

**REHABILITATION HOSPITAL OF INDIANA, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2021 and 2020

REHABILITATION HOSPITAL OF INDIANA, INC.  
Indianapolis, Indiana  
CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2021 and 2020

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS .....	3
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS .....	4
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - 2021 .....	5
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES - 2020 .....	6
CONSOLIDATED STATEMENTS OF CASH FLOWS .....	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS .....	8
SUPPLEMENTARY INFORMATION	
CONSOLIDATING BALANCE SHEETS.....	20
CONSOLIDATING STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS .....	24

## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Rehabilitation Hospital of Indiana, Inc.  
Indianapolis, Indiana

**Report on the Audit of the Financial Statements*****Opinion***

We have audited the consolidated financial statements of Rehabilitation Hospital of Indiana, Inc. (the "Hospital" or "RHI"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of RHI as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RHI 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about RHI's ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

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(Continued)

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 consolidated 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 consolidated 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 consolidated 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 RHI'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RHI'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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2021 consolidating balance sheet and consolidating statement of operations and changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

  
Crowe LLP

Indianapolis, Indiana  
April 26, 2022

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REHABILITATION HOSPITAL OF INDIANA, INC.  
CONSOLIDATED BALANCE SHEETS  
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 6,209,684	\$ 11,731,468
Patient accounts receivable	4,804,688	5,553,998
Patient customer contracts	132,902	149,550
Inventories	385,443	272,599
Prepaid expenses and other current assets	1,613,656	1,569,440
Investments	<u>196,715</u>	<u>96,238</u>
Total current assets	13,343,088	19,373,293
Property and equipment:		
Land	2,877,548	2,877,548
Buildings and improvements	21,018,526	18,976,839
Equipment	17,823,440	17,843,021
Construction-in-progress	<u>10,025,745</u>	<u>5,006,180</u>
	51,745,259	44,703,588
Less accumulated depreciation	<u>31,377,070</u>	<u>29,647,005</u>
Total property and equipment, net	20,368,189	15,056,583
 Total assets	 <u>\$ 33,711,277</u>	 <u>\$ 34,429,876</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and other accrued liabilities	\$ 2,699,954	\$ 3,793,732
Salaries, wages, and related liabilities	2,985,745	2,455,059
Accrued interest	18,629	20,331
Current portion of long-term debt	905,000	890,000
Third-party settlements	<u>1,060,855</u>	<u>1,245,045</u>
Total current liabilities	7,670,183	8,404,167
Long-term debt, net of current portion and unamortized bond issuance costs		
	<u>8,795,405</u>	<u>9,688,841</u>
Total long-term liabilities	8,795,405	9,688,841
 Total liabilities	 16,465,588	 18,093,008
Net assets:		
Without donor restrictions	16,617,252	15,669,986
With donor restrictions	<u>628,437</u>	<u>666,882</u>
Total net assets	<u>17,245,689</u>	<u>16,336,868</u>
 Total liabilities and net assets	 <u>\$ 33,711,277</u>	 <u>\$ 34,429,876</u>

See accompanying notes to consolidated financial statements.

REHABILITATION HOSPITAL OF INDIANA, INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS  
Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Revenues without donor restrictions</b>		
Patient service revenue	\$ 45,451,384	\$ 45,024,225
Other revenue	2,576,016	2,129,964
Grant revenue without donor restrictions	98,337	1,465,759
Net assets released from restrictions	<u>432,234</u>	<u>327,479</u>
Total revenues	48,557,971	48,947,427
 <b>Expenses</b>		
Program expenses	35,802,882	35,061,430
Management and general expenses	11,662,750	12,091,925
Fundraising expenses	<u>170,949</u>	<u>126,219</u>
Total expenses	<u>47,636,581</u>	<u>47,279,574</u>
 <b>Operating income</b>	921,390	1,667,853
 Nonoperating gain:		
Interest income	25,878	149,751
Gain in swap fair value	-	50,695
Gain (loss) on disposal of assets	<u>-</u>	<u>(452)</u>
	<u>25,878</u>	<u>199,994</u>
 <b>Revenue in excess of expenses</b>	947,268	1,867,847
 Net assets with donor restrictions:		
Contributions	393,787	260,394
Net assets released from restrictions	<u>(432,234)</u>	<u>(327,479)</u>
Change in net assets with donor restrictions	<u>(38,447)</u>	<u>(67,085)</u>
 <b>Change in net assets</b>	908,821	1,800,762
 Net assets, beginning of year	<u>16,336,868</u>	<u>14,536,106</u>
 <b>Net assets, end of year</b>	<u>\$ 17,245,689</u>	<u>\$ 16,336,868</u>

See accompanying notes to consolidated financial statements.

REHABILITATION HOSPITAL OF INDIANA, INC.  
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
Year ended December 31, 2021 (with summary totals for the year ended December 31, 2020)

	Program Service <u>Expenses</u>	Management and General <u>Expenses</u>	Fundraising <u>Expenses</u>	2021 <u>Total</u>	2020 <u>Total</u>
Salaries and wages	\$ 21,288,926	\$ 3,719,834	\$ 128,311	\$ 25,137,071	\$ 25,540,695
Employee benefits	6,507,069	1,909,862	18,674	8,435,605	\$ 8,115,781
Contract and purchased services	3,346,904	2,693,852	1,184	6,041,940	\$ 5,510,503
Supplies	3,941,866	221,857	10,346	4,174,069	\$ 3,826,427
Utilities and other	37,913	586,542	-	624,455	\$ 617,110
Depreciation and amortization	3,847	1,737,783	-	1,741,630	\$ 1,886,257
Interest	261	251,930	-	252,191	\$ 305,274
General & administrative	676,096	541,090	12,434	1,229,620	1,477,527
	<u>\$ 35,802,882</u>	<u>\$ 11,662,750</u>	<u>\$ 170,949</u>	<u>\$ 47,636,581</u>	<u>\$ 47,279,574</u>

See accompanying notes to consolidated financial statements.

REHABILITATION HOSPITAL OF INDIANA, INC.  
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES  
Year ended December 31, 2020

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	Program Service <u>Expenses</u>	Management and General <u>Expenses</u>	Fundraising <u>Expenses</u>	2020 <u>Total</u>
Salaries and wages	\$ 21,406,278	\$ 4,028,771	\$ 105,646	\$ 25,540,695
Employee benefits	6,266,022	1,832,266	17,493	8,115,781
Contract and purchased services	3,069,501	2,441,002	-	5,510,503
Supplies	3,581,703	244,702	22	3,826,427
Utilities and other	42,943	574,167	-	617,110
Depreciation and amortization	3,847	1,882,410	-	1,886,257
Interest	683	304,591	-	305,274
General & administrative	690,453	784,016	3,058	1,477,527
	<u>\$ 35,061,430</u>	<u>\$ 12,091,925</u>	<u>\$ 126,219</u>	<u>\$ 47,279,574</u>

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See accompanying notes to consolidated financial statements.



REHABILITATION HOSPITAL OF INDIANA, INC.  
CONSOLIDATED STATEMENTS OF CASH FLOW  
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 908,821	\$ 1,800,762
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	1,741,630	1,886,257
Unrealized gain on investments	(477)	(98)
Change in interest rate swap agreement	-	(50,695)
Gain on disposal of assets	-	452
Changes in operating assets and liabilities:		
Patient accounts receivable	765,958	113,372
Inventories, prepaid expenses, and other assets	(157,060)	(291,500)
Accounts payable and other accrued liabilities	(1,093,778)	766,110
Salaries, wages, and related liabilities	530,686	222,748
Accrued interest	(1,702)	(11,573)
Estimated third-party settlements	(184,190)	106,168
Net cash from operating activities	<u>2,509,888</u>	<u>4,542,003</u>
 <b>Cash flows from investing activities</b>		
Purchase of property and equipment	(7,041,672)	(5,235,288)
Purchase of investments	(100,000)	-
Net cash from investing activities	<u>(7,141,672)</u>	<u>(5,235,288)</u>
 <b>Cash flows from financing activities</b>		
Repayments on long-term borrowings	(890,000)	(840,000)
Net cash from financing activities	<u>(890,000)</u>	<u>(840,000)</u>
 Net change in cash and cash equivalents	(5,521,784)	(1,533,285)
 Cash and cash equivalents:		
Beginning of year	<u>11,731,468</u>	<u>13,264,753</u>
 <b>End of year</b>	<u>\$ 6,209,684</u>	<u>\$ 11,731,468</u>
 Supplemental disclosures of cash flow information:		
Cash paid during year for interest	\$ 253,894	\$ 316,847

At December 31, 2021 and 2020 other non-cash transactions related to \$678,971 and \$778,336 of construction in process additions recorded within accounts payable.

See accompanying notes to consolidated financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization: Rehabilitation Hospital of Indiana, Inc. (the "Hospital" or "RHI") operates a freestanding specialty medical rehabilitation hospital located in Indianapolis, Indiana. The Hospital provides short-term, comprehensive rehabilitation services to patients, and its programs are designed to restore physical, cognitive, and psychosocial functions following an incident of acute illness or trauma. Inpatient and outpatient therapy and support services provided by the Hospital include physical and occupational therapy, speech therapy, recreational therapy, activities of daily living, rehabilitation nursing, psychology, and social services and cognitive retraining.

Not-for-profit corporations St. Vincent Health, Inc. and IU Health are the corporate members of the Hospital. The agreement contains provisions for working capital loans and support of the Hospital upon mutual-agreement by the corporate members. The joint venture agreement was amended effective January 1, 2012 to modify RHI's membership interest to be held 51% by IU Health and 49% St. Vincent Healthcare, Inc.

Included within the operations of the Hospital is Rehabilitation Hospital Foundation, Inc. (the "Foundation") which was established to promote and support the mission of the Hospital. The Hospital is the sole corporate member of the Foundation. All significant intercompany accounts have been eliminated in consolidation.

Basis of Consolidation: The accompanying consolidated financial statements include the accounts of Rehabilitation Hospital of Indiana, Inc. and Rehabilitation Hospital Foundation, Inc. (collectively referred to as the "Hospital"). All transactions between affiliated organizations have been eliminated in consolidation.

Charity Care and Community Benefit: The Hospital provides medical care to all patients regardless of their ability to pay. A patient is classified as charity care in accordance with certain established policies and is provided care without charges or at amounts less than established rates. Because collection of amounts determined to qualify as charity care is not pursued, such amounts are not reported as revenue. Records are maintained to identify and monitor the level of charity care provided including the amount of charges foregone for services and supplies furnished.

The Hospital provides certain services to benefit the community. These services (for which a nominal or no amount is charged) are based on the most recent community health needs assessment which was performed in 2018. The needs identified in this assessment which RHI can reasonably impact are identified as: Obesity and Diabetes, Drug and Alcohol Abuse and Social Determinants of Health. Sports physicals provided to students in the Indianapolis Public Schools (IPS) and the RHI Community Fitness Program for members of the community with disabilities; research and preparation for a 2020 drug takeback program; sponsoring a reading program and providing packs of food for elementary age children in our local IPS school are some of the ways in which RHI reached out to benefit our local community. The cost of these services are included in operating expenses.

The Hospital has a process whereby it attempts to obtain complete household income information prior to admission from patients who came as self-pay or Medicaid pending. This process allows the Hospital to identify in advance patients that qualify for financial assistance and improve the identification of charity care cases. For additional discussion on charity care, see Note 2.

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

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REHABILITATION HOSPITAL OF INDIANA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2021 and 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Cash and Cash Equivalents: For the purpose of the consolidated statements of cash flows, cash includes cash and cash equivalents with original maturities of 90 days or less. The Hospital places its cash and cash equivalents with institutions with high credit quality. However, at certain times, such cash and cash equivalents may be in excess of government-provided insurance limits. The Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000 per financial institution. The Hospital's maximum risk was approximately \$5,960,000 at December 31, 2021.

Patient Accounts Receivable, Estimated Third-Party Settlements, and Patient Service Revenue: Patient accounts receivable and patient service revenue are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered.

Estimated retroactive adjustments as provided by reimbursement agreements with certain third-party payors are included with patient service revenue and estimated third-party payor receivables or payables. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. The Hospital incurred audits related to target probe and educate ("TPE") audits, Supplemental Medical Review/Specialty Contractor ("SMRC") and cost report settlement audits during 2021 and 2020. The Hospital recorded reserves of \$1,060,855 and \$1,245,045 as of December 31, 2021 and 2020, respectively.

The Hospital receives payment for services rendered from federal and state agencies (under the Medicare and Medicaid programs), managed care health plans, commercial insurance companies, employers, and patients. During the years ended December 31, 2021 and 2020, approximately 39% and 40%, respectively, of the Hospital's net revenues related to patients participating in the Medicare program, 11% and 12%, respectively, from the Medicaid program, 20% and 23%, respectively, from a specific managed care payor, and 30% and 25%, respectively, from other payor types.

The Hospital recognizes that revenue and receivables from government agencies are significant to the Hospital's operations but does not believe that there are significant credit risks associated with these governmental agencies. At December 31, 2021 and 2020, the Hospital has 19% and 34%, respectively, of net accounts receivable due from Medicare, and 31% and 50%, respectively, of net accounts receivable due from a specific managed care payor. The Hospital does not believe that there are any other significant concentrations of revenues from any particular payor that would subject the Hospital to any significant credit risks in the collection of its accounts receivable.

Inventories: Inventories, are stated at the lower of cost or market, with cost determined by the first-in, first-out (FIFO) method.

Property and Equipment and Depreciation: Property and equipment additions greater than \$500 and with a life of three or more years, including betterments of existing facilities, are recorded at cost. Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided by use of the straight-line method over the estimated useful lives of the assets. When properties are retired or otherwise disposed of, the appropriate accounts are relieved of cost and accumulated depreciation, and any resulting gain or loss is recognized.

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REHABILITATION HOSPITAL OF INDIANA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2021 and 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Long-lived assets, such as buildings and improvements, and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or fair value less costs to sell and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the consolidated balance sheets as well. Depreciation expense for the years ended December 31, 2021 and 2020 was \$1,730,066 and \$1,873,780, respectively.

The assets' estimated lives used in computing depreciation are as follows:

Buildings and improvements	5 - 30 years
Equipment	3 - 15 years

Construction-in-progress represented costs incurred to date for building expansion. The Hospital has no committed amounts related to the architectural design, construction, and furnishing related to the building expansion as of December 31, 2021. The Hospital's project for building expansion with a total estimated cost of approximately \$13,500,000 is projected to be completed in 2022, of which \$10,025,745 of capital expenditures had been incurred as of December 31, 2021 and is recorded within construction-in-progress.

Debt Issuance Costs: Costs incurred in connection with the issuance of debt are capitalized and amortized by the effective-yield method, over the term of the related debt. Debt issuance costs of \$129,000 were incurred during 2016 related to the amended Series 2011 term bonds. Accumulated amortization of deferred financing costs at December 31, 2021 and 2020 is \$70,983 and \$59,419, respectively. Amortization expense for the years ending December 31, 2021 and 2020 is \$11,564 and \$12,477, respectively.

Medical Malpractice: The Hospital maintains medical malpractice insurance coverage on a claims-made basis. The Indiana Medical Malpractice Act provides for a maximum recovery of \$1,800,000 per occurrence for professional liability, \$500,000 of which would be paid through malpractice insurance coverage which the Hospital obtains through IU Health Risk Retention Group and the balance would be paid by the State of Indiana Patient Compensation Fund.

At December 31, 2021, the Hospital is not aware of any specific material claims that would not be covered by its insurance carriers. The Hospital has estimated an incurred but not reported liability for \$66,511 and \$56,868 at December 31, 2021 and 2020, respectively, which is included in accounts payable and other accrued liabilities on the consolidated balance sheets.

Revenue in Excess of Expenses: The consolidated statements of operations include the revenue in excess of expenses as the performance indicator. Changes in net assets that are excluded from revenue in excess of expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which, by donor restriction, were to be used for the purposes of acquiring such assets).

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(Continued)

REHABILITATION HOSPITAL OF INDIANA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2021 and 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Contributions: Unconditional donor pledges to give cash, marketable securities, and other assets are reported at fair value at the date the pledge is made to the extent estimated to be collectible by the Hospital. Conditional donor promises to give and indications of intentions to give are not recognized until the condition is satisfied. Pledges received with donor restrictions that limit the use of the donated assets are reported as with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are transferred to revenues without donor restrictions and reported as unrestricted revenue in the statement of operations. Pledges and gifts received with a donor restriction that is satisfied in the same year that the pledge or gift is made are recorded as revenue without donor restrictions in the statement of operations.

Investments: Investments are carried at fair value. Realized and unrealized gains and losses are reflected in the statement of activities. For the years ended December 31, 2021 and 2020, unrealized gain on investments of \$477 and \$98, respectively, were recorded in other revenue. Investments are exposed to a variety of uncertainties, including interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term.

Description of Net Assets: Net assets are classified into categories based upon the presence or absence of 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. These funds are primarily restricted to employee loans, research and sports programs. All other assets are considered without donor restrictions.

Income Taxes and Uncertain Tax Positions: The Hospital is a not-for-profit corporation pursuant to Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related income pursuant to Section 501(a). Accordingly, no provision for income taxes is required for the Hospital in the consolidated financial statements.

A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded.

The Hospital is no longer subject to examination by U.S. federal taxing authorities for years before 2017 and for all state income taxes through 2018. The Hospital does not expect the total amount of unrecognized tax positions to significantly change in the next 12 months. The Hospital would recognize interest and/or penalties related to income tax matters in income tax expense. The Hospital has no amounts accrued for interest or penalties as of December 31, 2021 and 2020.

Advertising Costs: The Hospital expenses advertising costs as incurred. Advertising costs for the years ended December 31, 2021 and 2020 were \$239,827 and \$239,409, respectively.

Functional Allocation of Expenses: The costs of providing the various services and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the activities and supporting services (also referred to as fundraising) benefited. The expenses that are allocated include certain salaries and benefits, which are allocated using estimates of time and effort, as well as depreciation and interest expenses which are allocated based on square footage.

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Reclassifications: Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications did not have any impact on total net assets or change in net assets.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2021 to determine the need for any adjustments to and/or disclosures within the financial statements for the year then ended. Management has performed their analysis through April 26, 2022, the date the financial statements were issued.

**NOTE 2 - PATIENT 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 includes 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 and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Patients have roughly 120 days to make acceptable payment arrangements in order to avoid going to a collection agency. Interest-free internal payment arrangements are available if the balance can be paid off within one year.

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 services performed in relation to the total expected (or actual) services or is recognized as services are performed depending on the payor and the type of service performed. 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 our hospital receiving inpatient acute care services.

The Hospital measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is recognized when services are provided.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Hospital has elected and is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged.

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/or implicit price concessions provided to uninsured patients. The Hospital determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policy, and historical experience. The Hospital determines its estimate of implicit price concessions based on its historical collection experience from that category of payor.

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(Continued)

**NOTE 2 - PATIENT SERVICE REVENUE** (Continued)

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- Medicare: Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic and other factors. Certain outlier cost and stay cases may be subject to additional reimbursement. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates.
- Medicaid: Reimbursements for Medicaid services are generally paid at prospectively determined Daily rates or per discharge rates.
- Other: Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined daily rates, per case rates or percent of charge reimbursement.

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 health care 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 the 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 or as years are settled or are no longer subject to such audits, reviews, and investigations.

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.

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(Continued)

REHABILITATION HOSPITAL OF INDIANA, INC.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
December 31, 2021 and 2020

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**NOTE 2 - PATIENT SERVICE REVENUE** (Continued)

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. For the years ending December 31, 2021 and 2020, no significant adjustments to revenue were recognized due to changes in the estimates of implicit price concessions for performance obligations satisfied in prior years. 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. Bad debt expense for the years ending December 31, 2021 and 2020 was not significant.

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), implicit price concessions are included in estimating the transaction price. These implicit price concessions represent the difference between amounts billed to patients and the amounts the Hospital expects to collect based on its collection history with those patients.

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. Patients who meet the Hospital's criteria for financial assistance or charity are provided care at amounts less than established rates or without charge. Such amounts determined to qualify are not reported as revenue. Records are maintained to identify and monitor the level of financial assistance and charity care provided including the amount of charges foregone for services and supplies furnished. The Hospital uses its direct and indirect costs of providing this care as the measurement basis for financial assistance and charity care disclosures.

The estimated cost incurred by the Hospital to provide these services to patients who are unable to pay was approximately \$150,660 and \$32,910 for the years ending December 31, 2021 and 2020, respectively. The estimated cost of these charity care services was determined using a ratio of cost to gross charges and applying that ratio to the gross charges associated with providing care to charity patients for the period.

Gross charges associated with providing care to charity patients includes only the related charges for those patients who are financially unable to pay and qualify under the Hospital's charity care policy and that do not otherwise qualify for reimbursement from a governmental program. During 2021 and 2020, the Hospital did not receive any funds to help defray the costs of indigent charity care.

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

	<u>2021</u>	<u>2020</u>
Medicare	\$ 18,012,029	\$ 18,080,640
Medicaid	4,971,016	5,129,861
Other	<u>22,468,339</u>	<u>21,813,724</u>
Total	<u>\$ 45,451,384</u>	<u>\$ 45,024,225</u>

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(Continued)



REHABILITATION HOSPITAL OF INDIANA, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 December 31, 2021 and 2020

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**NOTE 2 - PATIENT SERVICE REVENUE** (Continued)

The Hospital has elected the practical expedient and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Hospital's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Hospital does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

**NOTE 3 - LONG-TERM DEBT**

Long-term debt at December 31, 2021 and 2020, consists of the following:

	<u>2021</u>	<u>2020</u>
Indiana Health Facility Financing Authority Adjustable Convertible Extendible Securities Hospital Revenue Bonds, Series 2011 Term Bonds, payable through November 2031, subject to mandatory redemption. Interest payable monthly at fixed rate of 2.22% at December 31, 2021 and 2020	\$ 9,745,000	\$ 10,635,000
Less unamortized bond issuance costs	(44,595)	(56,159)
Less current portion of long-term debt	<u>(905,000)</u>	<u>(890,000)</u>
Long-term debt, net of current portion and unamortized bond issuance costs	<u>\$ 8,795,405</u>	<u>\$ 9,688,841</u>

At December 31, 2021, maturities of long-term debt are as follows:

<u>Year Ending</u>	
2022	\$ 905,000
2023	920,000
2024	940,000
2025	950,000
2026	965,000
Thereafter	<u>5,065,000</u>
Total	<u>\$ 9,745,000</u>

During November 2011, the Hospital, through the Indiana Health Facility Financing Authority, issued \$16,420,000 of Series 2011 Bonds. The proceeds from the bond issuance were used to pay the remaining balance outstanding on the Series 1990 Bonds, with the remainder of the proceeds established for future capital improvement projects of the Hospital.

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(Continued)

**NOTE 3 - LONG-TERM DEBT** (Continued)

The interest rate on the Series 2011 Bonds is determined on a weekly basis, payable on the first business day of each calendar month. As provided in the various bond agreements, the interest rate determination is subject to conversion to other interest modes, which determine the frequency dates, and calculation of interest payables. The Hospital and Rate-Setting Agent can change to another interest mode by giving notice.

Except as permitted by the Master Trust Indenture, the Hospital may not grant a mortgage or make a specific pledge of its revenue. In addition, the various agreements contain certain restrictive covenants including minimum debt service coverage ratios and limitations on additional borrowings. The Hospital was in compliance with their debt covenants as of December 31, 2021 and 2020.

**NOTE 4 - RETIREMENT PLAN**

The Hospital has established a defined contribution retirement plan (the Plan) which covers substantially all employees; however, there are different provisions for the discretionary contribution and the matching contribution, as defined separately below.

For an employee to be eligible for the discretionary contribution component of the Plan, the employee must have worked at least 1,000 hours in the last 12 months and have been employed a minimum of one year as of December 31. This plan exercises a "cliff" vesting schedule, where employees are not vested until they have reached three years of service (effective January 1, 2007), at which time they are fully vested.

For the 401(k) matching component of the Plan, the employee is not eligible for the match until one year of service is achieved. The employee is immediately 100% vested in the employer matching component of the Plan. Contributions by the Hospital for the 401(k) matching contribution are based on the employees' annual earnings. Contributions of \$702,865 and \$718,272 were expensed in 2021 and 2020, respectively.

**NOTE 5 - RELATED PARTY TRANSACTIONS**

The Hospital contracts with affiliates of IU Health, St. Vincent Health, and United Hospital Services for various services. Fees for laundry, linen, laboratory, insurance, physician services and overlap payments amounted to \$1,381,806 and \$1,356,578 in 2021 and 2020, respectively. Included in the 2021 and 2020 accounts payable and other accrued liabilities on the consolidated balance sheets are fees of \$1,306,122 and \$1,082,299, respectively.

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(Continued)

**NOTE 6 - EMPLOYEE HEALTH BENEFIT PLAN**

The Hospital participates in a self-funded health insurance plan covering substantially all employees. Covered services include medical benefits and prescription drugs. The plan has annual reinsurance coverage for a maximum eligible claim expense per incident per covered person in excess of \$185,000 for the first incident, and \$145,000 for each subsequent incident per covered person. The Hospital recorded a provision for claims incurred but not reported, which amounted to \$886,473 and \$402,617 at December 31, 2021 and 2020, respectively, and is included in salaries, wages, and related liabilities on the consolidated balance sheets. Expenses of the plan for 2021 and 2020 were \$3,146,625 and \$3,097,693, respectively. The plan includes one claimant who exceeded the stop-loss in 2021 and no claimants that exceeded the stop-loss in 2020. The Hospital recorded a re-insurance receivable related to the claim, included within prepaid expenses and other current assets on the consolidated balance sheets, of \$100,717 and \$0 as of December 31, 2021 and 2020, respectively.

**NOTE 7 - OPERATING LEASES**

The Hospital leases facilities and equipment under operating leases expiring at various dates through August 2024. Total rental expense in 2021 and 2020 for all operating leases was \$666,457 and \$643,670, respectively. The following is a schedule by year of future minimum lease payments under operating leases as of December 31, 2021, that have initial or remaining lease terms in excess of one year.

2022	\$ 353,111
2023	340,186
2024	<u>94,689</u>
	<u>\$ 787,986</u>

**NOTE 8 - CONTINGENCIES**

The Hospital is the defendant in certain litigation arising in the ordinary course of business. In the opinion of management, such items are adequately covered by insurance or their ultimate outcome will not have a material impact on the financial position of the Hospital.

**NOTE 9 - NON-COMPETE AGREEMENT**

As part of the joint venture agreement to form the Hospital, the corporate members entered into a non-compete agreement in effect for the term of the joint venture and for a period of thirty-six months after its termination. The non-compete agreement prohibits the members, directly or indirectly, from providing adult inpatient rehabilitation medicine services or outpatient rehabilitation services that compete with services provided by the Hospital within Marion and contiguous counties.

REHABILITATION HOSPITAL OF INDIANA, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 December 31, 2021 and 2020

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**NOTE 10 - LIQUIDITY AND AVAILABILITY**

The Hospital's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 6,209,684	\$ 11,731,468
Accounts receivable	4,937,590	5,703,548
Investments	196,715	96,238
Less: Net assets with donor restrictions	<u>(628,437)</u>	<u>(666,882)</u>
	<u>\$ 10,715,552</u>	<u>\$ 16,864,372</u>

The Hospital has certain donor-restricted assets limited to use which are available for general expenditures within one year in the normal course of operations. Accordingly, these assets have been included in the quantitative information above for financial assets to meet general expenditures within one year.

As part of the Hospital's liquidity management plan, the Hospital invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Hospital has a goal to maintain financial assets on hand to meet 60-90 days of normal operating expenses, which are, on average \$7,940,000 - \$11,910,000. As part of the Hospital's liquidity management plan, cash in excess of monthly requirements is invested in money market funds based on the Hospital's investment policy. The Hospital typically collects accounts receivable within one year of the date of service.

**NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purposes:		
Sports and Opportunity	\$ 357,325	\$ 397,706
Research	256,488	256,288
Assistance	<u>14,624</u>	<u>14,620</u>
	<u>\$ 628,437</u>	<u>\$ 666,882</u>

Net assets released from donor restrictions are as follows:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purposes:		
Sports and Opportunity	\$ 332,938	\$ 266,779
Research	<u>99,296</u>	<u>60,700</u>
	<u>\$ 432,234</u>	<u>\$ 327,479</u>

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(Continued)

**NOTE 12 - RISKS AND UNCERTAINTIES**

The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) became law on March 27, 2020. This Federal response to the market volatility and instability resulting from the coronavirus pandemic includes provisions to support individuals and businesses in the form of loans, grants, and tax changes, among other types of relief. The CARES Act adds \$175 billion in payments to be distributed through the Public Health and Social Services Emergency Fund (“Provider Relief Funds” or “PRF”). Payments from the PRF are not loans; however, PRF funds are required to be paid back if not fully utilized by December 31, 2022. The Hospital received payments of \$98,337 and \$1,465,759 from the Provider Relief Fund during the years ended December 31, 2021 and 2020, respectively.

The Hospital elected to account for the PRF proceeds received as conditional contribution in accordance with Subtopic 958-605. Under Subtopic 958-605, the PRF proceeds are initially recorded as a deferred grant liability and subsequently recognized as grant revenue when the Organization has substantially met all terms and conditions of the grant. The Hospital’s assessment of whether the terms and conditions for the amounts received have been substantially met considers, among other things, the terms of the CARES Act and the Consolidation Appropriation Act of 2021 (CAA), and all other interpretive guidance issued by the U.S. Department of Human and Health Services. Such guidance sets forth the allowable methods for quantifying eligible healthcare related expenses and lost revenues. Only healthcare related expenses attributable to coronavirus that another source has not reimbursed and is not obligated to reimburse are eligible to be claimed. Based on the Hospital’s assessment, RHI recognized \$98,337 and \$1,465,759 of revenue recorded within grant revenue without donor restrictions for the years ended December 31, 2021 and 2020, respectively.

**SUPPLEMENTARY INFORMATION**

REHABILITATION HOSPITAL OF INDIANA, INC.  
CONSOLIDATING BALANCE SHEET  
December 31, 2021

	<u>RHI</u>	<u>Foundation</u>	<u>Total Before Eliminations</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 5,380,567	\$ 829,117	\$ 6,209,684	\$ -	\$ 6,209,684
Patient accounts receivable	4,804,688	-	4,804,688	-	4,804,688
Patient customer contracts	132,902	-	132,902	-	132,902
Inventories	385,443	-	385,443	-	385,443
Prepaid expenses and other current assets	1,533,206	80,450	1,613,656	-	1,613,656
Investments	281	196,434	196,715	-	196,715
Total current assets	12,237,087	1,106,001	13,343,088	-	13,343,088
Property and equipment:					
Land	2,877,548	-	2,877,548	-	2,877,548
Buildings and improvements	21,018,526	-	21,018,526	-	21,018,526
Equipment	17,726,328	97,112	17,823,440	-	17,823,440
Construction-in-progress	10,025,745	-	10,025,745	-	10,025,745
	51,648,147	97,112	51,745,259	-	51,745,259
Less accumulated depreciation	31,287,555	89,515	31,377,070	-	31,377,070
Total property and equipment, net	20,360,592	7,597	20,368,189	-	20,368,189
Other assets					
Due from foundation	1,306,122	-	1,306,122	(1,306,122)	-
Total other assets	1,306,122	-	1,306,122	(1,306,122)	-
Total assets	<u>\$ 33,903,801</u>	<u>\$ 1,113,598</u>	<u>\$ 35,017,399</u>	<u>\$ (1,306,122)</u>	<u>\$ 33,711,277</u>

(Continued)

REHABILITATION HOSPITAL OF INDIANA, INC.  
CONSOLIDATING BALANCE SHEET  
December 31, 2021

<b>LIABILITIES AND NET ASSETS</b>	<u>RHI</u>	<u>Foundation</u>	<u>Total Before Eliminations</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Current liabilities:</b>					
Accounts payable and other accrued liabilities	\$ 2,675,056	\$ 24,898	\$ 2,699,954	\$ -	\$ 2,699,954
Salaries, wages, and related liabilities	2,981,110	4,635	2,985,745	-	2,985,745
Accrued interest	18,629	-	18,629	-	18,629
Current portion of long-term debt	905,000	-	905,000	-	905,000
Third-party settlements	<u>1,060,855</u>	<u>-</u>	<u>1,060,855</u>	<u>-</u>	<u>1,060,855</u>
Total current liabilities	7,640,650	29,533	7,670,183	-	7,670,183
Due to Hospital	-	1,306,122	1,306,122	(1,306,122)	-
Long-term debt	<u>8,795,405</u>	<u>-</u>	<u>8,795,405</u>	<u>-</u>	<u>8,795,405</u>
Total long-term liabilities	8,795,405	1,306,122	10,101,527	(1,306,122)	8,795,405
Total liabilities	16,436,055	1,335,655	17,771,710	(1,306,122)	16,465,588
<b>Net assets:</b>					
Without donor restrictions	17,467,746	(850,494)	16,617,252	-	16,617,252
With donor restrictions	<u>-</u>	<u>628,437</u>	<u>628,437</u>	<u>-</u>	<u>628,437</u>
Total net assests	<u>17,467,746</u>	<u>(222,057)</u>	<u>17,245,689</u>	<u>-</u>	<u>17,245,689</u>
Total liabilities and net assets	<u>\$ 33,903,801</u>	<u>\$ 1,113,598</u>	<u>\$ 35,017,399</u>	<u>\$ (1,306,122)</u>	<u>\$ 33,711,277</u>



REHABILITATION HOSPITAL OF INDIANA, INC.  
CONSOLIDATING BALANCE SHEET  
December 31, 2020

	<u>RHI</u>	<u>Foundation</u>	<u>Total Before Eliminations</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 11,155,965	\$ 575,503	\$ 11,731,468	\$ -	\$ 11,731,468
Patient accounts receivable	5,553,998	-	5,553,998	-	5,553,998
Patient customer contracts	149,550	-	149,550	-	149,550
Inventories	272,599	-	272,599	-	272,599
Prepaid expenses and other current assets	1,521,635	47,805	1,569,440	-	1,569,440
Investments	<u>281</u>	<u>95,957</u>	<u>96,238</u>	-	<u>96,238</u>
Total current assets	18,654,028	719,265	19,373,293	-	19,373,293
Property and equipment:					
Land	2,877,548	-	2,877,548	-	2,877,548
Buildings and improvements	18,976,839	-	18,976,839	-	18,976,839
Equipment	17,745,909	97,112	17,843,021	-	17,843,021
Construction-in-progress	<u>5,006,180</u>	<u>-</u>	<u>5,006,180</u>	-	<u>5,006,180</u>
	44,606,476	97,112	44,703,588	-	44,703,588
Less accumulated depreciation	<u>29,561,337</u>	<u>85,668</u>	<u>29,647,005</u>	-	<u>29,647,005</u>
Total property and equipment, net	15,045,139	11,444	15,056,583	-	15,056,583
Other assets					
Due from foundation	<u>1,082,299</u>	<u>-</u>	<u>1,082,299</u>	<u>(1,082,299)</u>	<u>-</u>
Total other assets	1,082,299	-	1,082,299	(1,082,299)	-
Total assets	<u>\$ 34,781,466</u>	<u>\$ 730,709</u>	<u>\$ 35,512,175</u>	<u>\$ (1,082,299)</u>	<u>\$ 34,429,876</u>

(Continued)

REHABILITATION HOSPITAL OF INDIANA, INC.  
CONSOLIDATING BALANCE SHEET  
December 31, 2020

	<u>RHI</u>	<u>Foundation</u>	<u>Total Before Eliminations</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>LIABILITIES AND NET ASSETS</b>					
Current liabilities:					
Accounts payable and other accrued liabilities	\$ 3,742,785	\$ 50,947	\$ 3,793,732	\$ -	\$ 3,793,732
Salaries, wages, and related liabilities	2,455,059	-	2,455,059	-	2,455,059
Accrued interest	20,331	-	20,331	-	20,331
Current portion of long-term debt	890,000	-	890,000	-	890,000
Third-party settlements	<u>1,245,045</u>	<u>-</u>	<u>1,245,045</u>	<u>-</u>	<u>1,245,045</u>
Total current liabilities	8,353,220	50,947	8,404,167	-	8,404,167
Due to Hospital	-	1,082,299	1,082,299	(1,082,299)	-
Long-term debt	<u>9,688,841</u>	<u>-</u>	<u>9,688,841</u>	<u>-</u>	<u>9,688,841</u>
Total long-term liabilities	9,688,841	1,082,299	10,771,140	(1,082,299)	9,688,841
Total liabilities	18,042,061	1,133,246	19,175,307	(1,082,299)	18,093,008
Net assets:					
Without donor restrictions	16,739,405	(1,069,419)	15,669,986	-	15,669,986
With donor restrictions	<u>-</u>	<u>666,882</u>	<u>666,882</u>	<u>-</u>	<u>666,882</u>
Total net assets	<u>16,739,405</u>	<u>(402,537)</u>	<u>16,336,868</u>	<u>-</u>	<u>16,336,868</u>
Total liabilities and net assets	<u>\$ 34,781,466</u>	<u>\$ 730,709</u>	<u>\$ 35,512,175</u>	<u>\$ (1,082,299)</u>	<u>\$ 34,429,876</u>

REHABILITATION HOSPITAL OF INDIANA, INC.  
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
Year ended December 31, 2021

	<u>RHI</u>	<u>Foundation</u>	<u>Total Before Eliminations</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Revenues without donor restrictions</b>					
Patient service revenue	\$ 45,451,384	\$ -	\$ 45,451,384	\$ -	\$ 45,451,384
Other revenue	2,161,877	414,139	2,576,016	-	2,576,016
Grant revenue without donor restrictions	98,337	-	98,337	-	98,337
Donated services	-	482,810	482,810	(482,810)	-
Net assets released from restrictions	-	<u>432,234</u>	<u>432,234</u>	-	<u>432,234</u>
Total revenues	47,711,598	1,329,183	49,040,781	(482,810)	48,557,971
<b>Expenses</b>					
Program expenses	35,215,221	1,070,471	36,285,692	(482,810)	35,802,882
Management and general expenses	11,662,750	-	11,662,750	-	11,662,750
Fundraising expenses	<u>129,557</u>	<u>41,392</u>	<u>170,949</u>	-	<u>170,949</u>
Total expenses	<u>47,007,528</u>	<u>1,111,863</u>	<u>48,119,391</u>	<u>(482,810)</u>	<u>47,636,581</u>
<b>Operating income (loss)</b>	704,070	217,320	921,390	-	921,390
Nonoperating gain:					
Interest income	<u>24,271</u>	<u>1,607</u>	<u>25,878</u>	-	<u>25,878</u>
<b>Revenue in excess of expenses</b>	728,341	218,927	947,268	-	947,268
Net assets with donor restrictions:					
Contributions	-	393,787	393,787	-	393,787
Net assets released from restrictions	-	<u>(432,234)</u>	<u>(432,234)</u>	-	<u>(432,234)</u>
Change in net assets with donor restrictions	-	<u>(38,447)</u>	<u>(38,447)</u>	-	<u>(38,447)</u>
<b>Change in net assets</b>	728,341	180,480	908,821	-	908,821
Net assets, beginning of year	<u>16,739,405</u>	<u>(402,537)</u>	<u>16,336,868</u>	-	<u>16,336,868</u>
<b>Net assets, end of year</b>	<u>\$ 17,467,746</u>	<u>\$ (222,057)</u>	<u>\$ 17,245,689</u>	<u>\$ -</u>	<u>\$ 17,245,689</u>

REHABILITATION HOSPITAL OF INDIANA, INC.  
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS  
Year ended December 31, 2020

	<u>RHI</u>	<u>Foundation</u>	<u>Total Before Eliminations</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Revenues without donor restrictions</b>					
Patient service revenue	\$ 45,024,225	\$ -	\$ 45,024,225	\$ -	\$ 45,024,225
Other revenue	1,864,541	265,423	2,129,964	-	2,129,964
Grant revenue without donor restrictions	1,465,759		1,465,759	-	1,465,759
Donated services	-	378,625	378,625	(378,625)	-
Net assets released from restrictions	-	327,479	327,479	-	327,479
Total revenues	<u>48,354,525</u>	<u>971,527</u>	<u>49,326,052</u>	<u>(378,625)</u>	<u>48,947,427</u>
<b>Expenses</b>					
Program expenses	34,598,002	842,053	35,440,055	(378,625)	35,061,430
Management and general expenses	12,091,925	-	12,091,925	-	12,091,925
Fundraising expenses	109,953	16,266	126,219	-	126,219
Total expenses	<u>46,799,880</u>	<u>858,319</u>	<u>47,658,199</u>	<u>(378,625)</u>	<u>47,279,574</u>
<b>Operating income (loss)</b>	1,554,645	113,208	1,667,853	-	1,667,853
Nonoperating gain:					
Interest income	149,376	375	149,751	-	149,751
Gain in swap fair value	50,695	-	50,695	-	50,695
Gain on disposal of assets	(452)	-	(452)	-	(452)
	<u>199,619</u>	<u>375</u>	<u>199,994</u>	<u>-</u>	<u>199,994</u>
<b>Revenue in excess of expenses</b>	1,754,264	113,583	1,867,847	-	1,867,847
Net assets with donor restrictions:					
Contributions	-	260,394	260,394	-	260,394
Net assets released from restrictions	-	(327,479)	(327,479)	-	(327,479)
Change in net assets with donor restrictions	<u>-</u>	<u>(67,085)</u>	<u>(67,085)</u>	<u>-</u>	<u>(67,085)</u>
<b>Change in net assets</b>	1,754,264	46,498	1,800,762	-	1,800,762
Net assets, beginning of year	<u>14,985,141</u>	<u>(449,035)</u>	<u>\$ 14,536,106</u>	<u>-</u>	<u>14,536,106</u>
<b>Net assets, end of year</b>	<u>\$ 16,739,405</u>	<u>\$ (402,537)</u>	<u>\$ 16,336,868</u>	<u>\$ -</u>	<u>\$ 16,336,868</u>