HCMO-1: Notice of Material Change Transaction

Attachment F

Detailed Information About Grande Ronde Hospital, Inc.

1. **Describe the Participating Entity.**
   a. **Describe the Participating Entity's business, including business lines or segments.**
   Grande Ronde Hospital, Inc. is a 501(c)(3) nonprofit corporation. It owns and operates Grande Ronde Hospital, a 25-bed critical access hospital located in La Grande, Oregon, as well as numerous outpatient care clinics. Grande Ronde Hospital, Inc.'s business lines or segments include behavioral health, cardiology, cardiopulmonary support services, dermatology, diagnostic imaging, emergency services, family birthing center, gynecology and obstetrics, hematology and oncology, home care services, infusion services, inpatient medical services, laboratory, neurology, nutrition services, orthopedics and sports medicine, otolaryngology (ENT), head and neck surgery, pediatrics, therapy (physical, speech, and occupational), podiatry, primary care, pulmonology, rheumatology, sleep medicine, surgical services, telehealth services, transitional/swing bed care, urgent care, urology, and wound care.

   b. **Describe the Participating Entity's governance and operational structure (including ownership of or by a health care entity)**
   Grande Ronde Hospital, Inc. is a 501(c)(3) nonprofit corporation with an elected board of 13 directors. The governance documents for Grande Ronde Hospital, Inc. are attached as **Attachment F, Exhibit 1.b.**

   c. **Provide a diagram or chart showing the organizational structure and relationships between business entities.**
   See **Attachment F, 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 F, 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 F, Exhibit 1.e**.

f. Describe and identify the Participating Entity's health care business. Provide responses to i-ix as applicable:

i. Provider type (hospital, physician group, etc.)
Grande Ronde Hospital, Inc. is a 501(c)(3) nonprofit corporation. It owns and operates Grande Ronde Hospital, as well as numerous outpatient care clinics.

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
Grande Ronde Hospital, Inc. has 805 employees and 684 FTEs (both in Oregon and overall).

v. Geographic areas served, both overall and in Oregon
Grande Ronde Hospital, Inc. serves Union County, Oregon, and the surrounding areas.

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

vii. Annual number of people served in Oregon, for all business, not just business related to transaction
Grande Ronde Hospital, Inc. served 26,000 people in 2025.

viii. Annual number of services provided in Oregon
Grande Ronde Hospital, Inc. annually handles about 211,000 health care encounters.

ix. For hospitals, number of licensed beds
Grande Ronde 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:
In 2021, Grande Ronde Hospital, Inc. acquired Blue Mountain Associates and Grande Ronde Recovery, a behavioral health practice.

a. **Legal names of all entities party to the transaction**
Grande Ronde Hospital, Inc. and Dr. Joel Rice

b. **Type of transaction**
Acquisition

c. **Description of the transaction**
Grande Ronde Hospital acquired Blue Mountain Associates and Grande Ronde Recovery in order to strengthen psychiatric/behavioral care in the region

d. **Date the transaction closed**
Fall 2021

Attachment F

Exhibit 1.b.

Governance Documents

Grande Ronde Hospital, Inc.

CORPORATE BYLAWS

Effective

December 13, 2019

GRANDE RONDE HOSPITAL, INC.
CORPORATE BYLAWS

ARTICLE ONE
CORPORATION

ARTICLE TWO
BOARD OF TRUSTEES

ARTICLE THREE

OFFICERS

ARTICLE FOUR

COMMITTEES

ARTICLE FIVE

PROFESSIONAL STAFF

ARTICLE SIX

GENERAL PROVISIONS

ARTICLE SEVEN

REVIEW AND AMENDMENT

ARTICLE EIGHT

RELATED ORGANIZATIONS

CORPORATE BYLAWS
OF
GRANDE RONDE HOSPITAL, INC.

1. **"ADVISOR"** means an individual with expertise in a pertinent area who is invited to meet with and assist the Board.
2. **"ALLIED PROFESSIONALS OR ALLIED HEALTH PROFESSIONALS"** means appropriately licensed specialists in a health-related field, such as advance practice nurses and physician assistants, who have been granted privileges by the Board to attend patients, but who are not members of the Professional Staff.
3. **"AD HOC COMMITTEE"** means a body created by the Board Chair, as needed, for the purposes of completing an assigned task(s) on behalf of the Board, and shall be dissolved upon completion of the assigned task(s).
4. **"BOARD" or "BOARD OF TRUSTEES"** means the governing body of Corporation.
5. **"BOARD CHAIR"** means the individual elected by the Board to serve as the Chair of the Board.
6. **"BOARD COMMITTEE"** means a body created by the Board which is authorized to exercise a designated portion of the authority of the Board.
7. **"BOARD COMMITTEE CHARTER"** is a Board approved document setting forth the Board Committee name, purpose, role, membership, qualifications, meetings, education, resources, authority and responsibilities for each Board Committee created by the Board.
8. **"CORPORATION"** means Grande Ronde Hospital, Inc., an Oregon non-profit corporation, which includes all businesses with a registered business name doing business as ("dba") as a service, department, clinic or entity that is wholly owned and operated by Corporation.
9. **"DIRECTOR"** shall mean a duly elected or *ex officio* voting member of the Board of Directors of the Grande Ronde Hospital Foundation or other related organization including Pioneer Health Assurance, Inc. and the Grande Ronde Hospital Auxiliary, Inc.
10. ***"EX OFFICIO"*** means appointment as an officer or service as a member of a body by virtue of the position held.
11. **"FAMILY MEMBER"** means a person's spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, and spouses of brothers, sisters, children, and grandchildren.
12. **"GRANDE RONDE HOSPITAL"** is a dba of Grande Ronde Hospital, Inc.
13. **"HEALTH ALLIANCE"** means the Grande Ronde Hospital-Saint Alphonsus Health System Alliance, which is a strategic affiliation between the two health systems.
14. **"HOSPITAL"** means Grande Ronde Hospital a dba of Grande Ronde Hospital, Inc.
15. **"INDEPENDENT TRUSTEE"** shall mean a Trustee who <u>at all times meets all three</u> of the following criteria: (a) the Trustee was not compensated during Corporation's tax year as an Officer or other employee of Corporation or of a Related Organization; (b) the Trustee did not

receive total compensation or other payments exceeding $10,000 during Corporation's tax year from Corporation or from Related Organizations as an independent contractor, other than reimbursement of expenses under an accountable plan or reasonable compensation for services provided in his or her capacity as a Trustee; and (c) Neither the Trustee, nor any Family Member of the Trustee, was involved in a transaction with Corporation (whether directly or indirectly through affiliation with another organization) that is required to be reported on IRS Form 990, Schedule L for Corporation's tax year, or in a transaction with a Related Organization of a type and amount that would be reportable on Schedule L if required to be filed by the Related Organization.

16. **"NON INDEPENDENT TRUSTEE"** shall mean a Trustee who fails to meet one or more of the Independent Trustee criteria set forth under the definition of Independent Trustee.

17. **"OFFICER"** shall mean the Chair, Vice-Chair and Secretary of the Board of Trustees of Corporation, Corporation's Chief Executive Officer (the "President/CEO"), the Chair, Vice-Chair, Secretary and Treasurer of the Board of Directors of the Grande Ronde Hospital Foundation, and the President, Vice-President, Secretary, Treasurer, and Assistant Secretary Treasurer of the Grande Ronde Hospital Auxiliary.

18. **"PHYSICIAN"** means an individual with a medical doctor ("MD") or doctor of osteopathy ("DO") degree who is fully licensed to practice medicine without restriction in the State of Oregon.

19. **"PROVIDER"** shall mean an appropriately licensed medical physician, osteopathic physician, dentist, podiatrist, advanced practice nurse or other health care professional licensed or otherwise legally permitted by the state to render independent medical judgment and patient care in an Oregon-licensed hospital without supervision or order of another class of professional.

20. **"PRESIDENT/CEO"** means the individual appointed by the Board to act on its behalf in the overall management and operation of Corporation, and shall serve as Corporation's principal officer and registered agent.

21. **"PRIVILEGES" or "CLINICAL PRIVILEGES"** means the rights granted to a provider to render certain authorized diagnostic, therapeutic, medical, dental, podiatric or surgical services at Corporation that have been specifically delineated to him or her.

22. **"PROFESSIONAL STAFF"** means the group of licensed physicians, dentists and podiatrists who hold appointments to the Active, Courtesy, Consulting and Honorary Staff at Corporation.

23. **"RELATED ORGANIZATION"** means an organization which stands in one or more of the following relationships to Corporation: a parent, a subsidiary, a brother/sister, or a supporting/supported organization. Related Organizations of Corporation are currently the Grande Ronde Hospital Foundation, the Grande Ronde Hospital Auxiliary, Inc., and Corporation's Professional Staff.

24. **"SPECIAL NOTICE"** means written notification: (a) sent by certified or registered mail, return receipt requested, dated the date of mailing and addressed to the affected individual at either the office or home address stated on his or her application for Professional Staff appointment, or such other address as is contained in Corporation's files relating to that person, with a copy concurrently placed in that person's mail box at Grande Ronde Hospital (if any); (b) delivery in person to the affected individual or his or her office, with delivery documented in writing by the

person making delivery; or (c) if the person is represented in the matter by legal counsel, delivery to that counsel's office by personal delivery or return-receipt-requested mail.

25. **"SUBSIDIARY"** shall mean a corporation for which Grande Ronde Hospital, Inc. is its sole member. Current subsidiaries include the Grande Ronde Hospital Auxiliary, Inc. and the Grande Ronde Hospital Foundation, both of which are Oregon not-for-profit corporations.

26. **"THIS STATE"** means the State of Oregon unless otherwise expressly provided.

27. **"TRUSTEE"** shall mean a duly elected or *ex officio* voting member of the Board of Trustees of Corporation.

ARTICLE ONE

CORPORATION

1.1 MEMBERS

Corporation shall have no members.

1.2 OFFICE

The principal office of Corporation shall be located at 900 Sunset Drive, La Grande, Oregon 97850. Corporation shall have and continuously maintain in this State a registered office and a registered agent whose office shall be identical with the registered office, and may have such other offices as the Board may determine from time to time. The current registered agent shall be the President/CEO and the current registered office shall be the principal office of Corporation.

1.3 POWERS OF CORPORATION

Corporation shall have and exercise such powers in furtherance of its purposes as are now or may hereafter be permitted by law and the Articles of Incorporation, as amended from time to time.

1.4 PURPOSE

Subject to the limitations set forth in the Articles of Incorporation, the purpose of Corporation shall be to own, develop, purchase, rent, lease, sell, dissolve, manage, operate, provide, maintain, merge with, affiliate with, collaborate with, enter into partnerships and joint ventures with, and contract with health-related corporations, businesses, services and facilities, such as nonprofit hospitals, provider clinics, immediate care and urgent care clinics, rehabilitation centers, diagnostic centers, therapeutic centers, rehabilitation centers, cancer centers, nursing homes, dispensaries, laboratories, home health and hospice agencies, and any other service or facility that furthers the prevention of illness, the promotion, protection, education, or restoration of health, the provision of health care, or the provision of support services to the infirm, elderly or other sick, distressed, injured or disabled persons, without regard to sex, , race, color, religion, national origin, disability, age, marital status, veteran status, sexual orientation, or any other basis protected by applicable federal, state, or local laws and the doing of all acts incidental thereto and/or in connection therewith.

ARTICLE TWO

BOARD OF TRUSTEES

2.1 POWERS OF THE BOARD

Except as otherwise provided by law, the Articles of Incorporation or these Corporate Bylaws, all governing powers of Corporation shall be exercised by or under the authority of its Board and its Board Committees when delegated authority by the Board, which shall do all things deemed necessary and expedient in the governance, management and control of the business and affairs of Corporation, including, without limitation, dissolving or selling Corporation, merging or affiliating Corporation with other health systems, creating and dissolving subsidiary corporations and joint ventures, establishing policies to guide the operation of Corporation, determining Corporation's program of service, selecting a qualified President/CEO, establishing mechanisms to ensure adherence to relevant statutory and regulatory requirements, fostering cooperation and collaboration, and establishing mechanisms for resolution of conflict within Corporation. The Board shall establish policies and mechanisms to assure the periodic disclosure by Trustees and Directors of potential sources of conflict of interest, to review the performance of the Board itself, to provide for the continuing education of Trustees and orientation of newly elected Trustees, and to assure Trustee attendance at seminars. The Board as a whole shall, as necessary, amend Corporation's Articles of Incorporation and Corporate Bylaws, approve formation of any new subsidiary and related organizations and approve their organizational documents. All officers, providers, employees and agents are subject to appointment, policies, procedures and removal by the Board.

2.2 DELEGATION OF AUTHORITY

In accordance with ORS 65.301(3), certain duties of the Board have been delegated to the President/CEO or the Professional Staff in the Articles of Incorporation, subject to the Board's retained power to review and override actions and to recall the delegation. In addition, the Board may delegate certain duties to Board Committees.

2.2.1 DELEGATION TO THE PRESIDENT/CEO

The Board delegates to the President/CEO the necessary authority for the management and operation of Corporation, subject to the policies enacted by the Board. The President/CEO shall be delegated authority to serve as the principal officer and registered agent of Corporation and act as the duly authorized representative of the Board in all matters except those in which the Board or these Corporate Bylaws have formally designated some other person or group to act.

2.2.2 DELEGATION TO THE PROFESSIONAL STAFF

The Board delegates to the Professional Staff the responsibility and duty to investigate and make recommendations relating to Professional Staff appointments, clinical privileges and corrective actions, and to assist in Performance Improvement ("PI") and other medically related obligations as provided in Section 5.2.1 and the Articles of Incorporation.

2.2.3 DELEGATION TO BOARD COMMITTEES

The Board shall delegate to Board Committees the necessary authority to conduct the responsibilities and duties as set forth in Board Committee charters, subject to the Board's right to recall or modify such delegations. All Board Committee charters and amendments of such charters are subject to Board approval.

2.3 BOARD SIZE AND COMPOSITION

2.3.1 SIZE

The Board of Trustees shall consist of not less than nine (9), but not more than thirteen (13) voting members. The exact number of the Board, which shall include *ex officio* members, shall be determined from time to time by the Board.

2.3.2 COMPOSITION

(a) **Elected Trustee Qualifications:** A candidate for Trustee must be at least eighteen years of age and have the ability and willingness to participate effectively in fulfilling the Board's responsibilities. Selection of a Trustee is made with no restriction as to sex, race, color, religion, national origin, disability, age, marital status, veteran status, sexual orientation, or any other basis protected by applicable federal, state or local laws.

(b) **Elected Trustee Skills and Experience:** The Board shall strive to elect members with skills and experience in hospitals and healthcare, governance, compliance, financial management, accounting, audit, compensation, patient care quality and safety, and community needs.

(c) **Elected Trustee Residence:** Trustees need not be residents of the State of Oregon or of Union County, Oregon. However, not less than sixty percent (60%) of the total number of Trustees, excluding *ex officio* Trustees, shall be residents of Union County, Oregon.

(d) ***Ex officio* Trustees:** The President/CEO of Corporation and the President of the Professional Staff shall be voting *ex officio* Trustees. The President/CEO and President of the Professional Staff shall not attend Executive Sessions of the Board during deliberations or voting for any topic which, in the sole discretion of the Board Chair, would pose a conflict of interest.

(e) **Independent Trustee Minimum:** At least one-half (1/2) of all Trustees serving on the Board, including *ex officio* Trustees, shall be Independent Trustees.

(f) **Professional Staff Trustee Maximum:** No more than twenty percent (20%) of all Trustees serving on the Board, including *ex officio* Trustees, shall be members of the Professional Staff.

2.4 TRUSTEE NOMINATION, ELECTION AND TERM OF OFFICE

2.4.1 NOMINATION

Elected Trustees shall be nominated in the manner provided by the Board consistent with implementing policies, procedures and criteria related to that subject.

2.4.2 ELECTION

The Board shall reelect or replace Trustees with expiring terms on the Board at its annual meeting, at least fifteen (15) days before the expiration of any Trustee's term, and the Board shall elect individuals to fill vacancies at such other times as vacancies may occur. Unless filling a vacancy, each elected Trustee takes office on January 1. If filling a vacancy, each elected Trustee takes office at the time of his or her election following a midterm vacancy.

2.4.3 ELECTED TRUSTEE TERM

Unless filling a midterm vacancy, each elected Trustee holds office for a term of three (3) years and until his or her successor is duly elected and qualified, unless he or she resigns sooner or is removed pursuant to Section 2.5. A Trustee elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office.

2.4.4 ELECTED TRUSTEE TERM LIMITS

Elected Trustees may serve no more than three (3) successive full terms but may be eligible for re-election after having been off the Board for at least one (1) year. Service during appointment for an unexpired term which exceeds one and one-half (1½) years shall be considered service for a full term.

2.4.5 *EX OFFICIO* TRUSTEE TERM

An *ex officio* Trustee participates on the Board solely by virtue of his or her official position. He or she remains an *ex officio* Trustee until he or she no longer holds a designated position which is the basis for *ex officio* membership.

2.5 TRUSTEE RESIGNATION AND REMOVAL

2.5.1 RESIGNATION

Any Trustee may resign at any time by giving written notice to the Board Chair or the Board Secretary. Such resignation shall not be made contingent on formal acceptance, and takes effect on the date of receipt or at any later time specified in it.

2.5.2 REMOVAL

Any elected Trustee may be removed at any time, with or without cause, upon the affirmative vote of a majority of the Trustees then in office.

2.6 BOARD VACANCIES

Vacancies in elected Trusteeship due to death, removal, resignation, loss of qualifying status, an increase in the authorized number of Trustees or otherwise shall be filled by vote of the Board from the slate of nominated individuals.

2.7 ADVISOR AND GUEST ATTENDANCE AT MEETINGS

The Board or the Board Chair may invite additional individuals with expertise in a pertinent area ("Advisors") to meet with and assist the Board. The President-elect of the Professional Staff, the Executive Director of Patient Care and the Senior Director of Finance, shall routinely attend

Board meetings as Advisors, unless excused by the Board Chair. When deemed appropriate by the Board Chair, guests who do not have specific expertise in a pertinent area may attend meetings of the Board. Advisors and guests shall not vote or be counted in determining the existence of a quorum and shall not attend Executive or Peer Review Sessions unless invited by the Board Chair to attend and provide input on a specific issue to be discussed. Attendance by advisors and guests shall be without compensation unless prior arrangements have been approved by the Board Chair or President/CEO.

2.8 TRUSTEE ATTENDANCE AT MEETINGS

All Trustees are expected to attend Board meetings and continuing education programs, and all newly elected Trustees shall be required to attend orientation meetings. Each Trustee or voting member of a Board Committee is expected to attend at least fifty percent (50%) of the Board meetings, Board Committee meetings and continuing education programs, as applicable, held during each calendar year.

2.9 BOARD MEETINGS

2.9.1 ANNUAL MEETINGS

The Board shall meet annually for the purposes of preparing itself to conduct business for the succeeding calendar year and conducting such other business as may come before the meeting. The December meeting of the Board shall be the annual meeting of the Board.

2.9.2 REGULAR MEETINGS

Regular meetings of the Board shall be held at least four (4) times per year at a time determined by the Board Chair and President/CEO. These meetings may be canceled upon notice by the Board Chair if such notice is delivered to the members not later than twenty-four (24) hours before such meeting.

2.9.3 SPECIAL MEETINGS

Special meetings of the Board may be called by the Board Chair, and must be called upon oral or written request delivered to the Board Chair or President/CEO by three (3) or more Trustees.

2.9.4 BOARD RETREATS AND WORKSHOPS

Upon the determination of the Board Chair or a majority of Trustees, a Board retreat or workshop may be scheduled to either precede or follow a regular business meeting of the Board or as a separate event not called for consideration or action on regular business items. The Board Chair shall determine whom, if anyone, in addition to Trustees shall be invited to attend a specific retreat or workshop, based on the purpose and subject matter to be addressed.

2.9.5 MEETING PLACE

All meetings of the Board are held at the principal office of Corporation or at such other time or place within or outside this State as the Board Chair may choose. Board retreats and workshops may be held at any location within the United States, as the majority of Trustees may choose.

2.9.6 EXECUTIVE SESSION

Upon the determination of the Board Chair or a majority of Trustees, the Board may meet in Executive Session for all or part of a meeting. Only the following persons shall be permitted to attend an Executive Session of the Board: Trustees, except certain Trustees may not be present during deliberations or voting for any topic which, in the sole discretion of the Board Chair, would pose a conflict of interest; the person assigned to take minutes; and advisors and guests, invited by the Board Chair to participate in the discussion of a specific topic and only if such participation would not pose a conflict of interest. Minutes of Executive Sessions shall be distributed for approval only to Trustee members of the Board who were permitted to attend the Executive Session, and redacted minutes shall be distributed to Trustees excused from deliberations or voting on any topic.

2.9.7 PEER REVIEW SESSION

Upon the determination of the Board Chair or a majority of the Trustees, the Board may meet in Peer Review Session for all or part of a meeting, to discuss privileged and confidential peer review matters as defined under ORS 41.675. Only the following persons shall be permitted to attend a Peer Review Session of the Board or a Board Committee: Trustees without a conflict of interest relating to a topic of discussion, the person assigned to take minutes, and advisors and guests invited by the Board Chair to participate in the discussion of a specific topic and only if such participation would not pose a conflict of interest. Minutes of Peer Review Sessions shall be distributed for approval only to the Trustees who were not excluded from the Peer Review Session because of a conflict of interest.

2.10 RULES OF PROCEDURE

2.10.1 CONTINUANCE

When a meeting is continued, it is not necessary to give any notice of the continued meeting or the business to be transacted at any continued meeting to those in attendance other than by motion or consensus adopted at the meeting at which such continuance is taken and included in the minutes. If the business to be transacted is not completed and the meeting is continued, a reasonable attempt shall be made to give actual notice of the time and place of the continued meeting to all Trustees not in attendance at the time of that determination.

2.10.2 QUORUM

(a) **Annual, Regular or Special Meetings:** Unless a greater or lesser number is required by law, the current Articles of Incorporation or these Corporate Bylaws, a majority of Trustees then in office constitutes a quorum for the transaction of business at any annual, regular or special meeting of the Board.

(b) **Executive Session Meetings:** For any meeting of the Board held in Executive Session, a majority of Trustees without a conflict of interest then in office constitutes a quorum for the transaction of business.

(c) **Peer Review Session Meetings:** For any meeting of the Board held in Peer Review Session, a majority of Trustees without a conflict of interest then in office constitutes a quorum for the transaction of business.

2.10.3 PARTICIPATION BY AUDIO OR AUDIO-VISUAL CONFERENCE

Annual, regular or special meetings may be held by audio or audio-visual conference when requested by the Board Chair, or individual Trustees may participate in Board meetings by audio or audio-visual means. Participation in a Board meeting by audio or audio-visual means will comply with the quorum requirements of Section 2.10.2 if all persons participating are able to concurrently hear the discussions of all other persons participating.

2.10.4 VOTING

(a) **Voting at Meetings:** Each Trustee is entitled to one vote on any matter at a meeting of the Board or any Board Committee of which the Trustee is a member. A Trustee must be present, or on line if participating by audio or audio-visual conference, at the time a vote is called for in order to vote. Voting orally by audio or audio-visual means shall be valid.

(b) **Voting by E-mail:** Board action may be taken by e-mail polling of Trustees, only when the Board Chair (or Committee Chair in the case of Board Committee meetings), in his or her sole discretion, determines that a decision is urgent and a meeting is not feasible. When voting by e-mail is authorized, an e-mail shall be sent to each Trustee who is eligible to vote, requesting a return delivery receipt. The e-mail shall indicate the topic to be voted on, voting instructions, and a prescribed deadline for responses, and may include attached documents relating to the topic. Any vote received by e-mail shall be printed out, verifying it was received and substantiating that it was sent by the trustee whose name appears on it. Trustees may also provide a written response to an e-mail poll in lieu of sending an e-mail. E-mailed votes, including any written response to an e-mail poll, shall be summarized in the form of minutes, which shall be reviewed at the next regular meeting and subsequently filed (including printed copies of e-mail votes and any written responses attached) with the proceedings of the Board or

Board Committee. Such action by e-mailed vote, if unanimous, shall have the same force and effect as a vote of the Trustees at a meeting of the Board or any Board Committee and may be described as such in any document. Any email vote that is not unanimous must be referred to the Board or respective Board Committee for final action at their next regular meeting.

(c) **Voting by Telephone Poll:** Telephone polling of Board or Board Committee members is not permitted as a means of transacting business.

(d) **Voting by Proxy:** Voting by proxy at any meeting or e-mail vote is not permitted as a means of transacting business.

(e) **Voting in Advance:** Voting in advance of any meeting or e-mail poll is not permitted as a means of transacting business.

2.10.5 ACTIONS OF THE BOARD

Unless otherwise required by law, the Articles of Incorporation or these Corporate Bylaws, the act of a majority of the Trustees voting pursuant to Section 2.10.4 on a matter at which a quorum is established shall be the act of the Board.

2.10.6 RULES OF ORDER

Meetings of the Board and Board Committees may be conducted without strict adherence to formal rules of order.

2.10.7 MANNER OF NOTICE

Absent an emergency, notice of the time and place of any meeting of the Board shall be given to each Trustee, not less than three (3) days before such meeting. Such notice to be given as follows:

(a) **Written Notice:** Whenever notice of a meeting of the Board or a Board Committee is required to be given to any person by law or these Corporate Bylaws, it may be given to such person in writing, either in person or by sending a copy thereof by first class mail, postage prepaid, charges prepaid, to his or her address appearing on the books of Corporation or supplied by him or her to Corporation for the purpose of notice. If the written notice is sent by mail, it is deemed to have been given to the person when deposited in the United States mail for transmission to such person, provided such deposit occurs soon enough to reasonably assure receipt at least three (3) days prior to the meeting.

(b) **E-mail Notice:** Any required notice of a meeting of the Board or a Board Committee may also be given by e-mail, and it shall be deemed to have been given to the person when a return delivery receipt is received by e-mail.

(c) **Oral Notice:** Any required notice of a meeting of the Board or a Board Committee may also be given orally in a manner reasonably calculated to give actual notice of such meeting.

(d) **Special Notice:** Special notice, as defined and required by the Discipline and Fair Hearing Plan for the Professional Staff of Corporation, shall be given in the manner specified therein.

(e) **Emergency Notices:** Emergency meetings of the Board or any Board Committee may be held upon written or oral notice, delivered in a manner reasonably calculated to give actual notice of such meeting, of the place, day and hour of the meeting and the nature of the matters to be discussed at such meeting.

2.10.8 CONTENT OF NOTICE

A notice of meeting, whether written or oral, shall specify the place, day and hour of the meeting and the business for which the special meeting has been called. Delivery of a Board meeting agenda specifying the place, day and hour of the meeting shall be an acceptable form of written notice. No business other than that stated in the notice may be transacted at special meetings of the Board.

2.10.9 WAIVER OF NOTICE

(a) **In Writing:** Whenever any notice is required, a waiver thereof in writing, stating the meeting for which notice is waived, signed by the person or persons entitled to such notice, whether before or after the time stated therein, is deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of a meeting need be specified in the waiver of notice of such meeting, except the waiver of notice of a special meeting of the Board shall specify the general nature of the business to be transacted.

(b) **By Attendance:** Attendance in person or by oral or audio-visual conference at any meeting constitutes a waiver of notice of such meeting, except when the person attending the meeting objects, at the beginning of the meeting or promptly upon his or her arrival, to the holding of the meeting or transaction of any business because the meeting was not lawfully called or convened and does not thereafter vote for or assent to any action taken at the meeting.

(c) **By E-mail:** Response by e-mail or in writing to a notice by e-mail constitutes a waiver of notice of such meeting, except when the person objects to the e-mail poll or transaction of any business because the e-mail poll was not lawfully conducted and does not vote for or assent to any action taken by e-mail.

ARTICLE THREE
OFFICERS

3.1 ELECTED OFFICERS

The elected officers of Corporation shall be a Chair, a Vice-Chair, and a Secretary. Such officers shall hold the titles of Board Chair, Board Vice-Chair, and Board Secretary.

3.1.1 NOMINATION

Officers of Corporation shall be nominated in the manner provided by the Board consistent with implementing policies, procedures and criteria related to that subject.

3.1.2 ELIGIBILITY

Only Independent Trustees are eligible to serve as elected officers of Corporation.

3.1.3 ELECTION AND TENURE

The Board elects the Board Chair, Board Vice-Chair, and Board Secretary at its annual meeting to assume office January 1 or at such other time as a vacancy occurs. Except as otherwise provided in Section 3.1.4 or Section 3.1.5, each elected officer holds office for a two-year term and until his or her successor is elected, provided, however, that when an elected officer's term as a Trustee expires prior to the expiration of his or her term as an officer, the term as an officer shall terminate at the same time as the term as Trustee. Elected officers shall be selected from the Independent Trustees of Corporation.

3.1.4 RESIGNATION

Any elected officer may resign at any time by giving written notice to the Board Chair or to the Board Secretary. Such resignation shall not be made contingent on formal acceptance, and takes effect on the date of receipt or at any later time specified in the notice.

3.1.5 REMOVAL

Any elected officer may be removed at any time, with or without cause, upon the affirmative vote of a majority of the Trustees then in office.

3.1.6 VACANCIES

A vacancy in any elected office shall be filled by the Board for the unexpired portion of the term.

3.1.7 DUTIES

The elected officers of the Board shall perform all duties incident to their elected offices, as set forth in Board-approved job descriptions, and such other duties as may be prescribed by the Board from time to time.

3.2 APPOINTED OFFICERS

The sole appointed officer of Corporation shall be the President/CEO who is selected and appointed by the Board, and shall hold the titles of Corporate President and Corporate Chief Executive Officer ("President/CEO"). The President/CEO shall serve as the principal officer of Corporation.

3.2.1 APPOINTMENT

The Board shall employ the President/CEO who shall, subject to policies and directives determined by the Board, be responsible for the general operation of Corporation and be its direct representative in the management of Corporation. The President/CEO shall be qualified for his or her responsibilities through education and experience.

3.2.2 RESIGNATION

The President/CEO may resign at any time by giving one-hundred-twenty (120) days written notice to the Board Chair or to the Board Secretary. Such resignation shall not be made contingent on formal acceptance, and takes effect on the date specified in the notice.

3.2.3 REMOVAL

The President/CEO may be removed at any time, with or without cause, upon the affirmative vote of a majority of Trustees then in office, with such termination effective on the date specified in the motion. Removal shall be without prejudice to the contract rights, if any, of the President/CEO.

3.2.4 DUTIES

The President/CEO shall perform all duties incident to his or her appointed position and office, as set forth in a Board-approved job description, and such other duties as may be prescribed by the Board from time to time.

ARTICLE FOUR

COMMITTEES

4.1 BOARD COMMITTEES

4.1.1 CREATION

The Board may create one or more Board Committees, as needed, for the purpose of conducting the work of the Board.

4.1.2 CHARTERS

Each such Board Committee shall have its own Board-adopted charter, which may be amended by the Board. Board Committee charters shall include the following details: committee name, purpose, role, membership, qualifications, meetings, education, resources, authority and responsibilities.

4.1.3 MEMBERSHIP

The membership of each such Board Committee shall consist of three or more Trustees, all of whom shall meet the qualification and, when applicable, the Independence requirements established by the Board.

4.1.4 APPOINTMENTS

The Board shall appoint the members of each Board Committee and the chair, and may remove the chair or any member from a Board Committee at any time with or without cause.

4.1.5 POWERS

Board Committees shall, to the extent provided in said Committee's Board-approved charter, have specified authority to exercise the powers of the Board in the affairs of Corporation, except no such Board Committee shall have authority to:

(a) Amend their charter or operate outside their charter;

(b) Appoint the Board Committee chair or fill a Board Committee member vacancy;

(c) Appoint or replace Board officers or the President/CEO;

(d) Appoint or replace Trustees;

(e) Amend the Articles of Incorporation; or

(f) Adopt, amend or repeal the Corporate Bylaws.

4.1.6 CHAIR AUTHORITY

Board Committee chairs shall have delegated authority to exercise certain powers of the Board which correspond with the Board duties and authority delegated to the Committee, including:

(a) Call meetings of the Committee and cancel meetings of the Committee upon providing the members with notice, if such notice is delivered to the members not later than three (3) days before such meeting;

(b) Call Executive and Peer Review Sessions of the Committee;

(c) Set the time of Committee meetings to be held at the principal office of Corporation, or authorize such other time or place as he or she may choose within or outside this State;

(d) Request meetings be held by audio or audio-visual conference;

(e) Request action be taken without a meeting of the Committee by e-mail polling of members;

(f) Invite Advisors and guests to meet with and assist the Committee or to provide input on a specific issue to be discussed and, if appropriate, authorize the attendance of such Advisors and guests at Executive and Peer Review sessions of the Committee; and

(g) Excuse members of the Committee and guests from any meeting or portion of a meeting and from Peer Review and Executive Sessions whenever, in the sole discretion of the chair, their attendance would pose a conflict of interest.

(h) Form and delegate authority to one or more subcommittees composed of Committee members and other individuals as appropriate, which shall be advisory to the Committee and have no delegated authority to act on behalf of Corporation, the Board Chair or Committee Chair.

4.1.7 RULES

Each Board Committee may hold meetings and appoint such sub-committees as it shall from time to time deem necessary. Board Committees shall be governed by the same rules of procedure as set forth in Section 2.10.

4.1.8 DISSOLUTION

The Board shall have the power to dissolve any such Board Committee at any time its services are no longer needed.

4.2 AD HOC COMMITTEES

4.2.1 CREATION

The Board Chair may create one or more Ad Hoc Committees, as needed, for the purposes of completing an assigned task(s) on behalf of the Board, and shall be dissolved upon completion of the assigned task(s).

4.2.2 MEMBERSHIP

The membership of each such Ad Hoc Committee shall consist of two (2) or more Trustees.

4.2.3 APPOINTMENTS

The Board Chair shall appoint the members of each Ad Hoc Committee and the chair. The Board Chair may remove the chair or any member from an Ad Hoc Committee at any time with or without cause.

4.2.4 POWERS

Ad Hoc committees shall operate under the authority and direction of the Board Chair and need not have a charter. Ad Hoc Committees shall make recommendations to the

Board and shall have no power to act on behalf of the Board, unless specifically delegated authority by the Board to act on its behalf.

4.2.5 CHAIR AUTHORITY

Ad Hoc Committee chairs shall have the same authority as Board Committee chairs, pursuant to Section 4.1.6.

4.2.6 RULES

Each Ad Hoc Committee shall be governed by the same rules of procedure as set forth in Section 2.10.

ARTICLE FIVE

PROFESSIONAL STAFF

5.1 ORGANIZATION

All providers awarded appointment to the Professional Staff and clinical privileges to regularly provide services to Corporation's patients shall be organized with respect to his or her practice in such manner as to assist the Board in performing its credentialing, professional discipline, quality assurance, and other medically related obligations.

Appointment to the Professional Staff is a prerequisite to the exercise of clinical privileges, except for those exercising temporary privileges, limited outpatient clinical privileges, emergency privileges, and privileges granted to Allied Professionals, or as otherwise specifically provided in the Policies for the Professional Staff of Corporation. The method of selecting the Professional Staff administrative officers (including President of the Professional Staff, department chairs and committee chairs) shall be as provided in the Policies for the Professional Staff of Corporation.

5.2 PROFESSIONAL STAFF MEMBERSHIP AND CLINICAL PRIVILEGES

5.2.1 DELEGATION TO THE PROFESSIONAL STAFF

The Board has delegated to the Professional Staff certain responsibilities and authority in accordance with Article V of Corporation's Articles of Incorporation, including systematic evaluation of provider performance against explicit, pre-determined criteria; on-going monitoring of critical aspects of care and unexpected clinical occurrences; review of utilization of the Corporation's clinical resources; arrangements for the provision of continuing professional education; preliminary investigation and recommendations regarding the delineation of clinical privileges for appointees; management of clinical affairs, including enforcement of clinical policies and consultation requirements; initiation of disciplinary actions and monitoring; and such other measures as the Board deems necessary for preservation and improvement of the quality, safety and efficiency of patient care. The Board shall require that the Professional Staff Executive Committee or Credentials Committee forward to the Board specific written recommendations with appropriate supporting documentation that will allow it to take informed action, as provided in the Policies for the Professional Staff of Corporation and the Discipline and Fair Hearing Plan for the Professional Staff of Corporation.

5.2.2 ACTION BY THE BOARD

Final action on all matters relating to Professional Staff appointments, clinical privileges and corrective action are taken by the Board or its delegate in the case of limited outpatient clinical privileges and temporary privileges after considering the Professional Staff or administrative recommendations, provided that the Board may act if the Professional Staff fails to adopt and submit any such recommendation within the time provided in the Policies for the Professional Staff of Corporation, Discipline and Fair Hearing Plan for the Professional Staff of Corporation or related documents. Such Board action in matters concerning Professional Staff and Allied Health Professional appointments without a Professional Staff recommendation shall be based on the same kind of documented investigation and evaluation of current ability, judgment, and character as is required for Professional Staff recommendations. Only those Trustees who are not members of Corporation's Professional Staff may vote on matters relating to Professional Staff appointments, clinical privileges and corrective action.

5.2.3 CRITERIA FOR BOARD ACTION

In acting on matters relating to Professional Staff appointments and in granting and defining the scope of clinical privileges to be exercised by each provider, the Board considers the Professional Staff's recommendations as provided in the Policies for the Professional Staff of Corporation, the supporting information on which they are based, the criteria set forth in the Policies for the Professional Staff of Corporation, Rules and Regulations for the Professional Staff of Corporation, and the Discipline and Fair Hearing Plan for the Professional Staff of Corporation, and the purposes, needs, best interests and capabilities of Corporation and the communities it serves. No aspect of appointments or specific clinical privileges shall be limited or denied to a provider based on race, color, religion, sex, national origin, age, marital status, veteran status, or because of a handicap which does not impair the person's ability to carry out professional responsibilities. Only Professional Staff appointees with admitting privileges may admit patients. Professional Staff appointees shall act only within the scope of his or her clinical privileges.

5.2.4 TERMS AND CONDITIONS OF PROFESSIONAL STAFF APPOINTMENTS AND CLINICAL PRIVILEGES

The terms and conditions of appointment to the Professional Staff, and of the exercise of clinical privileges, shall be as specified in the Policies for the Professional Staff of Corporation, Rules and Regulations for the Professional Staff of Corporation, and the Discipline and Fair Hearing Plan for the Professional Staff of Corporation.

5.2.5 PROCEDURE

The procedure to be followed by the Professional Staff in acting on matters of appointment to the Professional Staff, clinical privileges, and corrective action shall be substantially as specified in the Policies for the Professional Staff of Corporation, Rules and Regulations for the Professional Staff of Corporation, and the Discipline and Fair Hearing Plan for the Professional Staff of Corporation. In all such matters, the committees of the Professional Staff and all of their representatives and consultants are assisting the Board of Trustees in professional review activity.

5.2.6 REVIEW AND AMENDMENT OF POLICIES FOR THE PROFESSIONAL STAFF OF CORPORATION

The Board shall annually consider recommended revisions of the Policies for the Professional Staff of Corporation, Rules and Regulations for the Professional Staff of Corporation, and the Discipline and Fair Hearing Plan for the Professional Staff of Corporation for conformance to current practice, law and accreditation requirements.

(a) **Initiated by Professional Staff:** The Professional Staff may initiate amendments to the Policies for the Professional Staff of Corporation by giving all Professional Staff appointees entitled to vote notice that a proposal to change provisions on a stated subject will be considered at a specified meeting or by mail ballot of the Professional Staff. A majority vote of a quorum of the individuals appointed to the Professional Staff who are entitled to vote under the then-current Policies for the Professional Staff of Corporation, or a majority or votes cast by mail ballot, shall be required to forward a proposal for amendment to the Board or to constitute Professional Staff approval of a proposal initiated by the Board as provided below. Acceptance shall not be withheld if repeal, amendment, or adoption is mandated by law, statute or regulation, is necessary to obtain or maintain accreditation or to comply with fiduciary responsibilities, if failure to approve would subvert the stated moral or ethical purposes of Corporation, or if refusal to approve would be otherwise unreasonable.

(b) **Initiated by the Board:** The Board may initiate proposed amendments to the Policies for the Professional Staff of Corporation, and any such proposal shall be referred to the Professional Staff for approval prior to adoption by the Board.

(c) **Adoption by the Board:** An amendment approved by the Professional Staff will be effective when adopted by the Board.

(d) **Approval by the Professional Staff:** An amendment proposed by the Board is effective upon approval by the Professional Staff or when its failure to approve after opportunity to do so is determined by the Board to violate the conditions which preclude withholding of acceptance set forth in Section 5.2.6(a).

5.3 FAIR HEARING PLAN

5.3.1 PROCEDURE

The Board shall require that any disciplinary recommendation made or disciplinary action taken by the Executive Committee of the Professional Staff or the Board shall be accomplished substantially in accordance with the Board-approved Discipline and Fair Hearing Plan for the Professional Staff of Corporation then in effect. This requirement shall include, but not be limited to, any adverse recommendation or adverse action taken with regard to a Provider's, reappointment, department or other clinical unit affiliation, Professional Staff category, admitting prerogatives or clinical privileges. Such plan shall provide for procedures to assure fair treatment and afford opportunity for the presentation of pertinent information. For the purposes of this Section, an "adverse recommendation" of the Professional Staff Executive Committee and an "adverse action" of the Board shall be as defined in the Policies for the Professional Staff of Corporation, Rules and Regulations for the Professional Staff of Corporation, and the Discipline and Fair Hearing Plan for the Professional Staff of Corporation.

5.3.2 AMENDMENTS TO DISCIPLINE AND FAIR HEARING PLAN

(a) **Amendment Proposals:** Amendments to the Discipline and Fair Hearing Plan for Professional Staff of Corporation may be proposed by either the Board or the Executive Committee of the Professional Staff.

(b) **Amendments Proposed by Executive Committee:** An amendment to the Discipline and Fair Hearing Plan proposed by the Executive Committee of the Professional Staff shall be effective when the amendment receives a majority vote of those present and voting at a Professional Staff meeting with an appropriate quorum, or those voting by mail ballot, and is approved by the Board.

(c) **Amendments Proposed by the Board:** A proposal by the Board is effective upon approval by the Professional Staff by majority vote at a meeting with an appropriate quorum or on a mail ballot, or upon failure to approve after reasonable opportunity to do so, if the failure is determined by the Board to be a withholding of approval under circumstances when approval may not be withheld or otherwise unreasonable. Approval shall not be withheld if repeal, amendment, or adoption is mandated by law, statute or regulation, is necessary to obtain or maintain accreditation or to comply with fiduciary responsibilities, if failure to approve would subvert the stated moral or ethical purposes of the institution, or if the Board determines refusal to approve would be otherwise unreasonable.

(d) **Effective Date:** Amendments shall be effective as of the date specified by the Board or upon all necessary approvals if no date is specified.

5.3.3 NOTICE FOLLOWING AMENDMENT

Any significant amendment to the Policies of the Professional Staff of Corporation or to the Discipline and Fair Hearing Plan of the Professional Staff of Corporation shall be promptly distributed to all individuals holding Professional Staff appointment or clinical privileges.

5.4 RELATIONSHIP BETWEEN CONTRACTS AND CLINICAL PRIVILEGES

The contractual rights, if any, of an administrative officer or provider providing services at Corporation pursuant to a contract shall be governed by such individual's written contract with Corporation. Termination of an individual's clinical privileges shall automatically constitute a breach and grounds to terminate any contract which requires clinical privileges in order to carry out its terms.

5.5 PERFORMANCE IMPROVEMENT

The Professional Staff, through its Executive Committee, shall make recommendations to the Board regarding Performance Improvement activities of the Professional Staff as well as the process used to oversee, evaluate and revise such activities. The Board shall require the Professional Staff to have a procedure for reviewing the quality and safety of patient care provided by members of the Professional Staff and all other individuals who provide patient care and services. The Board, through the President/CEO, shall be responsible for providing the Professional Staff with the administrative assistance necessary to conduct Performance Improvement activities in accordance with Corporation's Performance Improvement Plan.

ARTICLE SIX

GENERAL PROVISIONS

6.1 REPORTS AND PLANS

6.1.1 PRESIDENT/CEO REPORTS

The President/CEO or his or her designee shall submit to the Board various reports and plans which, in the aggregate, shall contain without limitation:

(a) A current Corporation organizational chart, a list of the trustees and officers of Corporation and their contact information, and a list of the members of each Board Committee, all updated as changes occur.

(b) Audited financial statements following the close of each fiscal year of Corporation, with monthly interim financial reports

(c) A proposed capital budget and an operating budget prior to the beginning of each fiscal year of Corporation, with periodic progress reports on major capital projects

(d) A strategic plan with goals and measurable strategies prior to the beginning of each fiscal year of Corporation, with quarterly reports and updates to the plan.

(e) A Facilities Master Plan with periodic updates.

(f) A summary of regulatory and accreditation survey results and corrective action plans.

6.1.2 PROFESSIONAL STAFF REPORTS

The Professional Staff, through its President, shall submit to the Board or appropriate Board Committee various reports and recommendations including:

(a) A Performance Improvement Plan, containing adequate provisions for planning, prioritizing, systematically assessing performance, implementing improvement activities, and maintaining improvements, and allocating adequate resources to support training and conduct of assessment and improvement functions.

(b) Performance Improvement Committee reports, with the nature and the frequency of submission consistent with Corporation's Performance Improvement Plan.

(c) Credentials Committee reports and recommendations regarding Professional Staff appointment, reappointment and the delineation of clinical privileges for appointees following each Medical Executive Committee meeting at which such recommendations are made.

(d) Reports from any ad hoc committees of the Professional Staff having responsibilities in credentialing, corrective action, and other forms of peer review, continuing medical education, and other professional review or quality assurance activities.

6.2 INDEMNIFICATION, INSURANCE, AND DISCLOSURE OF PERSONAL INFORMATION

6.2.1 INDEMNITY

Corporation shall have authority to indemnify to the fullest extent permitted by the provisions of Oregon nonprofit corporation statutes (particularly ORS 65.387 through 65.414) any person who is or was made, or threatened to be made, a party to an action, suit or proceeding, whether civil, criminal, administrative, investigative or otherwise (including an action, suit or proceeding by or in the right of Corporation), by reason of the fact that the person is or was a Trustee, Director, officer, employee or agent of Corporation or is or was serving at the request of Corporation in such a capacity in some other entity, for judgments, fines, reasonable amounts paid in settlement and reasonable costs of defense in connection with such actions; provided, however, that:

(a) No such indemnity shall be granted to any person adjudged liable in a derivative action or adjudged liable in any proceeding on the basis that improper personal benefit was received by that person unless and to the extent the court in which such action was brought determines that the person is fairly and reasonably entitled to indemnity under all of the circumstances or the amount to be paid is covered by insurance procured by Corporation;

(b) No such indemnity shall be granted to any person in breach of his or her duty of loyalty to Corporation, guilty of intentional misconduct or knowing violation of law, guilty of acts or omissions not in good faith, who received an illegal loan from Corporation, illegal corporate guarantee of a personal obligation or other improper personal benefit, who authorized an unlawful distribution, who acted with an undisclosed conflict of interest to approve a transaction which was not fair to Corporation, or for any claim for reimbursement for any penalty, sanction or tax based on a knowing or willful participation in or authorization of an Excess Benefit Transaction as defined by laws and regulations applicable to tax-exempt organizations;

(c) To the extent the indemnification is neither mandatory under the relevant law nor covered by insurance procured by Corporation, the classes of persons entitled to indemnification (Trustees, Directors, officers, employees or agents or any subcategories thereof) and the relationship of indemnification under this provision to other rights of indemnification or coverage (including insurance procured by the person) shall be only as determined from time to time by Board resolution, and all issues of individual entitlement to and amount of indemnification under particular factual circumstances shall be determined in accordance with the provisions of ORS 65.387 through 65.414 of the Oregon nonprofit corporation law or the comparable section of statutes in effect at the time of the demand.

(d) Twenty days before any payment of indemnity may be made to or for the benefit of a Trustee, Corporation shall deliver notice to the Attorney General of its intent to make the payment.

6.2.2 ADVANCE OF DEFENSE COSTS

When it appears to Corporation's satisfaction that a person is or will be entitled to indemnity under Section 6.2.1 hereof, Corporation shall advance or reimburse the reasonable out-of-pocket expenses of defense (including attorneys' fees) actually and reasonably incurred by that person in defense of the action, suit or proceeding, upon the person's compliance with the terms of ORS 65.397 or the comparable section of the statutes in effect at the time of the advance; provided, however that:

(a) This section shall not apply to the extent costs of defense are required to be advanced under the terms of any other indemnity agreement, insurance or right held by the person which is not provided by or through Corporation (including any insurance policy not procured by Corporation); and

(b) When Corporation is obligated to advance expenses of defense under this section, Corporation shall have the right to designate or approve counsel, major items of expense, and any proposed settlement, in advance.

6.2.3 INSURANCE

It shall be the policy of Corporation to attempt to obtain and maintain in effect a policy or policies of insurance covering identity theft (if available) and errors and omissions of Trustees and officers of Corporation in such amounts, with such deductibles and exclusions as shall be deemed reasonably available and practical in light of Corporation's resources, and the advice of Corporation's insurance agent(s) as to coverage currently available and its cost, as evaluated by the Board from time to time.

6.2.4 TRUSTEE DISCLOSURE OF PERSONAL INFORMATION

Upon becoming a member of the Board, Trustee must disclose certain personal information including full name, date of birth, social security number, birth state or province, and driver's license number, state of issue, and expiration date. Disclosure of such information to limited third party business partners is necessary for Corporation to be compensated for care provided to its patients and also as required by state and federal government.

6.3 CONFLICTS OF INTEREST

6.3.1 POLICY, ANNUAL ACKNOWLEDGMENT AND AGREEMENT

(a) A copy of the Board's current Conflicts of Interest Policy shall annually be distributed to each Trustee and each other person holding a position of significant influence in Corporation. Such policy shall be reviewed annually to assure compliance with tax-exempt organization requirements promulgated by the IRS and shall be formulated in such a way as to permit Corporation and its advisers to establish the propriety of all business transactions between Corporation and individuals with conflicts of interest, and to avoid liability for intermediate sanctions under laws and regulations applicable to tax-exempt organizations.

(b) Each such person shall annually submit written acknowledgment he or she understands that Corporation is a charitable organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes, and written acknowledgment that he or she has received, understands and agrees to comply with by the Conflicts of Interest Policy. The annual form shall also require each such person to provide information about potential conflicts of interest, including: a list of all family members employed by Corporation, all direct and indirect business relationships (including family) with Corporation, and all financial interests with Corporation. Such information will be used by Corporation to determine Trustee independence and whether or not such person has a conflict of interest which might foreseeably influence Board appointments and preclude participation in Board and Board Committee actions. Such signed agreements shall be filed with the Board Secretary.

6.3.2 DISCLOSURE OF POSSIBLE CONFLICTS BY INDIVIDUALS

The Board of Trustees has adopted a Conflicts of Interest Policy which includes requirements for advance disclosure and resolution of possible conflicts of interest and approval of business transactions involving certain individuals (including but not limited to Board of Trustee members). All such individuals covered by that policy shall strictly abide by its requirements.

6.4 CORPORTATE DISCLOSURE

The Board shall require that Corporation comply fully with all laws, rules and regulations requiring identification of the true ownership and control of entities providing health care and of interrelationships of such organizations, and with IRS Regulations concerning disclosure of Corporation's 50l(c)(3) exempt status and its recent Tax Returns (Form 990's).

6.5 COMPENSATION OF TRUSTEES AND PROFESSIONAL STAFF

Elected members of the Board of Trustees including non-employed members of the Professional Staff serve without compensation for their services as Trustees. Trustees may be reimbursed for all expenses reasonably incurred on behalf of this Corporation and may be deemed to have received compensation if they make elections requiring that treatment under the Trustee Compensation, Travel and Reimbursement Policy.

6.6 DISTRIBUTION OF ASSETS UPON DISSOLUTION

No Trustee, officer, or any other private individual shall be entitled to share in the distribution of any of the corporate assets on dissolution of Corporation.

6.7 FISCAL YEAR

Notwithstanding use of a calendar year for elections and appointments, the fiscal year of this Corporation shall begin on the first day of May each year and end on the 30th day of April in each of the following years.

6.8 CONSTRUCTION OF TERMS AND HEADINGS

Words used in these Corporate Bylaws shall be read as the masculine or feminine gender and as the singular or plural, as the context requires. The captions or headings in these Corporate Bylaws are for the convenience only and are not intended to limit or define the scope or effect of any provision of these Corporate Bylaws.

ARTICLE SEVEN

REVIEW AND AMENDMENT

7.1 REVIEW OF CORPORATE BYLAWS

At least annually the Board shall review the Corporate Bylaws for consistency with current practice, law and accreditation requirements.

7.2 CHANGES IN CORPORATE BYLAWS

These Corporate Bylaws may be amended or repealed and new Corporate Bylaws adopted by a two-thirds (2/3) vote of the Board of Trustees at any regular or special meeting, if at least three (3) days' notice is given of the intention to take such action and the notice is accompanied by a copy or summary of the amendment(s) then proposed.

7.3 POLICIES

The Professional Staff and staff of departments and services shall periodically review and revise their policies and procedures for consistency with current practices, law and accreditation requirements. Such review shall occur not less than annually.

ARTICLE EIGHT

RELATED ORGANIZATIONS

8.1 NATURE OF RELATIONSHIP

In its oversight of Corporation's participation in related organizations in which Corporation is a shareholder or member, Corporation's Board shall take such steps as are necessary and appropriate to assure that the operations of such organizations and Corporation's participation therein remain in furtherance of and within the scope of Corporation's tax-exempt purposes. At any time Corporation's Board determines that participation no longer meets those requirements, it shall take steps to terminate Corporation's membership or ownership and further participation.

8.1.1 GRANDE RONDE HOSPITAL FOUNDATION: Corporation is the sole member of the Grande Ronde Hospital Foundation (the "Foundation"), a tax-exempt supporting organization of Corporation. The bylaws of the Foundation must be approved by Corporation's Board, and updated as needed subject to the approval of Corporation's Board. Corporation's Board shall require that the bylaws of the Foundation provide adequate control over the use of Corporation's assets and assure that the organization's purposes are carried out. Corporation's Board shall also require that the Foundation restrict its activities within the authorized purposes. The Foundation shall nominate, and Corporation's Board will elect, Directors for the Foundation.

8.1.2 GRANDE RONDE HOSPITAL AUXILIARY, INC.: Corporation has an associated tax-exempt auxiliary, known as Grande Ronde Hospital Auxiliary, Inc., ("Auxiliary"), which supports Corporation's goals and purposes. All activities of the Auxiliary shall be subject to prior approval of the President/CEO or designee, and shall be conducted in accordance with such rules and regulations as may be administratively adopted concerning such activities and any pertinent Professional Staff rules.

No other auxiliary organization shall be established as part of the operations of Corporation except with the approval of Corporation's Board. The bylaws of the Auxiliary must be approved by Corporation's Board, and updated as needed subject to approval by Corporation's Board. Corporation's Board shall require that the bylaws of the Auxiliary provide adequate control over the use of Corporation's assets and assure that the organization's purposes are carried out. Corporation's Board shall also require that the Auxiliary restrict its activities within the authorized purposes.

8.1.3 GRANDE RONDE HOSPITAL-SAINT ALPHONSUS HEALTH SYSTEM ALLIANCE: Corporation is a party to a strategic affiliation known as the Grande Ronde Hospital-Saint Alphonsus Health System Alliance ("Health Alliance") that is intended to provide a seamless healthcare system that will improve access to specialized services and enhance clinical quality across the continuum of care. The Health Alliance is guided by an Affiliation Agreement and governed by an Affiliation Council that is responsible for the oversight and overall direction of the Health Alliance. The Health Alliance is charged to work collaboratively to improve access to care and to enhance clinical quality for those served by Corporation and by Saint Alphonsus Health System by developing a seamless healthcare continuum that aligns primary care, specialty care, community and tertiary hospital services, and that implements protocols and processes to enhance clinical quality and the efficient delivery of appropriate care in the appropriate setting at the appropriate time.

8.2 EXERCISE OF CORPORATION'S MEMBERSHIP OR SHAREHOLDER RIGHTS

Corporation shall exercise its membership or shareholder rights in all related organizations through the following means:

8.2.1 Except as otherwise provided herein or by resolution of Corporation's Board consistent herewith, the Board of Corporation (or a board or ad-hoc committee to which it delegates that responsibility) shall determine the manner in which Corporation, as member or shareholder, shall vote on all matters submitted to the members or shareholders of related organizations for vote, and may designate a person to physically carry out the Board's instruction on Corporation's behalf;

8.2.2 In the absence of designation of some other person to physically carry out the voting instructions given by Corporation's Board, the vote of Corporation as a member or shareholder in a related organization shall be cast on behalf of Corporation by the Board Secretary;

8.2.3 All notices intended for Corporation in its capacity as member or shareholder in another related organization shall be directed to the attention of Corporation's Board Secretary, who shall promptly distribute copies thereof to all members of Corporation's Board or the board or ad-hoc committees designated to oversee Corporation's activities in the organization;

8.2.4 In exercising Corporation's rights and participation in related organizations, Corporation's Board and any board or ad-hoc committees designated to oversee or perform some or all of such activities shall limit Corporation's activities and its approval of the entity's activities to those consistent with Corporation's tax exempt status and purposes;

8.2.5 Corporation's vote, as a member or shareholder in related organizations on any proposal to change such organization's Articles of Incorporation, Corporate Bylaws, Operating Agreement or other organizational document or to elect, appoint or remove any of its Directors, shall be exercised only upon submission to and approval of Corporation's Board, and not by delegation to any board or ad-hoc committee;

8.2.6 Any contribution, gift, payment or loan of funds, assets or credit of Corporation to any related organization shall require submission to and approval of Corporation's Board and shall not be delegated to any board or ad-hoc committee.

8.3 ELECTION AND EXERCISE OF CORPORATION'S RIGHTS AS THEY RELATE TO DIRECTORS

8.3.1 By exercise of its membership or shareholder rights of election, appointment, and removal of one or more Directors or managers of related organizations, Corporation's Board shall participate in and monitor policy decisions of such organizations.

8.3.2 Any Director of such a related organization elected or appointed by Corporation, in its role as member or shareholder, shall report to Corporation's Board all significant policy and financial issues to be addressed by the board of the related organization prior to and following vote on same.

SECRETARY'S CERTIFICATE

THIS IS TO CERTIFY THAT the foregoing Corporate Bylaws of Grande Ronde Hospital, Inc. of La Grande, Oregon, have been duly amended by affirmative vote of a majority of the Trustees in office and a two-thirds majority of those in attendance at a meeting of the Board of said Corporation on December 13, 2019.

IN WITNESS WHEREOF, the undersigned, the duly elected and acting Secretary of Corporation has signed this Certificate dated December 13, 2019.

GRANDE RONDE HOSPITAL, INC.

By: ______________________

Board Secretary

Attachment F

Exhibit 1.c.

Organizational Chart or Structure

ORGANIZATIONAL CHART
GRANDE RONDE HOSPITAL, INC.

Grande Ronde Hospital, Inc.

(An Oregon Nonprofit Corporation)

d/b/a

Grande Ronde Hospital and Clinics
Grande Ronde Hospital Behavioral Health Clinic
Grande Ronde Hospital Cardiology Clinic
Grande Ronde Hospital Children's Clinic
Grande Ronde Hospital Dermatology Clinic
Grande Ronde Hospital Elgin Clinic
Grande Ronde Hospital Hematology and Oncology Clinic
Grande Ronde Hospital Medical Clinic
Grande Ronde Hospital Neurology Clinic
Grande Ronde Hospital Pavilion
Grande Ronde Hospital Pulmonary Clinic
Grande Ronde Hospital Pulmonology Clinic
Grande Ronde Hospital Regional ENT Clinic
Grande Ronde Hospital Regional Hematology and Oncology Clinic
Grande Ronde Hospital Regional Medical Clinic
Grande Ronde Hospital Regional Medical Plaza
Grande Ronde Hospital Regional Orthopedic Clinic
Grande Ronde Hospital Regional Specialty Clinic
Grande Ronde Hospital Sleep Clinic
Grande Ronde Hospital Specialty Clinic
Grande Ronde Hospital Union Clinic
Grande Ronde Hospital Urgent Care
Grande Ronde Hospital Urology Clinic
Grande Ronde Hospital Women's & Children's Clinic
Grande Ronde Hospital Women's Clinic
Grande Ronde Hospital Wound Care Clinic

Grande Ronde Hospital Foundation

(An Oregon Nonprofit Corporation)

Grande Ronde Hospital Auxiliary, Inc.

(An Oregon Nonprofit Corporation of which Grande Ronde Hospital, Inc. is the sole member)

Notes:

- Grande Ronde Hospital, Inc.'s only affiliate is Grande Ronde Hospital Auxiliary, Inc.

Attachment F

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: Grande Ronde Hospital, Inc.

Business Name	Assumed Business Name	Business Structure	Date Formed or Incorporated	Jurisdiction	Principal Place of Business	FEIN
Grande Ronde Hospital, Inc.	Grande Ronde Hospital	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	900 Sunset Drive, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital and Clinics	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	900 Sunset Drive, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Behavioral Health Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	504 4th Street, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Cardiology Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	900 Sunset Drive, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Children's Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	900 Sunset Drive, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Dermatology Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	700 Sunset Drive, Suite F, La Grande, Oregon 97850	93-0505325

Business Name	Assumed Business Name	Business Structure	Date Formed or Incorporated	Jurisdiction	Principal Place of Business	FEIN
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Elgin Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	570 8th Street, Elgin, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Hematology and Oncology Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	900 Sunset Drive, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Medical Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	700 Sunset Drive, Suite G, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Neurology Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	700 Sunset Drive, Suite A, La Grande, Oregon 97850	93-0505325

See additional page attached

HCMO-1b: Business Entities Form

Supplemental Page
Grande Ronde Hospital, Inc.

Business Name	Assumed Business Name	Business Structure	Date Formed or Incorporated	Jurisdiction	Principal Place of Business	FEIN
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Pavilion	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	909 Adams Avenue, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Pulmonary Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	900 Sunset Drive, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Regional ENT Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	900 Sunset Drive, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Regional Hematology and Oncology Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	900 Sunset Drive, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Regional Medical Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	506 4th Street, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Regional Medical Plaza	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	900 Sunset Drive, La Grande, Oregon 97850	93-0505325

Grande Ronde Hospital, Inc.	Grande Ronde Hospital Regional Orthopedic Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	900 Sunset Drive, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Regional Specialty Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	900 Sunset Drive, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Sleep Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	900 Sunset Drive, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Specialty Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	710 Sunset Drive, Suite F, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Union Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	142 E. Dearborn Street, Union, Oregon 97883	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Urgent Care	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	10303 S. Walton Road, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Urology Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	710 Sunset Drive, Suite F, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Women’s & Children’s Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	710 Sunset Drive, Suite E, La Grande, Oregon 97850	93-0505325

Grande Ronde Hospital, Inc.	Grande Ronde Hospital Women's Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	900 Sunset Drive, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital, Inc.	Grande Ronde Hospital Wound Care Clinic	501(c)(3) nonprofit corporation	April 19, 1962	Oregon	700 Sunset Drive, Suite F, La Grande, Oregon 97850	93-0505325
Grande Ronde Hospital Foundation	NA	501(c)(3) nonprofit corporation	February 11, 1969	Oregon	900 Sunset Drive, La Grande, Oregon 97850	23-7014567
Grande Ronde Hospital Auxiliary, Inc.	NA	501(c)(3) nonprofit corporation	November 11, 1986	Oregon	900 Sunset Drive, La Grande, Oregon 97850	23-7090684

Attachment F

Exhibit 1.e.

Financial Statements

Grande Ronde Hospital, Inc.

Consolidated Financial Statements and
Independent Auditors' Report

April 30, 2023 and 2022

DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

Grande Ronde Hospital, Inc.
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DINGUS | ZARECOR & ASSOCIATES PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Grande Ronde Hospital, Inc.
La Grande, Oregon

Opinion

We have audited the accompanying consolidated financial statements of Grande Ronde Hospital, Inc. (the Hospital) (a nonprofit organization), which comprise the statements of financial position as of April 30, 2023 and 2022, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of April 30, 2023 and 2022, and the changes in its net assets 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). 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 Hospital, 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.

Emphasis of Matter – Lease Standards

As discussed in Note 1 to the financial statements, in 2023 the Hospital adopted new accounting guidance, Financial Accounting Standards Board Accounting Standards Update No. 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to this matter.

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 Hospital's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. 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 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, including omissions, 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, 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 Hospital'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 Hospital'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statements of financial position and consolidating statements of operations and changes in net assets are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dingus, Zarecor & Associates PLLC

Spokane Valley, Washington
August 31, 2023

Grande Ronde Hospital, Inc.
Consolidated Statements of Financial Position
April 30, 2023 and 2022

ASSETS		2023		2022
Current assets				
Cash and cash equivalents	$	**58,143,794**	$	46,122,054
Investments		**6,105,048**		7,417,415
Receivables:				
Patient accounts		**17,905,813**		17,353,431
Third-party payor settlements		**7,912,803**		3,736,359
340B contract pharmacy		**512,635**		447,164
Provider tax		**2,221,259**		1,986,306
Other		**3,967,370**		3,705,379
Inventories		**2,555,119**		2,313,998
Physician advances including accrued interest		**428,147**		722,117
Prepaid expenses		**1,753,714**		1,620,968
Total current assets		**101,505,702**		85,425,191
Assets limited as to use				
Board designated for capital improvements		**49,732,111**		34,610,814
Board designated for self-insurance		**3,242,098**		3,235,337
Board designated for deferred compensation		**3,234,921**		3,004,332
Total assets limited as to use		**56,209,130**		40,850,483
Noncurrent assets				
Property and equipment, net		**71,266,699**		45,066,999
Operating lease right-of-use asset		**860,317**		-
Investment in Eastern Oregon Coordinated Care Organization (EOCCO)		**930,000**		930,000
Investment in Summit Health		**1,100,000**		1,100,000
Beneficial interest in Oregon Community Foundation		**2,181,016**		2,383,086
Assets limited as to use for capacity building initiatives		**5,000,000**		-
Total noncurrent assets		**81,338,032**		49,480,085
Total assets	$	**239,052,864**	$	175,755,759

See accompanying notes to consolidated financial statements.

Grande Ronde Hospital, Inc.
Consolidated Statements of Financial Position (Continued)
April 30, 2023 and 2022

LIABILITIES AND NET ASSETS		**2023**		**2022**
Current liabilities				
Accounts payable	**$**	**3,175,230**	$	3,394,808
Capital accounts payable		**3,769,985**		-
Accrued compensation and related liabilities		**12,403,738**		10,878,567
Medicare accelerated payments		**-**		9,873,390
Provider tax payable		**2,207,051**		1,989,855
Deferred revenue		**233,962**		245,658
Accrued interest payable		**833,333**		-
Current maturities of operating lease liabilities		**65,576**		-
Total current liabilities		**22,688,875**		26,382,278
Noncurrent liabilities				
Long-term debt		**51,181,205**		-
Operating lease liabilities, noncurrent		**804,378**		-
Total other liabilities		**51,985,583**		-
Net assets				
With donor restrictions		**5,000,000**		-
Without donor restrictions		**159,378,406**		149,373,481
Total net assets		**164,378,406**		149,373,481
Total liabilities and net assets	**$**	**239,052,864**	$	175,755,759

See accompanying notes to consolidated financial statements.

Grande Ronde Hospital, Inc.
Consolidated Statements of Operations and Changes in Net Assets
Years Ended April 30, 2023 and 2022

	2023	2022
Operating revenues		
Patient care service revenue	**$ 134,753,077**	$ 124,974,924
340B contract pharmacy revenue	**1,304,476**	3,171,644
Grants	**226,659**	803,619
Provider tax revenue	**6,995,675**	6,712,475
EOCCO surplus distribution	**3,236,715**	2,909,178
Other	**1,898,995**	1,126,403
Total operating revenues	**148,415,597**	139,698,243
Operating expenses		
Salaries and wages	**67,550,239**	64,637,254
Employee benefits	**16,771,239**	17,015,348
Professional fees	**18,920,791**	13,676,165
Supplies	**18,752,714**	17,937,437
Utilities	**933,163**	894,715
Rents and leases	**371,047**	265,014
Depreciation	**4,658,634**	5,280,354
Provider tax	**6,995,362**	6,732,885
Insurance	**1,503,898**	1,181,568
Repairs and maintenance	**582,964**	690,424
Other	**3,305,937**	3,000,717
Total operating expenses	**140,345,988**	131,311,881
Excess of revenue over expenses	**8,069,609**	8,386,362
Other nonoperating income		
Investment income	**1,657,594**	(1,568,275)
Contributions	**277,722**	222,479
Gain on disposal of capital assets	**-**	4,098
Total other nonoperating income, net	**1,935,316**	(1,341,698)
Change in net assets without donor restrictions	**10,004,925**	7,044,664
Net assets with donor restrictions		
Grant for capacity building initiatives	**5,000,000**	-
Change in net assets with donor restrictions	**5,000,000**	-
Total change in net assets	**15,004,925**	7,044,664
Net assets, beginning of year	**149,373,481**	142,328,817
Net assets, end of year	**$ 164,378,406**	$ 149,373,481

See accompanying notes to consolidated financial statements.

Grande Ronde Hospital, Inc.
Consolidated Statements of Cash Flows
Years Ended April 30, 2023 and 2022

	2023	2022
Change in Cash and Cash Equivalents		
Cash flows from operating activities		
Receipts from and on behalf of patients	**$ 130,024,251**	$ 122,832,547
Receipts from 340B contract pharmacy	**1,239,005**	3,143,510
Contributions received	**277,722**	222,479
Cash received from investments	**294,932**	825,709
Cash received from provider tax revenue	**6,760,722**	6,814,980
Cash received from grant revenue	**214,963**	803,619
Receipts from other revenue	**4,908,416**	2,758,120
Payments on Medicare accelerated payments	**(9,873,390)**	(8,608,716)
Payments to or on behalf of employees	**(82,796,307)**	(81,941,072)
Payments to suppliers and contractors	**(44,695,049)**	(36,349,274)
Payments for provider tax assessments	**(6,778,166)**	(6,831,841)
Net cash from operating activities	**(422,901)**	3,670,061
Cash flows from financing activities		
Proceeds from the issuance of long-term debt	**51,275,128**	-
Proceeds from capital grants	**5,000,000**	-
Net cash from financing activities	**56,275,128**	-
Cash flows from investing activities		
Purchase of property and equipment	**(26,348,939)**	(5,782,670)
Purchase of investments	**(11,423,291)**	(266,816)
Sale of investments	**4,168,430**	49,531
Transfers from assets limited as to use	**-**	3,806,121
Transfers to assets limited as to use	**(9,668,409)**	(4,294,839)
Net cash from investing activities	**(43,272,209)**	(6,488,673)
Net change in cash and cash equivalents	**12,580,018**	(2,818,612)
Cash and cash equivalents, beginning of year	**51,193,389**	54,012,001
Cash and cash equivalents, end of year	**$ 63,773,407**	$ 51,193,389
Reconciliation of Cash and Cash Equivalents to the Statements of Financial Position		
Cash and cash equivalents	**$ 58,143,794**	$ 46,122,054
Cash and cash equivalents included in assets limited as to use	**5,629,613**	5,071,335
Total cash and cash equivalents	**$ 63,773,407**	$ 51,193,389

See accompanying notes to consolidated financial statements.

Grande Ronde Hospital, Inc.
Consolidated Statements of Cash Flows (Continued)
Years Ended April 30, 2023 and 2022

		2023		2022
Reconciliation of Change in Net Assets to Net Cash from Operating Activities				
Change in net assets	**$**	**15,004,925**	$	7,044,664
Adjustments to reconcile change in net assets to net cash from operating activities				
Depreciation		**4,658,634**		5,280,354
Amortization of operating lease right-of-use assets		**75,062**		-
Unrealized gain on investments		**(1,362,662)**		2,393,984
Capital grant		**(5,000,000)**		-
Gain on disposal of capital assets		**-**		(4,098)
Change in assets:				
Patient accounts receivable		**(552,382)**		(3,896,559)
Third-party payor settlements receivable		**(4,176,444)**		1,522,420
340B contract pharmacy receivable		**(65,471)**		(28,134)
Provider tax receivable		**(234,953)**		102,505
Other receivables		**(261,991)**		(1,355,780)
Inventories		**(241,121)**		(346,809)
Physician advances		**259,273**		235,296
Accrued interest on physician advances		**34,697**		78,319
Prepaid expenses		**(132,746)**		(184,883)
Change in liabilities:				
Accounts payable		**(219,578)**		1,593,162
Accrued compensation and related liabilities		**1,525,171**		(288,470)
Operating lease liabilities		**(65,425)**		-
Medicare accelerated payments		**(9,873,390)**		(8,608,716)
Provider tax payable		**217,196**		(98,956)
Deferred revenue		**(11,696)**		231,762
Net cash from operating activities	**$**	**(422,901)**	$	3,670,061

Noncash financing and investing activities:

During the year ended April 30, 2023, the Hospital recognized operating lease liabilities of $869,954 and related operating lease right-of-use assets upon adoption of Financial Accounting Standards Board Accounting Standards Update 2016-02, *Leases* (Topic 842).

See accompanying notes to consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies:

a. Organization

Grande Ronde Hospital (the Hospital) is a rural acute care hospital located in Union County, Oregon. The Hospital is a critical access hospital with 21 acute care beds and four intensive care unit beds. Services offered at the Hospital include medical, surgical, labor and delivery, nursery care, 24-hour emergency services, laboratory, imaging, therapy, home health, and various physicians' clinics for the residents of northeast Oregon. Admitting physicians are primary and specialty practitioners in the local area.

Grande Ronde Hospital, Inc., includes the operations of the following separately incorporated affiliates:

- Grande Ronde Hospital Foundation, Inc. – The purpose of Grande Ronde Hospital Foundation (the Foundation) is to provide support for the Hospital in the form of direct gifts and financial assistance.
- Grande Ronde Hospital Auxiliary – The purpose of Grande Ronde Auxiliary (the Auxiliary) is to assist the Hospital in providing voluntary aid for the welfare of patients, public relations through service to the Hospital, and fundraising through various methods approved by the Board of Trustees of the Hospital.

Principles of consolidation – The consolidated financial statements reflect the consolidated operations of the Hospital, Foundation, and Auxiliary. All significant intercompany transactions and balances have been eliminated.

b. Summary of Significant Accounting Policies

Basis of presentation – The Hospital is required to report information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions.

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

Income taxes – The Hospital, Foundation, and Auxiliary are organized as Oregon nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Hospital, Foundation, and Auxiliary are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, they are subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Similarly, the Hospital, Foundation, and Auxiliary are exempt from state income taxes under similar provisions of state laws.

The Hospital, Foundation, and Auxiliary believe that they have appropriate support for any tax positions taken affecting their annual filing requirements, and as such, do not have any uncertain tax positions that are material to the financial statements.

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents – Cash and cash equivalents are short-term, highly liquid investments with an original maturity of three months or less, except for cash and cash equivalents included within investment portfolios.

Grants receivable – Receivables arising from revenue from government agencies are stated at net realizable value. Management believes the amounts to be fully collectible.

Prepaid expenses – Prepaid expenses are expenses paid during the fiscal year relating to expenses to be incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense.

Inventories – Inventories are stated at cost using the first-in, first-out method, which is considered lower than market price. Inventories consist of medical supplies and pharmaceuticals used in patient care.

Investments restricted as to use – These funds are restricted by the granter to be used in the construction of the capacity building initiatives.

Assets limited as to use – Assets limited as to use include assets set aside by the Board of Trustees for future capital improvements, self-insurance deposits, and deferred compensation. The Board retains control and may, at its discretion, subsequently use these assets for other purposes.

Investments in Eastern Oregon Coordinated Care Organization (EOCCO) – The Hospital has a 10 percent interest in EOCCO, which is recorded using the cost method. EOCCO is a coordinated care organization that works with Oregon Health Plan, the state's Medicaid system, to ensure quality cost-effective care is delivered to participants in the Eastern Oregon region. As part of the organization structure, the Hospital is eligible to receive surplus distributions under a risk participation model. The Hospital is also eligible to receive dividends on its investment. Surplus distributions are recorded as operating income and dividends are recorded as investment income. The Hospital received no dividends in the years ended April 30, 2023 and 2022.

Investment in Summit Health Plan, Inc. – The Hospital has a 10.14 percent interest in Summit Health, which is recorded using the cost method. The Hospital has received no distributions or dividends.

Investments and investment income – Investments in equity securities having a readily determinable fair value and all debt securities are measured at fair value in the consolidated statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest, dividends, and expenses) is included in the change in net assets as nonoperating revenue.

Fair value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

The Hospital classified its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Fair value measurements (continued) – The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are defined as follows:

- **Level 1** – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

- **Level 2** – Quoted prices in markets that are traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

- **Level 3** – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Property and equipment – It is the Hospital's policy to capitalize buildings, improvements, and equipment over $5,000; lesser amounts are expensed. Property and equipment are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset. Depreciation is computed using the straight-line method over the longer of the lease term or the following estimated useful service lives:

Land improvements	2 to 25 years
Buildings and improvements	5 to 40 years
Equipment	3 to 25 years

Gifts of long-lived assets such as land, buildings, or equipment are reported at fair value as of the date of the gift and as unrestricted contributions. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or assets that must be used to acquire long-lived assets are reported as restricted capital contributions. The Hospital had $5,000,000 restricted for capital contributions in 2023. The Hospital had no restricted capital contributions in 2022.

Absent explicit donor stipulations about how long those long-lived capital assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Accrued leave – The Hospital's policy is to permit employees to accumulate earned but unused vacation, paid time off, and sick pay benefits. The sick pay benefits are expensed when taken. Vacation time and paid time off is accrued and expensed when earned.

Financing costs – Bond financing costs are amortized over the remaining terms of the bonds. Amortization expense for the years ended April 30, 2023 and 2022, was approximately $113,000 and $-0-, respectively.

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Net assets with donor restrictions – Net assets with donor restrictions are those whose use by the Hospital has been limited by donors to a specific time period or purpose. Restricted contributions or grants meeting donor restrictions in the year of donation are reported as nonrestricted.

Subsequent events – Subsequent events have been reviewed through August 31, 2023, the date on which the consolidated financial statements were available to be issued.

Change in accounting principles – In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements;* ASU 2018-20*, Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements.* The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Hospital adopted FASB Topic 842, *Leases*, with May 1, 2022, as the date of initial adoption. The Hospital elected the transition option to apply the new guidance as of that effective date without adjusting comparative periods presented. The Hospital also elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Hospital to carry forward the historical lease classification. Adoption of the standard required the Hospital to recognize finance lease liabilities and right-of-use assets of $-0- and operating lease liabilities and right-of-use assets of approximately $935,000 as of May 1, 2022. The accounting for finance leases remained substantially unchanged. The adoption had no material impact on the statement of operations and changes in net assets.

Upcoming accounting pronouncements **–** Accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

2. Liquidity and Availability of Financial Assets:

The Hospital's financial assets available within one year of the statements of financial position dates for general expenditure are as follows:

		2023		2022
Cash and cash equivalents	**$**	**58,143,794**	$	46,122,054
Investments		**6,105,048**		7,417,415
Receivables:				
Patient accounts		**17,905,813**		17,353,431
Third-party payor settlements		**7,912,803**		3,736,359
340B contract pharmacy		**512,635**		447,164
Provider tax		**2,221,259**		1,986,306
Other		**3,967,370**		3,705,379
Financial assets available to meet cash needs for general expenditures within one year	**$**	**96,768,722**	$	80,768,108

As a part of the Hospital's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Hospital invests cash in excess of daily requirements in short-term investments.

3. Patient Accounts Receivable:

Patient accounts receivable reported as current assets by the Hospital consisted of these amounts:

		2023		2022
Patients and their insurance carriers	**$**	**12,236,751**	$	10,491,018
Medicare		**3,474,657**		4,758,791
Medicaid		**2,194,405**		2,103,622
Patient accounts receivable	**$**	**17,905,813**	$	17,353,431

Patient accounts receivable at May 1, 2021, was $13,456,872.

4. Assets Limited as to Use:

Assets limited as to use are stated at fair value and consisted of the following:

		2023		2022
Cash and cash equivalents	**$**	**5,629,613**	$	5,071,335
Corporate bonds		**-**		9,342,886
Certificates of deposit		**10,282,915**		3,476,673
Treasury bills		**21,212,137**		911,462
Equity securities		**1,129,158**		1,110,672
Mutual funds		**22,955,307**		20,937,455
Total assets limited as to use	**$**	**61,209,130**	$	40,850,483

5. Investments:

Investments are stated at fair value and include the following:

		2023		2022
Cash and cash equivalents	**$**	**190,841**	$	107,160
Equity securities		**280,082**		304,072
Treasury bills		**2,591,973**		3,902,362
Fixed income ETPs		**99,893**		-
Mutual funds		**2,942,259**		3,103,821
Total investments	**$**	**6,105,048**	$	7,417,415

6. Investment Income:

Investment income and gains and losses on assets limited as to use, cash equivalents, and other investments consist of the following:

		2023		2022
Interest and dividends	**$**	**1,844,834**	$	583,602
Losses		**(167,200)**		(2,130,885)
Broker fees		**(20,040)**		(20,992)
Total investment income	**$**	**1,657,594**	$	(1,568,275)

The unrealized gains on the Hospital's investments in equities and fixed income funds were primarily a result of the market decline in 2022 and the subsequent recovery of financial markets in 2023. The Hospital has a diversified portfolio.

7. Fair Value Measurements:

The following tables disclose by level the fair value hierarchy discussed in Note 1:

	2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Beneficial interest in Oregon Community Foundation	$ -	$ -	$ 2,181,016	**$ 2,181,016**
Certificates of deposit	-	10,282,915	-	**10,282,915**
Money market	5,820,456	-	-	**5,820,456**
Equity securities				
Blended	1,409,240	-	-	**1,409,240**
Fixed Income ETP's				
Blended	99,893	-	-	**99,893**
Mutual funds				
Blended	3,478,926	-	-	**3,478,926**
Bond	3,272,170	-	-	**3,272,170**
Foreign	589,642	-	-	**589,642**
Growth	10,268,364	-	-	**10,268,364**
Real estate	656,186	-	-	**656,186**
Value	7,632,277	-	-	**7,632,277**
Treasury Bills	23,804,109	-	-	**23,804,109**
	$ 57,031,263	**$ 10,282,915**	**$ 2,181,016**	**$ 69,495,194**
Investments				**$ 6,105,048**
Assets limited as to use				**56,209,130**
Assets limited for capacity building initiatives				**5,000,000**
Beneficial interest in Oregon Community Foundation				**2,181,016**
				$ 69,495,194

	2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Beneficial interest in Oregon Community Foundation	$ -	$ -	$ 2,383,086	**$ 2,383,086**
Certificates of deposit	-	3,476,673	-	**3,476,673**
Money market	5,178,496	-	-	**5,178,496**
Corporate bonds	-	9,342,886	-	**9,342,886**
Equity securities				
Blended	1,208,411	-	-	**1,208,411**
Value	164,490	-	-	**164,490**
Fixed Income ETP's	41,843	-	-	**41,843**
Mutual funds				
Blended	3,357,775	-	-	**3,357,775**
Bond	1,781,942	-	-	**1,781,942**
Foreign	528,942	-	-	**528,942**
Growth	10,030,833	-	-	**10,030,833**
Real estate	784,044	-	-	**784,044**
Value	7,557,739	-	-	**7,557,739**
Treasury Bills	4,813,824	-	-	**4,813,824**
	$ 35,448,339	$ 12,819,559	$ 2,383,086	**$ 50,650,984**
Investments				**$ 7,417,415**
Assets limited as to use				**40,850,483**
Beneficial interest in Oregon Community Foundation				**2,383,086**
				$ 50,650,984

7. Fair Value Measurements (continued):

A reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) follows:

	2023	**2022**
Beginning balance	**$ 2,383,086**	$ 2,175,871
Net realized and unrealized gain (loss)	**(183,336)**	290,015
Interest and dividends	**6,244**	14,614
Investment management fees	**(6,047)**	(8,887)
Distributions	**(18,931)**	(88,527)
Ending balance	**$ 2,181,016**	$ 2,383,086

A significant portion of the Hospital's investment assets are classified within Level 1 because they are comprised of open-end mutual funds, common stock, and treasury bills with readily determinable fair values based on daily redemption values. Certificates of deposit and corporate bonds are valued by the custodians using pricing models based on credit quality, time to maturity, stated interest rates, and market rate assumptions, and are classified within Level 2. The fair value of the beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

8. Beneficial Interest in Oregon Community Foundation:

The ownership of these assets has been transferred to Oregon Community Foundation (OCF) to support charitable purposes for both the Hospital and Foundation. Variance power over these assets has been granted to OCF, and OCF is authorized to vary or modify restrictions or conditions that it believes are unnecessary, incapable of fulfillment, or inconsistent with the charitable, educational, and scientific needs of the state of Oregon.

OCF makes distributions not less than annually to the Hospital and Foundation, to be used as the respective boards of directors determine to be necessary or desirable to further the organizations' objectives and purposes. The payout rate of 4.5 percent of the average fair market value of the fund is reviewed annually by the OCF board of directors and may change from time to time at the discretion of OCF.

The beneficial interest in OCF is reported at fair value in the consolidated statements of financial position. Distributions and changes in fair value are recognized in the consolidated statements of operations and changes in net assets.

9. Property and Equipment:

Property and equipment consisted of the following:

		2023		2022
Land improvements	**$**	**5,173,295**	$	5,173,295
Buildings and improvements		**60,711,092**		60,577,372
Equipment		**48,638,754**		47,080,631
		114,523,141		112,831,298
Less accumulated depreciation		**(77,078,312)**		(72,421,093)
		37,444,829		40,410,205
Land		**1,776,551**		1,776,551
Construction in progress		**32,045,319**		2,880,243
Net property and equipment	**$**	**71,266,699**	$	45,066,999

The estimated completion dates and budgeted remaining costs for the projects are as follows:

	Estimated Completion Date		Total Budgeted Project Cost		Total Cost Incurred		Estimated Cost to Complete
Operating room expansion	2024	$	70,000,000	$	29,060,156	$	40,939,844
Other various capital projects and equipment installations	Various		3,116,010		2,985,163		130,847
Total costs to complete		**$**	**73,116,010**	**$**	**32,045,319**	**$**	**41,070,691**

10. Long-term Debt:

A summary of long-term debt follows:

	2023	2022
The Hospital Facility Authority of Union County, Oregon, Series 2022, Revenue Bonds, payable in annual principal installments ranging from $785,000 to $1,935,000 plus annual interest of 5% through July 2052.	**$ 50,000,000**	$ -
Bond issuance costs and premium	**1,181,205**	-
Total	**51,181,205**	-
Less current maturities	**-**	-
Total long-term debt	**$ 51,181,205**	$ -

Schedule repayments are as follows:

Years Ending April 30,	Amount
2024	$ -
2025	785,000
2026	825,000
2027	870,000
2028	915,000
Thereafter	46,605,000
Total long-term debt	**$ 50,000,000**

11. Leases:

The determination of whether an arrangement is a lease is made at the lease's inception. Under Accounting Standards Codification (ASC) 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Right-of-use (ROU) assets represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Hospital uses the rate implicit in the lease when it is readily determinable. Since most of the Hospital's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Hospital's incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives.

11. Leases (continued):

The Hospital has operating leases for real estate. The Hospital also has certain leases for equipment and real estate with terms less than 12 months. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

The Hospital has certain leases that include one or more options to renew, with renewal terms that can extend the lease term from 3 to 10 years. Only lease options that the Hospital believes are reasonably certain to be exercised are included in the measurement of the lease assets and liabilities. ROU assets are amortized/depreciated over the term of the lease unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used.

The Hospital has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

The Hospital's lease agreements include variable payments adjusted periodically for inflation, which are not determinable at the lease commencement and are not included in the measurement of the lease asset and liabilities.

The Hospital's lease agreements do not contain any material residual value guarantees or restrictive covenants.

The following summarizes the line items in the statements of operations and change in net assets which include the components of lease expense for the year ended April 30:

		2023
Operating:		
Operating leases, included in rental and leases expenses	$	**106,724**
Short-term leases, included in rental and leases expenses		**264,323**
Net lease cost	$	**371,047**

The following summarizes the weighted average remaining lease term (in years) and discount rate as of April 30:

	2023
Weighted Average Remaining Lease Term (in years)	
Operating leases	**11.28**
Weighted Average Discount Rate	
Operating leases	**5%**

11. Leases (continued):

Schedule of minimum future lease payments under lease obligations is as follows:

Years Ending April 30,		Operating
2024	$	**120,147**
2025		**126,374**
2026		**127,042**
2027		**127,246**
2028		**85,432**
Thereafter		**668,863**
Total lease payments		**1,255,104**
Less: portion representing interest		**(385,150)**
Present value of lease liabilities	$	**869,954**

Operating lease payments in the table above include approximately $974,000 related to options to extend lease terms that are reasonably certain to be exercised.

The following summarizes the line items in the statements of financial position which include amounts for operating and finance leases as of April 30:

		2023
Operating Leases:		
Operating lease right-of-use assets	$	**860,317**
Current maturities of operating lease liabilities	$	**(65,576)**
Operating lease liabilities, noncurrent		**(804,378)**
Total operating lease liabilities	$	**(869,954)**

12. Physician Advances:

As a recruitment incentive, the Hospital provided advances to newly hired providers that were recorded as physician advances receivable in the consolidated statements of financial position. Under the terms of these contracts, these advances are reduced by bonuses earned each fiscal year as long as the physician provided services in accordance with the contract. At the end of the contract term, all accrued interest and principal is forgiven. Should the terms of the contract not be completed, the physician is required to repay the unforgiven balance of the advance, plus accrued interest, to the Hospital. Currently, the Hospital is providing sign on bonuses to physicians that are to be repaid to the Hospital at a ratable amount if the physician were to leave the Hospital before the completion of the contract terms.

13. Net Assets Without Donor Restrictions:

Net assets without donor restrictions are comprised of the following:

	2023	2022
Undesignated	**$ 105,362,181**	$ 109,144,244
Board designated for capital improvements	**49,732,111**	34,610,814
Board designated for self-insurance	**2,103,098**	3,235,337
Beneficial interest in Oregon Community Foundation	**2,181,016**	2,383,086
Total net assets without donor restrictions	**$ 159,378,406**	$ 149,373,481

14. Net Assets with Donor Restrictions:

Net assets with donor restrictions are restricted for the specified purpose of the capacity building initiatives with a balance of $5,000,000 at April 30, 2023. There were no net assets with donor restriction at April 30, 2022.

15. Patient Care Service Revenue:

Patient care service revenue is reported at the amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Hospital bills the patients and third-party payors several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Hospital. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Hospital believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the hospital receiving inpatient acute care services or patients receiving services in the outpatient centers. The Hospital measures the performance obligation from admission into the hospital, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to patients and customers in a retail setting (for example, pharmaceuticals and medical equipment) and the Hospital does not believe it is required to provide additional goods or services related to that sale.

15. Patient Care Service Revenue (continued):

The Hospital determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Hospital's policy, and implicit price concessions provided to uninsured patients. The Hospital determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Hospital determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

The Hospital has agreements with third-party payors that provide payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- *Medicare* – The Hospital has been designated a critical access hospital and the clinic a rural health clinic by Medicare. The Hospital is paid on a cost reimbursement method for substantially all services provided to Medicare beneficiaries. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after the submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor.
- *Medicaid* – The Hospital is paid on a prospective rate for substantially all hospital services to Medicaid beneficiaries. Rural health clinic services are paid on a prospective set rate per visit. Nonrural health clinic services are paid under a fee schedule.
- *Medicaid Managed Care* – The Hospital is paid on a prospective rate for substantially all hospital services to Medicaid Managed Care beneficiaries. Rural health clinic services are paid on a prospectively set rate and reconciled to actual costs per visit. Nonrural health clinic services are paid under a fee schedule.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various healthcare organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Hospital's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Hospital. In addition, the contracts the Hospital has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Hospital's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved.

15. Patient Care Service Revenue (continued):

Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Net patient service revenue increased by approximately $590,000 and $421,000 in the years ended April 30, 2023 and 2022, respectively, due to differences between original estimates and final settlements.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount.

The Hospital also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Hospital estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Consistent with the Hospital's mission, care is provided to patients regardless of their ability to pay. Therefore, the Hospital has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Hospital expects to collect based on its collection history with those patients.

The Hospital determines the costs associated with providing this care by aggregating direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on its costing system. The costs for providing healthcare to patients who are financially unable to pay for the healthcare services they receive were approximately $1,250,000 and $1,753,000 for the years ended April 30, 2023 and 2022, respectively.

Patients who meet the Hospital's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

The Hospital has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service lines, methods of reimbursement, and timing of when revenue is recognized.

15. Patient Care Service Revenue (continued):

The composition of patient care service revenue by primary payor is as follows:

		2023		2022
Medicare	**$**	**49,832,652**	$	46,526,302
Medicaid		**25,944,447**		23,345,190
Other third-party payors		**54,846,649**		51,264,432
Patients		**4,129,329**		3,839,000
Patient care service revenue	**$**	**134,753,077**	$	124,974,924

Revenue from the patient's deductible and coinsurance are included in the preceding categories based on the primary payor.

All patient care service revenue is recognized as revenue as the services are provided over time.

340B contract pharmacy revenue is recognized as revenue at point in time of sale.

16. Retirement Plans:

Defined contribution plan – The Hospital sponsors a defined contribution pension plan covering substantially all its employees. The plan provides covered employees with less than 10 years of service a base contribution equal to 2 percent of their annual salary and 3 percent for those employees with more than 10 years of service. Additionally, the plan allows any employee contribution to the plan as long as the contribution does not exceed established IRS contribution limits. The Hospital provides an additional contribution to the plan in matching amounts from 3 percent to 5 percent of the employee's annual salary, based on years of service. The Hospital's contribution and cost were approximately $2,609,000 and $2,696,000 for the fiscal years ended April 30, 2023 and 2022, respectively.

Deferred compensation plan – The Hospital established a supplemental pension benefit for its former Chief Executive Officer (CEO) in the form of an "Eligible Deferred Compensation Plan" under Section 457(b) of the Internal Revenue Code. This exempt, unfunded plan was restricted to the former CEO. The plan allowed for the former CEO to receive an additional retirement benefit in lieu of current compensation. For the years ended April 30, 2023 and 2022, the balance of the plan was approximately $352,000 and $456,000, respectively, which was included in assets limited as to use by the board for deferred compensation on the consolidated statements of financial position. The Hospital has recorded a liability for the amount due of approximately $345,000 and $456,000 for the years ended April 30, 2023 and 2022, respectively.

16. Retirement Plans (continued):

Deferred compensation plan (continued) – On January 1, 2015, the Hospital restated and expanded the supplemental pension benefit under Section 457(b) plan to include its healthcare providers and executive employees. For participants it is an exempt plan, funded in a rabbi trust arrangement, restricted to a select group of providers and management employees. The plan allows this select group of management and providers to defer what would otherwise be current compensation until retirement. The plan provides for nonforfeitable future distribution of deferred amounts post-employment. For the years ended April 30, 2023 and 2022, the balance of the plan was $2,841,056 and $2,547,903, respectively. The Hospital has recorded a liability for the amount due of $2,841,056 and $2,547,903 for the years ended April 30, 2023 and 2022, respectively. All amounts set aside under the supplemental pension benefit plan are subject to the claims of the general creditors of the Hospital.

17. Functional Expenses:

The cost of providing various program services and other activities have been summarized on a functional basis below. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits, depreciation, professional fees, supplies, rents and leases, insurance, repairs and maintenance, utilities, interest, and other expenses which are allocated on a square-footage basis.

Following is a summary of functional expenses:

	2023			
		Supporting Services		
	Total Program Services Expense	Management and General	Fundraising	Total Expenses
Salaries and wages	$ 59,618,765	$ 7,827,152	$ 104,322	**$ 67,550,239**
Employee benefits	14,327,120	2,401,439	42,680	**16,771,239**
Professional fees	15,434,427	3,409,905	76,459	**18,920,791**
Supplies	18,326,147	416,574	9,993	**18,752,714**
Utilities	678,441	254,303	419	**933,163**
Rents and leases	308,508	62,334	205	**371,047**
Depreciation	3,859,045	798,341	1,248	**4,658,634**
Provider tax	6,995,362	-	-	**6,995,362**
Insurance	1,038,251	465,647	-	**1,503,898**
Interest	-	23,786	-	**23,786**
Repairs and maintenance	535,032	47,665	267	**582,964**
Other	2,035,971	1,089,968	156,212	**3,282,151**
	$ 123,157,069	**$ 16,797,114**	**$ 391,805**	**$ 140,345,988**

17. Functional Expenses (continued):

	2022			
		Supporting Services		
	Total Program Services Expense	Management and General	Fundraising	Total Expenses
Salaries and wages	$ 56,690,578	$ 7,787,754	$ 158,921	**$ 64,637,254**
Employee benefits	14,453,676	2,496,749	64,923	**17,015,348**
Professional fees	10,718,970	2,917,629	39,566	**13,676,165**
Supplies	17,690,449	244,798	2,190	**17,937,437**
Utilities	644,402	249,722	591	**894,715**
Rents and leases	219,640	45,159	215	**265,014**
Depreciation	4,202,775	1,075,599	1,980	**5,280,354**
Provider tax	6,732,885	-	-	**6,732,885**
Insurance	1,041,863	139,705	-	**1,181,568**
Interest	1,622	-	-	**1,622**
Repairs and maintenance	598,417	91,762	245	**690,424**
Other	1,709,544	1,048,211	241,340	**2,999,095**
	$ 114,704,821	**$ 16,097,088**	**$ 509,971**	**$ 131,311,881**

18. Commitments and Contingencies:

Healthcare self-insurance – The Hospital self-insures the cost of employee healthcare benefits and purchases annual stop-loss insurance coverage for all claims in excess of $200,000 per employee. Liabilities on the statements of financial position include an accrual for claims that have been incurred but not reported of $547,000 and $592,000 at April 30, 2023 and 2022, respectively. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors.

Medical malpractice claims – The Hospital has its professional liability insurance coverage with Physicians Insurance – A Mutual Company. The policy provides coverage on a "claims-made" basis. Claims filed in the current year are covered by the current policy. If there are unreported incidents which result in a malpractice claim for the current year, these will only be covered in the year the claim is reported to the insurance carrier if the Hospital purchases claims-made coverage in that year or if the Hospital purchases insurance to cover "prior acts."

A Mutual Company malpractice insurance provides $1,000,000 per claim of primary coverage with an annual aggregate limit of $5,000,000. The policy has a $100,000 deductible per claim and a $300,000 aggregate. Physician's Insurance – A Mutual Company malpractice insurance provides $9,000,000 per claim excess coverage. The policy has a $100,000 deductible per claim.

19. Risk Concentrations:

Patient accounts receivable – The Hospital operates several lines of service and provides these services to patients who generally reside in the Union County, Oregon, area. The Hospital grants credit without collateral to its patients and third-party payors. Patient accounts receivable from the government agencies administering the Medicare and Medicaid programs represent the only concentrated group of credit risk for the Hospital, and management does not believe that there is significant credit risk associated with these organizations. Other contracted and private pay patient receivables consist of payors and individuals involved in diverse activities, subject to differing economic conditions and do not represent any concentrated credit risks to the Hospital.

Significant concentration of patient accounts receivable was as follows:

	2023	2022
Medicare	**23 %**	27 %
Medicaid	**13**	15
Other third-party payors	**30**	32
Patients	**34**	26
	100 %	100 %

Physicians – The Hospital is dependent on both employed and independent local physicians practicing in its service area to provide admissions and utilize hospital services on an outpatient basis. A decrease in the number of physicians providing these services or change in their utilization patterns may have an adverse effect on hospital operations.

Cash and cash equivalents – The Hospital invests its excess cash in deposits with banks. During the year and at year end, the Hospital had deposits in excess of Federal Deposit Insurance Corporation coverage.

Collective bargaining units – Effective May 1, 2019, the Hospital entered into a contract with the Oregon Nurses Association through April 30, 2023. As of April 30, 2023 and 2022, approximately 17 percent and 14 percent, respectively, of the Hospital's employees were represented by the Oregon Nurses Association. A new contract was signed covering May 1, 2023 through April 30, 2025, effective May 1, 2023.

SUPPLEMENTAL INFORMATION

Grande Ronde Hospital, Inc.
Consolidating Statement of Financial Position
April 30, 2023

ASSETS	Grande Ronde Hospital	Grande Ronde Hospital Foundation	Grande Ronde Hospital Auxiliary	Eliminations	Total
Current assets					
Cash and cash equivalents	$ 57,713,058	$ 376,135	$ 54,601	$ -	**$ 58,143,794**
Investments	2,493,756	3,611,292	-	-	**6,105,048**
Receivables:					
Patient accounts	17,905,813	-	-	-	**17,905,813**
Third-party payor settlements	7,912,803	-	-	-	**7,912,803**
340B contract pharmacy	512,635	-	-	-	**512,635**
Provider tax	2,221,259	-	-	-	**2,221,259**
Other	4,014,294	-	-	(46,924)	**3,967,370**
Inventories	2,555,119	-	-	-	**2,555,119**
Physician advances including accrued interest	428,147	-	-	-	**428,147**
Prepaid expenses	1,753,714	-	-	-	**1,753,714**
Total current assets	97,510,598	3,987,427	54,601	(46,924)	**101,505,702**
Assets limited as to use					
Board designated for capital improvements	49,732,111	-	-	-	**49,732,111**
Board designated for self-insurance	3,242,098	-	-	-	**3,242,098**
Board designated for deferred compensation	3,234,921	-	-	-	**3,234,921**
Total assets limited as to use	56,209,130	-	-	-	**56,209,130**
Noncurrent assets					
Property and equipment, net	71,266,699	-	-	-	**71,266,699**
Operating lease right-of-use asset	860,317	-	-	-	**860,317**
Investment in EOCCO	930,000	-	-	-	**930,000**
Investment in Summit Health	1,100,000	-	-	-	**1,100,000**
Beneficial interest in Oregon Community Foundation	1,191,663	989,353	-	-	**2,181,016**
Assets limited as to use for capacity building initiatives	-	5,000,000	-	-	**5,000,000**
Total noncurrent assets	75,348,679	5,989,353	-	-	**81,338,032**
Total assets	**$ 229,068,407**	**$ 9,976,780**	**$ 54,601**	**$ (46,924)**	**$ 239,052,864**
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable	$ 3,175,230	$ 46,924	$ -	$ (46,924)	**$ 3,175,230**
Capital accounts payable	3,769,985	-	-	-	**3,769,985**
Accrued compensation and related liabilities	12,403,738	-	-	-	**12,403,738**
Medicare accelerated payments	-	-	-	-	**-**
Provider tax payable	2,207,051	-	-	-	**2,207,051**
Deferred revenue	222,421	11,541	-	-	**233,962**
Accrued interest payable	833,333	-	-	-	**833,333**
Current maturities of operating lease liabilities	65,576	-	-	-	**65,576**
Total current liabilities	22,677,334	58,465	-	(46,924)	**22,688,875**
Long-term debt	51,181,205	-	-	-	**51,181,205**
Noncurrent operating lease liabilities	804,378	-	-	-	**804,378**
Total other liabilities	51,985,583	-	-	-	**51,985,583**
Net assets					
With donor restrictions	-	5,000,000	-	-	**5,000,000**
Without donor restrictions	154,405,490	4,918,315	54,601	-	**159,378,406**
Total net assets	154,405,490	9,918,315	54,601	-	**164,378,406**
Total liabilities and net assets	**$ 229,068,407**	**$ 9,976,780**	**$ 54,601**	**$ (46,924)**	**$ 239,052,864**

See accompanying independent auditors' report.

Grande Ronde Hospital, Inc.
Consolidating Statement of Financial Position
April 30, 2022

ASSETS	Grande Ronde Hospital	Grande Ronde Hospital Foundation	Grande Ronde Hospital Auxiliary	Eliminations	Total
Current assets					
Cash and cash equivalents	$ 45,826,917	$ 251,684	$ 43,453	$ -	**$ 46,122,054**
Investments	3,902,362	3,515,053	-	-	**7,417,415**
Receivables:					
Patient accounts	17,353,431	-	-	-	**17,353,431**
Third-party payor settlements	3,736,359	-	-	-	**3,736,359**
340B contract pharmacy	447,164	-	-	-	**447,164**
Provider tax	1,986,306	-	-	-	**1,986,306**
Other	3,840,701	-	-	(135,322)	**3,705,379**
Inventories	2,313,998	-	-	-	**2,313,998**
Physician advances including accrued interest	722,117	-	-	-	**722,117**
Prepaid expenses	1,620,968	-	-	-	**1,620,968**
Total current assets	81,750,323	3,766,737	43,453	(135,322)	**85,425,191**
Assets limited as to use					
Board designated for capital improvements	34,610,814	-	-	-	**34,610,814**
Board designated for self-insurance	3,235,337	-	-	-	**3,235,337**
Board designated for deferred compensation	3,004,332	-	-	-	**3,004,332**
Total assets limited as to use	40,850,483	-	-	-	**40,850,483**
Noncurrent assets					
Property and equipment, net	45,066,999	-	-	-	**45,066,999**
Investment in EOCCO	930,000	-	-	-	**930,000**
Investment in Summit Health	1,100,000	-	-	-	**1,100,000**
Beneficial interest in Oregon Community Foundation	1,301,638	1,081,448	-	-	**2,383,086**
Total noncurrent assets	48,398,637	1,081,448	-	-	**49,480,085**
Total assets	**$ 170,999,443**	**$ 4,848,185**	**$ 43,453**	**$ (135,322)**	**$ 175,755,759**
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable	$ 3,394,808	$ 135,322	$ -	$ (135,322)	**$ 3,394,808**
Accrued compensation and related liabilities	10,878,567	-	-	-	**10,878,567**
Medicare accelerated payments	9,873,390	-	-	-	**9,873,390**
Provider tax payable	1,989,855	-	-	-	**1,989,855**
Deferred revenue	238,458	7,200	-	-	**245,658**
Total current liabilities	26,375,078	142,522	-	(135,322)	**26,382,278**
Net assets					
Without donor restrictions	144,624,365	4,705,663	43,453	-	**149,373,481**
Total liabilities and net assets	**$ 170,999,443**	**$ 4,848,185**	**$ 43,453**	**$ (135,322)**	**$ 175,755,759**

See accompanying independent auditors' report.

Grande Ronde Hospital, Inc.
Consolidating Statement of Operations and Changes in Net Assets
Year Ended April 30, 2023

	Grande Ronde Hospital	Grande Ronde Hospital Foundation	Grande Ronde Hospital Auxiliary	Eliminations	Total
Operating revenues					
Patient care service revenue	$ 134,753,077	$ -	$ -	$ -	**$ 134,753,077**
340B contract pharmacy revenue	1,304,476	-	-	-	**1,304,476**
Grants	226,659	-	-	-	**226,659**
Provider tax revenue	6,995,675	-	-	-	**6,995,675**
EOCCO surplus distribution	3,236,715	-	-	-	**3,236,715**
Other	1,807,005	64,948	27,042	-	**1,898,995**
Total operating revenues	148,323,607	64,948	27,042	-	**148,415,597**
Operating expenses					
Salaries and wages	67,550,239	102,729	-	(102,729)	**67,550,239**
Employee benefits	16,771,239	33,020	-	(33,020)	**16,771,239**
Professional fees	18,920,791	76,397	-	(76,397)	**18,920,791**
Supplies	18,737,303	-	15,411	-	**18,752,714**
Utilities	933,163	-	-	-	**933,163**
Rents and leases	371,047	-	-	-	**371,047**
Depreciation	4,658,634	-	-	-	**4,658,634**
Provider tax	6,995,362	-	-	-	**6,995,362**
Insurance	1,503,898	-	-	-	**1,503,898**
Repairs and maintenance	582,964	120	-	(120)	**582,964**
Other	3,241,662	212,526	485	(148,736)	**3,305,937**
Total operating expenses	140,266,302	424,792	15,896	(361,002)	**140,345,988**
Excess of unrestricted revenue over (under) expenses	8,057,305	(359,844)	11,146	361,002	**8,069,609**
Other nonoperating income					
Investment income	1,614,188	43,404	2	-	**1,657,594**
Contributions	109,632	529,092	-	(361,002)	**277,722**
Total other nonoperating income, net	1,723,820	572,496	2	(361,002)	**1,935,316**
Change in net assets without donor restrictions	9,781,125	212,652	11,148	-	**10,004,925**
Net assets with donor restriction					
Grant for capacity building initiatives	-	5,000,000	-	-	**5,000,000**
Change in net assets with donor restrictions	-	5,000,000	-	-	**5,000,000**
Total change in net assets	**9,781,125**	**5,212,652**	**11,148**	**-**	**15,004,925**
Net assets, beginning of year	144,624,365	4,705,663	43,453	-	**149,373,481**
Net assets, end of year	**$ 154,405,490**	**$ 9,918,315**	**$ 54,601**	**$ -**	**$ 159,378,406**

See accompanying independent auditors' report.

Grande Ronde Hospital, Inc.
Consolidating Statement of Operations and Changes in Net Assets
Year Ended April 30, 2022

	Grande Ronde Hospital	Grande Ronde Hospital Foundation	Grande Ronde Hospital Auxiliary	Eliminations	Total
Operating revenues					
Patient care service revenue	$ 124,974,924	$ -	$ -	$ -	**$ 124,974,924**
340B contract pharmacy revenue	3,171,644	-	-	-	**3,171,644**
Grants	803,619	-	-	-	**803,619**
Provider tax revenue	6,712,475	-	-	-	**6,712,475**
EOCCO surplus distribution	2,909,178	-	-	-	**2,909,178**
Other	981,264	126,327	18,812	-	**1,126,403**
Total operating revenues	139,553,104	126,327	18,812	-	**139,698,243**
Operating expenses					
Salaries and wages	64,637,254	78,305	-	(78,305)	**64,637,254**
Employee benefits	17,015,348	31,731	-	(31,731)	**17,015,348**
Professional fees	13,656,474	19,691	-	-	**13,676,165**
Supplies	17,926,014	-	11,423	-	**17,937,437**
Utilities	894,715	-	-	-	**894,715**
Rents and leases	265,014	-	-	-	**265,014**
Depreciation	5,280,354	-	-	-	**5,280,354**
Provider tax	6,732,885	-	-	-	**6,732,885**
Insurance	1,181,568	-	-	-	**1,181,568**
Repairs and maintenance	690,424	-	-	-	**690,424**
Other	2,882,603	190,049	442	(72,377)	**3,000,717**
Total operating expenses	131,162,653	319,776	11,865	(182,413)	**131,311,881**
Excess of unrestricted revenue over (under) expenses	8,390,451	(193,449)	6,947	182,413	**8,386,362**
Other nonoperating income					
Investment income	(1,488,275)	(80,002)	2	-	**(1,568,275)**
Contributions	135,322	269,375	195	(182,413)	**222,479**
Gain on disposal of capital assets	4,098	-	-	-	**4,098**
Total other nonoperating income, net	(1,348,855)	189,373	197	(182,413)	**(1,341,698)**
Change in net assets without donor restrictions	7,041,596	(4,076)	7,144	-	**7,044,664**
Net assets without donor restrictions, beginning of year	137,582,769	4,709,739	36,309	-	**142,328,817**
Net assets without donor restrictions, end of year	**$ 144,624,365**	**$ 4,705,663**	**$ 43,453**	**$ -**	**$ 149,373,481**

See accompanying independent auditors' report.

Grande Ronde Hospital, Inc.

Consolidated Financial Statements and Independent Auditors' Report

April 30, 2024 and 2023

ACCOUNTANTS | ADVISORS

Grande Ronde Hospital, Inc.
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Grande Ronde Hospital, Inc.
La Grande, Oregon

Opinion

We have audited the accompanying consolidated financial statements of Grande Ronde Hospital, Inc. (the Hospital) (a nonprofit organization), which comprise the statements of financial position as of April 30, 2024 and 2023, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of April 30, 2024 and 2023, and the changes in its net assets 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). 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 Hospital, 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.

Emphasis of Matter – Current Expected Credit Losses

As discussed in Note 1 to the financial statements, in 2024 the Hospital adopted new accounting guidance, Financial Accounting Standards Board Accounting Standards Update No. 2016-13, *Current Expected Credit Losses* (Topic 326). Our opinion is not modified with respect to this matter.

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 Hospital's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 opinion. 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 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, including omissions, 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, 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 Hospital'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 Hospital'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statements of financial position and consolidating statements of operations and changes in net assets are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

DZA PLLC

Spokane Valley, Washington
August 27, 2024

Grande Ronde Hospital, Inc.
Consolidated Statements of Financial Position
April 30, 2024 and 2023

ASSETS	2024	2023
Current assets		
Cash and cash equivalents	**$ 7,825,564**	$ 58,143,794
Investments	**5,181,815**	6,105,048
Receivables:		
Patient accounts	**27,067,161**	27,535,690
Less allowance for credit losses	**(5,728,006)**	(9,629,877)
Patient accounts, net	**21,339,155**	17,905,813
Third-party payor settlements	**10,162,102**	7,912,803
340B contract pharmacy	**92,679**	512,635
Provider tax	**2,414,740**	2,221,259
Other	**987,221**	3,967,370
Inventories	**2,895,971**	2,555,119
Physician advances including accrued interest	**329,657**	428,147
Prepaid expenses	**2,220,853**	1,753,714
Total current assets	**53,449,757**	101,505,702
Assets limited as to use		
Board designated for capital improvements	**61,179,924**	49,732,111
Board designated for self-insurance	**3,115,238**	3,242,098
Board designated for deferred compensation	**3,697,083**	3,234,921
Total assets limited as to use	**67,992,245**	56,209,130
Noncurrent assets		
Property and equipment, net	**116,888,938**	71,266,699
Operating lease right-of-use asset	**785,967**	860,317
Investment in Eastern Oregon Coordinated Care Organization (EOCCO)	**930,000**	930,000
Investment in Summit Health	**239,000**	1,100,000
Beneficial interest in Oregon Community Foundation	**2,327,774**	2,181,016
Assets limited as to use for capacity building initiatives	**4,463,500**	5,000,000
Total noncurrent assets	**125,635,179**	81,338,032
Total assets	**$ 247,077,181**	$ 239,052,864

See accompanying notes to consolidated financial statements.

Grande Ronde Hospital, Inc.
Consolidated Statements of Financial Position (Continued)
April 30, 2024 and 2023

LIABILITIES AND NET ASSETS	**2024**	**2023**
Current liabilities		
Accounts payable	**$ 3,381,933**	$ 3,175,230
Capital accounts payable	**2,450,586**	3,769,985
Accrued compensation and related liabilities	**12,819,554**	12,403,738
Provider tax payable	**2,420,792**	2,207,051
Deferred revenue	**73,511**	233,962
Accrued interest payable	**833,333**	833,333
Current maturities of long-term debt	**785,000**	-
Current maturities of operating lease liabilities	**75,969**	65,576
Total current liabilities	**22,840,678**	22,688,875
Noncurrent liabilities		
Long-term debt, less current maturities	**50,267,547**	51,181,205
Operating lease liabilities	**728,410**	804,378
Total noncurrent liabilities	**50,995,957**	51,985,583
Net assets		
With donor restrictions	**4,463,500**	5,000,000
Without donor restrictions	**168,777,046**	159,378,406
Total net assets	**173,240,546**	164,378,406
Total liabilities and net assets	**$ 247,077,181**	$ 239,052,864

See accompanying notes to consolidated financial statements.

Grande Ronde Hospital, Inc.
Consolidated Statements of Operations and Changes in Net Assets
Years Ended April 30, 2024 and 2023

	2024	2023
Operating revenues		
Patient care service revenue	**$ 146,257,218**	$ 134,753,077
340B contract pharmacy revenue	**314,185**	1,304,476
Grants	**345,762**	226,659
Provider tax revenue	**7,298,719**	6,995,675
EOCCO surplus distribution	**-**	3,236,715
Other	**2,655,578**	1,898,995
Total operating revenues	**156,871,462**	148,415,597
Operating expenses		
Salaries and wages	**73,958,109**	67,550,239
Employee benefits	**20,566,744**	16,771,239
Professional fees	**20,619,654**	18,920,791
Supplies	**20,945,094**	18,752,878
Utilities	**977,397**	933,163
Rents and leases	**448,510**	371,047
Depreciation	**4,456,917**	4,658,634
Provider tax	**7,317,012**	6,995,362
Insurance	**1,681,176**	1,503,898
Repairs and maintenance	**592,049**	582,964
Interest	**30,599**	23,786
Other	**3,890,229**	3,281,987
Total operating expenses	**155,483,490**	140,345,988
Excess of revenues over expenses	**1,387,972**	8,069,609
Other nonoperating income		
Investment income	**6,219,128**	1,657,594
Contributions	**1,255,040**	277,722
Total other nonoperating income, net	**7,474,168**	1,935,316
Net assets released from restrictions	**536,500**	-
Change in net assets without donor restrictions	**9,398,640**	10,004,925
Net assets with donor restrictions		
Net assets released from restrictions	**(536,500)**	-
Grant for capacity building initiatives	**-**	5,000,000
Change in net assets with donor restrictions	**(536,500)**	5,000,000
Total change in net assets	**8,862,140**	15,004,925
Net assets, beginning of year	**164,378,406**	149,373,481
Net assets, end of year	**$ 173,240,546**	$ 164,378,406

See accompanying notes to consolidated financial statements.

Grande Ronde Hospital, Inc.
Consolidated Statements of Cash Flows
Years Ended April 30, 2024 and 2023

	2024	2023
Change in Cash and Cash Equivalents		
Cash flows from operating activities		
Receipts from and on behalf of patients	**$ 140,574,577**	$ 130,024,251
Receipts from 340B contract pharmacy	**734,141**	1,239,005
Contributions received	**1,255,040**	277,722
Cash received from investments	**3,944,497**	294,932
Cash received from provider tax revenue	**7,105,238**	6,760,722
Cash received from grant revenue	**185,311**	214,963
Receipts from other revenue	**5,635,727**	4,908,416
Payments on Medicare accelerated payments	**-**	(9,873,390)
Payments to or on behalf of employees	**(94,109,037)**	(82,796,307)
Payments to suppliers and contractors	**(49,686,035)**	(44,695,049)
Payments for provider tax assessments	**(7,103,271)**	(6,778,166)
Net cash from operating activities	**8,536,188**	(422,901)
Cash flows from financing activities		
Proceeds from the issuance of long-term debt	**-**	51,275,128
Proceeds from capital grants	**-**	5,000,000
Interest paid on long-term debt	**30,599**	-
Net cash from financing activities	**30,599**	56,275,128
Cash flows from investing activities		
Purchase of property and equipment	**(51,557,812)**	(26,348,939)
Purchase of investments	**(41,195,706)**	(11,423,291)
Sale of investments	**45,277,469**	4,168,430
Transfers from assets limited as to use	**536,500**	-
Transfers to assets limited as to use	**-**	(9,668,409)
Net cash from investing activities	**(46,939,549)**	(43,272,209)
Net change in cash and cash equivalents	**(38,372,762)**	12,580,018
Cash and cash equivalents, beginning of year	**63,773,407**	51,193,389
Cash and cash equivalents, end of year	**$ 25,400,645**	$ 63,773,407
Reconciliation of Cash and Cash Equivalents to the Consolidated Statements of Financial Position		
Cash and cash equivalents	**$ 7,825,564**	$ 58,143,794
Cash and cash equivalents included in assets limited as to use	**17,575,081**	5,629,613
Total cash and cash equivalents	**$ 25,400,645**	$ 63,773,407

See accompanying notes to consolidated financial statements.

Grande Ronde Hospital, Inc.
Consolidated Statements of Cash Flows (Continued)
Years Ended April 30, 2024 and 2023

	2024	2023
Reconciliation of Change in Net Assets to Net Cash from Operating Activities		
Change in net assets	**$ 8,862,140**	$ 15,004,925
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	**4,456,917**	4,658,634
Amortization of operating lease right-of-use assets	**74,350**	75,062
Unrealized gain on investments	**(2,281,935)**	(1,362,662)
Capital grant	**-**	(5,000,000)
Change in assets:		
Patient accounts receivable	**(3,433,342)**	(552,382)
Third-party payor settlements receivable	**(2,249,299)**	(4,176,444)
340B contract pharmacy receivable	**419,956**	(65,471)
Provider tax receivable	**(193,481)**	(234,953)
Other receivables	**2,980,149**	(261,991)
Inventories	**(340,852)**	(241,121)
Physician advances	**91,186**	259,273
Accrued interest on physician advances	**7,304**	34,697
Prepaid expenses	**(467,139)**	(132,746)
Change in liabilities:		
Accounts payable	**206,703**	(219,578)
Accrued compensation and related liabilities	**415,816**	1,525,171
Operating lease liabilities	**(65,575)**	(65,425)
Medicare accelerated payments	**-**	(9,873,390)
Provider tax payable	**213,741**	217,196
Deferred revenue	**(160,451)**	(11,696)
Net cash from operating activities	**$ 8,536,188**	$ (422,901)

See accompanying notes to consolidated financial statements.

1. Organization and Summary of Significant Accounting Policies:

a. Organization

Grande Ronde Hospital (the Hospital) is a rural acute care hospital located in Union County, Oregon. The Hospital is a critical access hospital with 21 acute care beds and four intensive care unit beds. Services offered at the Hospital include medical, surgical, labor and delivery, nursery care, 24-hour emergency services, laboratory, imaging, therapy, home health, and various physicians' clinics for the residents of northeast Oregon. Admitting physicians are primary and specialty practitioners in the local area.

Grande Ronde Hospital, Inc., includes the operations of the following separately incorporated affiliates:

- Grande Ronde Hospital Foundation, Inc. – The purpose of Grande Ronde Hospital Foundation (the Foundation) is to provide support for the Hospital in the form of direct gifts and financial assistance.
- Grande Ronde Hospital Auxiliary – The purpose of Grande Ronde Auxiliary (the Auxiliary) is to assist the Hospital in providing voluntary aid for the welfare of patients, public relations through service to the Hospital, and fundraising through various methods approved by the Board of Trustees of the Hospital.

Principles of consolidation – The consolidated financial statements reflect the consolidated operations of the Hospital, Foundation, and Auxiliary. All significant intercompany transactions and balances have been eliminated.

b. Summary of Significant Accounting Policies

Basis of presentation – The Hospital is required to report information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions.

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

Income taxes – The Hospital, Foundation, and Auxiliary are organized as Oregon nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Hospital, Foundation, and Auxiliary are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, they are subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Similarly, the Hospital, Foundation, and Auxiliary are exempt from state income taxes under similar provisions of state laws.

The Hospital, Foundation, and Auxiliary believe that they have appropriate support for any tax positions taken affecting their annual filing requirements, and as such, do not have any uncertain tax positions that are material to the financial statements.

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Cash and cash equivalents – Cash and cash equivalents are short-term, highly liquid investments with an original maturity of three months or less, except for cash and cash equivalents included within investment portfolios.

Grants receivable – Receivables arising from revenue from government agencies are stated at net realizable value. Management believes the amounts to be fully collectible.

Prepaid expenses – Prepaid expenses are expenses paid during the fiscal year relating to expenses to be incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense.

Inventories – Inventories are stated at cost using the first-in, first-out method, which is considered lower than market price. Inventories consist of medical supplies and pharmaceuticals used in patient care.

Investments restricted as to use – These funds are restricted by the grantor to be used in the capacity building initiatives.

Assets limited as to use – Assets limited as to use include assets set aside by the Board of Trustees for future capital improvements, self-insurance deposits, and deferred compensation. The Board retains control and may, at its discretion, subsequently use these assets for other purposes.

Investments in Eastern Oregon Coordinated Care Organization (EOCCO) – The Hospital has a 10 percent interest in EOCCO, which is recorded using the cost method. EOCCO is a coordinated care organization that works with Oregon Health Plan, the state's Medicaid system, to ensure quality cost-effective care is delivered to participants in the Eastern Oregon region. As part of the organization structure, the Hospital is eligible to receive surplus distributions under a risk participation model. The Hospital is also eligible to receive dividends on its investment. Surplus distributions are recorded as operating income and dividends are recorded as investment income. The Hospital received no dividends in the years ended April 30, 2024 and 2023.

Investment in Summit Health Plan, Inc. – The Hospital has a 10.14 percent interest in Summit Health, which is recorded using the cost method. The Hospital has received no distributions or dividends. The Hospital has reduced its investment basis based on the income of Summit Health.

Investments and investment income – Investments in equity securities having a readily determinable fair value and all debt securities are measured at fair value in the consolidated statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest, dividends, and expenses) is included in the change in net assets as nonoperating revenue.

Fair value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

The Hospital classified its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Fair value measurements (continued) – The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are defined as follows:

- **Level 1** – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- **Level 2** – Quoted prices in markets that are traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- **Level 3** – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Property and equipment – It is the Hospital's policy to capitalize buildings, improvements, and equipment over $5,000; lesser amounts are expensed. Property and equipment are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset. Depreciation is computed using the straight-line method over the longer of the lease term or the following estimated useful service lives:

Land improvements	2 to 25 years
Buildings and improvements	5 to 40 years
Equipment	3 to 25 years

Gifts of long-lived assets such as land, buildings, or equipment are reported at fair value as of the date of the gift and as unrestricted contributions. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or assets that must be used to acquire long-lived assets are reported as restricted capital contributions. The Hospital received $-0- and $5,000,000 in restricted capital contributions for the years ended April 30, 2024 and 2023, respectively.

Absent explicit donor stipulations about how long those long-lived capital assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Accrued leave – The Hospital's policy is to permit employees to accumulate earned but unused vacation, paid time off, and sick pay benefits. The sick pay benefits are expensed when taken. Vacation time and paid time off is accrued and expensed when earned.

Financing costs – Bond financing costs are amortized over the remaining terms of the bonds. Amortization expense for the years ended April 30, 2024 and 2023, was approximately $30,600 and $28,000, respectively.

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Net assets with donor restrictions – Net assets with donor restrictions are those whose use by the Hospital has been limited by donors to a specific time period or purpose. Restricted contributions or grants meeting donor restrictions in the year of donation are reported as unrestricted.

Subsequent events – Subsequent events have been reviewed through August 27, 2024, the date on which the consolidated financial statements were available to be issued.

Upcoming accounting pronouncements – Accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

Change in accounting principles – In June 2016, the FASB issued guidance Accounting Standards Codification (ASC) 326, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Hospital that are subject to the guidance in FASB ASC 326 were patient accounts receivable and debt securities.

The Hospital adopted the standard effective May 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only.

2. Liquidity and Availability of Financial Assets:

The Hospital's financial assets available within one year of the statements of financial position dates for general expenditure are as follows:

		2024		2023
Cash and cash equivalents	$	7,825,564	$	58,143,794
Investments		5,181,815		6,105,048
Receivables:				
Patient accounts		27,067,161		27,535,690
Less allowance for credit losses		(5,728,006)		(9,629,877)
Patient accounts, net		21,339,155		17,905,813
Third-party payor settlements		10,162,102		7,912,803
340B contract pharmacy		92,679		512,635
Provider tax		2,414,740		2,221,259
Other		987,221		3,967,370
Financial assets available to meet cash needs for general expenditures within one year	$	48,003,276	$	96,768,722

As a part of the Hospital's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Hospital invests cash in excess of daily requirements in short-term investments.

3. Patient Accounts Receivable:

Patient accounts receivable reported as current assets by the Hospital consisted of these amounts:

		2024		2023
Patients and their insurance carriers	$	18,854,051	$	21,866,628
Medicare		4,904,610		3,474,657
Medicaid		3,308,500		2,194,405
		27,067,161		27,535,690
Allowance for credit losses		(5,728,006)		(9,629,877)
Patient accounts receivable	$	21,339,155	$	17,905,813

The patient accounts receivable allowance for credit losses and the related activity are as follows:

		2024
Beginning balance	$	9,629,877
Provision for credit losses		6,097,519
Writeoffs		(2,195,648)
Ending balance	$	5,728,006

Patient accounts receivable at May 1, 2022, was $17,353,431.

4. Assets Limited as to Use:

Assets limited as to use are stated at fair value and consisted of the following:

	2024	2023
Cash and cash equivalents	**$ 17,575,081**	$ 5,629,613
Certificates of deposit	**6,356,508**	10,282,915
Treasury bills	**19,778,975**	21,212,137
Equity securities	**1,359,308**	1,129,158
Mutual funds	**27,385,873**	22,955,307
Total assets limited as to use	**$ 72,455,745**	$ 61,209,130

The following table summarizes the unrealized positions for available-for-sale debt securities for Treasury bills:

	2024				
	Cost	Allowance for Credit Losses	Total Unrealized Gains	Total Unrealized Losses	Fair Value
Treasury bills	$ 19,610,627	$ -	$ 173,413	$ 5,065	$ 19,778,976
Total available-for-sale debt securities	**$ 19,610,627**	**$ -**	**$ 173,413**	**$ 5,065**	**$ 19,778,976**

5. Investments:

Investments are stated at fair value and include the following:

	2024	2023
Cash and cash equivalents	**$ 314,798**	$ 190,841
Equity securities	**331,238**	280,082
Treasury bills	**1,256,369**	2,591,973
Fixed income exchange traded products (ETPs)	**97,375**	99,893
Mutual funds	**3,182,035**	2,942,259
Total investments	**$ 5,181,815**	$ 6,105,048

6. Investment Income:

Investment income and gains and losses on assets limited as to use, cash equivalents, and other investments consist of the following:

		2024		2023
Interest and dividends	**$**	**2,541,167**	$	1,844,834
Gains (losses)		**3,700,064**		(167,200)
Broker fees		**(22,103)**		(20,040)
Total investment income	**$**	**6,219,128**	$	1,657,594

7. Fair Value Measurements:

The following tables disclose by level the fair value hierarchy discussed in Note 1:

	2024							
		Level 1		Level 2		Level 3		Total
Beneficial interest in Oregon Community Foundation	$	-	$	-	$	2,327,774	**$**	**2,327,774**
Certificates of deposit		-		7,612,876		-		**7,612,876**
Money market		17,889,879		-		-		**17,889,879**
Equity securities								
Blended		1,690,546		-		-		**1,690,546**
Fixed Income ETP's								
Blended		97,375		-		-		**97,375**
Mutual funds								
Blended		4,099,945		-		-		**4,099,945**
Bond		3,362,715		-		-		**3,362,715**
Foreign		588,956		-		-		**588,956**
Growth		13,179,678		-		-		**13,179,678**
Real estate		129,965		-		-		**129,965**
Value		9,206,649		-		-		**9,206,649**
Treasury Bills		19,778,976		-		-		**19,778,976**
	$	**70,024,684**	**$**	**7,612,876**	**$**	**2,327,774**	**$**	**79,965,334**

Investments	**$**	**5,181,815**
Assets limited as to use		**67,992,245**
Assets limited for capacity building initiatives		**4,463,500**
Beneficial interest in Oregon Community Foundation		**2,327,774**
	$	**79,965,334**

7. Fair Value Measurements (continued):

	2023			
	Level 1	Level 2	Level 3	Total
Beneficial interest in Oregon Community Foundation	$ -	$ -	$ 2,181,016	**$ 2,181,016**
Certificates of deposit	-	10,282,915	-	**10,282,915**
Money market	5,820,456	-	-	**5,820,456**
Equity securities				
Blended	1,409,240	-	-	**1,409,240**
Fixed Income ETPs				
Blended	99,893	-	-	**99,893**
Mutual funds				
Blended	3,478,926	-	-	**3,478,926**
Bond	3,272,170	-	-	**3,272,170**
Foreign	589,642	-	-	**589,642**
Growth	10,268,364	-	-	**10,268,364**
Real estate	656,186	-	-	**656,186**
Value	7,632,277	-	-	**7,632,277**
Treasury Bills	23,804,109	-	-	**23,804,109**
	$ 57,031,263	**$ 10,282,915**	**$ 2,181,016**	**$ 69,495,194**
Investments				**$ 6,105,048**
Assets limited as to use				**56,209,130**
Assets limited for capacity building initiatives				**5,000,000**
Beneficial interest in Oregon Community Foundation				**2,181,016**
				$ 69,495,194

A reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) follows:

	2024	2023
Beginning balance	**$ 2,181,016**	$ 2,383,086
Net realized and unrealized gain (loss)	**146,036**	(183,336)
Interest and dividends	**9,210**	6,244
Investment management fees	**(8,488)**	(6,047)
Distributions	**-**	(18,931)
Ending balance	**$ 2,327,774**	$ 2,181,016

A significant portion of the Hospital's investment assets are classified within Level 1 because they are comprised of open-end mutual funds, common stock, and treasury bills with readily determinable fair values based on daily redemption values. Certificates of deposit and corporate bonds are valued by the custodians using pricing models based on credit quality, time to maturity, stated interest rates, and market rate assumptions, and are classified within Level 2. The fair value of the beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

8. Beneficial Interest in Oregon Community Foundation:

The ownership of these assets has been transferred to Oregon Community Foundation (OCF) to support charitable purposes for both the Hospital and Foundation. Variance power over these assets has been granted to OCF, and OCF is authorized to vary or modify restrictions or conditions that it believes are unnecessary, incapable of fulfillment, or inconsistent with the charitable, educational, and scientific needs of the state of Oregon.

OCF makes distributions not less than annually to the Hospital and Foundation, to be used as the respective boards of directors determine to be necessary or desirable to further the organizations' objectives and purposes. The payout rate of 4.5 percent of the average fair market value of the fund is reviewed annually by the OCF board of directors and may change from time to time at the discretion of OCF.

The beneficial interest in OCF is reported at fair value in the consolidated statements of financial position. Distributions and changes in fair value are recognized in the consolidated statements of operations and changes in net assets.

9. Property and Equipment:

Property and equipment consisted of the following:

	2024	**2023**
Land improvements	**$ 5,192,268**	$ 5,173,295
Buildings and improvements	**61,124,849**	60,711,092
Equipment	**50,722,728**	48,638,754
	117,039,845	114,523,141
Less accumulated depreciation	**(81,018,389)**	(77,078,312)
	36,021,456	37,444,829
Land	**1,875,911**	1,776,551
Construction in progress	**78,991,571**	32,045,319
Net property and equipment	**$ 116,888,938**	$ 71,266,699

9. Property and Equipment (continued):

The estimated completion dates and budgeted remaining costs for the projects are as follows:

	Estimated Completion Date	Total Budgeted Project Cost	Total Cost Incurred	Estimated Cost to Complete
Operating room expansion	2024	$ 85,000,000	$ 72,781,954	$ 12,218,046
Other various capital projects and equipment installations	Various	3,070,781	2,061,496	1,009,285
Total costs to complete		**$ 88,070,781**	**$ 74,843,450**	**$ 13,227,331**

Capitalized interest incurred of $4,150,000 is included in the construction in progress balance and not included in the total cost incurred in the table above.

10. Long-term Debt:

A summary of long-term debt follows:

	2024	2023
The Hospital Facility Authority of Union County, Oregon, Series 2022, Revenue Bonds, payable in annual principal installments ranging from $785,000 to $1,935,000 plus annual interest of 5%, through July 2052.	**$ 50,000,000**	$ 50,000,000
Bond issuance costs and premium	**1,052,547**	1,181,205
Total	**51,052,547**	51,181,205
Less current maturities	**(785,000)**	-
Total long-term debt	**$ 50,267,547**	$ **51,181,205**

Schedule repayments are as follows:

Years Ending April 30,	Amount
2025	$ 785,000
2026	825,000
2027	870,000
2028	915,000
2029	960,000
Thereafter	45,645,000
Total long-term debt	**$ 50,000,000**

11. Leases:

The determination of whether an arrangement is a lease is made at the lease's inception. Under Accounting Standards Codification (ASC) 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Hospital uses the rate implicit in the lease when it is readily determinable. Since most of the Hospital's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Hospital's incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives.

The Hospital has operating leases for real estate. The Hospital also has certain leases for equipment and real estate with terms less than 12 months. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

The Hospital has certain leases that include one or more options to renew, with renewal terms that can extend the lease term from 3 to 10 years. Only lease options that the Hospital believes are reasonably certain to be exercised are included in the measurement of the lease assets and liabilities. ROU assets are amortized/depreciated over the term of the lease unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used.

The Hospital has lease agreements with lease and nonlease components, which are generally accounted for separately with amounts allocated to the lease and nonlease components based on stand-alone prices.

The Hospital's lease agreements include variable payments adjusted periodically for inflation, which are not determinable at the lease commencement and are not included in the measurement of the lease asset and liabilities.

The Hospital's lease agreements do not contain any material residual value guarantees or restrictive covenants.

The following summarizes the line items in the statements of operations and changes in net assets which include the components of lease expense for the year ended April 30:

	2024	2023
Operating:		
Operating leases included in rental and leases expenses	**$ 107,584**	$ 106,724
Short-term leases included in rental and leases expenses	**340,926**	264,323
Net lease cost	**$ 448,510**	$ 371,047

11. Leases (continued):

The following summarizes the weighted average remaining lease term (in years) and discount rate as of April 30:

	2024
Weighted Average Remaining Lease Term (in years)	
Operating leases	**10.48**
Weighted Average Discount Rate	
Operating leases	**5%**

Schedule of minimum future lease payments under lease obligations is as follows:

Years Ending April 30,		Operating
2025	$	**126,374**
2026		**127,042**
2027		**127,246**
2028		**85,432**
2029		**85,597**
Thereafter		**583,267**
Total lease payments		**1,134,958**
Less: portion representing interest		**(330,579)**
Present value of lease liabilities	**$**	**804,379**

Operating lease payments in the table above include approximately $974,000 related to options to extend lease terms that are reasonably certain to be exercised.

The following summarizes the line items in the statements of financial position which include amounts for operating leases as of April 30:

		2024		2023
Operating Leases:				
Operating lease right-of-use assets	**$**	**785,967**	$	860,317
Current maturities of operating lease liabilities	**$**	**(75,969)**	$	(65,576)
Operating lease liabilities, noncurrent		**(728,410)**		(804,378)
Total operating lease liabilities	**$**	**(804,379)**	$	(869,954)

12. Physician Advances:

As a recruitment incentive, the Hospital provided advances to newly hired providers that were recorded as physician advances receivable in the consolidated statements of financial position. Under the terms of these contracts, these advances are reduced by bonuses earned each fiscal year as long as the physician provided services in accordance with the contract. At the end of the contract term, all accrued interest and principal is forgiven. Should the terms of the contract not be completed, the physician is required to repay the unforgiven balance of the advance, plus accrued interest, to the Hospital. Currently, the Hospital is providing sign on bonuses to physicians that are to be repaid to the Hospital at a ratable amount if the physician were to leave the Hospital before the completion of the contract terms.

13. Net Assets Without Donor Restrictions:

Net assets without donor restrictions are comprised of the following:

	2024	**2023**
Undesignated	**$ 103,579,110**	$ 105,362,181
Board designated for capital improvements	**61,179,924**	49,732,111
Board designated for self-insurance	**1,690,238**	2,103,098
Beneficial interest in Oregon Community Foundation	**2,327,774**	2,181,016
Total net assets without donor restrictions	**$ 168,777,046**	$ 159,378,406

14. Net Assets with Donor Restrictions:

Net assets with donor restrictions are restricted for the specified purpose of the capacity building initiatives with a balance of $4,463,500 and $5,000,000 for years ended April 30, 2024 and 2023, respectively.

15. Patient Care Service Revenue:

Patient care service revenue is reported at the amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Hospital bills the patients and third-party payors several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Hospital. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Hospital believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the hospital receiving inpatient acute care services or patients receiving services in the outpatient centers. The Hospital measures the performance obligation from admission into the hospital, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to patients and customers in a retail setting (for example, pharmaceuticals and medical equipment) and the Hospital does not believe it is required to provide additional goods or services related to that sale.

The Hospital determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Hospital's policy, and implicit price concessions provided to uninsured patients. The Hospital determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Hospital determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

The Hospital has agreements with third-party payors that provide payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- *Medicare* – The Hospital has been designated a critical access hospital and the primary care clinic a rural health clinic by Medicare. The Hospital is paid on a cost reimbursement method for substantially all services provided to Medicare beneficiaries. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after the submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor.

- *Medicaid* – The Hospital is paid on a prospective rate for substantially all hospital services to Medicaid beneficiaries. Rural health clinic services are paid on a prospective set rate per visit. Nonrural health clinic services are paid under a fee schedule.

- *Medicaid Managed Care* – The Hospital is paid on a prospective rate for substantially all hospital services to Medicaid Managed Care beneficiaries. Rural health clinic services are paid on a prospectively set rate and reconciled to actual costs per visit. Nonrural health clinic services are paid under a fee schedule.

15. Patient Care Service Revenue (continued):

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various healthcare organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Hospital's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Hospital. In addition, the contracts the Hospital has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Hospital's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved.

Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Net patient service revenue decreased by approximately $150,000 in the year ended April 30, 2024, and increased approximately $590,000 in the year ended April 30, 2023, due to differences between original estimates and final settlements.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount.

The Hospital also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Hospital estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Consistent with the Hospital's mission, care is provided to patients regardless of their ability to pay. Therefore, the Hospital has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Hospital expects to collect based on its collection history with those patients.

The Hospital determines the costs associated with providing this care by aggregating direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on its costing system. The costs for providing healthcare to patients who are financially unable to pay for the healthcare services they receive were approximately $1,795,000 and $1,250,000 for the years ended April 30, 2024 and 2023, respectively.

15. Patient Care Service Revenue (continued):

Patients who meet the Hospital's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

The Hospital has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service lines, methods of reimbursement, and timing of when revenue is recognized.

The composition of patient care service revenue by primary payor is as follows:

		2024		2023
Medicare	**$**	**53,948,980**	$	49,832,652
Medicaid		**31,503,249**		25,944,447
Other third-party payors		**56,648,382**		54,846,649
Patients		**4,156,607**		4,129,329
Patient care service revenue	**$**	**146,257,218**	$	134,753,077

Revenue from the patient's deductible and coinsurance are included in the preceding categories based on the primary payor.

All patient care service revenue is recognized as revenue as the services are provided over time.

340B contract pharmacy revenue is recognized as revenue at point in time of sale.

16. Retirement Plans:

Defined contribution plan – The Hospital sponsors a defined contribution pension plan covering substantially all its employees. The plan provides covered employees with less than 10 years of service a base contribution equal to 2 percent of their annual salary and 3 percent for those employees with more than 10 years of service. Additionally, the plan allows any employee contribution to the plan as long as the contribution does not exceed established IRS contribution limits. The Hospital provides an additional contribution to the plan in matching amounts from 3 percent to 5 percent of the employee's annual salary, based on years of service. The Hospital's contribution and cost were approximately $3,912,000 and $2,609,000 for the fiscal years ended April 30, 2024 and 2023, respectively.

Deferred compensation plan – The Hospital established a supplemental pension benefit for its former Chief Executive Officer (CEO) in the form of an "Eligible Deferred Compensation Plan" under Section 457(b) of the IRC. This exempt, unfunded plan was restricted to the former CEO. The plan allowed for the former CEO to receive an additional retirement benefit in lieu of current compensation. For the years ended April 30, 2024 and 2023, the balance of the plan was approximately $246,000 and $352,000, respectively, which was included in assets limited as to use by the board for deferred compensation on the consolidated statements of financial position. The Hospital has recorded a liability for the amount due of approximately $246,000 and $352,000 for the years ended April 30, 2024 and 2023, respectively.

16. Retirement Plans (continued):

Deferred compensation plan (continued) – On January 1, 2015, the Hospital restated and expanded the supplemental pension benefit under Section 457(b) plan to include its healthcare providers and executive employees. For participants it is an exempt plan, funded in a rabbi trust arrangement, restricted to a select group of providers and management employees. The plan allows this select group of management and providers to defer what would otherwise be current compensation until retirement. The plan provides for nonforfeitable future distribution of deferred amounts post-employment. For the years ended April 30, 2024 and 2023, the balance of the plan was $3,409,800 and $2,841,056, respectively. The Hospital has recorded a liability for the amount due of $3,409,800 and $2,841,056 for the years ended April 30, 2024 and 2023, respectively. All amounts set aside under the supplemental pension benefit plan are subject to the claims of the general creditors of the Hospital.

17. Functional Expenses:

The cost of providing various program services and other activities have been summarized on a functional basis below. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits, depreciation, professional fees, supplies, rents and leases, insurance, repairs and maintenance, utilities, interest, and other expenses which are allocated on a square-footage basis.

Following is a summary of functional expenses:

	2024			
		Supporting Services		
	Total Program Services Expense	**Management and General**	**Fundraising**	**Total Expenses**
Salaries and wages	$ 64,810,129	$ 8,993,404	$ 154,576	**$ 73,958,109**
Employee benefits	17,604,824	2,959,371	2,549	**20,566,744**
Professional fees	16,750,238	3,982,152	165,839	**20,898,229**
Supplies	20,503,422	377,116	6,455	**20,886,993**
Utilities	725,751	251,135	511	**977,397**
Rents and leases	372,270	75,956	284	**448,510**
Depreciation	3,780,609	674,875	1,433	**4,456,917**
Provider tax	7,317,012	-	-	**7,317,012**
Insurance	1,128,390	552,786	-	**1,681,176**
Interest	-	30,599	-	**30,599**
Repairs and maintenance	530,935	60,873	241	**592,049**
Other	2,092,624	1,158,416	556,518	**3,807,558**
	$ 135,616,204	**$ 19,116,683**	**$ 888,406**	**$ 155,621,293**

17. Functional Expenses (continued):

	2023			
		Supporting Services		
	Total Program Services Expense	Management and General	Fundraising	Total Expenses
Salaries and wages	$ 59,618,765	$ 7,827,152	$ 104,322	**$ 67,550,239**
Employee benefits	14,327,120	2,401,439	42,680	**16,771,239**
Professional fees	15,434,427	3,409,905	76,459	**18,920,791**
Supplies	18,326,147	416,574	9,993	**18,752,714**
Utilities	678,441	254,303	419	**933,163**
Rents and leases	308,508	62,334	205	**371,047**
Depreciation	3,859,045	798,341	1,248	**4,658,634**
Provider tax	6,995,362	-	-	**6,995,362**
Insurance	1,038,251	465,647	-	**1,503,898**
Interest	-	23,786	-	**23,786**
Repairs and maintenance	535,032	47,665	267	**582,964**
Other	2,035,971	1,089,968	156,212	**3,282,151**
	$ 123,157,069	**$ 16,797,114**	**$ 391,805**	**$ 140,345,988**

18. Commitments and Contingencies:

Healthcare self-insurance – The Hospital self-insures the cost of employee healthcare benefits and purchases annual stop-loss insurance coverage for all claims in excess of $200,000 per employee. Liabilities on the statements of financial position include an accrual for claims that have been incurred but not reported of $878,000 and $547,000 at April 30, 2024 and 2023, respectively. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors.

Medical malpractice claims – The Hospital has its professional liability insurance coverage with Physicians Insurance – A Mutual Company. The policy provides coverage on a "claims-made" basis. Claims filed in the current year are covered by the current policy. If there are unreported incidents which result in a malpractice claim for the current year, these will only be covered in the year the claim is reported to the insurance carrier if the Hospital purchases claims-made coverage in that year or if the Hospital purchases insurance to cover "prior acts."

A Mutual Company malpractice insurance provides $1,000,000 per claim of primary coverage with an annual aggregate limit of $5,000,000. The policy has a $100,000 deductible per claim and a $300,000 aggregate. Physician's Insurance – A Mutual Company malpractice insurance provides $9,000,000 per claim excess coverage. The policy has a $100,000 deductible per claim.

19. Risk Concentrations:

Patient accounts receivable – The Hospital operates several lines of service and provides these services to patients who generally reside in the Union County, Oregon, area. The Hospital grants credit without collateral to its patients and third-party payors. Patient accounts receivable from the government agencies administering the Medicare and Medicaid programs represent the only concentrated group of credit risk for the Hospital, and management does not believe that there is significant credit risk associated with these organizations. Other contracted and private pay patient receivables consist of payors and individuals involved in diverse activities, subject to differing economic conditions and do not represent any concentrated credit risks to the Hospital.

Significant concentration of patient accounts receivable was as follows:

	2024	**2023**
Medicare	**28 %**	23 %
Medicaid	**19**	13
Other third-party payors	**26**	30
Patients	**27**	34
	100 %	100 %

Physicians – The Hospital is dependent on both employed and independent local physicians practicing in its service area to provide admissions and utilize hospital services on an outpatient basis. A decrease in the number of physicians providing these services or change in their utilization patterns may have an adverse effect on hospital operations.

Cash and cash equivalents – The Hospital invests its excess cash in deposits with banks. During the year and at year end, the Hospital had deposits in excess of Federal Deposit Insurance Corporation coverage.

Collective bargaining units – Effective May 1, 2023, the Hospital entered into a contract with the Oregon Nurses Association through April 30, 2025. As of April 30, 2024 and 2023, approximately 17 percent of the Hospital’s employees were represented by the Oregon Nurses Association.

SUPPLEMENTAL INFORMATION

Grande Ronde Hospital, Inc.
Consolidating Statement of Financial Position
April 30, 2024

ASSETS	Grande Ronde Hospital	Grande Ronde Hospital Foundation	Grande Ronde Hospital Auxiliary	Eliminations	Total
Current assets					
Cash and cash equivalents	$ 6,252,814	$ 1,516,129	$ 56,621	$ -	**$ 7,825,564**
Investments	1,256,368	3,925,447	-	-	**5,181,815**
Receivables:					
Patient accounts	27,067,161	-	-	-	**27,067,161**
Less allowance for credit losses	(5,728,006)	-	-	-	**(5,728,006)**
Patient accounts, net	21,339,155	-	-	-	**21,339,155**
Third-party payor settlements	10,162,102	-	-	-	**10,162,102**
340B contract pharmacy	92,679	-	-	-	**92,679**
Provider tax	2,414,740	-	-	-	**2,414,740**
Other	1,032,817	-	-	(45,596)	**987,221**
Inventories	2,895,971	-	-	-	**2,895,971**
Physician advances including accrued interest	329,657	-	-	-	**329,657**
Prepaid expenses	2,220,853	-	-	-	**2,220,853**
Total current assets	47,997,156	5,441,576	56,621	(45,596)	**53,449,757**
Assets limited as to use					
Board designated for capital improvements	61,179,924	-	-	-	**61,179,924**
Board designated for self-insurance	3,115,238	-	-	-	**3,115,238**
Board designated for deferred compensation	3,697,083	-	-	-	**3,697,083**
Total assets limited as to use	67,992,245	-	-	-	**67,992,245**
Noncurrent assets					
Property and equipment, net	116,888,938	-	-	-	**116,888,938**
Operating lease right-of-use asset	785,967	-	-	-	**785,967**
Investment in EOCCO	930,000	-	-	-	**930,000**
Investment in Summit Health	239,000	-	-	-	**239,000**
Beneficial interest in Oregon Community Foundation	1,271,905	1,055,869	-	-	**2,327,774**
Assets limited as to use for capacity building initiatives	-	4,463,500	-	-	**4,463,500**
Total noncurrent assets	120,115,810	5,519,369	-	-	**125,635,179**
Total assets	**$ 236,105,211**	**$ 10,960,945**	**$ 56,621**	**$ (45,596)**	**$ 247,077,181**
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable	$ 3,371,955	$ 46,696	$ 8,878	$ (45,596)	**$ 3,381,933**
Capital accounts payable	2,450,586	-	-	-	**2,450,586**
Accrued compensation and related liabilities	12,819,554	-	-	-	**12,819,554**
Provider tax payable	2,420,792	-	-	-	**2,420,792**
Deferred revenue	73,511	-	-	-	**73,511**
Accrued interest payable	833,333	-	-	-	**833,333**
Current maturities of long-term debt	785,000	-	-	-	**785,000**
Current maturities of operating lease liabilities	75,969	-	-	-	**75,969**
Total current liabilities	22,830,700	46,696	8,878	(45,596)	**22,840,678**
Noncurrent liabilities					
Long-term debt, less current maturities	50,267,547	-	-	-	**50,267,547**
Operating lease liabilities	728,410	-	-	-	**728,410**
Total noncurrent liabilities	50,995,957	-	-	-	**50,995,957**
Net assets					
With donor restrictions	-	4,463,500	-	-	**4,463,500**
Without donor restrictions	162,278,554	6,450,749	47,743	-	**168,777,046**
Total net assets	162,278,554	10,914,249	47,743	-	**173,240,546**
Total liabilities and net assets	**$ 236,105,211**	**$ 10,960,945**	**$ 56,621**	**$ (45,596)**	**$ 247,077,181**

See accompanying independent auditors' report.

Grande Ronde Hospital, Inc.
Consolidating Statement of Financial Position
April 30, 2023

ASSETS	Grande Ronde Hospital	Grande Ronde Hospital Foundation	Grande Ronde Hospital Auxiliary	Eliminations	Total
Current assets					
Cash and cash equivalents	$ 57,713,058	$ 376,135	$ 54,601	$ -	**$ 58,143,794**
Investments	2,493,756	3,611,292	-	-	**6,105,048**
Receivables:					
Patient accounts	27,535,690	-	-	-	**27,535,690**
Less allowance for credit losses	(9,629,877)	-	-	-	**(9,629,877)**
Patient accounts, net	17,905,813				**17,905,813**
Third-party payor settlements	7,912,803	-	-	-	**7,912,803**
340B contract pharmacy	512,635	-	-	-	**512,635**
Provider tax	2,221,259	-	-	-	**2,221,259**
Other	4,014,294	-	-	(46,924)	**3,967,370**
Inventories	2,555,119	-	-	-	**2,555,119**
Physician advances including accrued interest	428,147	-	-	-	**428,147**
Prepaid expenses	1,753,714	-	-	-	**1,753,714**
Total current assets	97,510,598	3,987,427	54,601	(46,924)	**101,505,702**
Assets limited as to use					
Board designated for capital improvements	49,732,111	-	-	-	**49,732,111**
Board designated for self-insurance	3,242,098	-	-	-	**3,242,098**
Board designated for deferred compensation	3,234,921	-	-	-	**3,234,921**
Total assets limited as to use	56,209,130	-	-	-	**56,209,130**
Noncurrent assets					
Property and equipment, net	71,266,699	-	-	-	**71,266,699**
Operating lease right-of-use asset	860,317	-	-	-	**860,317**
Investment in EOCCO	930,000	-	-	-	**930,000**
Investment in Summit Health	1,100,000	-	-	-	**1,100,000**
Beneficial interest in Oregon Community Foundation	1,191,663	989,353	-	-	**2,181,016**
Assets limited as to use for capcity building initiatives	-	5,000,000	-	-	**5,000,000**
Total noncurrent assets	75,348,679	5,989,353	-	-	**81,338,032**
Total assets	**$ 229,068,407**	**$ 9,976,780**	**$ 54,601**	**$ (46,924)**	**$ 239,052,864**
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable	$ 3,175,230	$ 46,924	$ -	$ (46,924)	**$ 3,175,230**
Capital Accounts Payable	3,769,985	-	-	-	**3,769,985**
Accrued compensation and related liabilities	12,403,738	-	-	-	**12,403,738**
Medicare accelerated payments	-	-	-	-	**-**
Provider tax payable	2,207,051	-	-	-	**2,207,051**
Deferred revenue	222,421	11,541	-	-	**233,962**
Accrued interest payable	833,333	-	-	-	**833,333**
Current maturities of operating lease liabilities	65,576	-	-	-	**65,576**
Total current liabilities	22,677,334	58,465	-	(46,924)	**22,688,875**
Noncurrent liabilities					
Long-term debt, less current maturities	51,181,205	-	-	-	**51,181,205**
Operating lease liabilities	804,378	-	-	-	**804,378**
Total noncurrent liabilities	51,985,583	-	-	-	**51,985,583**
Net assets					
With donor restrictions	-	5,000,000	-	-	**5,000,000**
Without donor restrictions	154,405,490	4,918,315	54,601	-	**159,378,406**
Total net assets	154,405,490	9,918,315	54,601	-	**164,378,406**
Total liabilities and net assets	**$ 229,068,407**	**$ 9,976,780**	**$ 54,601**	**$ (46,924)**	**$ 239,052,864**

See accompanying independent auditors' report.

Grande Ronde Hospital, Inc.
Consolidating Statement of Operations and Changes in Net Assets
Year Ended April 30, 2024

	Grande Ronde Hospital	Grande Ronde Hospital Foundation	Grande Ronde Hospital Auxiliary	Eliminations	Total
Operating revenues					
Patient care service revenue	$ 146,257,218	$ -	$ -	$ -	**$ 146,257,218**
340B contract pharmacy revenue	314,185	-	-	-	**314,185**
Grants	345,762	-	-	-	**345,762**
Provider tax revenue	7,298,719	-	-	-	**7,298,719**
Other	2,503,567	112,138	39,873	-	**2,655,578**
Total operating revenues	156,719,451	112,138	39,873	-	**156,871,462**
Operating expenses					
Salaries and wages	73,924,676	152,433	-	(119,000)	**73,958,109**
Employee benefits	20,601,864	-	-	(35,120)	**20,566,744**
Professional fees	20,619,280	83,045	-	(82,671)	**20,619,654**
Supplies	20,915,906	-	29,188	-	**20,945,094**
Utilities	977,397	-	-	-	**977,397**
Rents and leases	448,510	-	-	-	**448,510**
Depreciation	4,456,917	-	-	-	**4,456,917**
Provider tax	7,317,012	-	-	-	**7,317,012**
Insurance	1,681,176	-	-	-	**1,681,176**
Repairs and maintenance	592,049	-	-	-	**592,049**
Interest	30,599	-	-	-	**30,599**
Other	3,289,526	659,496	17,546	(76,339)	**3,890,229**
Total operating expenses	154,854,912	894,974	46,734	(313,130)	**155,483,490**
Excess of revenues over (under) expenses	1,864,539	(782,836)	(6,861)	313,130	**1,387,972**
Other nonoperating income					
Investment income	5,426,428	792,697	3	-	**6,219,128**
Contributions	582,097	986,073	-	(313,130)	**1,255,040**
Total other nonoperating income, net	6,008,525	1,778,770	3	(313,130)	**7,474,168**
Net assets released from restrictions	-	536,500	-	-	**536,500**
Change in net assets without donor restrictions	7,873,064	1,532,434	(6,858)	-	**9,398,640**
Net assets with donor restriction					
Net assets released from restrictions	-	(536,500)	-	-	**(536,500)**
Grant for capacity building initiatives	-	-	-	-	**-**
Change in net assets with donor restrictions	-	(536,500)	-	-	**(536,500)**
Total change in net assets	7,873,064	995,934	(6,858)	-	**8,862,140**
Net assets, beginning of year	154,405,490	9,918,315	54,601	-	**164,378,406**
Net assets, end of year	**$ 162,278,554**	**$ 10,914,249**	**$ 47,743**	**$ -**	**$ 173,240,546**

See accompanying independent auditors' report.

Grande Ronde Hospital, Inc.
Consolidating Statement of Operations and Changes in Net Assets
Year Ended April 30, 2023

	Grande Ronde Hospital	Grande Ronde Hospital Foundation	Grande Ronde Hospital Auxiliary	Eliminations	Total
Operating revenues					
Patient care service revenue	$ 134,753,077	$ -	$ -	$ -	**$ 134,753,077**
340B contract pharmacy revenue	1,304,476	-	-	-	**1,304,476**
Grants	226,659	-	-	-	**226,659**
Provider tax revenue	6,995,675	-	-	-	**6,995,675**
EOCCO surplus distribution	3,236,715	-	-	-	**3,236,715**
Other	1,807,005	64,948	27,042	-	**1,898,995**
Total operating revenues	148,323,607	64,948	27,042	-	**148,415,597**
Operating expenses					
Salaries and wages	67,550,239	102,729	-	(102,729)	**67,550,239**
Employee benefits	16,771,239	33,020	-	(33,020)	**16,771,239**
Professional fees	18,920,791	76,397	-	(76,397)	**18,920,791**
Supplies	18,737,467	-	15,411	-	**18,752,878**
Utilities	933,163	-	-	-	**933,163**
Rents and leases	371,047	-	-	-	**371,047**
Depreciation	4,658,634	-	-	-	**4,658,634**
Provider tax	6,995,362	-	-	-	**6,995,362**
Insurance	1,503,898	-	-	-	**1,503,898**
Repairs and maintenance	582,964	120	-	(120)	**582,964**
Interest	23,786	-	-	-	**23,786**
Other	3,217,712	212,526	485	(148,736)	**3,281,987**
Total operating expenses	140,266,302	424,792	15,896	(361,002)	**140,345,988**
Excess of revenues over (under) expenses	8,057,305	(359,844)	11,146	361,002	**8,069,609**
Other nonoperating income					
Investment income	1,614,188	43,404	2	-	**1,657,594**
Contributions	109,632	529,092	-	(361,002)	**277,722**
Total other nonoperating income, net	1,723,820	572,496	2	(361,002)	**1,935,316**
Change in net assets without donor restrictions	9,781,125	212,652	11,148	-	**10,004,925**
Net assets with donor restrictions					
Grant for capacity building initiatives	-	5,000,000	-	-	**5,000,000**
Change in net assets with donor restrictions	-	5,000,000	-	-	**5,000,000**
Total Change in net assets	9,781,125	5,212,652	11,148	-	**15,004,925**
Net assets, beginning of year	144,624,365	4,705,663	43,453	-	**149,373,481**
Net assets, end of year	**$ 154,405,490**	**$ 9,918,315**	**$ 54,601**	**$ -**	**$ 164,378,406**

See accompanying independent auditors' report.

Grande Ronde Hospital, Inc.

Consolidated Financial Statements and Independent Auditors' Report

April 30, 2025 and 2024

ACCOUNTANTS | ADVISORS

Grande Ronde Hospital, Inc.
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Grande Ronde Hospital, Inc.
La Grande, Oregon

Opinion

We have audited the accompanying consolidated financial statements of Grande Ronde Hospital, Inc. (the Hospital) (a nonprofit organization), which comprise the statements of financial position as of April 30, 2025 and 2024, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of April 30, 2025 and 2024, and the changes in its net assets 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). 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 Hospital, 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 Hospital's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 opinion. 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 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, including omissions, 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, 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 Hospital'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 Hospital'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statements of financial position and consolidating statements of operations and changes in net assets are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

DZA PLLC

Spokane Valley, Washington
September 5, 2025

Grande Ronde Hospital, Inc.
Statements of Financial Position
April 30, 2025 and 2024

ASSETS		2025		2024
Current assets				
Cash and cash equivalents	$	**13,586,867**	$	7,825,564
Investments		**4,284,002**		5,181,815
Receivables:				
Patient accounts		**28,098,953**		27,067,161
Less allowance for credit losses		**(6,394,626)**		(5,728,006)
Patient accounts, net		**21,704,327**		21,339,155
Third-party payor settlements		**7,832,874**		10,162,102
340B contract pharmacy		**60,205**		92,679
Provider tax		**2,553,030**		2,414,740
Other		**1,018,401**		987,221
Inventories		**2,763,990**		2,895,971
Physician advances including accrued interest		**305,915**		329,657
Prepaid expenses		**1,909,365**		2,220,853
Total current assets		**56,018,976**		53,449,757
Assets limited as to use				
Board designated for capital improvements		**46,562,318**		61,179,924
Board designated for self-insurance		**2,848,451**		3,115,238
Board designated for deferred compensation		**4,418,551**		3,697,083
Total assets limited as to use		**53,829,320**		67,992,245
Noncurrent assets				
Property and equipment, net		**129,089,806**		116,888,938
Operating lease right-of-use asset		**708,103**		785,967
Investment in Eastern Oregon Coordinated Care Organization (EOCCO)		**930,000**		930,000
Investment in Summit Health Plan, Inc.		**-**		239,000
Beneficial interest in Oregon Community Foundation		**2,381,138**		2,327,774
Assets limited as to use for capacity building initiatives		**4,463,500**		4,463,500
Total noncurrent assets		**137,572,547**		125,635,179
Total assets	**$**	**247,420,843**	$	247,077,181

See accompanying notes to financial statements.

Grande Ronde Hospital, Inc.
Statements of Financial Position (Continued)
April 30, 2025 and 2024

LIABILITIES AND NET ASSETS	**2025**	**2024**
Current liabilities		
Accounts payable	$ **3,283,174**	$ 3,381,933
Capital accounts payable	**168,647**	2,450,586
Accrued compensation and related liabilities	**13,389,809**	12,819,554
Provider tax payable	**2,559,429**	2,420,792
Deferred revenue	**78,310**	73,511
Accrued interest payable	**820,250**	833,333
Current maturities of long-term debt	**825,000**	785,000
Current maturities of operating lease liabilities	**77,533**	75,969
Total current liabilities	**21,202,152**	22,840,678
Noncurrent liabilities		
Long-term debt, less current maturities	**49,322,344**	50,267,547
Operating lease liabilities	**650,877**	728,410
Total noncurrent liabilities	**49,973,221**	50,995,957
Net assets		
With donor restrictions	**4,463,500**	4,463,500
Without donor restrictions	**171,781,970**	168,777,046
Total net assets	**176,245,470**	173,240,546
Total liabilities and net assets	$ **247,420,843**	$ 247,077,181

See accompanying notes to financial statements.

Grande Ronde Hospital, Inc.
Statements of Operations and Changes in Net Assets
Years Ended April 30, 2025 and 2024

	2025	2024
Operating revenues		
Patient care service revenue	$ **148,515,669**	$ 146,257,218
340B contract pharmacy revenue	**141,261**	314,185
Grants	**141,361**	345,762
Provider tax revenue	**7,701,937**	7,298,719
Other	**2,558,812**	2,655,578
Total operating revenues	**159,059,040**	156,871,462
Operating expenses		
Salaries and wages	**75,718,205**	73,958,109
Employee benefits	**21,400,939**	20,566,744
Professional fees	**21,835,021**	20,619,654
Supplies	**21,156,593**	20,945,094
Utilities	**1,038,985**	977,397
Rents and leases	**403,686**	448,510
Depreciation	**6,542,529**	4,456,917
Provider tax	**7,721,952**	7,317,012
Insurance	**1,847,170**	1,681,176
Repairs and maintenance	**630,427**	592,049
Interest	**994,124**	30,599
Other	**4,361,377**	3,890,229
Total operating expenses	**163,651,008**	155,483,490
Excess of revenues over (under) expenses	**(4,591,968)**	1,387,972
Other nonoperating income		
Investment income	**5,952,402**	6,219,128
Contributions	**1,644,490**	1,255,040
Total other nonoperating income, net	**7,596,892**	7,474,168
Net assets released from restrictions	**-**	536,500
Change in net assets without donor restrictions	**3,004,924**	9,398,640
Net assets with donor restrictions		
Net assets released from restrictions	**-**	(536,500)
Total change in net assets	**3,004,924**	8,862,140
Net assets, beginning of year	**173,240,546**	164,378,406
Net assets, end of year	$ **176,245,470**	$ 173,240,546

See accompanying notes to financial statements.

Grande Ronde Hospital, Inc.
Statements of Cash Flows
Years Ended April 30, 2025 and 2024

	2025	2024
Change in Cash and Cash Equivalents		
Cash flows from operating activities		
Receipts from and on behalf of patients	$ **150,479,725**	$ 140,574,577
Receipts from 340B contract pharmacy	**173,735**	734,141
Contributions received	**1,644,490**	1,255,040
Cash received from investments	**2,639,653**	3,937,193
Cash received from provider tax revenue	**7,563,647**	7,105,238
Cash received from grant revenue	**146,160**	185,311
Receipts from other revenue	**2,527,632**	5,643,031
Payments to or on behalf of employees	**(96,548,889)**	(94,109,037)
Payments to suppliers and contractors	**(51,927,110)**	(49,686,035)
Payments for provider tax assessments	**(7,583,315)**	(7,103,271)
Net cash from operating activities	**9,115,728**	8,536,188
Cash flows from financing activities		
Interest paid on long-term debt	**994,124**	30,599
Cash flows from investing activities		
Purchase of property and equipment	**(22,937,746)**	(51,557,812)
Purchase of investments	**(24,993,810)**	(41,195,706)
Sale of investments	**39,229,900**	45,277,469
Transfers from assets limited as to use	**-**	536,500
Net cash from investing activities	**(8,701,656)**	(46,939,549)
Net change in cash and cash equivalents	**1,408,196**	(38,372,762)
Cash and cash equivalents, beginning of year	**25,400,645**	63,773,407
Cash and cash equivalents, end of year	$ **26,808,841**	$ 25,400,645

See accompanying notes to financial statements.

Grande Ronde Hospital, Inc.
Statements of Cash Flows (Continued)
Years Ended April 30, 2025 and 2024

	2025	2024
Reconciliation of Cash and Cash Equivalents to the Statements of Financial Position		
Cash and cash equivalents	**$ 13,586,867**	$ 7,825,564
Cash and cash equivalents included in assets limited as to use	**13,221,974**	17,575,081
Total cash and cash equivalents	**$ 26,808,841**	$ 25,400,645
Reconciliation of Change in Net Assets to Net Cash from Operating Activities		
Change in net assets	**$ 3,004,924**	$ 8,862,140
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	**6,542,529**	4,456,917
Amortization of operating lease right-of-use assets	**77,864**	74,350
Unrealized gain on investments	**(3,342,823)**	(2,281,935)
Change in assets:		
Patient accounts receivable	**(365,172)**	(3,433,342)
Third-party payor settlements receivable	**2,329,228**	(2,249,299)
340B contract pharmacy receivable	**32,474**	419,956
Provider tax receivable	**(138,290)**	(193,481)
Other receivables	**(31,180)**	2,980,149
Inventories	**131,981**	(340,852)
Physician advances	**(6,332)**	91,186
Accrued interest on physician advances	**30,074**	7,304
Prepaid expenses	**311,488**	(467,139)
Change in liabilities:		
Accounts payable	**(98,759)**	206,703
Accrued compensation and related liabilities	**570,255**	415,816
Operating lease liabilities	**(75,969)**	(65,575)
Provider tax payable	**138,637**	213,741
Deferred revenue	**4,799**	(160,451)
Net cash from operating activities	**$ 9,115,728**	$ 8,536,188

See accompanying notes to financial statements.

1. Organization and Summary of Significant Accounting Policies:

a. Organization

Grande Ronde Hospital (the Hospital) is a rural acute care hospital located in Union County, Oregon. The Hospital is a critical access hospital with 21 acute care beds and four intensive care unit beds. Services offered at the Hospital include medical, surgical, labor and delivery, nursery care, 24-hour emergency services, laboratory, imaging, therapy, home health, and various physicians' clinics for the residents of northeast Oregon. Admitting physicians are primary and specialty practitioners in the local area.

Grande Ronde Hospital, Inc. includes the operations of the following separately incorporated affiliates:

- Grande Ronde Hospital Foundation – The purpose of Grande Ronde Hospital Foundation (the Foundation) is to provide support for the Hospital in the form of direct gifts and financial assistance.
- Grande Ronde Hospital Auxiliary – The purpose of Grande Ronde Auxiliary (the Auxiliary) is to assist the Hospital in providing voluntary aid for the welfare of patients, public relations through service to the Hospital, and fundraising through various methods approved by the Board of Trustees of the Hospital.

Principles of consolidation – The financial statements reflect the operations of the Hospital, Foundation, and Auxiliary. All significant intercompany transactions and balances have been eliminated.

b. Summary of Significant Accounting Policies

Basis of presentation – The Hospital is required to report information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions.

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

Income taxes – The Hospital, Foundation, and Auxiliary are organized as Oregon nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Hospital, Foundation, and Auxiliary are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, they are subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Similarly, the Hospital, Foundation, and Auxiliary are exempt from state income taxes under similar provisions of state laws.

The Hospital, Foundation, and Auxiliary believe that they have appropriate support for any tax positions taken affecting their annual filing requirements, and as such, do not have any uncertain tax positions that are material to the financial statements.

1. **Organization and Summary of Significant Accounting Policies (continued):**

   b. **Summary of Significant Accounting Policies (continued)**

Cash and cash equivalents – Cash and cash equivalents are short-term, highly liquid investments with an original maturity of three months or less, except for cash and cash equivalents included within investment portfolios.

Grants receivable – Receivables arising from revenue from government agencies are stated at net realizable value. Management believes the amounts to be fully collectible.

Prepaid expenses – Prepaid expenses are expenses paid during the fiscal year relating to expenses to be incurred in future periods. Prepaid expenses are amortized over the expected benefit period of the related expense.

Inventories – Inventories are stated at cost using the first-in, first-out method, which is considered lower than market price. Inventories consist of medical supplies and pharmaceuticals used in patient care.

Investments restricted as to use – These funds are restricted by the grantor to be used in the capacity building initiatives.

Assets limited as to use – Assets limited as to use include assets set aside by the Board of Trustees for future capital improvements, self-insurance deposits, and deferred compensation. The Board retains control and may, at its discretion, subsequently use these assets for other purposes.

Investments in Eastern Oregon Coordinated Care Organization (EOCCO) – The Hospital has a 10 percent interest in EOCCO, which is recorded using the cost method. EOCCO is a coordinated care organization that works with Oregon Health Plan, the state's Medicaid system, to ensure quality cost-effective care is delivered to participants in the Eastern Oregon region. As part of the organization structure, the Hospital is eligible to receive surplus distributions under a risk participation model. The Hospital is also eligible to receive dividends on its investment. Surplus distributions are recorded as operating income and dividends are recorded as investment income. The Hospital received no dividends in the years ended April 30, 2025 and 2024.

Investment in Summit Health Plan, Inc. – The Hospital had a 10.14 percent interest in Summit Health in 2024. In 2025, the investment was reduced to zero when Summit Health Plan, Inc. ceased operations.

Investments and investment income – Investments in equity securities having a readily determinable fair value and all debt securities are measured at fair value in the statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest, dividends, and expenses) is included in the change in net assets as nonoperating revenue.

Fair value measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

The Hospital classified its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Fair value measurements (continued) – The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are defined as follows:

- **Level 1** – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- **Level 2** – Quoted prices in markets that are traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.
- **Level 3** – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Property and equipment – It is the Hospital's policy to capitalize buildings, improvements, and equipment over $5,000; lesser amounts are expensed. Property and equipment are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset. Depreciation is computed using the straight-line method over the longer of the lease term or the following estimated useful service lives:

Land improvements	2 to 25 years
Buildings and improvements	5 to 40 years
Equipment	3 to 25 years

Gifts of long-lived assets such as land, buildings, or equipment are reported at fair value as of the date of the gift and as unrestricted contributions. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or assets that must be used to acquire long-lived assets are reported as restricted capital contributions. The Hospital received no restricted capital contributions for the years ended April 30, 2025 and 2024.

Absent explicit donor stipulations about how long those long-lived capital assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Accrued leave – The Hospital's policy is to permit employees to accumulate earned but unused vacation, paid time off, and sick pay benefits. The sick pay benefits are expensed when taken. Vacation time and paid time off is accrued and expensed when earned.

Financing costs – Bond financing costs are amortized over the remaining terms of the bonds. Amortization expense was $30,600 for the years ended April 30, 2025 and 2024.

1. Organization and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Net assets with donor restrictions – Net assets with donor restrictions are those whose use by the Hospital has been limited by donors to a specific time period or purpose. Restricted contributions or grants meeting donor restrictions in the year of donation are reported as unrestricted.

Subsequent events – Subsequent events have been reviewed through September 5, 2025, the date on which the financial statements were available to be issued.

Upcoming accounting pronouncements – Accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption.

2. Liquidity and Availability of Financial Assets:

The Hospital's financial assets available within one year of the statements of financial position dates for general expenditure are as follows:

		2025		2024
Cash and cash equivalents	$	**13,586,867**	$	7,825,564
Investments		**4,284,002**		5,181,815
Receivables:				
Patient accounts		**28,098,953**		27,067,161
Less allowance for credit losses		**(6,394,626)**		(5,728,006)
Patient accounts, net		**21,704,327**		21,339,155
Third-party payor settlements		**7,832,874**		10,162,102
340B contract pharmacy		**60,205**		92,679
Provider tax		**2,553,030**		2,414,740
Other		**1,018,401**		987,221
Financial assets available to meet cash needs for general expenditures within one year	$	**51,039,706**	$	48,003,276

As a part of the Hospital's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Hospital invests cash in excess of daily requirements in short-term investments.

3. Patient Accounts Receivable:

Patient accounts receivable reported as current assets by the Hospital consisted of these amounts:

		2025		2024
Patients and their insurance carriers	$	**19,772,512**	$	18,854,051
Medicare		**5,370,231**		4,904,610
Medicaid		**2,956,210**		3,308,500
		28,098,953		27,067,161
Allowance for credit losses		**(6,394,626)**		(5,728,006)
Patient accounts receivable, net	$	**21,704,327**	$	21,339,155

Patient accounts receivable at May 1, 2023, was $17,905,813.

The Hospital operates in the healthcare industry and patient accounts receivables are primarily derived from Medicare, Medicaid, commercial insurance, and uninsured patients. At each statement of financial position date, the entity recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk from the date the patient accounts receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance for credit losses estimate is derived from a review of the Hospital's historical losses based on the aging of patient accounts receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the entity. The Hospital believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the entity's payor mix has remained reasonably consistent from year to year.

The Hospital writes off patient accounts receivables when there is information that indicates the patient is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election.

The patient accounts receivable allowance for credit losses and the related activity are as follows:

		2025
Beginning balance	$	**5,728,006**
Provision for credit losses		**4,103,568**
Writeoffs		**(4,770,188)**
Ending balance	$	**6,394,626**

4. Assets Limited as to Use:

Assets limited as to use are stated at fair value and consisted of the following:

		2025		2024
Cash and cash equivalents	**$**	**13,221,974**	$	17,575,081
Certificates of deposit		**3,213,694**		6,356,508
Treasury bills		**12,223,703**		19,778,975
Equity securities		**1,497,132**		1,359,308
Mutual funds		**28,136,317**		27,385,873
Total assets limited as to use	**$**	**58,292,820**	$	72,455,745

The following tables summarize the unrealized positions for available-for-sale debt securities for Treasury bills:

2025										
		Cost		**Allowance for Credit Losses**		**Total Unrealized Gains**		**Total Unrealized Losses**		**Fair Value**
Treasury bills	$	11,931,469	$	-	$	162,831	$	-	$	12,094,300

2024										
		Cost		**Allowance for Credit Losses**		**Total Unrealized Gains**		**Total Unrealized Losses**		**Fair Value**
Treasury bills	$	19,610,627	$	-	$	173,413	$	5,065	$	19,778,975

5. Investments:

Investments are stated at fair value and include the following:

		2025		2024
Cash and cash equivalents	$	**372,647**	$	314,798
Equity securities		**362,966**		331,238
Treasury bills		**-**		1,256,369
Fixed income exchange traded products (ETPs)		**100,767**		97,375
Mutual funds		**3,447,622**		3,182,035
Total investments	$	**4,284,002**	$	5,181,815

6. Investment Income:

Investment income and gains and losses on assets limited as to use, cash equivalents, and other investments consist of the following:

		2025		2024
Interest and dividends	$	**3,902,473**	$	2,541,167
Gains		**2,075,091**		3,700,064
Broker fees		**(25,162)**		(22,103)
Total investment income	$	**5,952,402**	$	6,219,128

7. Fair Value Measurements:

The following tables disclose by level the fair value hierarchy discussed in Note 1:

	2025			
	Level 1	Level 2	Level 3	Total
Beneficial interest in Oregon Community Foundation	$ -	$ -	$ 2,381,138	$ **2,381,138**
Certificates of deposit	-	3,213,694	-	**3,213,694**
Money market	13,724,023	-	-	**13,724,023**
Equity securities				
Blended	1,860,098	-	-	**1,860,098**
Fixed Income ETP's				
Blended	100,767	-	-	**100,767**
Mutual funds				
Blended	4,007,908	-	-	**4,007,908**
Bond	4,137,316	-	-	**4,137,316**
Foreign	556,999	-	-	**556,999**
Growth	13,619,699	-	-	**13,619,699**
Real estate	665,953	-	-	**665,953**
Value	8,596,064	-	-	**8,596,064**
Treasury bills	12,094,301	-	-	**12,094,301**
	$ **59,363,128**	$ **3,213,694**	$ **2,381,138**	$ **64,957,960**
Investments				$ **4,284,002**
Assets limited as to use				**53,829,320**
Assets limited as to use for capacity building initiatives				**4,463,500**
Beneficial interest in Oregon Community Foundation				**2,381,138**
				$ **64,957,960**

	2024			
	Level 1	Level 2	Level 3	Total
Beneficial interest in Oregon Community Foundation	$ -	$ -	$ 2,327,774	$ **2,327,774**
Certificates of deposit	-	7,612,876	-	**7,612,876**
Money market	17,889,879	-	-	**17,889,879**
Equity securities				
Blended	1,690,546	-	-	**1,690,546**
Fixed Income ETP's				
Blended	97,375	-	-	**97,375**
Mutual funds				
Blended	4,099,945	-	-	**4,099,945**
Bond	3,362,715	-	-	**3,362,715**
Foreign	588,956	-	-	**588,956**
Growth	13,179,678	-	-	**13,179,678**
Real estate	129,965	-	-	**129,965**
Value	9,206,649	-	-	**9,206,649**
Treasury bills	19,778,976	-	-	**19,778,976**
	$ **70,024,684**	$ **7,612,876**	$ **2,327,774**	$ **79,965,334**
Investments				$ **5,181,815**
Assets limited as to use				**67,992,245**
Assets limited as to use for capacity building initiatives				**4,463,500**
Beneficial interest in Oregon Community Foundation				**2,327,774**
				$ **79,965,334**

7. Fair Value Measurements (continued):

A reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) follows:

		2025		2024
Beginning balance	$	**2,327,774**	$	2,181,016
Net realized and unrealized gain		**72,937**		146,036
Interest and dividends		**6,909**		9,210
Investment management fees		**(5,755)**		(8,488)
Distributions		**(20,727)**		-
Ending balance	**$**	**2,381,138**	$	2,327,774

A significant portion of the Hospital's investment assets are classified within Level 1 because they are comprised of open-end mutual funds, common stock, and treasury bills with readily determinable fair values based on daily redemption values. Certificates of deposit and corporate bonds are valued by the custodians using pricing models based on credit quality, time to maturity, stated interest rates, and market rate assumptions, and are classified within Level 2. The fair value of the beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

8. Beneficial Interest in Oregon Community Foundation:

The ownership of these assets has been transferred to Oregon Community Foundation (OCF) to support charitable purposes for both the Hospital and Foundation. Variance power over these assets has been granted to OCF, and OCF is authorized to vary or modify restrictions or conditions that it believes are unnecessary, incapable of fulfillment, or inconsistent with the charitable, educational, and scientific needs of the state of Oregon.

OCF makes distributions not less than annually to the Hospital and Foundation, to be used as the respective boards of directors determine to be necessary or desirable to further the organizations' objectives and purposes. The payout rate of 4.5 percent of the average fair market value of the fund is reviewed annually by the OCF board of directors and may change from time to time at the discretion of OCF.

The beneficial interest in OCF is reported at fair value in the statements of financial position. Distributions and changes in fair value are recognized in the statements of operations and changes in net assets.

9. Property and Equipment:

Property and equipment consisted of the following:

	2025	2024
Land improvements	$ **5,192,268**	$ 5,192,268
Buildings and improvements	**148,907,429**	61,124,849
Equipment	**57,830,389**	50,722,728
	211,930,086	117,039,845
Less accumulated depreciation	**(86,717,047)**	(81,018,389)
	125,213,039	36,021,456
Land	**2,877,188**	1,875,911
Construction in progress	**999,579**	78,991,571
Net property and equipment	$ **129,089,806**	$ 116,888,938

Construction in progress at April 30, 2025, primarily consists of costs for various capital projects and equipment installations. The projects are expected to be completed at various dates with an estimated remaining cost to complete of approximately $940,000.

10. Long-term Debt:

A summary of long-term debt follows:

	2025	2024
The Hospital Facility Authority of Union County, Oregon, Series 2022, Revenue Bonds, payable in annual principal installments ranging from $825,000 to $1,935,000 plus annual interest of 5%, through July 2052.	$ **49,215,000**	$ 50,000,000
Bond issuance costs and premium	**932,344**	1,052,547
Total	**50,147,344**	51,052,547
Less current maturities	**(825,000)**	(785,000)
Total long-term debt	$ **49,322,344**	$ **50,267,547**

Schedule of repayments is as follows:

Years Ending April 30,	Amount
2026	$ 825,000
2027	870,000
2028	915,000
2029	960,000
2030	1,010,000
Thereafter	44,635,000
Total long-term debt	$ **49,215,000**

11. Leases:

The determination of whether an arrangement is a lease is made at the lease's inception. Under Accounting Standards Codification (ASC) 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Hospital uses the rate implicit in the lease when it is readily determinable. Since most of the Hospital's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Hospital's incremental borrowing rate based on the information available at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives.

The Hospital has operating leases for real estate. The Hospital also has certain leases for equipment and real estate with terms less than 12 months. Leases with an initial term of 12 months or less are not recorded on the statements of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

The Hospital has certain leases that include one or more options to renew, with renewal terms that can extend the lease term from 3 to 10 years. Only lease options that the Hospital believes are reasonably certain to be exercised are included in the measurement of the lease assets and liabilities. ROU assets are amortized/depreciated over the term of the lease unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used.

The Hospital has lease agreements with lease and nonlease components, which are generally accounted for separately with amounts allocated to the lease and nonlease components based on stand-alone prices.

The Hospital's lease agreements include variable payments adjusted periodically for inflation, which are not determinable at the lease commencement and are not included in the measurement of the lease assets and liabilities.

The Hospital's lease agreements do not contain any material residual value guarantees or restrictive covenants.

The following summarizes the line items in the statements of operations and changes in net assets which include the components of lease expense for the year ended April 30:

		2025		2024
Operating:				
Operating leases included in rental and leases expenses	$	**109,872**	$	107,584
Short-term leases included in rental and leases expenses		**293,814**		340,926
Net lease cost	$	**403,686**	$	448,510

11. Leases (continued):

The following summarizes the weighted average remaining lease term (in years) and discount rate as of April 30:

	2025
Weighted Average Remaining Lease Term (in years)	
Operating leases	**9.8**
Weighted Average Discount Rate	
Operating leases	**5%**

Schedule of minimum future lease payments under lease obligations is as follows:

Years Ending April 30,		Operating
2026	$	**117,601**
2027		**124,846**
2028		**98,371**
2029		**85,597**
2030		**429,659**
Thereafter		**153,609**
Total lease payments		**1,009,683**
Less: portion representing interest		**(281,273)**
Present value of lease liabilities	$	**728,410**

Operating lease payments in the table above include approximately $893,000 related to options to extend lease terms that are reasonably certain to be exercised.

The following summarizes the line items in the statements of financial position which include amounts for operating leases as of April 30:

		2025		2024
Operating Leases:				
Operating lease right-of-use assets	$	**708,103**	$	785,967
Current maturities of operating lease liabilities	$	**(77,533)**	$	(75,969)
Operating lease liabilities, noncurrent		**(650,877)**		(728,410)
Total operating lease liabilities	$	**(728,410)**	$	(804,379)

12. Net Assets Without Donor Restrictions:

Net assets without donor restrictions are comprised of the following:

		2025		2024
Undesignated	$	**121,720,064**	$	103,579,110
Board designated for capital improvements		**46,562,318**		61,179,924
Board designated for self-insurance		**1,118,450**		1,690,238
Beneficial interest in Oregon Community Foundation		**2,381,138**		2,327,774
Total net assets without donor restrictions		**171,781,970**		168,777,046
Board designated for capacity building initiatives		**4,463,500**		4,463,500
Total net assets with donor restrictions		**4,463,500**		4,463,500
Total net assets	$	**176,245,470**	$	173,240,546

13. Net Assets with Donor Restrictions:

Net assets with donor restrictions are restricted for the specified purpose of the capacity building initiatives with a balance of $4,463,500 for both years ended April 30, 2025 and 2024.

14. Patient Care Service Revenue:

Patient care service revenue is reported at the amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Hospital bills the patients and third-party payors several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Hospital. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Hospital believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the hospital receiving inpatient acute care services or patients receiving services in the outpatient centers. The Hospital measures the performance obligation from admission into the hospital, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge or completion of the outpatient services. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to patients and customers in a retail setting (for example, pharmaceuticals and medical equipment) and the Hospital does not believe it is required to provide additional goods or services related to that sale.

The Hospital determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Hospital's policy, and implicit price concessions provided to uninsured patients. The Hospital determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Hospital determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

14. Patient Care Service Revenue (continued):

The Hospital has agreements with third-party payors that provide payments to the Hospital at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- ***Medicare*** – The Hospital has been designated a critical access hospital and the primary care clinic a rural health clinic by Medicare. The Hospital is paid on a cost reimbursement method for substantially all services provided to Medicare beneficiaries. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after the submission of annual cost reports by the Hospital and audits thereof by the Medicare administrative contractor.
- ***Medicaid*** – The Hospital is paid on a prospective rate for substantially all hospital services to Medicaid beneficiaries. Rural health clinic services are paid on a prospective set rate per visit. Nonrural health clinic services are paid under a fee schedule.
- ***Medicaid Managed Care*** – The Hospital is paid on a prospective rate for substantially all hospital services to Medicaid Managed Care beneficiaries. Rural health clinic services are paid on a prospectively set rate and reconciled to actual costs per visit. Nonrural health clinic services are paid under a fee schedule.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various healthcare organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Hospital's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Hospital. In addition, the contracts the Hospital has with commercial payors also provide for retroactive audit and review of claims.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Hospital's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved.

Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Net patient service revenue decreased by approximately $50,000 and $150,000 in the years ended April 30, 2025 and 2024, respectively, due to differences between original estimates and final settlements.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount.

14. Patient Care Service Revenue (continued):

The Hospital also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Hospital estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Consistent with the Hospital's mission, care is provided to patients regardless of their ability to pay. Therefore, the Hospital has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Hospital expects to collect based on its collection history with those patients.

The Hospital determines the costs associated with providing this care by aggregating direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on its costing system. The costs for providing healthcare to patients who are financially unable to pay for the healthcare services they receive were approximately $1,605,000 and $1,795,000 for the years ended April 30, 2025 and 2024, respectively.

Patients who meet the Hospital's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

The Hospital has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service lines, methods of reimbursement, and timing of when revenue is recognized.

The composition of patient care service revenue by primary payor is as follows:

		2025		2024
Medicare	$	**57,573,454**	$	53,948,980
Medicaid		**29,573,533**		31,503,249
Patients and other third-party payors		**61,368,682**		60,804,989
Patient care service revenue	$	**148,515,669**	$	146,257,218

Revenue from patient deductibles and coinsurance are included in the preceding categories based on the primary payor. All patient care service revenue is recognized as revenue as the services are provided over time. 340B contract pharmacy revenue is recognized as revenue at point in time of sale.

15. Retirement Plans:

Defined contribution plan – The Hospital sponsors a defined contribution pension plan covering substantially all its employees. The plan provides covered employees with less than 10 years of service a base contribution equal to 2 percent of their annual salary and 3 percent for those employees with more than 10 years of service. Additionally, the plan allows any employee contribution to the plan as long as the contribution does not exceed established IRS contribution limits. The Hospital provides an additional contribution to the plan in matching amounts from 3 percent to 5 percent of the employee's annual salary, based on years of service. The Hospital's contribution and cost were approximately $3,598,000 and $3,912,000 for the fiscal years ended April 30, 2025 and 2024, respectively.

Deferred compensation plan – The Hospital established a supplemental pension benefit for its former Chief Executive Officer (CEO) in the form of an "Eligible Deferred Compensation Plan" under Section 457(b) of the IRC. This exempt, unfunded plan was restricted to the former CEO. The plan allowed for the former CEO to receive an additional retirement benefit in lieu of current compensation. For the years ended April 30, 2025 and 2024, the balance of the plan was approximately $129,000 and $246,000, respectively, which was included in assets limited as to use by the board for deferred compensation on the statements of financial position. The Hospital has recorded a liability for the amount due of approximately $129,000 and $246,000 for the years ended April 30, 2025 and 2024, respectively.

On January 1, 2015, the Hospital restated and expanded the supplemental pension benefit under Section 457(b) plan to include its healthcare providers and executive employees. For participants it is an exempt plan, funded in a rabbi trust arrangement, restricted to a select group of providers and management employees. The plan allows this select group of management and providers to defer what would otherwise be current compensation until retirement. The plan provides for nonforfeitable future distribution of deferred amounts post-employment. For the years ended April 30, 2025 and 2024, the balance of the plan was $4,147,800 and $3,409,800, respectively. The Hospital has recorded a liability for the amount due of $4,147,800 and $3,409,800 for the years ended April 30, 2025 and 2024, respectively. All amounts set aside under the supplemental pension benefit plan are subject to the claims of the general creditors of the Hospital.

16. Functional Expenses:

The costs of providing various program services and other activities have been summarized on a functional basis below. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits, depreciation, professional fees, supplies, rents and leases, insurance, repairs and maintenance, utilities, interest, and other expenses which are allocated on a square-footage basis.

16. Functional Expenses (continued):

Following is a summary of functional expenses:

	2025			
		Supporting Services		
	Total Program Services Expense	Management and General	Fundraising	Total Expenses
Salaries and wages	$ 66,602,862	$ 8,929,933	$ 185,410	**$ 75,718,205**
Employee benefits	18,426,852	2,970,493	3,594	**21,400,939**
Professional fees	16,918,144	4,838,327	156,429	**21,912,900**
Supplies	20,768,454	381,174	6,965	**21,156,593**
Utilities	792,686	245,894	405	**1,038,985**
Rents and leases	336,997	66,510	179	**403,686**
Depreciation	5,715,512	819,911	7,106	**6,542,529**
Provider tax	7,721,952	-	-	**7,721,952**
Insurance	1,194,944	652,226	-	**1,847,170**
Interest	-	994,124	-	**994,124**
Repairs and maintenance	567,203	63,019	205	**630,427**
Other	2,174,859	1,260,544	641,399	**4,076,802**
	$ 141,220,465	**$ 21,222,155**	**$ 1,001,692**	**$ 163,444,312**

	2024			
		Supporting Services		
	Total Program Services Expense	Management and General	Fundraising	Total Expenses
Salaries and wages	$ 64,810,129	$ 8,993,404	$ 154,576	**$ 73,958,109**
Employee benefits	17,604,824	2,959,371	2,549	**20,566,744**
Professional fees	16,750,238	3,982,152	165,839	**20,898,229**
Supplies	20,503,422	377,116	6,455	**20,886,993**
Utilities	725,751	251,135	511	**977,397**
Rents and leases	372,270	75,956	284	**448,510**
Depreciation	3,780,609	674,875	1,433	**4,456,917**
Provider tax	7,317,012	-	-	**7,317,012**
Insurance	1,128,390	552,786	-	**1,681,176**
Interest	-	30,599	-	**30,599**
Repairs and maintenance	530,935	60,873	241	**592,049**
Other	2,092,624	1,158,416	556,518	**3,807,558**
	$ 135,616,204	**$ 19,116,683**	**$ 888,406**	**$ 155,621,293**

17. Commitments and Contingencies:

Healthcare self-insurance – The Hospital self-insures the cost of employee healthcare benefits and purchases annual stop-loss insurance coverage for all claims in excess of $200,000 per employee. Liabilities on the statements of financial position include an accrual for claims that have been incurred but not reported of $852,000 and $878,000 at April 30, 2025 and 2024, respectively. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, frequency of claims, and other economic and social factors.

Medical malpractice claims – The Hospital has its professional liability insurance coverage with Physicians Insurance – A Mutual Company. The policy provides coverage on a "claims-made" basis. Claims filed in the current year are covered by the current policy. If there are unreported incidents which result in a malpractice claim for the current year, these will only be covered in the year the claim is reported to the insurance carrier if the Hospital purchases claims-made coverage in that year or if the Hospital purchases insurance to cover "prior acts."

A Mutual Company malpractice insurance provides $1,000,000 per claim of primary coverage with an annual aggregate limit of $5,000,000. The policy has a $100,000 deductible per claim and a $300,000 aggregate. Physician's Insurance – A Mutual Company malpractice insurance provides $9,000,000 per claim excess coverage. The policy has a $100,000 deductible per claim.

18. Risk Concentrations:

Patient accounts receivable – The Hospital operates several lines of service and provides these services to patients who generally reside in the Union County, Oregon, area. The Hospital grants credit without collateral to its patients and third-party payors. Patient accounts receivable from the government agencies administering the Medicare and Medicaid programs represent the only concentrated group of credit risk for the Hospital, and management does not believe that there is significant credit risk associated with these organizations. Other contracted and private pay patient receivables consist of payors and individuals involved in diverse activities, subject to differing economic conditions and do not represent any concentrated credit risks to the Hospital.

Significant concentration of patient accounts receivable was as follows:

	2025	**2024**
Medicare	**29 %**	28 %
Medicaid	**17**	19
Other third-party payors	**31**	26
Patients	**23**	27
	100 %	100 %

18. Risk Concentrations (continued):

Physicians – The Hospital is dependent on both employed and independent local physicians practicing in its service area to provide admissions and utilize hospital services on an outpatient basis. A decrease in the number of physicians providing these services or change in their utilization patterns may have an adverse effect on hospital operations.

Cash and cash equivalents – The Hospital invests its excess cash in deposits with banks. During the year and at year end, the Hospital had deposits in excess of Federal Deposit Insurance Corporation coverage.

Collective bargaining units – Effective May 1, 2023, the Hospital entered into a contract with the Oregon Nurses Association through April 30, 2025. As of April 30, 2025 and 2024, approximately 17 percent of the Hospital's employees were represented by the Oregon Nurses Association. A new contract was signed covering May 1, 2025, through April 30, 2027, effective May 1, 2025.

SUPPLEMENTAL INFORMATION

Grande Ronde Hospital, Inc.
Consolidating Statement of Financial Position
April 30, 2025

ASSETS	Grande Ronde Hospital	Grande Ronde Hospital Foundation	Grande Ronde Hospital Auxiliary	Eliminations	Total
Current assets					
Cash and cash equivalents	$ 10,668,062	$ 2,843,766	$ 75,039	$ -	**$ 13,586,867**
Investments	-	4,284,002	-	-	**4,284,002**
Receivables:					
Patient accounts	28,098,953	-	-	-	**28,098,953**
Less allowance for credit losses	(6,394,626)	-	-	-	**(6,394,626)**
Patient accounts, net	21,704,327	-	-	-	**21,704,327**
Third-party payor settlements	7,832,874	-	-	-	**7,832,874**
340B contract pharmacy	60,205	-	-	-	**60,205**
Provider tax	2,553,030	-	-	-	**2,553,030**
Other	1,678,274	-	-	(659,873)	**1,018,401**
Inventories	2,763,990	-	-	-	**2,763,990**
Physician advances including accrued interest	305,915	-	-	-	**305,915**
Prepaid expenses	1,909,365	-	-	-	**1,909,365**
Total current assets	49,476,042	7,127,768	75,039	(659,873)	**56,018,976**
Assets limited as to use					
Board designated for capital improvements	46,562,318	-	-	-	**46,562,318**
Board designated for self-insurance	2,848,451	-	-	-	**2,848,451**
Board designated for deferred compensation	4,418,551	-	-	-	**4,418,551**
Total assets limited as to use	53,829,320	-	-	-	**53,829,320**
Noncurrent assets					
Property and equipment, net	129,089,806	-	-	-	**129,089,806**
Operating lease right-of-use asset	708,103	-	-	-	**708,103**
Investment in EOCCO	930,000	-	-	-	**930,000**
Beneficial interest in Oregon Community Foundation	1,301,111	1,080,027	-	-	**2,381,138**
Assets limited as to use for capacity building initiatives	-	4,463,500	-	-	**4,463,500**
Total noncurrent assets	132,029,020	5,543,527	-	-	**137,572,547**
Total assets	**$ 235,334,382**	**$ 12,671,295**	**$ 75,039**	**$ (659,873)**	**$ 247,420,843**
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable	$ 3,273,711	$ 659,872	$ 9,464	$ (659,873)	**$ 3,283,174**
Capital accounts payable	168,647	-	-	-	**168,647**
Accrued compensation and related liabilities	13,389,809	-	-	-	**13,389,809**
Provider tax payable	2,559,429	-	-	-	**2,559,429**
Deferred revenue	78,310	-	-	-	**78,310**
Accrued interest payable	820,250	-	-	-	**820,250**
Current maturities of long-term debt	825,000	-	-	-	**825,000**
Current maturities of operating lease liabilities	77,533	-	-	-	**77,533**
Total current liabilities	21,192,689	659,872	9,464	(659,873)	**21,202,152**
Noncurrent liabilities					
Long-term debt, less current maturities	49,322,344	-	-	-	**49,322,344**
Operating lease liabilities	650,877	-	-	-	**650,877**
Total noncurrent liabilities	49,973,221	-	-	-	**49,973,221**
Net assets					
With donor restrictions	-	4,463,500	-	-	**4,463,500**
Without donor restrictions	164,168,472	7,547,923	65,575	-	**171,781,970**
Total net assets	164,168,472	12,011,423	65,575	-	**176,245,470**
Total liabilities and net assets	**$ 235,334,382**	**$ 12,671,295**	**$ 75,039**	**$ (659,873)**	**$ 247,420,843**

See accompanying independent auditors' report.

Grande Ronde Hospital, Inc.
Consolidating Statement of Financial Position
April 30, 2024

ASSETS	Grande Ronde Hospital	Grande Ronde Hospital Foundation	Grande Ronde Hospital Auxiliary	Eliminations	Total
Current assets					
Cash and cash equivalents	$ 6,252,814	$ 1,516,129	$ 56,621	$ -	$ **7,825,564**
Investments	1,256,368	3,925,447	-	-	**5,181,815**
Receivables:					
Patient accounts	27,067,161	-	-	-	**27,067,161**
Less allowance for credit losses	(5,728,006)	-	-	-	**(5,728,006)**
Patient accounts, net	21,339,155	-	-	-	**21,339,155**
Third-party payor settlements	10,162,102	-	-	-	**10,162,102**
340B contract pharmacy	92,679	-	-	-	**92,679.0**
Provider tax	2,414,740	-	-	-	**2,414,740**
Other	1,032,817	-	-	(45,596)	**987,221**
Inventories	2,895,971	-	-	-	**2,895,971**
Physician advances including accrued interest	329,657	-	-	-	**329,657**
Prepaid expenses	2,220,853	-	-	-	**2,220,853**
Total current assets	47,997,156	5,441,576	56,621	(45,596)	**53,449,757**
Assets limited as to use					
Board designated for capital improvements	61,179,924	-	-	-	**61,179,924**
Board designated for self-insurance	3,115,238	-	-	-	**3,115,238**
Board designated for deferred compensation	3,697,083	-	-	-	**3,697,083**
Total assets limited as to use	67,992,245	-	-	-	**67,992,245**
Noncurrent assets					
Property and equipment, net	116,888,938	-	-	-	**116,888,938**
Operating lease right-of-use asset	785,967	-	-	-	**785,967**
Investment in EOCCO	930,000	-	-	-	**930,000**
Investment in Summit Health Plan, Inc.	239,000	-	-	-	**239,000**
Beneficial interest in Oregon Community Foundation	1,271,905	1,055,869	-	-	**2,327,774**
Assets limited as to use for capacity building initiatives	-	4,463,500	-	-	**4,463,500**
Total noncurrent assets	120,115,810	5,519,369	-	-	**125,635,179**
Total assets	**$ 236,105,211**	**$ 10,960,945**	**$ 56,621**	**$ (45,596)**	**$ 247,077,181**
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable	$ 3,371,955	$ 46,696	$ 8,878	$ (45,596)	$ **3,381,933**
Capital accounts payable	2,450,586	-	-	-	**2,450,586**
Accrued compensation and related liabilities	12,819,554	-	-	-	**12,819,554**
Provider tax payable	2,420,792	-	-	-	**2,420,792**
Deferred revenue	73,511	-	-	-	**73,511**
Accrued interest payable	833,333	-	-	-	**833,333**
Current maturities of long-term debt	785,000	-	-	-	**785,000**
Current maturities of operating lease liabilities	75,969	-	-	-	**75,969**
Total current liabilities	22,830,700	46,696	8,878	(45,596)	**22,840,678**
Noncurrent liabilities					
Long-term debt, less current maturities	50,267,547	-	-	-	**50,267,547**
Operating lease liabilities	728,410	-	-	-	**728,410**
Total noncurrent liabilities	50,995,957	-	-	-	**50,995,957**
Net assets					
With donor restrictions	-	4,463,500	-	-	**4,463,500**
Without donor restrictions	162,278,554	6,450,749	47,743	-	**168,777,046**
Total net assets	162,278,554	10,914,249	47,743	-	**173,240,546**
Total liabilities and net assets	**$ 236,105,211**	**$ 10,960,945**	**$ 56,621**	**$ (45,596)**	**$ 247,077,181**

See accompanying independent auditors' report.

Grande Ronde Hospital, Inc.
Consolidating Statement of Operations and Changes in Net Assets
Year Ended April 30, 2025

	Grande Ronde Hospital	Grande Ronde Hospital Foundation	Grande Ronde Hospital Auxiliary	Eliminations	Total
Operating revenues					
Patient care service revenue	$ 148,515,669	$ -	$ -	$ -	$ **148,515,669**
340B contract pharmacy revenue	141,261	-	-	-	**141,261**
Grants	141,361	-	-	-	**141,361**
Provider tax revenue	7,701,937	-	-	-	**7,701,937**
Other	2,448,924	64,758	45,130	-	**2,558,812**
Total operating revenues	158,949,152	64,758	45,130	-	**159,059,040**
Operating expenses					
Salaries and wages	75,672,788	183,417	-	(138,000)	**75,718,205**
Employee benefits	21,445,911	-	-	(44,972)	**21,400,939**
Professional fees	21,834,446	78,454	-	(77,879)	**21,835,021**
Supplies	21,130,330	-	26,263	-	**21,156,593**
Utilities	1,038,985	-	-	-	**1,038,985**
Rents and leases	403,686	-	-	-	**403,686**
Depreciation	6,542,529	-	-	-	**6,542,529**
Provider tax	7,721,952	-	-	-	**7,721,952**
Insurance	1,847,170	-	-	-	**1,847,170**
Repairs and maintenance	630,427	-	-	-	**630,427**
Interest	994,124	-	-	-	**994,124**
Other	3,703,257	730,928	1,043	(73,851)	**4,361,377**
Total operating expenses	162,965,605	992,799	27,306	(334,702)	**163,651,008**
Excess of revenues over (under) expenses	(4,016,453)	(928,041)	17,824	334,702	**(4,591,968)**
Other nonoperating income					
Investment income	5,246,498	705,901	3	-	**5,952,402**
Contributions	659,873	1,319,314	5	(334,702)	**1,644,490**
Total other nonoperating income, net	5,906,371	2,025,215	8	(334,702)	**7,596,892**
Change in net assets without donor restrictions	1,889,918	1,097,174	17,832	-	**3,004,924**
Net assets, beginning of year	162,278,554	10,914,249	47,743	-	**173,240,546**
Net assets, end of year	$ **164,168,472**	$ **12,011,423**	$ **65,575**	$ -	$ **176,245,470**

See accompanying independent auditors' report.

Grande Ronde Hospital, Inc.
Consolidating Statement of Operations and Changes in Net Assets
Year Ended April 30, 2024

	Grande Ronde Hospital	Grande Ronde Hospital Foundation	Grande Ronde Hospital Auxiliary	Eliminations	Total
Operating revenues					
Patient care service revenue	$ 146,257,218	$ -	$ -	$ -	$ **146,257,218**
340B contract pharmacy revenue	314,185	-	-	-	**314,185**
Grants	345,762	-	-	-	**345,762**
Provider tax revenue	7,298,719	-	-	-	**7,298,719**
Other	2,503,567	112,138	39,873	-	**2,655,578**
Total operating revenues	156,719,451	112,138	39,873	-	**156,871,462**
Operating expenses					
Salaries and wages	73,924,676	152,433	-	(119,000)	**73,958,109**
Employee benefits	20,601,864	-	-	(35,120)	**20,566,744**
Professional fees	20,619,280	83,045	-	(82,671)	**20,619,654**
Supplies	20,915,906	-	29,188	-	**20,945,094**
Utilities	977,397	-	-	-	**977,397**
Rents and leases	448,510	-	-	-	**448,510**
Depreciation	4,456,917	-	-	-	**4,456,917**
Provider tax	7,317,012	-	-	-	**7,317,012**
Insurance	1,681,176	-	-	-	**1,681,176**
Repairs and maintenance	592,049	-	-	-	**592,049**
Interest	30,599	-	-	-	**30,599**
Other	3,289,526	659,496	17,546	(76,339)	**3,890,229**
Total operating expenses	154,854,912	894,974	46,734	(313,130)	**155,483,490**
Excess of revenues over (under) expenses	1,864,539	(782,836)	(6,861)	313,130	**1,387,972**
Other nonoperating income					
Investment income	5,426,428	792,697	3	-	**6,219,128**
Contributions	582,097	986,073	-	(313,130)	**1,255,040**
Total other nonoperating income, net	6,008,525	1,778,770	3	(313,130)	**7,474,168**
Net assets released from restrictions	-	536,500	-	-	**536,500**
Change in net assets without donor restrictions	7,873,064	1,532,434	(6,858)	-	**9,398,640**
Net assets with donor restriction					
Net assets released from restrictions	-	(536,500)	-	-	**(536,500)**
Total change in net assets	7,873,064	995,934	(6,858)	-	**8,862,140**
Net assets, beginning of year	154,405,490	9,918,315	54,601	-	**164,378,406**
Net assets, end of year	**$ 162,278,554**	**$ 10,914,249**	**$ 47,743**	**$ -**	**$ 173,240,546**

See accompanying independent auditors' report.

Attachment F

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: Grande Ronde Hospital, Inc.

Location/ Facility Name	Street Address	Services provided at location	Service area zip codes
Grande Ronde Hospital	900 Sunset Drive, La Grande, Oregon 97850	Hospital services (behavioral health, cardiology, cardiopulmonary support services, dermatology, diagnostic imaging, emergency services, family birthing center, gynecology and obstetrics, hematology and oncology, home care services, infusion services, inpatient medical services, laboratory, neurology, nutrition services, orthopedics and sports medicine, otolaryngology (ENT), head and neck surgery, pediatrics, therapy (physical,	97850, 97827, 97883, 97814

Location/ Facility Name	Street Address	Services provided at location	Service area zip codes
		speech, and occupational), podiatry, primary care, pulmonology, rheumatology, sleep medicine, surgical services, telehealth services, transitional/swing bed care, urgent care, urology, and wound care)	
Grande Ronde Hospital Cardiology Clinic	900 Sunset Drive, La Grande, Oregon 97850	Cardiology and respiratory care services	97850, 97827, 97883, 97814
Grande Ronde Hospital Children's Clinic	900 Sunset Drive, La Grande, Oregon 97850	Pediatric care services	97850, 97827, 97883, 97814
Grande Ronde Hospital Hematology and Oncology Clinic	900 Sunset Drive, La Grande, Oregon 97850	Hematology, oncology, and infusion services	97850, 97827, 97883, 97814
Grande Ronde Hospital Pulmonology Clinic	900 Sunset Drive, La Grande, Oregon 97850	Pulmonology services	97850, 97827, 97883, 97814
Grande Ronde Hospital Regional ENT Clinic	900 Sunset Drive, La Grande, Oregon 97850	ENT services	97850, 97827, 97883, 97814
Grande Ronde Hospital Regional Orthopedic Clinic	900 Sunset Drive, La Grande, Oregon 97850	Orthopedic services	97850, 97827, 97883, 97814
Grande Ronde Hospital Sleep Clinic	900 Sunset Drive, La Grande, Oregon 97850	Sleep medicine services	97850, 97827, 97883, 97814
Grande Ronde Hospital Women's Clinic	710 Sunset Drive, La Grande, Oregon 97850	Gynecology and obstetric services	97850, 97827, 97883, 97814

HCMO-1c: Facilities and Locations Form

Supplemental Pages
Grande Ronde Hospital, Inc.

Location/Facility Name	Street Address	Services provided at location	Service area zip codes
Grande Ronde Home Care Services	909 Adams Avenue, La Grande, Oregon 97850	Home care services	97850, 97827, 97883, 97814
Grande Ronde Hospital Dermatology Clinic	700 Sunset Drive, Suite F, La Grande, Oregon 97850	Dermatology services	97850, 97827, 97883, 97814
Grande Ronde Hospital Laboratory	900 Sunset Drive, La Grande, Oregon 97850	Laboratory services	97850, 97827, 97883, 97814
Grande Ronde Hospital Medical Clinic	700 Sunset Drive, Suite G, La Grande, Oregon 97850	Specialty care services	97850, 97827, 97883, 97814
Grande Ronde Hospital Neurology Clinic	700 Sunset Drive, Suite A, La Grande, Oregon 97850	Neurology services	97850, 97827, 97883, 97814
Grande Ronde Hospital Wound Care Clinic	700 Sunset Drive, Suite F, La Grande, Oregon 97850	Wound care services	97850, 97827, 97883, 97814
Grande Ronde Hospital Specialty Clinic	710 Sunset Drive, Suite F, La Grande, Oregon 97850	Orthopedic services, ENT services, podiatry services, rheumatology services, surgical services, urology services	97850, 97827, 97883, 97814
Grande Ronde Therapy and Sports Medicine	610 Sunset Drive, La Grande, Oregon 97850	Occupational therapy, physical rehabilitation, physical therapy, and speech therapy services	97850, 97827, 97883, 97814
Grande Ronde Hospital Urology Clinic	710 Sunset Drive, Suite F, La Grande, Oregon 97850	Urology services	97850, 97827, 97883, 97814
Grande Ronde Hospital Women's and Children's Clinic	710 Sunset Drive, Suite E, La Grande, Oregon 97850	Gynecology, obstetric, and pediatric services	97850, 97827, 97883, 97814

Grande Ronde Hospital Regional Medical Clinic	506 4th Street, La Grande, Oregon 97850	Primary care services and behavioral health services	97850, 97827, 97883, 97814
Grande Ronde Hospital Regional Medical Clinic Laboratory	506 4th Street, La Grande, Oregon 97850	Laboratory services	97850, 97827, 97883, 97814
Grande Ronde Regional Medical Plaza Laboratory	710 Sunset Drive, La Grande, Oregon 97850	Laboratory services	97850, 97827, 97883, 97814
Grande Ronde Hospital Behavioral Health Clinic	504 4th Street, La Grande, Oregon 97850	Behavioral health services	97850, 97827, 97883, 97814
Grande Ronde Hospital Urgent Care	10303 S. Walton Road, Island City, Oregon 97850	Urgent care services	97850, 97827, 97883, 97814
Grande Ronde Hospital Elgin Clinic	570 8th Street, Elgin, Oregon 97827	Primary care services, behavioral health services, and physical therapy services	97850, 97827, 97883, 97814
Grande Ronde Hospital Union Clinic	142 E. Dearborn Street, Union, Oregon 97883	Primary care services and behavioral health services	97850, 97827, 97883, 97814