains reserves for potential credit losses. Such losses have historically been within management's expectations.

Receivables, including the applicable allowance for estimated contractual adjustments and uncollectible accounts, are as follows:

	2025	2024
Patient Accounts Receivable	$ 12,814,011	$ 11,542,884
Less: Allowance for Contractual Adjustments	(4,654,837)	(4,050,178)
Less: Allowance for Estimated Uncollectible Accounts	(738,549)	(575,704)
Patient Accounts Receivable, Net of Estimated Uncollectibles	$ 7,420,625	$ 6,917,002

NOTE 6 PROPERTY TAXES RECEIVABLE

For the fiscal year ended June 30, 2025, the District levied their property taxes at the rate of $1.5299 per $1,000 of assessed property value. The actual net levy imposed for 2024-2025 was approximately $1,052,000 and $952,000 for 2023-2024. Property tax revenues are recognized when levied and are used to support general operations. The District has not placed an allowance on the receivable for the years ended June 30, 2025 and 2024, resulting in a balance on the statement of net position of approximately $72,000 and $67,000, respectively.

The following is a summary of property tax transactions during the fiscal years ended June 30:

	Year Ended June 30, 2025						
	Receivable June 30, 2024	2023-2024 Net Levy	Collections	Interest Received	Discounts Allowed	Adjustments Applied	Receivable June 30, 2025
2024-25	$ -	$ 1,051,939	$ (987,474)	$ 373	$ (26,846)	$ (1,196)	$ 36,796
2023-24	33,041	-	(17,696)	830	-	(121)	$ 16,054
2022-23	17,356	-	(7,050)	793	-	(1,293)	$ 9,806
2021-22	9,669	-	(5,606)	952	-	(240)	$ 4,775
2020-21	3,620	-	(2,882)	579	-	(23)	$ 1,294
2019-20	906	-	(278)	81	-	(15)	$ 694
Prior Years	2,566	-	(418)	55	-	(10)	$ 2,193
Total	$ 67,158	$ 1,051,939	$ (1,021,404)	$ 3,663	$ (26,846)	$ (2,898)	$ 71,612

	Year Ended June 30, 2024						
	Receivable June 30, 2023	2022-2023 Net Levy	Collections	Interest Received	Discounts Allowed	Adjustments Applied	Receivable June 30, 2024
2023-24	$ -	$ 952,261	$ (894,635)	$ 337	$ (24,614)	$ (476)	$ 32,873
2022-23	32,620	-	(15,860)	752	-	(157)	17,355
2021-22	15,028	-	(5,956)	643	-	(49)	9,666
2020-21	7,699	-	(4,787)	754	-	(46)	3,620
2019-20	2,892	-	(2,401)	445	-	(29)	907
2018-19	2,777	-	(151)	43	-	(29)	2,640
Prior Years	186	-	(107)	66	-	(48)	97
Total	$ 61,202	$ 952,261	$ (923,897)	$ 3,040	$ (24,614)	$ (834)	$ 67,158

NOTE 7 CAPITAL ASSETS

Capital asset additions, retirements, and balances for the years ended June 30 were noted below. The increase in construction in progress of $1.4M is related to The District planning for a building project that began in early 2025 and anticipate a 20 month build.

	Balance June 30, 2024	Additions	Retirements	Transfers	Balance June 30, 2025
CAPITAL ASSETS, AT COST					
Land	$ 345,262	$ -	$ -	$ -	$ 345,262
Land Improvements	111,849	-	-	-	111,849
Buildings	26,241,684	-	-	178,346	26,420,030
Moveable Equipment	11,424,660	-	-	845,342	12,270,002
Autos and Trucks	45,969	-	-	-	45,969
Software	484,759	-	-	217,336	702,095
Fixed Equipment	1,188,449	-	-	183,516	1,371,965
Contruction in Progress	2,215,438	1,434,795	-	(1,424,540)	2,225,693
Right of Use Leases	131,370	1,164,056	(70,099)	-	1,225,327
SBITAs	1,298,871	144,120	(274,854)	-	1,168,137
Total Capital Assets, at Cost	43,488,311	2,742,971	(344,953)	-	45,886,329
LESS ACCUMULATED DEPRECIATION					
Land Improvements	(69,625)	(111,353)	-	-	(180,978)
Buildings	(17,475,770)	(1,022,934)	-	-	(18,498,704)
Moveable Equipment	(8,574,420)	(925,672)	-	-	(9,500,092)
Autos and Trucks	(45,104)	-	-	-	(45,104)
Software	(413,999)	(52,921)	-	-	(466,920)
Fixed Equipment	(866,720)	(135,385)	-	-	(1,002,105)
Right of Use Leases	(80,409)	(228,357)	70,099	-	(238,667)
SBITAs	(562,343)	(656,041)	274,854	-	(943,530)
Total Accumulated Depreciation and Amortization	(28,088,390)	(3,132,663)	344,953	-	(30,876,100)
Capital Assets, Net	$ 15,399,921	$ (389,692)	$ -	$ -	$ 15,010,229

	Balance June 30, 2023	Additions	Retirements	Transfers	Balance June 30, 2024
CAPITAL ASSETS, AT COST					
Land	$ 345,262	$ -	$ -	$ -	$ 345,262
Land Improvements	111,849	-	-	-	111,849
Buildings	26,131,567	-	(47,838)	157,955	26,241,684
Moveable Equipment	10,466,002	-	(322,252)	1,280,910	11,424,660
Autos and Trucks	45,969	-	-	-	45,969
Software	789,477	-	(315,588)	10,870	484,759
Fixed Equipment	1,821,633	-	(670,283)	37,099	1,188,449
Construction in Progress	1,111,838	2,590,434	-	(1,486,834)	2,215,438
Right of Use Leases	626,701	-	(495,331)	-	131,370
SBITAs	1,435,959	1,163,164	(1,300,252)	-	1,298,871
Total Capital Assets, at Cost	42,886,257	3,753,598	(3,151,544)	-	43,488,311
LESS ACCUMULATED DEPRECIATION AND AMORTIZATION FOR:					
Land Improvements	(67,815)	(1,810)	-	-	(69,625)
Buildings	(16,552,523)	(969,871)	46,624	-	(17,475,770)
Moveable Equipment	(8,212,793)	(618,667)	257,040	-	(8,574,420)
Autos and Trucks	(45,104)	-	-	-	(45,104)
Software	(722,817)	(6,771)	315,589	-	(413,999)
Fixed Equipment	(1,400,801)	(136,202)	670,283	-	(866,720)
Right of Use Leases	(548,982)	(26,758)	495,331	-	(80,409)
SBITAs	(1,254,537)	(608,058)	1,300,252	-	(562,343)
Total Accumulated Depreciation and Amortization	(28,805,372)	(2,368,137)	3,085,119	-	(28,088,390)
Capital Assets, Net	$ 14,080,885	$ 1,385,461	$ (66,425)	$ -	$ 15,399,921

NOTE 8 LONG-TERM LIABILITIES

A schedule of changes in the District's long-term debt obligations for the years ended June 30 were as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due Within One Year
Series 2010A Bonds	$ 14,894,381	$ -	$ 822,402	$ 14,071,979	$ 868,706
Total Long-Term Liabilities	$ 14,894,381	$ -	$ 822,402	$ 14,071,979	$ 868,706

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due Within One Year
Series 2010A Bonds	$ 15,672,948	$ -	$ 778,567	$ 14,894,381	$ 822,402
Total Long-Term Liabilities	$ 15,672,948	$ -	$ 778,567	$ 14,894,381	$ 822,402

Total future minimum payments under debt agreements are as follows:

Year Ending June 30,	2010 Series A Principal	2010 Series A Interest
2026	$ 868,706	$ 750,909
2027	917,616	701,999
2028	969,281	650,334
2029	1,023,854	595,761
2030	1,081,499	538,115
2031-2035	6,392,395	1,637,754
2036-2040	2,818,628	150,667
Total	$ 14,071,979	$ 5,025,539

2010 Taxable Revenue Obligation Bonds

On December 1, 2010, Series 2010A and 2010B Taxable Revenue Obligations totaling $22,000,000 ($19,750,000 for Series 2010A and $2,250,000 for Series 2010B) were issued to finance the construction and equipping of a replacement critical access hospital facility and the prepayment of certain debt of the District. The Series 2010B obligations matured in April 2017. The Series 2010A obligations were designated as Build America Bonds and the District is eligible to receive a cash subsidy payment from the United States Department of Treasury equal to 35% of the interest payable on the Series 2010A obligations payable on or about each interest payment date for the 2010A obligations. The District must meet certain requirements to receive the subsidy payments. The requirements include the use and investment of proceeds and periodic submission of requests to receive the subsidy.

The proceeds were placed in a trust and are used to purchase fully modified mortgage-backed securities (GNMA Securities) guaranteed as to principal and interest by the Government National Mortgage Association (GNMA). The GNMA Securities are issued by a Lender with whom the District entered into a mortgage note (the Note) on December 29, 2010, maturing April 1, 2037.

NOTE 8 LONG-TERM LIABILITIES (CONTINUED)

2010 Taxable Revenue Obligation Bonds (Continued)

The Lender, Colliers Mortgage LLC, formerly Dougherty Mortgage, LLC, is required to pass through to the Trustee, Umpqua Bank, as the holder of the GNMA Securities, the monthly scheduled installments of principal and interest on the Note (less the GNMA guarantee fee and the Lender's servicing fee), whether or not the Lender receives such payment from the District under the Note, plus any unscheduled prepayments of principal of the Note received by the Lender. The GNMA Securities are issued solely for the benefit of the Trustee on behalf of the bondholders and any and all payments received with respect to the GNMA Securities are solely for the benefit of the bondholders.

The Note bears interest at a rate of 5.49% annually. Payments on the Note were interest only during the construction period with principal and interest payments commencing at the completion of the construction period. Principal and interest payments on the Note will pass through to the GNMA Securities, less a 25-basis point servicing fee charged by the Lender. Monthly payments on the Note are $61,422.

The obligations are to be secured by the District's revenues, the GNMA Securities, and any additional funds, moneys, securities or interest in property conveyed, mortgaged, pledged, assigned or transferred as and for additional security.

The Housing and Urban Development Agreement for the bonds has certain financial ratios it recommends the District adhere to. Should the District fall below these financial ratios, it is required to provide additional information and analysis to the Department of Housing and Urban Development (HUD). As of June 30, 2025, the District was not within the limits of the recommended ratios, however the District has submitted formal plan to HUD in accordance with the loan agreement.

NOTE 9 LEASES AND SUBSCRIPTION BASED IT AGREEMENTS (SBITAS)

Lease obligations and receivables consist of the following for the year ended June 30, 2025:

Total future minimum lease payments under lease agreements are as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Lease Liabilties	$ 52,781	$ 1,108,238	$ (149,359)	$ 1,011,660	$ 154,804

Total future minimum lease payments under lease agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 154,804	$ 42,411	$ 197,215
2027	103,349	36,430	139,779
2028	81,535	32,532	114,067
2029	82,209	29,014	111,223
2030	84,644	25,355	109,999
Thereafter	505,119	94,951	600,070
Total Minimum Lease Payments	$ 1,011,660	$ 260,693	$ 1,272,353

NOTE 9 LEASES AND SUBSCRIPTION BASED IT AGREEMENTS (SBITAS) (CONTINUED)

SBITA obligations consist of the following for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025	Due Within One Year
SBITA Liabilties	$ 674,042	$ 112,850	$ (583,453)	$ 203,439	$ 143,629

Total future minimum payments under SBITA agreements are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 143,629	$ 3,934	$ 147,563
2027	37,301	1,699	39,000
2028	22,509	242	22,751
Total Minimum Lease Payments	$ 203,439	$ 5,875	$ 209,314

NOTE 10 CONCENTRATIONS OF CREDIT RISK

Coquille Valley Hospital District is located in Coquille, Oregon. The District grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of gross receivables from patients and third-party payors at June 30 was as follows:

	2025	2024
Medicare	53 %	34 %
Other Third-Party Payors	25	40
Medicaid	15	19
Self-Pay	7	7
Total	100 %	100 %

NOTE 11 EMPLOYEE RETIREMENT PLAN

All eligible employees of the District are covered by the Coquille Valley Hospital Retirement Plan (the Plan). The Plan, which issues publicly available financial statements, is a tax deferred annuity plan administrated by the District under Internal Revenue Code (IRC) Section 403(b) with Principal Financial Services, Inc. Full-time and Part-time District employees are eligible after completion of one year of service, 1,000 hours of service and attainment of age 21. The District's board of directors has the authority to amend Plan provisions.

NOTE 11 EMPLOYEE RETIREMENT PLAN (CONTINUED)

Participants may elect to contribute any percentage of annual compensation not to exceed the limits of IRC 403(b). The District makes matching contributions of up to a maximum of 6% of annual salary, with an additional 1.5% discretionary contribution of annual salary for each eligible employee. Employees are fully vested in the plan at 20% per year of service with full vesting after 5 years. Total pension expense (employer discretionary and employer matching contributions) for the fiscal years ended June 30, 2025 and 2024 were approximately $657,000 and $660,000, respectively.

NOTE 12 CONTINGENT LIABILITIES

Contractual Arrangements

The District renders service to patients under contractual arrangements with the Medicare and Medicaid programs. The programs' administrative procedures preclude final determination of amounts due to/from the District for services to program patients until after the District's cost reports are audited or otherwise reviewed and settled upon with the respective administrative agencies. Preliminary calculations of revenue adjustments relative to third-party contractual agreements are included in the accompanying financial statements.

Professional Liability Claims

The District purchases professional liability insurance to cover medical malpractice claims, Current coverage is for $1,000,000 per claim with a $3,000,000 annual aggregate limit. The coverage has no deductible. There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients. To reduce its risk and related monetary exposures, the District has established a comprehensive quality assurance program. The District management believes that its liability for any claims relating to medical services would not materially affect the District's financial position.

Compliance with Laws and Regulations

The District is subject to many complex federal, state, and local laws and regulations. Compliance with these laws and regulations is subject to government review and interpretation, and unknown or unasserted regulatory actions. Government activity with respect to investigations and allegations regarding possible violations of these laws and regulations by health care providers, including those related to medical necessity and coding and billing for services, has increased significantly. Violations of these laws can result in large fines and penalties, sanctions on providing future services, and repayment of past patient service revenues. The District has implemented a voluntary corporate compliance program which includes guidance for all District employees' adherence to applicable laws and regulations. Management believes any actions that may result from investigations of noncompliance with laws and regulations will not have a material effect on the District's future financial position or results of operations.

NOTE 12 CONTINGENT LIABILITIES (CONTINUED)

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 any of the three preceding years.

COQUILLE VALLEY HOSPITAL DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
HOSPTAL OPERATING FUND
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Year Ended June 30, 2025				
	Actual	Budgetary Adjustment	Budgetary Basis	Budget	Variance
Patient Service Revenues	$ 72,063,788	$ -	$ 72,063,788	$ 78,815,325	$ (6,751,537)
Less Allowances and Discounts	30,192,833	-	30,192,833	34,207,398	(4,014,565)
Net Patient Service Revenues	41,870,955	-	41,870,955	44,607,927	(2,736,972)
OTHER REVENUES					
Cafeteria Sales	255,743	-	255,743	189,996	65,747
Miscellaneous	721,351	-	721,351	559,920	161,431
Rental Income	117,445	-	117,445	84,000	33,445
Interest Income	1,008,637	-	1,008,637	500,000	508,637
Property Tax Revenue	1,025,858	-	1,025,858	-	1,025,858
Total Other Revenues	3,139,034	-	3,139,034	1,333,916	1,805,118
Total Revenues	45,009,989	-	45,009,989	45,941,843	(931,854)
EXPENDITURES					
Personal Services	22,408,595	-	22,408,595	20,346,243	2,062,352
Materials and Services	19,532,448	-	19,532,448	23,871,692	(4,339,244)
Capital Outlay	3,132,663	-	3,132,663	7,029,807	(3,897,144)
Total Expenditures	45,073,706	-	45,073,706	51,247,742	(6,174,036)
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(63,717)	-	(63,717)	(5,305,899)	5,242,182
OTHER FINANCING USES					
Operating Transfers Out	-	-	-	(1,844,943)	1,844,943
Total Other Financing Uses	-	-	-	(1,844,943)	1,844,943
REVENUES OVER (UNDER) OVER FINANCING USES OVER EXPENDITURES	$ (63,717)	$ -	(63,717)	(7,150,842)	7,087,125
Beginning Budgetary Fund Balance			37,460,986	(15,500,329)	52,961,315
Ending Budgetary Fund Balance			$ 37,397,269	$ (22,651,171)	$ 60,048,440

COQUILLE VALLEY HOSPITAL DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Year Ended June 30, 2025				
	Actual	Budgetary Adjustment	Budgetary Basis	Budget	Variance
EXPENDITURES					
Debt Service	$ 855,526	$ -	$ 855,526	$ 1,984,943	$ (1,129,417)
OTHER FINANCING SOURCES					
Operating Transfers In	-	-	-	1,844,943	(1,844,943)
EXCESS OF EXPENDITURES OVER OTHER FINANCING SOURCES	$ (855,526)	$ -	(855,526)	(140,000)	(715,526)
Beginning Budgetary Fund Balance			2,970,833	(555,454)	3,526,287
Ending Budgetary Fund Balance			$ 2,115,307	$ (695,454)	$ 2,810,761

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

Board of Directors
Coquille Valley Hospital District
Coquille, Oregon

We have audited the accompanying financial statements of Coquille Valley Hospital District (the District) as of June 30, 2025 and for the year then ended and have issued our report thereon dated December 16, 2025. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- The accounting systems and related internal control structure.
- The use of various depositories to secure the deposit of public funds.
- The requirements relating to debt, if any, and the limitation on the debt amount, liquidation of debt within the prescribed period of time, and provisions of indentures or agreements, including restrictions on the use of monies available to retire the indebtedness.
- The requirements relating to the preparation, adoption and execution of the annual budget for the current fiscal year and the preparation and adoption of the budget for the next succeeding fiscal year.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules, and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
December 16, 2025

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Coquille Valley Hospital District
Coquille, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities of Coquille Valley Hospital District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Coquille Valley Hospital District's basic financial statements, and have issued our report thereon dated December 16, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coquille Valley Hospital District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Bellevue, Washington
December 16, 2025

Attachment D

Exhibit 1.f.vi

HCMO-1c: Facilities and Location Form

Health Care Market Oversight (HCMO) Program
HCMO-1c: Facilities and Locations Form

List all health care facilities and locations associated with parties to the proposed material change transaction that currently operate in Oregon. Please add additional rows or pages as needed. Submit the completed form in a portable document form (pdf) to hcmo.info@oha.oregon.gov. This form will be published.

For each location, include the location or facility name, street address, services provided at the location, and service area zip codes. Service area refers to the smallest number of zip codes from which the location or facility draws at least 75% of its patients, based on home zip codes of patients. Add rows as needed for additional locations.

Locations associated with Party A

Entity Name: Coquille Valley Hospital District

Location/ Facility Name	Street Address	Services provided at location	Service area zip codes
Coquille Valley Hospital	940 E. 5th Street, Coquille, Oregon 97423	Hospital services--emergency care services; inpatient care services (hospitalist program, surgical services, swing bed rehabilitation services); and outpatient services (anticoagulation management, cardiopulmonary services, colonoscopy and endoscopy services, infusion center, laboratory, medical imaging, nutrition, and Senior Life Solutions).	97423, 97458
Coquille Clinic	790 E. 5th Street, Coquille, Oregon 97423	Primary care, orthopedics, wound care	97423, 97458