



Blue & Co., LLC / 2650 Eastpoint Parkway, Suite 300 / Louisville, KY 40223  
main 502.992.3500 fax 502.992.3509 email blue@blueandco.com  
blueandco.com

November 12, 2024

Southwest Health System, Inc.  
Attn: Adam Conley, CFO  
1311 North Mildred Road  
Cortez, CO 81321

Dear Mr. Conley:

Enclosed are the following tax returns prepared on behalf of *Southwest Health System, Inc.*:

2023 Form 990 Return of Organization Exempt From Income Tax

The federal Form 990 has been prepared for electronic filing and the practitioner PIN program has been elected. Your federal Form 990 has been successfully submitted to the Internal Revenue Service Center.

In addition, a public disclosure inspection copy of the tax return is included for review when requested for public inspection. Please note donors' names and addresses are not subject to public disclosure and are excluded from Form 990, Schedule B.

Copies of your federal and state tax returns were sent to you via Mimecast. Please download and save the returns for your records. We suggest that you retain these copies in your files indefinitely.

The enclosed return was prepared from your books and records. You should review the return to ensure that there are no omissions or misstatements. Upon an audit of the return, requests may be made for supporting documentation. Therefore, we recommend that you retain all pertinent records.

We sincerely appreciate the opportunity to serve you. Please call me at (502) 461-8512 if you have any questions or if we may be of further assistance.

Sincerely,

Emilie Knieriem, CPA  
Blue & Co., LLC

Enclosures

# TAX RETURN FILING INSTRUCTIONS

FORM 990

**FOR THE YEAR ENDING**

December 31, 2023

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**Prepared For:**

Southwest Health System, Inc.  
1311 North Mildred Road  
Cortez, CO 81321

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**Prepared By:**

Blue & Co., LLC  
2650 Eastpoint Pkwy, Suite 300  
Louisville, KY 40223

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**Amount Due or Refund:**

Not applicable

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**Make Check Payable To:**

Not applicable

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**Mail Tax Return and Check (if applicable) To:**

Not applicable

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**Return Must be Mailed On or Before:**

Not applicable

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**Special Instructions:**

This return has qualified for electronic filing. After you have reviewed the return for completeness and accuracy, please sign, date and return Form 8879-TE to our office. We will transmit the return electronically to the IRS and no further action is required. Return Form 8879-TE to us by November 15, 2024

Form **8879-TE****IRS E-file Signature Authorization  
for a Tax Exempt Entity**

OMB No. 1545-0047

For calendar year 2023, or fiscal year beginning \_\_\_\_\_, 2023, and ending \_\_\_\_\_, 20\_\_\_\_

**2023**Department of the Treasury  
Internal Revenue ServiceDo not send to the IRS. Keep for your records.  
Go to [www.irs.gov/Form8879TE](http://www.irs.gov/Form8879TE) for the latest information.

Name of filer

**SOUTHWEST HEALTH SYSTEM, INC.**

EIN or SSN

**84-1337350**Name and title of officer or person subject to tax **ADAM CONLEY**  
**CFO****Part I Type of Return and Return Information**

Check the box for the return for which you are using this Form 8879-TE and enter the applicable amount, if any, from the return. Form 8038-CP and Form 5330 filers may enter dollars and cents. For all other forms, enter whole dollars only. If you check the box on line 1a, 2a, 3a, 4a, 5a, 6a, 7a, 8a, 9a, or 10a below, and the amount on that line for the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, 5b, 6b, 7b, 8b, 9b, or 10b, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than one line in Part I.

1a Form 990 check here <input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12) .....	1679,603,589.
2a Form 990-EZ check here <input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9) .....	2b
3a Form 1120-POL check here <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22) .....	3b
4a Form 990-PF check here <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part V, line 5) .....	4b
5a Form 8868 check here <input type="checkbox"/>	b Balance due (Form 8868, line 3c) .....	5b
6a Form 990-T check here <input type="checkbox"/>	b Total tax (Form 990-T, Part III, line 4) .....	6b
7a Form 4720 check here <input type="checkbox"/>	b Total tax (Form 4720, Part III, line 1) .....	7b
8a Form 5227 check here <input type="checkbox"/>	b FMV of assets at end of tax year (Form 5227, Item D) .....	8b
9a Form 5330 check here <input type="checkbox"/>	b Tax due (Form 5330, Part II, line 19) .....	9b
10a Form 8038-CP check here <input type="checkbox"/>	b Amount of credit payment requested (Form 8038-CP, Part III, line 22) .....	10b

**Part II Declaration and Signature Authorization of Officer or Person Subject to Tax**

Under penalties of perjury, I declare that ☒ I am an officer of the above entity or ☐ I am a person subject to tax with respect to (name of entity) \_\_\_\_\_, (EIN) \_\_\_\_\_ and that I have examined a copy of the

2023 electronic return and accompanying schedules and statements, and, to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the electronic return and, if applicable, the consent to electronic funds withdrawal.

PIN: check one box only

☒ I authorize **BLUE & CO., LLC**

ERO firm name

to enter my PIN **81321**Enter five numbers, but  
do not enter all zeros

as my signature on the tax year 2023 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

☐ As an officer or person subject to tax with respect to the entity, I will enter my PIN as my signature on the tax year 2023 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Signature of officer or person subject to tax

Date

11/11/24

**Part III Certification and Authentication**

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN.

**35628835628**

Do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2023 electronically filed return indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature **BLUE & CO., LLC**

Date

**11/11/24**

**ERO Must Retain This Form - See Instructions**  
**Do Not Submit This Form to the IRS Unless Requested To Do So**

For Privacy Act and Paperwork Reduction Act Notice, see instructions.

Form **8879-TE** (2023)

LHA 302521 01-05-24

15171111 310879 129503

2023.05000 SOUTHWEST HEALTH SYSTEM, 129503\_1

Product: **Exempt**  
Name: **Southwest Health System, Inc.**  
FEIN: **\*\*\*\*\*7350**  
Bank Info:  
Fiscal Year Begin Date: **1/1/2023**  
IRS Message:

Category:  
  
Plan Number:  
  
Fiscal Year End Date: **12/31/2023**

IRS Center: **Ogden**  
e-Postmark: **11/12/2024 7:24 AM**  
Notification: **Email**  
  
eSigned:

Return Information

Date	Return ID	Type of Activity	Submission ID	Refund/(Due)	Updated By	eSign Date
11/11/2024	23X:129503:V1	Upload Started	35628820243170333e01		Leinenbach, Teyah	
11/11/2024	23X:129503:V1	Ready to Release by Customer				
11/12/2024	23X:129503:V1	Released for Transmission - Validation in Progress			Jordan, Lacey	
11/12/2024	23X:129503:V1	Ready to transmit - Validation Complete				
11/12/2024	23X:129503:V1	Transmitted to FD				
11/12/2024	23X:129503:V1	Accepted by FD on 11/12/2024				

ID	Status Date	Status	State/Other	State Category	FBAR	FBAR BSA ID
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**Application for Extension of Time To File an Exempt Organization  
Return or Excise Taxes Related to Employee Benefit Plans**

**File a separate application for each return.**  
**Go to [www.irs.gov/Form8868](http://www.irs.gov/Form8868) for the latest information.**

OMB No. 1545-0047

**Electronic filing (e-file).** You can electronically file Form 8868 to request up to a 6-month extension of time to file any of the forms listed below except for Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts. An extension request for Form 8870 must be sent to the IRS in a paper format (see instructions). For more details on the electronic filing of Form 8868, visit [www.irs.gov/e-file-providers/e-file-for-charities-and-non-profits](http://www.irs.gov/e-file-providers/e-file-for-charities-and-non-profits).

Caution: If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-TE and Form 8879-TE for payment instructions.

All corporations required to file an income tax return other than Form 990-T (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

**Part I - Identification**

<b>Type or Print</b>  File by the due date for filing your return. See instructions.	Name of exempt organization, employer, or other filer, see instructions. <b>SOUTHWEST HEALTH SYSTEM, INC.</b>	Taxpayer identification number (TIN) <b>84-1337350</b>
	Number, street, and room or suite no. If a P.O. box, see instructions. <b>1311 NORTH MILDRED ROAD</b>	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>CORTEZ, CO 81321</b>	

Enter the Return Code for the return that this application is for (file a separate application for each return) **01**

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 4720 (other than individual)	09
Form 4720 (individual)	03	Form 5227	10
Form 990-PF	04	Form 6069	11
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 8870	12
Form 990-T (trust other than above)	06	Form 5330 (individual)	13
Form 990-T (corporation)	07	Form 5330 (other than individual)	14
Form 1041-A	08		

• After you enter your Return Code, complete either Part II or Part III. Part III, including signature, is applicable only for an extension of time to file Form 5330.

• If this application is for an extension of time to file Form 5330, you must enter the following information.

Plan Name \_\_\_\_\_  
Plan Number \_\_\_\_\_  
Plan Year Ending (MM/DD/YYYY) \_\_\_\_\_

**Part II - Automatic Extension of Time To File for Exempt Organizations (see instructions)**

The books are in the care of **ADAM CONLEY**  
**1311 NORTH MILDRED - CORTEZ, CO 81321**

Telephone No. **970-564-2153** Fax No. \_\_\_\_\_

- If the organization does not have an office or place of business in the United States, check this box ☐
- If this is for a Group Return, enter the organization's four-digit Group Exemption Number (GEN) \_\_\_\_\_. If this is for the whole group, check this box ☐. If it is for part of the group, check this box ☐ and attach a list with the names and TINs of all members the extension is for.

**1** I request an automatic 6-month extension of time until **NOVEMBER 15**, 20 **24**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:  
☒ calendar year 20 **23** or  
☐ tax year beginning \_\_\_\_\_, 20 \_\_\_\_\_, and ending \_\_\_\_\_, 20 \_\_\_\_\_

**2** If the tax year entered in line 1 is for less than 12 months, check reason: ☐ Initial return ☐ Final return  
☐ Change in accounting period

<b>3a</b> If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	<b>3a</b>	\$	<b>0.</b>
<b>b</b> If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	<b>3b</b>	\$	<b>0.</b>
<b>c Balance due.</b> Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	<b>3c</b>	\$	<b>0.</b>

**For Privacy Act and Paperwork Reduction Act Notice, see instructions.**

Form **8868** (Rev. 1-2024)

## Return of Organization Exempt From Income Tax

OMB No. 1545-0047

Form **990**Department of the Treasury  
Internal Revenue Service

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter social security numbers on this form as it may be made public.

Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**2023**Open to Public  
Inspection**A** For the 2023 calendar year, or tax year beginning and ending**B** Check if applicable:

- ☐ Address change  
☐ Name change  
☐ Initial return  
☐ Final return/terminated  
☐ Amended return  
☐ Application pending

**C** Name of organization

SOUTHWEST HEALTH SYSTEM, INC.

Doing business as

Number and street (or P.O. box if mail is not delivered to street address)

1311 NORTH MILDRED ROAD

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

CORTEZ, CO 81321

**F** Name and address of principal officer: ADAM CONLEY

SAME AS C ABOVE

**D** Employer identification number

84-1337350

**E** Telephone number

970-565-6666

**G** Gross receipts \$

79,641,603.

**H(a)** Is this a group returnfor subordinates? ..... ☐ Yes ☒ No**H(b)** Are all subordinates included? ☐ Yes ☐ No

If "No," attach a list. See instructions

**H(c)** Group exemption number**I** Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) ( ) (insert no.) ☐ 4947(a)(1) or ☐ 527**J** Website: WWW.SWHEALTH.ORG**K** Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other**L** Year of formation: 1996**M** State of legal domicile: CO**Part I** Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: TO PROVIDE THE HIGHEST QUALITY HEALTH CARE TO OUR COMMUNITY BY BRINGING EXCELLENCE, VALUE AND
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.
	3	Number of voting members of the governing body (Part VI, line 1a) 3 4
	4	Number of independent voting members of the governing body (Part VI, line 1b) 4 4
	5	Total number of individuals employed in calendar year 2023 (Part V, line 2a) 5 574
	6	Total number of volunteers (estimate if necessary) 6 4
	7a	Total unrelated business revenue from Part VIII, column (C), line 12 7a 0.
7b	Net unrelated business taxable income from Form 990-T, Part I, line 11 7b 0.	
Revenue	8	Contributions and grants (Part VIII, line 1h) 3,181,076. 2,487,815.
	9	Program service revenue (Part VIII, line 2g) 73,543,709. 76,352,604.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d) 216,236. 218,666.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 367,586. 544,504.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) 77,308,607. 79,603,589.
	Expenses	13
14		Benefits paid to or for members (Part IX, column (A), line 4) 0. 0.
15		Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 45,712,343. 44,811,247.
16a		Professional fundraising fees (Part IX, column (A), line 11e) 0. 0.
b		Total fundraising expenses (Part IX, column (D), line 25) 0.
17		Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) 32,448,819. 34,111,029.
18		Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) 78,166,858. 78,930,715.
19	Revenue less expenses. Subtract line 18 from line 12 -858,251. 672,874.	
Net Assets or Fund Balances	20	Total assets (Part X, line 16) 62,496,517. 59,801,397.
	21	Total liabilities (Part X, line 26) 44,745,609. 41,437,889.
	22	Net assets or fund balances. Subtract line 21 from line 20 17,750,908. 18,363,508.

**Part II** Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer	Date			
	ADAM CONLEY, CFO				
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN
	EMILIE M. KNIERIEM, CPA	EMILIE M. KNIERIEM,	11/11/24		P01330194
Paid Preparer Use Only	Firm's name	Firm's EIN	35-1178661		
	BLUE & CO., LLC				
Paid Preparer Use Only	Firm's address	2650 EASTPOINT PKWY, SUITE 300	LOUISVILLE, KY 40223	Phone no.	502-992-3500

May the IRS discuss this return with the preparer shown above? See instructions ☒ Yes ☐ No

LHA For Paperwork Reduction Act Notice, see the separate instructions.

332001 12-21-23

Form **990** (2023)

SEE SCHEDULE O FOR ORGANIZATION MISSION STATEMENT CONTINUATION

**Part III** Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III ☐**1** Briefly describe the organization's mission:

**TO PROVIDE THE HIGHEST QUALITY HEALTH CARE TO OUR COMMUNITY BY  
BRINGING EXCELLENCE, VALUE AND SERVICE TOGETHER TO PROMOTE, IMPROVE  
AND RESTORE HEALTH**

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O.

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☐ Yes ☒ No

If "Yes," describe these changes on Schedule O.

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses.

Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

**4a** (Code: ) (Expenses \$ 74,057,935. including grants of \$ 8,439. ) (Revenue \$ 76,697,722. )

**DURING 2023, SOUTHWEST HEALTH SYSTEMS SERVED APPROXIMATELY 58,197  
INPATIENTS AND OUTPATIENTS, 54,289 PATIENTS WERE SERVED THROUGH OUR  
PHYSICIAN CLINICS, AND 13,689 PATIENTS WERE SEEN IN OUR EMERGENCY ROOM.**

**4b** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )**4c** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )**4d** Other program services (Describe on Schedule O.)

(Expenses \$ including grants of \$ ) (Revenue \$ )

**4e** Total program service expenses **74,057,935.**

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	<b>1</b> X	
<b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ? See instructions	<b>2</b> X	
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>	<b>3</b>	X
<b>4</b> <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	<b>4</b> X	
<b>5</b> Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Rev. Proc. 98-19? <i>If "Yes," complete Schedule C, Part III</i>	<b>5</b>	X
<b>6</b> Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>	<b>6</b>	X
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>	<b>7</b>	X
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>	<b>8</b>	X
<b>9</b> Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>	<b>9</b>	X
<b>10</b> Did the organization, directly or through a related organization, hold assets in donor-restricted endowments or in quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>	<b>10</b>	X
<b>11</b> If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X, as applicable.		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	<b>11a</b> X	
<b>b</b> Did the organization report an amount for investments - other securities in Part X, line 12, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>	<b>11b</b> X	
<b>c</b> Did the organization report an amount for investments - program related in Part X, line 13, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>	<b>11c</b>	X
<b>d</b> Did the organization report an amount for other assets in Part X, line 15, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	<b>11d</b>	X
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	<b>11e</b> X	
<b>f</b> Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	<b>11f</b> X	
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	<b>12a</b> X	
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	<b>12b</b>	X
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	<b>13</b>	X
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States?	<b>14a</b>	X
<b>b</b> Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>	<b>14b</b>	X
<b>15</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>	<b>15</b>	X
<b>16</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>	<b>16</b>	X
<b>17</b> Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I. See instructions</i>	<b>17</b>	X
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	<b>18</b>	X
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>	<b>19</b>	X
<b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	<b>20a</b> X	
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	<b>20b</b> X	
<b>21</b> Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	<b>21</b>	X



**Part IV Checklist of Required Schedules** (continued)

	Yes	No
<b>22</b> Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> .....	<b>22</b> X	
<b>23</b> Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> .....	<b>23</b> X	
<b>24a</b> Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i> .....	<b>24a</b> X	
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? .....	<b>24b</b>	X
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? .....	<b>24c</b>	X
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? .....	<b>24d</b>	X
<b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> .....	<b>25a</b>	X
<b>b</b> Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> .....	<b>25b</b>	X
<b>26</b> Did the organization report any amount on Part X, line 5 or 22, for receivables from or payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part II</i> .....	<b>26</b>	X
<b>27</b> Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> .....	<b>27</b>	X
<b>28</b> Was the organization a party to a business transaction with one of the following parties? (See the Schedule L, Part IV, instructions for applicable filing thresholds, conditions, and exceptions):		
<b>a</b> A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? <i>If "Yes," complete Schedule L, Part IV</i> .....	<b>28a</b>	X
<b>b</b> A family member of any individual described in line 28a? <i>If "Yes," complete Schedule L, Part IV</i> .....	<b>28b</b> X	
<b>c</b> A 35% controlled entity of one or more individuals and/or organizations described in line 28a or 28b? <i>If "Yes," complete Schedule L, Part IV</i> .....	<b>28c</b>	X
<b>29</b> Did the organization receive more than \$25,000 in noncash contributions? <i>If "Yes," complete Schedule M</i> .....	<b>29</b>	X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> .....	<b>30</b>	X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> .....	<b>31</b>	X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> .....	<b>32</b>	X
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> .....	<b>33</b>	X
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> .....	<b>34</b> X	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? .....	<b>35a</b>	X
<b>b</b> If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> .....	<b>35b</b>	
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> .....	<b>36</b>	X
<b>37</b> Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> .....	<b>37</b>	X
<b>38</b> Did the organization complete Schedule O and provide explanations on Schedule O for Part VI, lines 11b and 19? .....	<b>38</b> X	

Note: All Form 990 filers are required to complete Schedule O

**Part V Statements Regarding Other IRS Filings and Tax Compliance**Check if Schedule O contains a response or note to any line in this Part V ☐

	Yes	No
<b>1a</b> Enter the number reported in box 3 of Form 1096. Enter -0- if not applicable .....	<b>1a</b> 85	
<b>b</b> Enter the number of Forms W-2G included on line 1a. Enter -0- if not applicable .....	<b>1b</b> 0	
<b>c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? .....	<b>1c</b> X	

**Part V** Statements Regarding Other IRS Filings and Tax Compliance (continued)

	Yes	No
<b>2a</b> Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	574
<b>b</b> If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	X
<b>3a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	X
<b>b</b> If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation on Schedule O	3b	
<b>4a</b> At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	X
<b>b</b> If "Yes," enter the name of the foreign country See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
<b>5a</b> Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	X
<b>b</b> Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	X
<b>c</b> If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	5c	
<b>6a</b> Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a	X
<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b	
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b> Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7a	X
<b>b</b> If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b	
<b>c</b> Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c	X
<b>d</b> If "Yes," indicate the number of Forms 8282 filed during the year	7d	
<b>e</b> Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e	X
<b>f</b> Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f	X
<b>g</b> If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g	
<b>h</b> If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h	
<b>8 Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	8	
<b>9 Sponsoring organizations maintaining donor advised funds.</b>		
<b>a</b> Did the sponsoring organization make any taxable distributions under section 4966?	9a	
<b>b</b> Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	9b	
<b>10 Section 501(c)(7) organizations.</b> Enter:		
<b>a</b> Initiation fees and capital contributions included on Part VIII, line 12	10a	
<b>b</b> Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b	
<b>11 Section 501(c)(12) organizations.</b> Enter:		
<b>a</b> Gross income from members or shareholders	11a	
<b>b</b> Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b	
<b>12a Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	12a	
<b>b</b> If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b	
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>a</b> Is the organization licensed to issue qualified health plans in more than one state? <b>Note:</b> See the instructions for additional information the organization must report on Schedule O.	13a	
<b>b</b> Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b	
<b>c</b> Enter the amount of reserves on hand	13c	
<b>14a</b> Did the organization receive any payments for indoor tanning services during the tax year?	14a	X
<b>b</b> If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation on Schedule O	14b	
<b>15</b> Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see the instructions and file Form 4720, Schedule N.	15	X
<b>16</b> Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.	16	X
<b>17 Section 501(c)(21) organizations.</b> Did the trust, or any disqualified or other person engage in any activities that would result in the imposition of an excise tax under section 4951, 4952 or 4953? If "Yes," complete Form 6069.	17	

**Part VI Governance, Management, and Disclosure.** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes on Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI ☒

**Section A. Governing Body and Management**

	1a	1b	2	3	4	5	6	7a	7b	8a	8b	9	Yes	No
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year	4													
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O.														
<b>b</b> Enter the number of voting members included on line 1a, above, who are independent		4												
<b>2</b> Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?			2											X
<b>3</b> Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person?				3									X	
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?					4									X
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets?						5								X
<b>6</b> Did the organization have members or stockholders?							6							X
<b>7a</b> Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?								7a						X
<b>b</b> Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?									7b					X
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:														
<b>a</b> The governing body?										8a			X	
<b>b</b> Each committee with authority to act on behalf of the governing body?											8b			X
<b>9</b> Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses on Schedule O												9		X

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

	10a	10b	11a	11b	12a	12b	12c	13	14	15a	15b	16a	16b	Yes	No
<b>10a</b> Did the organization have local chapters, branches, or affiliates?															X
<b>b</b> If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?															
<b>11a</b> Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?														X	
<b>b</b> Describe on Schedule O the process, if any, used by the organization to review this Form 990.															
<b>12a</b> Did the organization have a written conflict of interest policy? If "No," go to line 13														X	
<b>b</b> Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?														X	
<b>c</b> Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe on Schedule O how this was done														X	
<b>13</b> Did the organization have a written whistleblower policy?														X	
<b>14</b> Did the organization have a written document retention and destruction policy?														X	
<b>15</b> Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?															
<b>a</b> The organization's CEO, Executive Director, or top management official															X
<b>b</b> Other officers or key employees of the organization															X
If "Yes" to line 15a or 15b, describe the process on Schedule O. See instructions.															
<b>16a</b> Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?															X
<b>b</b> If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?															

**Section C. Disclosure**

**17** List the states with which a copy of this Form 990 is required to be filed CO

**18** Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

☐ Own website ☐ Another's website ☒ Upon request ☐ Other (explain on Schedule O)

**19** Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

**20** State the name, address, and telephone number of the person who possesses the organization's books and records

ADAM CONLEY - 970-564-2153  
1311 NORTH MILDRED, CORTEZ, CO 81321

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**Check if Schedule O contains a response or note to any line in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

- List all of the organization's **current** key employees, if any. See the instructions for definition of "key employee."

- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (box 5 of Form W-2, box 6 of Form 1099-MISC, and/or box 1 of Form 1099-NEC) of more than \$100,000 from the organization and any related organizations.

- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.

- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

See the instructions for the order in which to list the persons above.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC/1099-NEC)	(E) Reportable compensation from related organizations (W-2/1099-MISC/1099-NEC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) BRADEN JONES CLINIC PHYSICIAN	40.00				X			1,086,281.	0.	55,435.
(2) KEVIN MATTESON, M.D. CHIEF OF STAFF	40.00			X				516,833.	0.	60,944.
(3) ERIN SCHMITT CLINIC PHYSICIAN	40.00				X			444,729.	0.	67,695.
(4) JOEL BAGLEY CLINIC PHYSICIAN	40.00				X			441,123.	0.	65,055.
(5) RANDY DAVIDSON HOSPITAL PHYSICIAN	40.00				X			429,016.	0.	53,253.
(6) KENTON ASCHE HOSPITAL PHYSICIAN	40.00				X			413,231.	0.	58,773.
(7) CHARLES KRUPA CIO	40.00			X				194,022.	0.	34,954.
(8) TRAVIS PARKER CHIEF HR OFFICER	40.00				X			153,520.	0.	32,561.
(9) SHIRLEY JONES CHAIR	2.00	X		X				0.	0.	0.
(10) SUSAN HODGDON VICE-CHAIR	3.00	X		X				0.	0.	0.
(11) SEAN KILLOY SECRETARY/TREASURER	2.00	X		X				0.	0.	0.
(12) DAN VALVERDE BOARD MEMBER	2.00	X						0.	0.	0.
(13) JOSEPH THEINE CEO (BEG 07/23)	40.00			X				0.	0.	0.
(14) JEANIE GENTRY CEO (END 02/23)	40.00			X				0.	0.	0.
(15) SHELLE DIEHM INTERIM CFO (BEG 05/23)	40.00			X				0.	0.	0.
(16) JULIE LEONARD CFO (END 05/23)	40.00			X				0.	0.	0.
(17) LISA GATES CNO	40.00			X				0.	0.	0.

**Part VII** Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC/1099-NEC)	(E) Reportable compensation from related organizations (W-2/1099-MISC/1099-NEC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
<b>1b Subtotal</b> .....								3,678,755.	0.	428,670.
<b>c Total from continuation sheets to Part VII, Section A</b> .....								0.	0.	0.
<b>d Total (add lines 1b and 1c)</b> .....								3,678,755.	0.	428,670.

**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization

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- 3** Did the organization list any **former** officer, director, trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual* .....
- 4** For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? *If "Yes," complete Schedule J for such individual* .....
- 5** Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person* .....

	Yes	No
3		X
4	X	
5		X

**Section B. Independent Contractors**

**1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
MEDEFIS CONSOLIDATED PO BOX 5068, NEW YORK, NY 10087-5068	CONTRACT EMPLOYEES	2,748,747.
NOVUS ANESTHESIA OF COLORADO, 2510 W CERVANTES STREET, PENSACOLA, FL 32505	CONTRACT ANESTHESIOLOGIST	632,547.
COMPHEALTH MEDICAL STAFFING PO BOX 972651, DALLAS, TX 75397	CONTRACT EMPLOYEES	534,411.
TIBOR MOJZIS, MD 3551 ROAD J.8, MANCOS, CO 81328	CONTRACT PROVIDERS	516,450.
JEFFREY TARPEY 191 KITTITAS CANYON RD, YAKIMA, WA 98901	CONTRACT PROVIDERS	464,486.
<b>2</b> Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization		16

Form 990 (2023)

**Part VIII Statement of Revenue**Check if Schedule O contains a response or note to any line in this Part VIII ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1 a</b> Federated campaigns .....	<b>1a</b>					
	<b>b</b> Membership dues .....	<b>1b</b>					
	<b>c</b> Fundraising events .....	<b>1c</b>					
	<b>d</b> Related organizations .....	<b>1d</b>					
	<b>e</b> Government grants (contributions) .....	<b>1e</b>	2,290,741.				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above ...	<b>1f</b>	197,074.				
	<b>g</b> Noncash contributions included in lines 1a-1f	<b>1g</b>	\$				
	<b>h Total.</b> Add lines 1a-1f .....			2,487,815.			
<b>Program Service Revenue</b>	<b>2 a</b> NET PATIENT SERVICE REVENUE	<b>Business Code</b>	621999	70,869,424.	70869424.		
	<b>b</b> PHARMACY		621399	5,335,317.	5,335,317.		
	<b>c</b> 340B REVENUE		621399	147,863.	147,863.		
	<b>d</b> .....						
	<b>e</b> .....						
	<b>f</b> All other program service revenue .....						
	<b>g Total.</b> Add lines 2a-2f .....			76,352,604.			
	<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts) .....			228,489.		
<b>4</b> Income from investment of tax-exempt bond proceeds .....							
<b>5</b> Royalties .....							
<b>6 a</b> Gross rents .....		<b>6a</b>	(i) Real 19,844.				
<b>b</b> Less: rental expenses ...		<b>6b</b>	0.				
<b>c</b> Rental income or (loss) .....		<b>6c</b>	19,844.				
<b>d</b> Net rental income or (loss) .....				19,844.			19,844.
<b>7 a</b> Gross amount from sales of assets other than inventory .....		<b>7a</b>	(i) Securities (ii) Other 28,191.				
<b>b</b> Less: cost or other basis and sales expenses .....		<b>7b</b>	38,014.				
<b>c</b> Gain or (loss) .....		<b>7c</b>	-9,823.				
<b>d</b> Net gain or (loss) .....				-9,823.			-9,823.
<b>8 a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18 .....		<b>8a</b>					
<b>b</b> Less: direct expenses .....		<b>8b</b>					
<b>c</b> Net income or (loss) from fundraising events .....							
<b>9 a</b> Gross income from gaming activities. See Part IV, line 19 .....		<b>9a</b>					
<b>b</b> Less: direct expenses .....	<b>9b</b>						
<b>c</b> Net income or (loss) from gaming activities .....							
<b>10 a</b> Gross sales of inventory, less returns and allowances .....	<b>10a</b>						
<b>b</b> Less: cost of goods sold .....	<b>10b</b>						
<b>c</b> Net income or (loss) from sales of inventory .....							
<b>Miscellaneous Revenue</b>	<b>11 a</b> CAFETERIA REVENUE	<b>Business Code</b>	722310	265,020.	265,020.		
	<b>b</b> REBATES & PURCHASE DISCOUNTS		900099	179,542.			179,542.
	<b>c</b> EMS AND CPR EDUCATION		900099	8,572.	8,572.		
	<b>d</b> All other revenue .....		900099	71,526.	71,526.		
	<b>e Total.</b> Add lines 11a-11d .....			524,660.			
	<b>12 Total revenue.</b> See instructions .....			79,603,589.	76697722.	0.	418,052.

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
<b>1</b> Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
<b>2</b> Grants and other assistance to domestic individuals. See Part IV, line 22	8,439.	8,439.		
<b>3</b> Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
<b>4</b> Benefits paid to or for members				
<b>5</b> Compensation of current officers, directors, trustees, and key employees	992,836.	922,813.	70,023.	
<b>6</b> Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	152,425.	141,675.	10,750.	
<b>7</b> Other salaries and wages	36,701,879.	34,113,375.	2,588,504.	
<b>8</b> Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	438,021.	407,128.	30,893.	
<b>9</b> Other employee benefits	4,368,141.	4,060,065.	308,076.	
<b>10</b> Payroll taxes	2,157,945.	2,005,750.	152,195.	
<b>11</b> Fees for services (nonemployees):				
<b>a</b> Management				
<b>b</b> Legal	515,922.	470,132.	45,790.	
<b>c</b> Accounting	122,629.		122,629.	
<b>d</b> Lobbying				
<b>e</b> Professional fundraising services. See Part IV, line 17				
<b>f</b> Investment management fees	37,083.		37,083.	
<b>g</b> Other. (If line 11g amount exceeds 10% of line 25, column (A), amount, list line 11g expenses on Sch O.)	6,605,815.	6,019,527.	586,288.	
<b>12</b> Advertising and promotion	65,002.	60,452.	4,550.	
<b>13</b> Office expenses	1,246,830.	1,159,552.	87,278.	
<b>14</b> Information technology				
<b>15</b> Royalties				
<b>16</b> Occupancy	1,307,240.	1,215,733.	91,507.	
<b>17</b> Travel	121,761.	113,238.	8,523.	
<b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials				
<b>19</b> Conferences, conventions, and meetings	219,967.	204,569.	15,398.	
<b>20</b> Interest	1,428,095.	1,328,128.	99,967.	
<b>21</b> Payments to affiliates				
<b>22</b> Depreciation, depletion, and amortization	4,099,936.	3,812,940.	286,996.	
<b>23</b> Insurance	1,003,662.	933,406.	70,256.	
<b>24</b> Other expenses. Itemize expenses not covered above. (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A), amount, list line 24e expenses on Schedule O.)				
<b>a</b> <b>MEDICAL SUPPLIES</b>	12,253,666.	12,253,666.		
<b>b</b> <b>PROVIDER TAX</b>	2,305,964.	2,305,964.		
<b>c</b> <b>REPAIRS AND MAINTENANCE</b>	1,942,556.	1,806,563.	135,993.	
<b>d</b> <b>DUES AND SUBSCRIPTIONS</b>	373,490.	347,346.	26,144.	
<b>e</b> All other expenses	461,411.	367,474.	93,937.	
<b>25</b> <b>Total functional expenses.</b> Add lines 1 through 24e	78,930,715.	74,057,935.	4,872,780.	0.
<b>26</b> <b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

**Part X Balance Sheet**Check if Schedule O contains a response or note to any line in this Part X ☐

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash - non-interest-bearing .....	5,160.	<b>1</b>	5,070.
	<b>2</b> Savings and temporary cash investments .....	10,960,453.	<b>2</b>	3,844,361.
	<b>3</b> Pledges and grants receivable, net .....		<b>3</b>	
	<b>4</b> Accounts receivable, net .....	7,110,573.	<b>4</b>	7,178,160.
	<b>5</b> Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons .....		<b>5</b>	
	<b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B) .....		<b>6</b>	
	<b>7</b> Notes and loans receivable, net .....		<b>7</b>	
	<b>8</b> Inventories for sale or use .....	1,425,402.	<b>8</b>	1,436,809.
	<b>9</b> Prepaid expenses and deferred charges .....	791,174.	<b>9</b>	846,249.
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D .....	<b>10a</b> 88,163,565.		
	<b>b</b> Less: accumulated depreciation .....	<b>10b</b> 56,306,813.	<b>10c</b>	31,856,752.
	<b>11</b> Investments - publicly traded securities .....		<b>11</b>	
	<b>12</b> Investments - other securities. See Part IV, line 11 .....	2,025,892.	<b>12</b>	14,297,725.
	<b>13</b> Investments - program-related. See Part IV, line 11 .....		<b>13</b>	
	<b>14</b> Intangible assets .....		<b>14</b>	
	<b>15</b> Other assets. See Part IV, line 11 .....	4,703,996.	<b>15</b>	336,271.
<b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 33) .....	62,496,517.	<b>16</b>	59,801,397.	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses .....	8,940,203.	<b>17</b>	8,691,549.
	<b>18</b> Grants payable .....		<b>18</b>	
	<b>19</b> Deferred revenue .....	0.	<b>19</b>	164,835.
	<b>20</b> Tax-exempt bond liabilities .....	26,804,088.	<b>20</b>	25,255,729.
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D .....		<b>21</b>	
	<b>22</b> Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons .....		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties .....	2,827,386.	<b>23</b>	1,833,649.
	<b>24</b> Unsecured notes and loans payable to unrelated third parties .....		<b>24</b>	
	<b>25</b> Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D .....	6,173,932.	<b>25</b>	5,492,127.
	<b>26</b> <b>Total liabilities.</b> Add lines 17 through 25 .....	44,745,609.	<b>26</b>	41,437,889.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow FASB ASC 958, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27, 28, 32, and 33.</b>			
	<b>27</b> Net assets without donor restrictions .....	17,750,908.	<b>27</b>	18,363,508.
	<b>28</b> Net assets with donor restrictions .....		<b>28</b>	
	<b>Organizations that do not follow FASB ASC 958, check here</b> <input type="checkbox"/> <b>and complete lines 29 through 33.</b>			
	<b>29</b> Capital stock or trust principal, or current funds .....		<b>29</b>	
	<b>30</b> Paid-in or capital surplus, or land, building, or equipment fund .....		<b>30</b>	
	<b>31</b> Retained earnings, endowment, accumulated income, or other funds .....		<b>31</b>	
	<b>32</b> <b>Total net assets or fund balances</b> .....	17,750,908.	<b>32</b>	18,363,508.
	<b>33</b> <b>Total liabilities and net assets/fund balances</b> .....	62,496,517.	<b>33</b>	59,801,397.

Form 990 (2023)



**Part XI Reconciliation of Net Assets**Check if Schedule O contains a response or note to any line in this Part XI ☐

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	79,603,589.
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	78,930,715.
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	672,874.
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	<b>4</b>	17,750,908.
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	-60,274.
<b>6</b>	Donated services and use of facilities	<b>6</b>	
<b>7</b>	Investment expenses	<b>7</b>	
<b>8</b>	Prior period adjustments	<b>8</b>	
<b>9</b>	Other changes in net assets or fund balances (explain on Schedule O)	<b>9</b>	0.
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	<b>10</b>	18,363,508.

**Part XII Financial Statements and Reporting**Check if Schedule O contains a response or note to any line in this Part XII ☐

	Yes	No
<b>1</b> Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain on Schedule O.		
<b>2a</b> Were the organization's financial statements compiled or reviewed by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	<b>2a</b>	<b>X</b>
<b>b</b> Were the organization's financial statements audited by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	<b>2b</b>	<b>X</b>
<b>c</b> If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? _____ If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O.	<b>2c</b>	<b>X</b>
<b>3a</b> As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Uniform Guidance, 2 C.F.R. Part 200, Subpart F? _____	<b>3a</b>	<b>X</b>
<b>b</b> If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why on Schedule O and describe any steps taken to undergo such audits _____	<b>3b</b>	<b>X</b>

Form 990 (2023)

Department of the Treasury  
Internal Revenue Service

Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

2023

**Open to Public Inspection**

Name of the organization

SOUTHWEST HEALTH SYSTEM, INC.

Employer identification number	
--------------------------------	--

84-1337350

<b>Part I</b>	<b>Reason for Public Charity Status.</b> (All organizations must complete this part.) See instructions.
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The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990).)
- 3 ☒ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: \_\_\_\_\_
- 5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 ☐ A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 ☐ An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: \_\_\_\_\_
- 10 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions, subject to certain exceptions; and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 11 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 12 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).** See **section 509(a)(3).** Check the box on lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
- a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
- b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
- c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
- d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
- e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.

**f** Enter the number of supported organizations

**g** Provide the following information about the supported organization(s).

g Provide the following information about the supported organization(s).						
(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
<b>Total</b>						

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in)	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>4 Total.</b> Add lines 1 through 3 .....						
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) .....						
<b>6 Public support.</b> Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in)	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
<b>7</b> Amounts from line 4 .....						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources .....						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on .....						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) .....					12	
<b>13 First 5 years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> .....						

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2023 (line 6, column (f), divided by line 11, column (f)) .....	<b>14</b>	%
<b>15</b> Public support percentage from 2022 Schedule A, Part II, line 14 .....	<b>15</b>	%
<b>16a 33 1/3% support test - 2023.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....		
<b>b 33 1/3% support test - 2022.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....		
<b>17a 10% -facts-and-circumstances test - 2023.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization .....		
<b>b 10% -facts-and-circumstances test - 2022.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization .....		
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions .....		

Schedule A (Form 990) 2023

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in)	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose .....						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 .....						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>6 Total.</b> Add lines 1 through 5 .....						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons .....						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year .....						
<b>c</b> Add lines 7a and 7b .....						
<b>8 Public support.</b> (Subtract line 7c from line 6.)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in)	(a) 2019	(b) 2020	(c) 2021	(d) 2022	(e) 2023	(f) Total
<b>9</b> Amounts from line 6 .....						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources .....						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 .....						
<b>c</b> Add lines 10a and 10b .....						
<b>11</b> Net income from unrelated business activities not included on line 10b, whether or not the business is regularly carried on .....						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.)						

**14 First 5 years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** ☐

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2023 (line 8, column (f), divided by line 13, column (f)) .....	<b>15</b>	%
<b>16</b> Public support percentage from 2022 Schedule A, Part III, line 15 .....	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2023 (line 10c, column (f), divided by line 13, column (f)) .....	<b>17</b>	%
<b>18</b> Investment income percentage from 2022 Schedule A, Part III, line 17 .....	<b>18</b>	%

**19a 33 1/3% support tests - 2023.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ☐

**b 33 1/3% support tests - 2022.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ☐

**20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ☐

**Part IV Supporting Organizations**

(Complete only if you checked a box on line 12 of Part I. If you checked box 12a, Part I, complete Sections A and B. If you checked box 12b, Part I, complete Sections A and C. If you checked box 12c, Part I, complete Sections A, D, and E. If you checked box 12d, Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

	Yes	No
<b>1</b> Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
<b>2</b> Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
<b>3a</b> Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer lines 3b and 3c below.</i>		
<b>b</b> Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
<b>c</b> Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
<b>4a</b> Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked box 12a or 12b in Part I, answer lines 4b and 4c below.</i>		
<b>b</b> Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
<b>c</b> Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
<b>5a</b> Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer lines 5b and 5c below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
<b>b</b> <b>Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
<b>c</b> <b>Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?		
<b>6</b> Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
<b>7</b> Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>		
<b>8</b> Did the organization make a loan to a disqualified person (as defined in section 4958) not described on line 7? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>		
<b>9a</b> Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons, as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
<b>b</b> Did one or more disqualified persons (as defined on line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
<b>c</b> Did a disqualified person (as defined on line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
<b>10a</b> Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer line 10b below.</i>		
<b>b</b> Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

**Part IV Supporting Organizations** (continued)

	Yes	No
<b>11</b> Has the organization accepted a gift or contribution from any of the following persons?		
<b>a</b> A person who directly or indirectly controls, either alone or together with persons described on lines 11b and 11c below, the governing body of a supported organization?		
<b>11a</b>		
<b>b</b> A family member of a person described on line 11a above?		
<b>11b</b>		
<b>c</b> A 35% controlled entity of a person described on line 11a or 11b above? If "Yes" to line 11a, 11b, or 11c, provide detail in <b>Part VI</b> .		
<b>11c</b>		

**Section B. Type I Supporting Organizations**

	Yes	No
<b>1</b> Did the governing body, members of the governing body, officers acting in their official capacity, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's officers, directors, or trustees at all times during the tax year? If "No," describe in <b>Part VI</b> how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove officers, directors, or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
<b>1</b>		
<b>2</b> Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in <b>Part VI</b> how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		
<b>2</b>		

**Section C. Type II Supporting Organizations**

	Yes	No
<b>1</b> Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in <b>Part VI</b> how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		
<b>1</b>		

**Section D. All Type III Supporting Organizations**

	Yes	No
<b>1</b> Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
<b>1</b>		
<b>2</b> Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in <b>Part VI</b> how the organization maintained a close and continuous working relationship with the supported organization(s).		
<b>2</b>		
<b>3</b> By reason of the relationship described on line 2, above, did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in <b>Part VI</b> the role the organization's supported organizations played in this regard.		
<b>3</b>		

**Section E. Type III Functionally Integrated Supporting Organizations**

	Yes	No
<b>1</b> Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).		
<b>a</b> <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.		
<b>b</b> <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.		
<b>c</b> <input type="checkbox"/> The organization supported a governmental entity. Describe in <b>Part VI</b> how you supported a governmental entity (see instructions).		
<b>2</b> Activities Test. Answer lines 2a and 2b below.		
<b>a</b> Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in <b>Part VI</b> identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.		
<b>2a</b>		
<b>b</b> Did the activities described on line 2a, above, constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in <b>Part VI</b> the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.		
<b>2b</b>		
<b>3</b> Parent of Supported Organizations. Answer lines 3a and 3b below.		
<b>a</b> Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? If "Yes" or "No" provide details in <b>Part VI</b> .		
<b>3a</b>		
<b>b</b> Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in <b>Part VI</b> the role played by the organization in this regard.		
<b>3b</b>		

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

- 1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 ( *explain in Part VI*). See instructions.  
All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3.	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	<b>Adjusted Net Income</b> (subtract lines 5, 6, and 7 from line 4)	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	<b>Total</b> (add lines 1a, 1b, and 1c)	1d	
e	<b>Discount</b> claimed for blockage or other factors ( <i>explain in detail in Part VI</i> ):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d.	3	
4	Cash deemed held for exempt use. Enter 0.015 of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by 0.035.	6	
7	Recoveries of prior-year distributions	7	
8	<b>Minimum Asset Amount</b> (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, column A)	1	
2	Enter 0.85 of line 1.	2	
3	Minimum asset amount for prior year (from Section B, line 8, column A)	3	
4	Enter greater of line 2 or line 3.	4	
5	Income tax imposed in prior year	5	
6	<b>Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

Schedule A (Form 990) 2023

**Part V** Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions		Current Year
<b>1</b> Amounts paid to supported organizations to accomplish exempt purposes	<b>1</b>	
<b>2</b> Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	<b>2</b>	
<b>3</b> Administrative expenses paid to accomplish exempt purposes of supported organizations	<b>3</b>	
<b>4</b> Amounts paid to acquire exempt-use assets	<b>4</b>	
<b>5</b> Qualified set-aside amounts (prior IRS approval required - <i>provide details in Part VI</i> )	<b>5</b>	
<b>6</b> Other distributions ( <i>describe in Part VI</i> ). See instructions.	<b>6</b>	
<b>7</b> <b>Total annual distributions.</b> Add lines 1 through 6.	<b>7</b>	
<b>8</b> Distributions to attentive supported organizations to which the organization is responsive ( <i>provide details in Part VI</i> ). See instructions.	<b>8</b>	
<b>9</b> Distributable amount for 2023 from Section C, line 6	<b>9</b>	
<b>10</b> Line 8 amount divided by line 9 amount	<b>10</b>	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2023	(iii) Distributable Amount for 2023
<b>1</b> Distributable amount for 2023 from Section C, line 6			
<b>2</b> Underdistributions, if any, for years prior to 2023 (reasonable cause required - <i>explain in Part VI</i> ). See instructions.			
<b>3</b> Excess distributions carryover, if any, to 2023			
<b>a</b> From 2018			
<b>b</b> From 2019			
<b>c</b> From 2020			
<b>d</b> From 2021			
<b>e</b> From 2022			
<b>f</b> <b>Total</b> of lines 3a through 3e			
<b>g</b> Applied to underdistributions of prior years			
<b>h</b> Applied to 2023 distributable amount			
<b>i</b> Carryover from 2018 not applied (see instructions)			
<b>j</b> Remainder. Subtract lines 3g, 3h, and 3i from line 3f.			
<b>4</b> Distributions for 2023 from Section D, line 7: \$			
<b>a</b> Applied to underdistributions of prior years			
<b>b</b> Applied to 2023 distributable amount			
<b>c</b> Remainder. Subtract lines 4a and 4b from line 4.			
<b>5</b> Remaining underdistributions for years prior to 2023, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, <i>explain in Part VI</i> . See instructions.			
<b>6</b> Remaining underdistributions for 2023. Subtract lines 3h and 4b from line 1. For result greater than zero, <i>explain in Part VI</i> . See instructions.			
<b>7</b> <b>Excess distributions carryover to 2024.</b> Add lines 3j and 4c.			
<b>8</b> Breakdown of line 7:			
<b>a</b> Excess from 2019			
<b>b</b> Excess from 2020			
<b>c</b> Excess from 2021			
<b>d</b> Excess from 2022			
<b>e</b> Excess from 2023			

Schedule A (Form 990) 2023



**Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information.  
(See instructions.)

**Schedule B**  
(Form 990)

Department of the Treasury  
Internal Revenue Service

**Schedule of Contributors**

Attach to Form 990, 990-EZ, or 990-PF.  
Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2023**

Name of the organization

**SOUTHWEST HEALTH SYSTEM, INC.**

Employer identification number

**84-1337350**

Organization type (check one):

**Filers of:**

**Section:**

Form 990 or 990-EZ

☒ 501(c)( 3 ) (enter number) organization

☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

☐ 527 political organization

Form 990-PF

☐ 501(c)(3) exempt private foundation

☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation

☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

**Note:** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

**General Rule**

- ☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

**Special Rules**

- ☐ For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** \$5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I (entering "N/A" in column (b) instead of the contributor name and address), II, and III.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ..... \$ .....

**Caution:** An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990).

For Paperwork Reduction Act Notice, see the instructions for Form 990, 990-EZ, or 990-PF.

Schedule B (Form 990) (2023)

Name of organization	Employer identification number
<b>SOUTHWEST HEALTH SYSTEM, INC.</b>	<b>84-1337350</b>

**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	MONTEZUMA COUNTY HOSPITAL DISTRICT 1311 N MILDRED ROAD CORTEZ, CO 81321	\$ 2,147,305.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	CDPHE GRANT 4300 CHERRY CREEK S DR DENVER, CO 80246	\$ 100,864.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	CO ASSOCIATION SCHOOL BASED HEALTH 455 SHERMAN ST DENVER, CO 80203	\$ 135,784.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4	CO RURAL HEALTH CENTER 6551 S REVERE PARKWAY CENTENNIAL, CO 80111	\$ 7,652.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5	MANCOS RE6 SCHOOL DISTRICT 355 W GRAND AVENUE MANCOS, CO 81328	\$ 5,040.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Employer identification number

84-1337350

## Part II

(a) No. from Part I	(b)  Description of noncash property given	(c)  FMV (or estimate) (See instructions.)	(d)  Date received
  	    	\$ 	 
(a) No. from Part I	(b)  Description of noncash property given	(c)  FMV (or estimate) (See instructions.)	(d)  Date received
  	    	\$ 	 
(a) No. from Part I	(b)  Description of noncash property given	(c)  FMV (or estimate) (See instructions.)	(d)  Date received
  	    	\$ 	 
(a) No. from Part I	(b)  Description of noncash property given	(c)  FMV (or estimate) (See instructions.)	(d)  Date received
  	    	\$ 	 
(a) No. from Part I	(b)  Description of noncash property given	(c)  FMV (or estimate) (See instructions.)	(d)  Date received
  	    	\$ 	 
(a) No. from Part I	(b)  Description of noncash property given	(c)  FMV (or estimate) (See instructions.)	(d)  Date received
  	    	\$ 	 
(a) No. from Part I	(b)  Description of noncash property given	(c)  FMV (or estimate) (See instructions.)	(d)  Date received
  	    	\$ 	 
(a) No. from Part I	(b)  Description of noncash property given	(c)  FMV (or estimate) (See instructions.)	(d)  Date received
  	    	\$ 	 

Name of organization

Employer identification number

**SOUTHWEST HEALTH SYSTEM, INC.****84-1337350****Part III**

Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of **\$1,000 or less** for the year. (Enter this info. once.) \$ \_\_\_\_\_

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee

**SCHEDULE C**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Political Campaign and Lobbying Activities**

**For Organizations Exempt From Income Tax Under Section 501(c) and Section 527**  
**Complete if the organization is described below. Attach to Form 990 or Form 990-EZ.**  
**Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

**2023**

**Open to Public  
Inspection**

**If the organization answered "Yes" on Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then:**

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

**If the organization answered "Yes" on Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then:**

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

**If the organization answered "Yes" on Form 990, Part IV, line 5 (Proxy Tax) (see separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (see separate instructions), then:**

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization

**SOUTHWEST HEALTH SYSTEM, INC.**

Employer identification number

**84-1337350**

**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.
- 2 Political campaign activity expenditures \$
- 3 Volunteer hours for political campaign activities

**Part I-B Complete if the organization is exempt under section 501(c)(3).**

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 \$
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 \$
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No
- 4a Was a correction made? ☐ Yes ☐ No
- b If "Yes," describe in Part IV.

**Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).**

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities \$
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities \$
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b \$
- 4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No
- 5 Enter the names, addresses, and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule C (Form 990) 2023

**Part II-A** Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A** Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
- B** Check ☐ if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals
<b>1a</b> Total lobbying expenditures to influence public opinion (grassroots lobbying) .....			
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying) .....			
<b>c</b> Total lobbying expenditures (add lines 1a and 1b) .....			
<b>d</b> Other exempt purpose expenditures .....			
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d) .....			
<b>f</b> Lobbying nontaxable amount. Enter the amount from the following table in both columns.			
<b>If the amount on line 1e, column (a) or (b) is:</b>	<b>The lobbying nontaxable amount is:</b>		
not over \$500,000,	20% of the amount on line 1e.		
over \$500,000 but not over \$1,000,000,	\$100,000 plus 15% of the excess over \$500,000.		
over \$1,000,000 but not over \$1,500,000,	\$175,000 plus 10% of the excess over \$1,000,000.		
over \$1,500,000 but not over \$17,000,000,	\$225,000 plus 5% of the excess over \$1,500,000.		
over \$17,000,000,	\$1,000,000.		
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f) .....			
<b>h</b> Subtract line 1g from line 1a. If zero or less, enter -0- .....			
<b>i</b> Subtract line 1f from line 1c. If zero or less, enter -0- .....			
<b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? .....			

☐ Yes ☐ No
**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.  
See the separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2020	(b) 2021	(c) 2022	(d) 2023	(e) Total
<b>2a</b> Lobbying nontaxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots nontaxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					

Schedule C (Form 990) 2023

**Part II-B** Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes" response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
<b>a</b> Volunteers? .....		X	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? ..		X	
<b>c</b> Media advertisements? .....		X	
<b>d</b> Mailings to members, legislators, or the public? .....		X	
<b>e</b> Publications, or published or broadcast statements? .....		X	
<b>f</b> Grants to other organizations for lobbying purposes? .....		X	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body? .....		X	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? .....		X	
<b>i</b> Other activities? .....	X		2,592.
<b>j</b> Total. Add lines 1c through 1i .....			2,592.
<b>2a</b> Did the activities in line 1 cause the organization to not be described in section 501(c)(3)? .....		X	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912 .....			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912 .....			
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? .....			

**Part III-A** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
<b>1</b> Were substantially all (90% or more) dues received nondeductible by members? .....	1	
<b>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less? .....	2	
<b>3</b> Did the organization agree to carry over lobbying and political campaign activity expenditures from the prior year? .....	3	

**Part III-B** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

<b>1</b> Dues, assessments and similar amounts from members .....	1	
<b>2</b> Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
<b>a</b> Current year .....	2a	
<b>b</b> Carryover from last year .....	2b	
<b>c</b> Total .....	2c	
<b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues .....	3	
<b>4</b> If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditures next year? .....	4	
<b>5</b> Taxable amount of lobbying and political expenditures. See instructions .....	5	

**Part IV** Supplemental Information

Provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, lines 1 and 2 (see instructions); and Part II-B, line 1. Also, complete this part for any additional information.

**PART II-B, LINE 1, LOBBYING ACTIVITIES:**

THE LOBBYING EXPENSE IS THE ALLOCABLE PORTION OF DUES PAID TO CHA AND AHA DISCLOSED AS LOBBYING ACTIVITY. TOTAL DUES FOR AHA AND CHA WERE \$21,155 AND \$40,406 RESPECTIVELY. CHA PROVIDED THE PERCENTAGE TO USE FOR LOBBYING ALLOCATION PURPOSES FOR 2023.



**SCHEDULE D**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

Complete if the organization answered "Yes" on Form 990,  
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

Attach to Form 990.

Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2023**

Open to Public  
Inspection

Name of the organization

**SOUTHWEST HEALTH SYSTEM, INC.**

Employer identification number

**84-1337350**

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year .....		
2 Aggregate value of contributions to (during year) .....		
3 Aggregate value of grants from (during year) .....		
4 Aggregate value at end of year .....		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**Part II Conservation Easements.** Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (for example, recreation or education)	<input type="checkbox"/> Preservation of a historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements .....	2a
b Total acreage restricted by conservation easements .....	2b
c Number of conservation easements on a certified historic structure included on line 2a .....	2c
d Number of conservation easements included on line 2c acquired after July 25, 2006, and not on a historic structure listed in the National Register .....	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year .....

4 Number of states where property subject to conservation easement is located .....

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? .....

☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year .....

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year .....

8 Does each conservation easement reported on line 2d above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? .....

☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under FASB ASC 958, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide in Part XIII the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under FASB ASC 958, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items.

(i) Revenue included on Form 990, Part VIII, line 1 .....

(ii) Assets included in Form 990, Part X .....

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under FASB ASC 958 relating to these items:

a Revenue included on Form 990, Part VIII, line 1 .....

b Assets included in Form 990, Part X .....

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule D (Form 990) 2023

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that make significant use of its collection items (check all that apply).

a ☐ Public exhibition

d ☐ Loan or exchange program

b ☐ Scholarly research

e ☐ Other \_\_\_\_\_

c ☐ Preservation for future generations

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets

to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

**Part IV Escrow and Custodial Arrangements** Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian, or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII ☐

**Part V Endowment Funds** Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

a Board designated or quasi-endowment \_\_\_\_\_ %

b Permanent endowment \_\_\_\_\_ %

c Term endowment \_\_\_\_\_ %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

(i) Unrelated organizations? ☐ Yes ☐ No

(ii) Related organizations? ☐ Yes ☐ No

b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R? ☐ Yes ☐ No

	Yes	No
3a(i)		
3a(ii)		
3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		1,047,048.		1,047,048.
b Buildings		53,156,396.	27,953,183.	25,203,213.
c Leasehold improvements				
d Equipment		31,620,847.	26,028,420.	5,592,427.
e Other		2,339,274.	2,325,210.	14,064.
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, line 10c, column (B))				31,856,752.

Schedule D (Form 990) 2023

**Part VII Investments - Other Securities**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives .....		
(2) Closely held equity interests .....		
(3) Other		
(A) 457B INVESTMENT	873,662.	END-OF-YEAR MARKET VALUE
(B) INVESTMENTS - ZIONS BANK		
(C) ACCT 5784752	2,954,976.	END-OF-YEAR MARKET VALUE
(D) INVESTMENTS - WEALTH		
(E) FIDUCIARY SERVICES (WFS)	10,469,087.	END-OF-YEAR MARKET VALUE
(F)		
(G)		
(H)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, line 12, col. (B))	14,297,725.	

**Part VIII Investments - Program Related.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, line 13, col. (B))		

**Part IX Other Assets**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, line 15, col. (B))	

**Part X Other Liabilities**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) ESTIMATED THIRD PARTY SETTLEMENTS	4,280,957.
(3) DEFERRED COMPENSATION	873,662.
(4) ROU LIABILITY OPERATING LEASE	303,353.
(5) ROU LIABILITY FINANCE LEASE	34,155.
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, line 25, col. (B))	5,492,127.

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FASB ASC 740. Check here if the text of the footnote has been provided in Part XIII ... ☒

Schedule D (Form 990) 2023

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

<b>1</b>	Total revenue, gains, and other support per audited financial statements	<b>1</b>	79,470,322.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
<b>a</b>	Net unrealized gains (losses) on investments	<b>2a</b>	-60,274.
<b>b</b>	Donated services and use of facilities	<b>2b</b>	
<b>c</b>	Recoveries of prior year grants	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	-35,910.
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>	<b>2e</b>	-96,184.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>	<b>3</b>	79,566,506.
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	37,083.
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>	<b>4c</b>	37,083.
<b>5</b>	Total revenue. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.)	<b>5</b>	79,603,589.

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

<b>1</b>	Total expenses and losses per audited financial statements	<b>1</b>	78,857,722.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
<b>a</b>	Donated services and use of facilities	<b>2a</b>	
<b>b</b>	Prior year adjustments	<b>2b</b>	
<b>c</b>	Other losses	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	-35,910.
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>	<b>2e</b>	-35,910.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>	<b>3</b>	78,893,632.
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	37,083.
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>	<b>4c</b>	37,083.
<b>5</b>	Total expenses. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.)	<b>5</b>	78,930,715.

**Part XIII Supplemental Information**

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

**PART X, LINE 2:**

ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE HEALTH SYSTEM AND RECOGNIZE A TAX LIABILITY IF THE HEALTH SYSTEM HAS TAKEN AN UNCERTAIN TAX POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY VARIOUS FEDERAL AND STATE TAXING AUTHORITIES. MANAGEMENT HAS ANALYZED THE TAX POSITIONS TAKEN BY THE HEALTH SYSTEM, AND HAS CONCLUDED THAT AS OF DECEMBER 31, 2023 AND 2022, THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR DISCLOSURE IN THE ACCOMPANYING FINANCIAL STATEMENTS. THE HEALTH SYSTEM IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS; HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS.

**Part XIII** Supplemental Information *(continued)*

## PART XI, LINE 2D - OTHER ADJUSTMENTS:

GRANTS INCLUDED WITH REVENUE ON AUDITED FINANCIALS -35,910.

## PART XII, LINE 2D - OTHER ADJUSTMENTS:

GRANTS INCLUDED WITH REVENUE ON AUDITED FINANCIALS -35,910.

**SCHEDULE H  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Hospitals**

Complete if the organization answered "Yes" on Form 990, Part IV, question 20a.

Attach to Form 990.

Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2023**

Open to Public  
Inspection

Name of the organization

**SOUTHWEST HEALTH SYSTEM, INC.**

Employer identification number

**84-1337350**

**Part I Financial Assistance and Certain Other Community Benefits at Cost**

	Yes	No
<b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a .....	<b>X</b>	
<b>b</b> If "Yes," was it a written policy? .....	<b>X</b>	
<b>2</b> If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year: <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
<b>3</b> Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
<b>a</b> Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: ..... <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>250</u> %	<b>X</b>	
<b>b</b> Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: ..... <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input checked="" type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	<b>X</b>	
<b>c</b> If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.		
<b>4</b> Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	<b>X</b>	
<b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? .....	<b>X</b>	
<b>b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? .....		<b>X</b>
<b>c</b> If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? .....		
<b>6a</b> Did the organization prepare a community benefit report during the tax year? .....		<b>X</b>
<b>b</b> If "Yes," did the organization make it available to the public? .....		

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

**7 Financial Assistance and Certain Other Community Benefits at Cost**

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
<b>Financial Assistance and Means-Tested Government Programs</b>						
<b>a</b> Financial Assistance at cost (from Worksheet 1) .....			2481006.		2481006.	3.14%
<b>b</b> Medicaid (from Worksheet 3, column a) .....			18382303.	19199118.	0.	.00%
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b) .....						
<b>d Total.</b> Financial Assistance and Means-Tested Government Programs .....			20863309.	19199118.	2481006.	3.14%
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) .....						
<b>f</b> Health professions education (from Worksheet 5) .....			47,934.		47,934.	.06%
<b>g</b> Subsidized health services (from Worksheet 6) .....			5619098.	5781151.	0.	.00%
<b>h</b> Research (from Worksheet 7) .....						
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8) .....			8,439.		8,439.	.01%
<b>j Total.</b> Other Benefits .....			5675471.	5781151.	56,373.	.07%
<b>k Total.</b> Add lines 7d and 7j .....			26538780.	24980269.	2537379.	3.21%







**Part V Facility Information** (continued)**Section B. Facility Policies and Practices**

(complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or letter of facility reporting group: SOUTHWEST MEMORIAL HOSPITAL

Line number of hospital facility, or line numbers of hospital

facilities in a facility reporting group (from Part V, Section A): 1

	Yes	No
<b>Community Health Needs Assessment</b>		
1 Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year? .....	1	X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C .....	2	X
3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12 .....	3	X
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>22</u>		
5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted .....	5	X
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C .....	6a	X
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C .....	6b	X
7 Did the hospital facility make its CHNA report widely available to the public? .....	7	X
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>HTTPS://WWW.SWHEALTH.ORG/COMMUNITY-HEALTH</u>		
b <input type="checkbox"/> Other website (list url): .....		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11 .....	8	X
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>22</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website? .....	10	X
a If "Yes," (list url): <u>HTTPS://WWW.SWHEALTH.ORG/COMMUNITY-HEALTH-NEEDS-ASSE</u>		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return? .....	10b	
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? .....	12a	X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax? .....	12b	
c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

**Part V Facility Information** (continued)**Financial Assistance Policy (FAP)**Name of hospital facility or letter of facility reporting group: SOUTHWEST MEMORIAL HOSPITAL

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
<b>13</b> Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? .....	<b>13</b> X	
If "Yes," indicate the eligibility criteria explained in the FAP:		
<b>a</b> <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>250</u> % and FPG family income limit for eligibility for discounted care of <u>400</u> %		
<b>b</b> <input type="checkbox"/> Income level other than FPG (describe in Section C)		
<b>c</b> <input type="checkbox"/> Asset level		
<b>d</b> <input checked="" type="checkbox"/> Medical indigency		
<b>e</b> <input type="checkbox"/> Insurance status		
<b>f</b> <input type="checkbox"/> Underinsurance status		
<b>g</b> <input type="checkbox"/> Residency		
<b>h</b> <input type="checkbox"/> Other (describe in Section C)		
<b>14</b> Explained the basis for calculating amounts charged to patients? .....	<b>14</b> X	
<b>15</b> Explained the method for applying for financial assistance? .....	<b>15</b> X	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):		
<b>a</b> <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of their application		
<b>b</b> <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of their application		
<b>c</b> <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
<b>d</b> <input checked="" type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
<b>e</b> <input type="checkbox"/> Other (describe in Section C)		
<b>16</b> Was widely publicized within the community served by the hospital facility? .....	<b>16</b> X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
<b>a</b> <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>SEE PART V, PAGE 8</u>		
<b>b</b> <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>SEE PART V, PAGE 8</u>		
<b>c</b> <input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>SEE PART V, PAGE 8</u>		
<b>d</b> <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>e</b> <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>f</b> <input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>g</b> <input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
<b>h</b> <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
<b>i</b> <input checked="" type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by Limited English Proficiency (LEP) populations		
<b>j</b> <input checked="" type="checkbox"/> Other (describe in Section C)		

Schedule H (Form 990) 2023

**Part V Facility Information** (continued)**Billing and Collections**Name of hospital facility or letter of facility reporting group: SOUTHWEST MEMORIAL HOSPITAL

	Yes	No	
<b>17</b> Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon nonpayment? .....	<b>17</b>	<b>X</b>	
<b>18</b> Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:			
a <input type="checkbox"/> Reporting to credit agency(ies)			
b <input type="checkbox"/> Selling an individual's debt to another party			
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP			
d <input type="checkbox"/> Actions that require a legal or judicial process			
e <input type="checkbox"/> Other similar actions (describe in Section C)			
f <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted			
<b>19</b> Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? .....	<b>19</b>		<b>X</b>
If "Yes," check all actions in which the hospital facility or a third party engaged:			
a <input type="checkbox"/> Reporting to credit agency(ies)			
b <input type="checkbox"/> Selling an individual's debt to another party			
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP			
d <input type="checkbox"/> Actions that require a legal or judicial process			
e <input type="checkbox"/> Other similar actions (describe in Section C)			
<b>20</b> Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):			
a <input checked="" type="checkbox"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs (if not, describe in Section C)			
b <input checked="" type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process (if not, describe in Section C)			
c <input checked="" type="checkbox"/> Processed incomplete and complete FAP applications (if not, describe in Section C)			
d <input checked="" type="checkbox"/> Made presumptive eligibility determinations (if not, describe in Section C)			
e <input type="checkbox"/> Other (describe in Section C)			
f <input type="checkbox"/> None of these efforts were made			

**Policy Relating to Emergency Medical Care**

<b>21</b> Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....	<b>21</b>	<b>X</b>	
If "No," indicate why:			
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions			
b <input type="checkbox"/> The hospital facility's policy was not in writing			
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)			
d <input type="checkbox"/> Other (describe in Section C)			

Schedule H (Form 990) 2023

**Part V Facility Information** (continued)**Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)**Name of hospital facility or letter of facility reporting group: SOUTHWEST MEMORIAL HOSPITAL**22** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care:

- a** ☐ The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period
- b** ☐ The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period
- c** ☐ The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period
- d** ☒ The hospital facility used a prospective Medicare or Medicaid method

**23** During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? .....

If "Yes," explain in Section C.

**24** During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? .....

If "Yes," explain in Section C.

	Yes	No
<b>23</b>		<b>X</b>
<b>24</b>		<b>X</b>

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**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

SOUTHWEST MEMORIAL HOSPITAL:

PART V, SECTION B, LINE 5: SOUTHWEST HEALTH SYSTEM'S ("SHS") LEADERSHIP

WORKED WITH CHC CONSULTING IN THE DEVELOPMENT OF ITS MOST RECENT CHNA. SHS PROVIDED ESSENTIAL DATA AND RESOURCES NECESSARY TO INITIATE AND COMPLETE THE PROCESS, INCLUDING THE DEFINITION OF THE HOSPITAL'S STUDY AREA AND THE IDENTIFICATION OF KEY COMMUNITY STAKEHOLDERS TO BE INTERVIEWED.

CHC CONSULTING CONDUCTED THE FOLLOWING RESEARCH:

- A DEMOGRAPHIC ANALYSIS OF THE STUDY AREA, UTILIZING DEMOGRAPHIC DATA FROM STRATASAN

- A STUDY OF THE MOST RECENT HEALTH DATA AVAILABLE

- CONDUCTED ONE-ON-ONE PHONE INTERVIEWS WITH INDIVIDUALS WHO HAVE SPECIAL KNOWLEDGE OF THE COMMUNITIES AND ANALYZED THE RESULTS

SHS FACILITATED THE REVIEW OF COLLECTED DATA IN JULY 2022 WITH THE CHNA TEAM, WHICH INCLUDED:

- JEANIE GENTRY, CEO

- LISA GATES, CNO

- CAITLIN DECROW, QUALITY PROJECT NAVIGATOR

- KALLY WILLIAMS, QUALITY AND FINANCIAL DATA ANALYST

- ERIK LAMBERT, QUALITY AND RISK MANAGER

- MEGAN HIGMAN, DIRECTOR OF INPATIENT SERVICES & EDUCATION

- SHERI WILLBURN, CASE MANAGER

- BRIDGETT JABOUR, CONTRACT ADMINISTRATION

- WILL JANSEN, PRACTICE ADMINISTRATOR/SYSTEM PROVIDER RECRUITER

**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

SOUTHWEST MEMORIAL HOSPITAL:

PART V, SECTION B, LINE 11: THE FIVE MOST SIGNIFICANT NEEDS, AS DISCUSSED DURING THE JULY 2022 PRIORITIZATION MEETING, ARE LISTED BELOW:

1. ACCESS TO MENTAL AND BEHAVIORAL HEALTH CARE SERVICES AND PROVIDERS
2. CONTINUED RECRUITMENT & RETENTION OF HEALTHCARE WORKFORCE
3. INCREASED EMPHASIS ON ADDRESSING SOCIAL DETERMINANTS OF HEALTH TO REDUCE HEALTH DISPARITIES AMONG SPECIFIC POPULATIONS
4. PREVENTION, EDUCATION AND SERVICES TO ADDRESS HIGH MORTALITY RATES, CHRONIC DISEASES, PREVENTABLE CONDITIONS AND UNHEALTHY LIFESTYLES
5. ACCESS TO DENTAL CARE SERVICES AND PROVIDERS

PRIORITY #1: ACCESS TO MENTAL AND BEHAVIORAL HEALTH CARE SERVICES AND PROVIDERS:

DATA SUGGESTS THAT RESIDENTS IN MONTEZUMA COUNTY DO NOT HAVE ADEQUATE ACCESS TO MENTAL AND BEHAVIORAL HEALTH CARE SERVICES AND PROVIDERS.

MONTEZUMA COUNTY HAS A LOWER RATE OF MENTAL HEALTH CARE PROVIDERS PER 100,000 THAN THE STATE. MANY INTERVIEWEES MENTIONED THE NEED FOR

ADDITIONAL AVAILABILITY OF MENTAL HEALTH PROVIDERS LIKE THERAPISTS,

COUNSELORS AND SOCIAL WORKERS, PARTICULARLY FOR VETERANS. IT WAS MENTIONED

SEVERAL TIMES THAT THE LIMITED ACCESS TO MENTAL AND BEHAVIORAL HEALTH CARE

SERVICES IS DUE TO PERCEIVED LONG WAIT TIMES, AFFORDABILITY/INSURANCE

BARRIERS AS WELL AS A LIMITED WORKFORCE AND LOCAL OPTIONS OF CARE. ONE

INTERVIEWEE STATED: "THERE'S A LACK OF WORKFORCE FOR BEHAVIORAL HEALTH

PROGRAMS. THERE'S JUST NOT ENOUGH PROGRAMS AND THE ONLY PLACE THAT SEEMS

TO HAVE IT IS AT AXIS HEALTH. PEOPLE WANT OTHER SOURCES BUT THEY NEED TO

HAVE INSURANCE." THERE WERE CONFLICTING COMMENTS AMONGST INTERVIEWEES ON

THE

**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

LENGTH OF TIME IT TAKES TO GET AN APPOINTMENT. A FEW INTERVIEWEES DISCUSSED THE LACK OF LOCAL INPATIENT SERVICES ARE LEADING TO OUTMIGRATION TO DURANGO, GRAND JUNCTION, PUEBLO AND THE FRONT RANGE. ONE INTERVIEWEE STATED: "THERE'S NO INPATIENT CARE. THE NEAREST THING WE HAVE IS A DETOX AND THAT'S IN DURANGO. THE NEAREST INPATIENT WOULD BE IN GRAND JUNCTION, PUEBLO AND THE FRONT RANGE. GRAND JUNCTION IS 4 HOURS, PUEBLO IS 7 HOURS AND THE FRONT RANGE IS 8 HOURS AWAY." INTERVIEWEES ALSO DISCUSSED HOW SUBSTANCE MISUSE/ABUSE IS ADDING TO MENTAL AND BEHAVIORAL HEALTH ISSUES IN THE AREA, PARTICULARLY FOR THE YOUTH POPULATION. ONE INTERVIEWEE STATED: "WE NEED TO GET REALLY SERIOUS ABOUT YOUNG PEOPLE'S MENTAL HEALTH TO HELP ALLEVIATE SOME OF THE HEALTH RISKS IN THE FUTURE. KIDS ARE USING DRUGS AND THEN HAVING SERIOUS SMOKING ISSUES AND LUNG CANCER." ADDITIONALLY, IT WAS NOTED THAT THERE ARE SPECIFIC REQUIREMENTS FOR LOCAL FACILITIES AND THAT IS LEADING TO LIMITATIONS IN PATIENTS SEEKING MENTAL AND BEHAVIORAL HEALTH CARE. ONE INTERVIEWEE STATED: "THERE'S A SMALL HEALTH SYSTEM IN TOWN THAT'S THE GATEKEEPER FOR MENTAL HEALTH. LET'S SAY YOU ARE AN ALCOHOLIC. THEY WON'T TREAT YOU UNTIL YOU'RE NOT DRINKING OR ARE DETOXED. WE NEED PROVIDERS THAT ARE LINKED TO THE HOSPITAL THAT CAN HELP THEM."

PRIORITY #2: CONTINUED RECRUITMENT & RETENTION OF HEALTHCARE WORKFORCE: MONTEZUMA COUNTY HAS A HIGHER PERCENTAGE OF INDIVIDUALS WHO DO NOT HAVE A PERSONAL DOCTOR AS COMPARED TO THE STATE. ADDITIONALLY, MONTEZUMA COUNTY HAS SEVERAL HEALTH PROFESSIONAL SHORTAGE AREA DESIGNATIONS AS DEFINED BY THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES HEALTH RESOURCES AND SERVICES ADMINISTRATION (HRSA). IT WAS NOTED BY INTERVIEWEES THAT THERE IS A NEED FOR RECRUITMENT AND RETENTION OF THE HEALTHCARE WORKFORCE IN THE COMMUNITY, SUCH AS PHYSICIANS AND NURSES. ONE INTERVIEWEE STATED: "I THINK

**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

WE HAVE A LOVELY HOSPITAL. THE BIGGEST CONCERN IS KEEPING PHYSICIANS HERE. THAT TENDS TO BE A REVOLVING DOOR. THAT IS A BIG CONCERN. HOW DO WE INCENTIVIZE PROVIDERS TO STAY HERE AND CREATE THOSE RELATIONSHIPS WITH THE PATIENTS?" ANOTHER INTERVIEWEE STATED: "BRINGING MORE PHYSICIANS AND NURSES TO THE AREA [IS A NEED]. ACROSS THE BOARD, YOU CAN'T GET ANYTHING DONE BECAUSE YOU DON'T HAVE A PHYSICIAN BUT ONCE YOU GET THE PHYSICIAN, THEN YOU DON'T HAVE NURSES [TO HELP]." IN REGARDS TO PRIMARY CARE, INTERVIEWEES ACKNOWLEDGED EFFORTS MADE BY THE HOSPITAL TO IMPROVE PRIMARY CARE ACCESS, HOWEVER, THERE ARE STILL ISSUES WITH ACCESSING PROVIDERS DUE TO LONG WAIT TIMES AT APPOINTMENTS, LACK OF AVAILABLE PROVIDERS, AFFORDABILITY BARRIERS AND LIMITED INTERNET ACCESS. ONE INTERVIEWEE STATED: "OUR HOSPITAL DOES A GREAT JOB WITH THE RESOURCES THEY HAVE. HOWEVER, WE DO SERVE MORE THAN MONTEZUMA COUNTY. THE SYSTEM IS OVERWHELMED. PEOPLE ARE AGITATED BECAUSE THEY ARE EXPECTING TO BE SEEN AND THEN AREN'T SEEN FOR A COUPLE OF HOURS. THERE'S JUST NOT ENOUGH PROVIDERS FOR THE COMMUNITY." ANOTHER INTERVIEWEE STATED: "PRIMARY CARE IS WHERE I SEE THE MAJORITY OF THE ISSUES. EITHER THERE ARE NO DOCTORS OR THEY CAN'T AFFORD IT. RECENTLY I HAD SOMEONE TELL ME THAT TO GET AN APPOINTMENT, IT WAS ABOUT 3060 DAYS. I KNOW SOME DOCTORS ARE DOING TELEHEALTH BUT THERE ARE A LOT OF PEOPLE WITHOUT WIFI OR TECHNOLOGY." THERE WERE CONCERNS DISCUSSED BY INTERVIEWEES SURROUNDING THE UNMET NEEDS OF THE AGING/ELDERLY POPULATION DUE TO LIMITED KNOWLEDGE OF TELEMEDICINE USAGE FOR APPOINTMENTS. INTERVIEWEES HAD CONFLICTING STATEMENTS REGARDING THE ACCESSIBILITY OF PRIMARY CARE DOCTORS. ONE INTERVIEWEE STATED: "MY SENSE IS WHEN PEOPLE NEED ACCESS TO THEIR PRIMARY CARE, THEY CAN GET TO IT PRETTY EASILY. I THINK IT'S A COUPLE WEEKS OR SOONER [TO BE SEEN]." ANOTHER INTERVIEWEE STATED: "THE SYSTEM IS OVERWHELMED. THERE'S JUST NOT



**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

**ENOUGH PROVIDERS**

FOR THE COMMUNITY." A FEW INTERVIEWEES ACKNOWLEDGED THAT THERE ARE ADDITIONAL SITES OF CARE AVAILABLE IN THE COMMUNITY BUT THERE ARE STILL ISSUES WITH AVAILABILITY OF APPOINTMENTS. ONE INTERVIEWEE STATED: "THERE ARE A COUPLE OF WALK IN CLINICS BUT SOME OF THOSE ARE FULL." ADDITIONALLY, A COUPLE INTERVIEWEES NOTED A POTENTIAL BARRIER WITH USING OTHER FACILITIES FOR CARE BECAUSE OF FRAGMENTED CONTINUUM OF CARE. ONE INTERVIEWEE STATED: "YOU CAN WAIT UP TO TWO WEEKS [TO BE SEEN]. IF YOU HAVE A PROBLEM RIGHT NOW, THE ADVICE IS TO GO TO THE WALK IN CLINIC TO GET SEEN. THE WALK IN CLINIC IS GREAT, BUT FOR SOMEONE THAT HAS A DOCTOR, THE CLINIC DOESN'T KNOW THE LATEST OF WHAT'S GOING ON WITH THE PATIENT." WITH REGARDS TO SPECIALTY CARE, INTERVIEWEES APPRECIATED THE HOSPITAL'S INVOLVEMENT IN ACCESSING SPECIALTY CARE INCLUDING RECRUITMENT NEEDS AND ACCESSIBILITY TO SEE A SPECIALIST. SPECIFIC SPECIALTIES MENTIONED AS NEEDED INCLUDE CARDIOLOGY, ONCOLOGY, ORTHOPEDICS, UROLOGY, LOCAL DIALYSIS OPTIONS, DERMATOLOGY, OB/GYN, PULMONOLOGY AND INTERNAL MEDICINE. INTERVIEWEES DISCUSSED THE SHORTAGE OF LOCAL SPECIALTY CARE SERVICES IS LEADING TO THE OUTMIGRATION OF PATIENTS TO DURANGO, GRAND JUNCTION, COLORADO SPRINGS, ALBUQUERQUE AND FARMINGTON. A COUPLE OF INTERVIEWEES EXPRESSED THAT THE LACK OF ACCESS TO VA SPECIALTY CARE IS LEADING TO OUTMIGRATION TO NEARBY CITIES. ONE INTERVIEWEE STATED: "IT'S DIFFICULT FOR OUR VETERANS. THEY HAVE TO TRAVEL TO A VA HOSPITAL IN ALBUQUERQUE, GRAND JUNCTION OR DURANGO. FOR THE VETERANS MOSTLY CARDIOLOGY OR UROLOGY [ARE NEEDED]." FOR DENTAL CARE IN THE COMMUNITY, INTERVIEWEES HAD CONFLICTING STATEMENTS REGARDING THE ACCESSIBILITY OF ROUTINE DENTAL CARE NEEDS. ONE INTERVIEWEE STATED: "[DENTAL CARE IS] VERY ACCESSIBLE. I MADE AN APPOINTMENT WITH MY LOCAL DENTIST. I HAVE TO WAIT A COUPLE OF MONTHS BUT

**Part V Facility Information** (continued)

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

THAT'S BECAUSE HE'S BUSY AND POPULAR." ANOTHER INTERVIEWEE STATED: "IF I NEED A NON-URGENT APPOINTMENT, IT WOULD TAKE ABOUT A MONTH." INTERVIEWEES ALSO MENTIONED THE LONG WAIT TIMES FOR HIGHER LEVELS OF DENTAL CARE SERVICES AND THE NEED FOR ORAL SURGEONS IN THE COMMUNITY. THERE WERE CONFLICTING STATEMENTS MADE BY INTERVIEWEES REGARDING THE AVAILABILITY OF PEDIATRIC DENTISTS. ONE INTERVIEWEE STATED: "I THINK THERE ARE ENOUGH PEDIATRIC DENTISTS." ANOTHER INTERVIEWEE STATED: "THERE IS NO PEDIATRIC DENTAL GROUP HERE IN TOWN. I THINK THE COUNTY HEALTH DEPARTMENT HAS A DENTIST THAT TRAVELS FOR THOSE TYPES OF SITUATIONS." A FEW INTERVIEWEES DISCUSSED THE DEMAND FOR HIGHER ACUITY DENTAL NEEDS AND HOW THAT IS LEADING TO OUTMIGRATION TO DURANGO AND FARMINGTON. LASTLY, INTERVIEWEES MENTIONED THE CHALLENGE IN ACCESSING DENTAL SERVICES FOR MEDICAID, MEDICARE AND VETERAN PATIENTS. ONE INTERVIEWEE STATED: "THERE IS A DENTAL PROGRAM IN THE HEALTH DEPARTMENT CALLED SMILE MAKERS. THAT IS PRETTY MUCH THE ONLY MEDICAID PROVIDER AT THIS TIME. THERE ARE A COUPLE OF PRIVATE PRACTICE DENTIST OFFICES. ONE REALLY UNDERSERVED GROUP IS THE ELDERLY. MEDICARE DOES NOT HAVE DENTAL PLANS." ANOTHER INTERVIEWEE STATED: "FOR VETERANS, THEY DON'T HAVE DENTAL COVERAGE UNLESS THEY HAVE SUPPLEMENTAL DENTAL COVERAGE. SO MOST OF THEM DON'T SEE THE DENTIST."

SOUTHWEST MEMORIAL HOSPITAL

PART V, LINE 16A, FAP WEBSITE:

WWW.SWHEALTH.ORG/PATIENT-VISITORS/FINANCIAL-ASSISTANCE/

SOUTHWEST MEMORIAL HOSPITAL

PART V, LINE 16B, FAP APPLICATION WEBSITE:

**Part V** Facility Information *(continued)*

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

WWW.SWHEALTH.ORG/PATIENT-VISITORS/FINANCIAL-ASSISTANCE/

SOUTHWEST MEMORIAL HOSPITAL

PART V, LINE 16C, FAP PLAIN LANGUAGE SUMMARY WEBSITE:

WWW.SWHEALTH.ORG/PATIENT-VISITORS/FINANCIAL-ASSISTANCE/

SOUTHWEST MEMORIAL HOSPITAL:

PART V, SECTION B, LINE 16J: POLICY COMMUNICATION IS INCLUDED IN THE  
QUARTERLY NEWSLETTER.



**Part VI** Supplemental Information

Provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8, and 9b.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (for example, open medical staff, community board, use of surplus funds, etc.).
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

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**PART I, LINE 3C:**

IN ADDITION TO THE FPG, THE ORGANIZATION CONSIDERS MEDICAL INDIGENCY WHEN DETERMINING ELIGIBILITY FOR FINANCIAL ASSISTANCE.

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**PART I, LINE 7:**

THE ORGANIZATION USED A COST-TO-CHARGE RATIO FOR LINES 7A. UNREIMBURSED MEDICAID AND SUBSIDIZED HEALTH SERVICES WERE CALCULATED USING THE COST REPORT AND ANALYZING THE MEDICARE RATIO OF COST TO CHARGE FOR THE RESPECTIVE COST CENTERS. THE INFORMATION FOR LINES 7E AND 7I WAS DERIVED FROM INFORMATION IN THE GENERAL LEDGER AND OTHER FINANCIAL DATA RELATED SPECIFICALLY TO THE VARIOUS TYPES OF COMMUNITY BENEFITS.

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**PART III, LINE 2:**

THE BAD DEBT ON LINE 2 IS REPORTED AT CHARGES. THE HEALTH SYSTEM REPORTS PATIENT ACCOUNTS RECEIVABLE FOR SERVICES RENDERED AT NET REALIZABLE AMOUNTS FROM THIRD PARTY PAYERS, PATIENTS, AND OTHERS. THE HEALTH SYSTEM PROVIDES AN ALLOWANCE FOR DOUBTFUL ACCOUNTS BASED UPON A REVIEW OF OUTSTANDING RECEIVABLES, HISTORICAL COLLECTION INFORMATION AND EXISTING

**Part VI** Supplemental Information (Continuation)

ECONOMIC CONDITIONS.

PART III, LINE 4:

THE FOOTNOTE TO THE ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSES CAN BE FOUND ON PAGE 22-26 OF THE ATTACHED AUDITED FINANCIAL STATEMENTS.

PART III, LINE 8:

ONE HUNDRED PERCENT OF ANY SHORTFALL SHOULD BE TREATED AS COMMUNITY BENEFIT. A FACILITY MUST BE ABLE TO RECOVER ITS COSTS IN ORDER TO CONTINUE TO PROVIDE QUALITY CARE TO MEDICARE PATIENTS AND THE COMMUNITY AS A WHOLE. SERVICES ARE PROVIDED TO PATIENTS UNDER THE MEDICARE PROGRAM KNOWING THAT NOT ALL COSTS ASSOCIATED WITH PROVIDING THESE SERVICES WILL BE RECOVERED. PROVIDING THESE SERVICES IS ESSENTIAL TO THESE PATIENTS AND THE COMMUNITY AND INCREASES THEIR ACCESS TO HEALTHCARE SERVICES. THEREFORE, THE ENTIRE MEDICARE SHORTFALL IS CONSIDERED A COMMUNITY BENEFIT. MEDICARE ALLOWABLE COSTS OF CARE ARE BASED ON THE MEDICARE COST REPORT. THE MEDICARE COST REPORT IS COMPLETED BASED ON THE RULES AND REGULATIONS SET FORTH BY CENTERS FOR MEDICARE AND MEDICAID SERVICES.

PART III, LINE 9B:

THE ORGANIZATION REFRAINS FROM SENDING PATIENT ACCOUNTS TO COLLECTION UNTIL 120 DAYS AFTER THE DATE OF THE FIRST POST-DISCHARGE BILLING STATEMENT. IF A PATIENT APPLIES FOR FINANCIAL ASSISTANCE WITHIN 240 DAYS OF THE DATE OF THE FIRST POST-DISCHARGE BILLINGS STATEMENT THE ORGANIZATION WILL PULL THE ACCOUNTS FROM COLLECTIONS.

PART V, LINE 11 CONTINUED

**Part VI** Supplemental Information (Continuation)

(CONTINUED)

PRIORITY #3: INCREASED EMPHASIS ON ADDRESSING SOCIAL DETERMINANTS OF HEALTH TO REDUCE HEALTH DISPARITIES AMONG SPECIFIC POPULATIONS: DATA SUGGESTS THAT SOME RESIDENTS IN THE STUDY AREA FACE SIGNIFICANT COST BARRIERS WHEN ACCESSING THE HEALTHCARE SYSTEM. MONTEZUMA COUNTY ALSO HAS A HIGHER PERCENTAGE OF FAMILIES AND CHILDREN LIVING BELOW POVERTY THAN THE STATE. ADDITIONALLY, MONTEZUMA COUNTY HAS A LOWER MEDIAN HOUSEHOLD INCOME THAN THE STATE, HIGHER OVERALL AND CHILD FOOD INSECURITY RATES, HIGHER RATES OF SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP) RECIPIENTS, AS WELL AS A HIGHER PERCENTAGE OF PUBLIC SCHOOL STUDENTS ELIGIBLE FOR FREE OR REDUCED PRICE LUNCH THAN THE STATE. MONTEZUMA COUNTY HAS A HIGHER RATE OF THOSE ADULTS (AGE 18-64) WHO ARE UNINSURED AS COMPARED TO THE STATE. WHEN ANALYZING THE ECONOMIC STATUS, MONTEZUMA COUNTY IS IN MORE ECONOMIC DISTRESS THAN OTHER COUNTIES IN THE STATE. ADDITIONALLY, MONTEZUMA COUNTY IS DESIGNATED AS HEALTH PROFESSIONAL SHORTAGE AREAS AND MEDICALLY UNDERSERVED AREAS, AS DEFINED BY THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES HEALTH RESOURCES AND SERVICES ADMINISTRATION (HRSA). INTERVIEWEES DISCUSSED THE LIMITED ACCESSIBILITY AND OPTIONS FOR LOW INCOME, UN/UNDERINSURED POPULATIONS. INTERVIEWEES ALSO EXPRESSED CONCERN ABOUT MEDICARE ADVANTAGE COVERAGE AND CONTRACTS FOR FUTURE SERVICES. IT WAS NOTED SEVERAL TIMES THAT AFFORDABILITY ISSUES ARE LEADING TO PATIENTS SEEKING CARE AT THE EMERGENCY ROOM, PARTICULARLY THOSE ON MEDICAID. A FEW INTERVIEWEES DESIRE ADDITIONAL SUPPORT FOR THE WORKING POOR TO AFFORD HEALTH SERVICES. LASTLY, A COUPLE OF INTERVIEWEES DISCUSSED THE LOW PRIORITIZATION AND UTILIZATION OF AFFORDABLE HEALTH CARE OPTIONS FOR SPECIFIC GROUPS. ONE INTERVIEWEE STATED: "THERE'S A REASON WHY LOWER COST OPTIONS ARE NOT UTILIZED. I THINK PEOPLE [WHO ARE STRUGGLING] ARE

Schedule H (Form 990)

**Part VI** Supplemental Information (Continuation)

IN A PRETTY HIGH LEVEL OF SURVIVAL MODE. THAT CUT DOWNS THE AWARENESS OF OPTIONS." INTERVIEWEES ACKNOWLEDGED THE COMMUNITY IMPROVEMENT IN ACCESSING HEALTH CARE SERVICES HOWEVER, THERE IS STILL A CONTINUED NEED TO ADDRESS THE SOCIAL DETERMINANTS OF HEALTH IN THE COMMUNITY LIKE TRANSPORTATION AND CHILD CARE. ONE INTERVIEWEE STATED: "WE'VE GROWN OUR ACCESS BUT WE STILL NEED THE SOCIAL DETERMINANTS OF HEALTH ADDRESSED IN OUR COMMUNITIES LIKE TRANSPORTATION. SOME PATIENTS CAN'T COME TO THEIR APPOINTMENTS BECAUSE OF TRANSPORTATION OR THERE'S NO CHILD CARE AVAILABLE." A FEW INTERVIEWEES DISCUSSED THE LIMITED TRANSPORTATION OPTIONS IN THE COMMUNITY, PARTICULARLY FOR THE MEDICAID POPULATION. ONE INTERVIEWEE STATED: "I SEE PATIENTS WHO ARE DISCHARGED FROM THE HOSPITAL AND [NEED] THE EXTRA HELP, LIKE GETTING TRANSPORTATION. A LOT OF PATIENTS ARE OVERWHELMED AND CAN'T GET THEMSELVES TO RESOURCES [THEY NEED]." ANOTHER INTERVIEWEE STATED: "TRANSPORTATION IS HUGE WHICH REALLY TIES TO HAVING ACCESS TO HEALTHCARE. THAT IS ONE OF THE BIGGEST BARRIERS THAT THIS AREA IS NOT ADDRESSING. PUBLIC TRANSPORTATION IS LIMITED. THE BUS PICKS UP CERTAIN QUALIFIED INDIVIDUALS TO GET A RIDE. I'VE HEARD ONE ISSUE AT AXIS HEALTH. THERE AREN'T ENOUGH MEDICAID TRANSPORTS THAT ASSIST THE PATIENTS THAT NEED TO GET TO THEIR APPOINTMENTS." LASTLY, A FEW INTERVIEWEES MENTIONED THE LACK OF LOCAL VA CLINICS LEADING TO OUTMIGRATION. ONE INTERVIEWEE STATED: "SOME VETERANS HAVE TO DRIVE 45 MILES ONE WAY OR 7580 MILES TO BE ABLE TO GO TO THE VA CLINIC. THIS IS SOMETHING WE NEED TO GET HASHED OUT." WHEN ASKED ABOUT WHICH SPECIFIC GROUPS ARE AT RISK FOR INADEQUATE CARE, INTERVIEWEES SPOKE ABOUT THE ELDERLY, TEENAGERS/ADOLESCENTS, LOW INCOME, RACIAL/ETHNIC, VETERANS/MILITARY DEPENDENTS, AND THE HOMELESS. WITH REGARDS TO THE ELDERLY POPULATION, INTERVIEWEES DISCUSSED AN INCREASING NEED FOR PALLIATIVE CARE, INTERNAL MEDICINE AND SPECIALTY



**Part VI** Supplemental Information (Continuation)

CARE NEEDS, A NEED FOR END OF LIFE PROGRAMS/FACILITIES, TRANSPORTATION BARRIERS, ALZHEIMER'S DISEASE AND DEMENTIA AS WELL AS A NEED FOR AFFORDABLE LONG TERM CARE AND ASSISTED LIVING FACILITIES. WITH THE TEENAGERS/ADOLESCENT POPULATION, INTERVIEWEES MENTIONED TRANSPORTATION BARRIERS, OBESITY AND PHYSICAL INACTIVITY, A NEED MORE MENTAL AND BEHAVIORAL HEALTH SERVICES, A NEED TO DECREASE THE STIGMA ASSOCIATED WITH MENTAL AND BEHAVIORAL HEALTH, FOOD INSECURITY, DEPRESSION AND SUICIDE, AS WELL AS ALCOHOL AND SUBSTANCE MISUSE/ABUSE. LOW INCOME RESIDENTS WERE DISCUSSED AS BEING DISPROPORTIONATELY CHALLENGED BY A NEED FOR AWARENESS OF PROGRAMS IN THE COMMUNITY, INSURANCE/AFFORDABILITY OF SERVICES, ACCESS TO HOUSING, ACCESS TO HEALTHCARE, TRANSPORTATION BARRIERS, DOMESTIC VIOLENCE CONCERNS, ALCOHOL AND SUBSTANCE MISUSE/ABUSE. RACIAL/ETHNIC GROUPS WERE DISCUSSED AS FACING TRANSPORTATION ISSUES, PARTICULARLY FOR NATIVE AMERICANS LIVING IN THE RESERVATIONS, CULTURAL PRACTICES LEADING TO POTENTIAL BARRIERS LIKE MISTRUST AND GENERATIONAL KNOWLEDGE, ACCESS TO HEALTH SERVICES, PARTICULARLY FOR INDIVIDUALS LIVING ON THE RESERVATIONS, DEPRESSION AND SUICIDE AS WELL AS ALCOHOL AND SUBSTANCE MISUSE/ABUSE. VETERANS/MILITARY DEPENDENTS WERE BROUGHT UP AS A SUBGROUP OF THE POPULATION THAT MAY BE DISPROPORTIONATELY AFFECTED BY A LACK OF ACCESS TO LOCAL, NEARBY VA SERVICES AS WELL AS TRANSPORTATION BARRIERS. LASTLY, THE HOMELESS POPULATION WAS DISCUSSED BY INTERVIEWEES AS A GROWING POPULATION AND A GROUP THAT HAS AN INCREASING DEMAND FOR HEALTH SERVICES, TRANSPORTATION BARRIERS, AND A NEED FOR AFFORDABLE AND AVAILABLE SHELTER/HOUSING OPTIONS.

PRIORITY #4: PREVENTION, EDUCATION AND SERVICES TO ADDRESS HIGH MORTALITY RATES, CHRONIC DISEASES, PREVENTABLE CONDITIONS AND UNHEALTHY

**Part VI** Supplemental Information (Continuation)**LIFESTYLE:**

DATA SUGGESTS THAT HIGHER RATES OF SPECIFIC MORTALITY CAUSES AND UNHEALTHY BEHAVIORS WARRANT A NEED FOR INCREASED PREVENTIVE EDUCATION AND SERVICES TO IMPROVE THE HEALTH OF THE COMMUNITY. HEART DISEASE AND CANCER ARE THE TWO LEADING CAUSES OF DEATH IN MONTEZUMA COUNTY AND THE STATE. MONTEZUMA COUNTY HAS HIGHER MORTALITY RATES THAN COLORADO FOR THE FOLLOWING CAUSES OF DEATH: HEART DISEASE; CANCER; ACCIDENTS (UNINTENTIONAL INJURIES); CHRONIC LOWER RESPIRATORY DISEASES, INTENTIONAL SELFHARM (SUICIDE); CHRONIC LIVER DISEASE AND CIRRHOSIS, DIABETES MELLITUS; AND LUNG AND BRONCHUS CANCER. MONTEZUMA COUNTY HAS HIGHER PREVALENCE RATES OF CHRONIC CONDITIONS, SUCH AS ADULTS WITH DIABETES, ARTHRITIS AND ADULTS WITH HIGH BLOOD PRESSURE. MONTEZUMA COUNTY HAS HIGHER PERCENTAGES OF RESIDENTS PARTICIPATING IN UNHEALTHY LIFESTYLE BEHAVIORS SUCH AS PHYSICAL INACTIVITY AND BINGE DRINKING THAN THE STATE. WITH REGARDS TO MATERNAL AND CHILD HEALTH, SPECIFICALLY, MONTEZUMA COUNTY HAS HIGHER LOW BIRTH WEIGHT BIRTHS, HIGHER TEEN (AGE 019 YEARS) BIRTH AND HIGHER RATES OF WOMEN WHO RECEIVED INADEQUATE PRENATAL CARE THAN THE STATE. DATA SUGGESTS THAT MONTEZUMA COUNTY RESIDENTS ARE NOT APPROPRIATELY SEEKING PREVENTIVE CARE SERVICES, SUCH AS TIMELY MAMMOGRAPHY, COLONOSCOPY OR PAP TESTS. MONTEZUMA COUNTY HAS LOWER VACCINATION RATES FOR ADULTS AND THOSE 65+ WHO HAVE RECEIVED THEIR FLU VACCINE IN THE PAST 12 MONTHS AND THOSE 65+ WHO HAVE RECEIVED THEIR PNEUMONIA VACCINE IN THE PAST 12 MONTHS AS COMPARED TO THE STATE. MONTEZUMA COUNTY HAS A LOWER RATE OF DENTISTS PER 100,000 THAN THE STATE AS WELL. MONTEZUMA COUNTY HAS A LOWER PERCENTAGE OF ITS POPULATION VACCINATED WITH THE FIRST DOSE AND SECOND DOSE AND A LOWER TOTAL AMOUNT OF COVID19 CASES THAN THE STATE (INFORMATION AS OF JULY 22, 2022). SEVERAL INTERVIEWEES EXPRESSED APPRECIATION FOR THE HOSPITAL

Schedule H (Form 990)

**Part VI** Supplemental Information (Continuation)

IN EDUCATING PATIENTS ON THE IMPORTANCE OF HAVING A DOCTOR AND COLLABORATION BETWEEN LOCAL ORGANIZATIONS. ONE INTERVIEWEE STATED: "HEALTHY LIFESTYLE MANAGEMENT IS AN AREA THAT WE ACTUALLY DO REASONABLY WELL IN BETWEEN THE HOSPITAL, COMMUNITY CLINICS AND THE PUBLIC HEALTH DEPARTMENT. IF PEOPLE ARE INTERESTED IN HEALTHY LIFESTYLE INFORMATION THEY CAN FIND IT." IT WAS MENTIONED THAT THERE WAS A DESIRE TO SEE ADDITIONAL MARKETING OF SERVICES IN THE COMMUNITY AS WELL AS MORE EDUCATION ON HEALTHY LIFESTYLES. ONE INTERVIEWEE STATED: "WE HAVE GOT TO EDUCATE ON HOW TO TAKE CARE OF ONESELF. IT'S NOT ABOUT TAKING A PILL THAT WILL TAKE CARE OF ONESELF. A LOT OF PEOPLE THINK THAT WAY AND IN REALITY THAT DOESN'T WORK. IT'S A HUGE EDUCATION COMPONENT." SEVERAL INTERVIEWEES ACKNOWLEDGED THE LOCAL RESOURCES IN THE COMMUNITY BUT MENTIONED HOW THERE WERE POTENTIAL BARRIERS FOR SOME POPULATIONS DUE TO COST. ONE INTERVIEWEE STATED: "WE DO HAVE A RECREATIONAL CENTER AND THREE OTHER GYMS BUT AGAIN, IT'S THE COST." A COUPLE OF INTERVIEWEES EXPRESSED CONCERN SURROUNDING EQUITABLE HEALTH OPPORTUNITIES FOR THE COMMUNITY AND POTENTIAL BARRIERS FOR SOME SENIORS REGARDING THE AFFORDABILITY OF FOOD AND MEALS. ONE INTERVIEWEE STATED: "DO WE HAVE EQUITABLE HEALTH OPPORTUNITIES? I WOULD SAY NO. THERE ARE SUPPORT GROUPS LIKE AA AND NA BUT THAT'S IF YOU HAVE SPECIFIC PROBLEMS. WE DO HAVE A SENIOR CENTER THAT SERVES MEALS BUT THEY AREN'T NECESSARILY FREE."

PART VI, LINE 2:

IN ADDITION TO THE CHNA DATA COLLECTION AND ANALYSIS, INPUT IS RECEIVED FROM MEDICAL STAFF, HOSPITAL LEADERSHIP, AND THE BOARD. THE HOSPITAL ALSO REVIEWS NEEDS AS PART OF THE COLORADO MANDATED HOSPITAL TRANSFORMATION

**Part VI** Supplemental Information (Continuation)

PROJECT, AND IS A PARTICIPANT IN COLORADO'S REGIONAL ACCOUNTABLE ENTITIES (RAE).

## PART VI, LINE 3:

PATIENTS ARE SENT LETTERS DESCRIBING THE PROGRAMS AVAILABLE TO ASSIST WITH THEIR MEDICAL BILLS. THE LETTER EXPLAINS THE PROCESS AND THE DOCUMENTS NEEDED TO COMPLETE THE ASSISTANCE APPLICATIONS(S). THE LETTER ALSO ENCOURAGES THE PATIENT TO CHECK THEIR ELIGIBILITY WITH THEIR STATE MEDICAID OFFICE. FOLLOW-UP APPOINTMENTS ARE SCHEDULED WITH FINANCIAL COUNSELORS TO COMPLETE THE ASSISTANCE APPLICATIONS.

## PART VI, LINE 4:

GEOGRAPHICALLY, THE PRIMARY SERVICE AREA (PSA) OF SHS IS COMPRISED OF SEVEN ZIP CODES WITHIN AND AROUND MONTEZUMA COUNTY IN SOUTHWEST COLORADO. THE PSA IS SITUATED BETWEEN THE MOUNTAINS TO THE EAST AND DESERTS TO THE WEST. MONTEZUMA COUNTY IS RURAL AND HEAVILY AGRICULTURAL AND VERY DEPENDENT UPON TOURISM. THE MEDIAN AGE IN MONTEZUMA COUNTY AND THE STATE IS EXPECTED TO SLIGHTLY INCREASE OVER THE NEXT FIVE YEARS (2022-2027). MONTEZUMA COUNTY (44.7 YEARS) HAS AN OLDER MEDIAN AGE THAN COLORADO (37.9) (2022). THE MEDIAN HOUSEHOLD INCOME IN MONTEZUMA COUNTY AND THE STATE IS EXPECTED TO INCREASE OVER THE NEXT FIVE YEARS (2022-2027).

- MONTEZUMA COUNTY (\$57,603) HAS A LOWER MEDIAN HOUSEHOLD INCOME THAN COLORADO (\$84,521) (2022).

- MONTEZUMA COUNTY (33.3%) HAS A LOWER PERCENTAGE OF RESIDENTS WITH A BACHELOR OR ADVANCED DEGREE THAN THE STATE (44.6%) (2022).

UNEMPLOYMENT RATES IN MONTEZUMA COUNTY AND THE STATE INCREASED BETWEEN 2019 AND 2020.

- IN 2021, MONTEZUMA COUNTY (5.6%) HAD A SLIGHTLY HIGHER UNEMPLOYMENT RATE

**Part VI** Supplemental Information (Continuation)

THAN THE STATE (5.4%).

- BETWEEN 2016 AND 2020, THE PERCENT OF CHILDREN (<18 YEARS) LIVING BELOW POVERTY IN MONTEZUMA COUNTY AND COLORADO DECREASED.

- MONTEZUMA COUNTY (20.0%) HAS HIGHER PERCENTAGE OF CHILDREN (<18 YEARS) LIVING BELOW POVERTY THAN COLORADO (10.6%) (2020).

THE COUNTY HEALTH RANKINGS RANK 59 COUNTIES IN COLORADO (1 BEING THE BEST, 59 BEING THE WORST). MANY FACTORS GO INTO THESE RANKINGS, INCLUDING:

- LENGTH OF LIFE (PREMATURE DEATHS)

- CLINICAL CARE (PRIMARY CARE PROVIDERS, PREVENTABLE HOSPITAL DAYS, MAMMOGRAPHY SCREENINGS)

- SOCIAL AND ECONOMIC FACTORS (HIGH SCHOOL COMPLETION, CHILDREN IN POVERTY, INJURY DEATHS)

PART VI, LINE 5:

SHS'S BOARD OF DIRECTORS IS CURRENTLY COMPRISED OF PERSONS WHO RESIDE IN THE PRIMARY SERVICE AREA (PSA) AND ARE NEITHER EMPLOYEES NOR INDEPENDENT CONTRACTORS OF SHS, WITH THE EXCEPTION OF ONE MEMBER WHO IS AN INDEPENDENT CONTRACTOR AS A CRNA. MEDICAL STAFF PRIVILEGES ARE OPEN TO ALL QUALIFIED PHYSICIANS. SURPLUS FUNDS ARE USED TO IMPROVE THE CARE OF PATIENTS. SHS HOLDS EDUCATION HEALTH SEMINARS, OPEN AT NO CHARGE TO COMMUNITY MEMBERS, AND PARTICIPATES IN HEALTH FAIRS WITH FREE AND LOW COST SCREENING EXAMS.

**SCHEDULE I**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**

Complete if the organization answered "Yes" on Form 990, Part IV, line 21 or 22.

Attach to Form 990.

Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2023**

Open to Public  
Inspection

Name of the organization

**SOUTHWEST HEALTH SYSTEM, INC.**

Employer identification number

**84-1337350**

**Part I** General Information on Grants and Assistance

**1** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? .....

☐ Yes

☒ No

**2** Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

**Part II** Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

<b>1 (a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC section (if applicable)	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of noncash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of noncash assistance	<b>(h)</b> Purpose of grant or assistance

**2** Enter total number of section 501(c)(3) and government organizations listed in the line 1 table .....

**3** Enter total number of other organizations listed in the line 1 table .....

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) 2023

**Part III** **Grants and Other Assistance to Domestic Individuals.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22.  
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of noncash assistance
SPONSORSHIPS AND DONATIONS	4	8,439.	0.		

**Part IV** **Supplemental Information.** Provide the information required in Part I, line 2; Part III, column (b); and any other additional information.


**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

For certain Officers, Directors, Trustees, Key Employees, and Highest  
Compensated Employees  
Complete if the organization answered "Yes" on Form 990, Part IV, line 23.  
Attach to Form 990.  
Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2023**

Open to Public  
Inspection

Name of the organization

**SOUTHWEST HEALTH SYSTEM, INC.**

Employer identification number

**84-1337350**

**Part I Questions Regarding Compensation**

**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- |  |  |
|--|--|
| <input type="checkbox"/> First-class or charter travel             | <input type="checkbox"/> Housing allowance or residence for personal use   |
| <input type="checkbox"/> Travel for companions                     | <input type="checkbox"/> Payments for business use of personal residence   |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees     |
| <input type="checkbox"/> Discretionary spending account            | <input type="checkbox"/> Personal services (such as maid, chauffeur, chef) |

**b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain .....

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a? .....

**3** Indicate which, if any, of the following the organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- |  |   |
|--|---|
| <input type="checkbox"/> Compensation committee              | <input type="checkbox"/> Written employment contract                                |
| <input type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations     | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

**4** During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment? ..... **4a**
- b** Participate in or receive payment from a supplemental nonqualified retirement plan? ..... **4b**
- c** Participate in or receive payment from an equity-based compensation arrangement? ..... **4c**
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

**Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.**

**5** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization? ..... **5a**
- b** Any related organization? ..... **5b**
- If "Yes" on line 5a or 5b, describe in Part III.

**6** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization? ..... **6a**
- b** Any related organization? ..... **6b**
- If "Yes" on line 6a or 6b, describe in Part III.

**7** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III .....

**8** Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III .....

**9** If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)? .....

	Yes	No
<b>1b</b>		
<b>2</b>		
<b>4a</b>		<b>X</b>
<b>4b</b>		<b>X</b>
<b>4c</b>		<b>X</b>
<b>5a</b>		<b>X</b>
<b>5b</b>		<b>X</b>
<b>6a</b>		<b>X</b>
<b>6b</b>		<b>X</b>
<b>7</b>	<b>X</b>	
<b>8</b>		<b>X</b>
<b>9</b>		

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2023



**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

**Note:** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC and/or 1099-NEC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) BRADEN JONES	(i)	1,056,161.	30,000.	120.	32,400.	23,035.	1,141,716.	0.
CLINIC PHYSICIAN	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) KEVIN MATTESON, M.D.	(i)	516,021.	0.	812.	37,875.	23,069.	577,777.	0.
CHIEF OF STAFF	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) ERIN SCHMITT	(i)	430,667.	0.	14,062.	32,400.	35,295.	512,424.	0.
CLINIC PHYSICIAN	(ii)	0.	0.	0.	0.	0.	0.	0.
(4) JOEL BAGLEY	(i)	411,015.	30,000.	108.	32,237.	32,818.	506,178.	0.
CLINIC PHYSICIAN	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) RANDY DAVIDSON	(i)	428,227.	0.	789.	29,880.	23,373.	482,269.	0.
HOSPITAL PHYSICIAN	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) KENTON ASCHE	(i)	413,113.	0.	118.	32,381.	26,392.	472,004.	0.
HOSPITAL PHYSICIAN	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) CHARLES KRUPA	(i)	193,902.	0.	120.	22,130.	12,824.	228,976.	0.
CIO	(ii)	0.	0.	0.	0.	0.	0.	0.
(8) TRAVIS PARKER	(i)	152,994.	0.	526.	19,825.	12,736.	186,081.	0.
CHIEF HR OFFICER	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

**Part III** Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

**PART I, LINE 3:**

BEGINNING IN APRIL 2018, SHS ENTERED INTO A MANAGEMENT AGREEMENT WITH  
COMMUNITY HEALTH CONSULTING (CHC). CHC REVIEWS MANAGEMENT'S COMPENSATION  
USING METHODS IN PART I, LINE 3.

**PART I, LINE 7:**

QUARTERLY PRODUCTIVITY BONUSES WERE PAID OUT TO PROVIDERS DEPENDING ON THE  
NUMBER OF SERVICES PROVIDED ABOVE THEIR CONTRACTED AMOUNTS. PROVIDERS  
RECEIVED EXTRA ON CALL PAY FOR SHIFTS COVERED OVER THEIR MONTHLY SCHEDULED  
DAYS.

**Supplemental Information on Tax-Exempt Bonds**  
Complete if the organization answered "Yes" on Form 990, Part IV, line 24a. Provide descriptions,  
explanations, and any additional information in Part VI.  
Attach to Form 990. Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2023**  
**Open to Public**  
**Inspection**

Name of the organization **SOUTHWEST HEALTH SYSTEM, INC.** Employer identification number **84-1337350**

Part I	SEE PART VI FOR COLUMN (F) CONTINUATIONS											
Bond Issues												
(a) Issuer name		(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
							Yes	No	Yes	No	Yes	No
MONTEZUMA COUNTY , A COLORADO		84-6000786	000000000	11/15/16	39261315.	CONSTRUCT EMS FACILITY & HOSPIT		X		X		X
B												
C												
D												

<b>Part II Proceeds</b>									
	A		B		C		D		
1 Amount of bonds retired .....	13,349,903.								
2 Amount of bonds legally defeased .....									
3 Total proceeds of issue .....	39,261,315.								
4 Gross proceeds in reserve funds .....	998,250.								
5 Capitalized interest from proceeds .....									
6 Proceeds in refunding escrows .....									
7 Issuance costs from proceeds .....	494,475.								
8 Credit enhancement from proceeds .....									
9 Working capital expenditures from proceeds .....									
10 Capital expenditures from proceeds .....	29,204,329.								
11 Other spent proceeds .....	8,564,261.								
12 Other unspent proceeds .....									
13 Year of substantial completion .....	2017								
	Yes	No	Yes	No	Yes	No	Yes	No	
14 Were the bonds issued as part of a refunding issue of tax-exempt bonds (or, if issued prior to 2018, a current refunding issue)? .....		X							
15 Were the bonds issued as part of a refunding issue of taxable bonds (or, if issued prior to 2018, an advance refunding issue)? .....	X								
16 Has the final allocation of proceeds been made? .....	X								
17 Does the organization maintain adequate books and records to support the final allocation of proceeds? .....	X								

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule K (Form 990) 2023

**Part III Private Business Use**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds? .....		X						
<b>2</b> Are there any lease arrangements that may result in private business use of bond-financed property? .....		X						
<b>3a</b> Are there any management or service contracts that may result in private business use of bond-financed property? .....		X						
<b>b</b> If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
<b>c</b> Are there any research agreements that may result in private business use of bond-financed property? .....		X						
<b>d</b> If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property? ...								
<b>4</b> Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government .....		%		%		%		%
<b>5</b> Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government .....		%		%		%		%
<b>6</b> Total of lines 4 and 5 .....		%		%		%		%
<b>7</b> Does the bond issue meet the private security or payment test? .....		X						
<b>8a</b> Has there been a sale or disposition of any of the bond-financed property to a non-governmental person other than a 501(c)(3) organization since the bonds were issued?		X						
<b>b</b> If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of .....		%		%		%		%
<b>c</b> If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2? .....								
<b>9</b> Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2? .....	X							

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate? .....		X						
<b>2</b> If "No" to line 1, did the following apply?								
<b>a</b> Rebate not due yet? .....		X						
<b>b</b> Exception to rebate? .....	X							
<b>c</b> No rebate due? .....		X						
If "Yes" to line 2c, provide in Part VI the date the rebate computation was performed .....								
<b>3</b> Is the bond issue a variable rate issue? .....	X							

**Part IV Arbitrage** (continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>4a</b> Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? .....		X						
<b>b</b> Name of provider .....								
<b>c</b> Term of hedge .....								
<b>d</b> Was the hedge superintegrated? .....								
<b>e</b> Was the hedge terminated? .....								
<b>5a</b> Were gross proceeds invested in a guaranteed investment contract (GIC)? .....		X						
<b>b</b> Name of provider .....								
<b>c</b> Term of GIC .....								
<b>d</b> Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied? .....								
<b>6</b> Were any gross proceeds invested beyond an available temporary period? .....		X						
<b>7</b> Has the organization established written procedures to monitor the requirements of section 148? .....	X							

**Part V Procedures To Undertake Corrective Action**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation isn't available under applicable regulations? .....	X							

**Part VI Supplemental Information.** Provide additional information for responses to questions on Schedule K. See instructions.**SCHEDULE K, PART I, BOND ISSUES:**

(A) ISSUER NAME: MONTEZUMA COUNTY, COLORADO

(F) DESCRIPTION OF PURPOSE:

CONSTRUCT EMS FACILITY &amp; HOSPITAL IMPROVEMENTS &amp; REFUND BOND ISSUED 9/27/07

**SCHEDULE L**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Transactions With Interested Persons**

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c; or Form 990-EZ, Part V, line 38a or 40b.

Attach to Form 990 or Form 990-EZ.

Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2023**

Open to Public  
Inspection

Name of the organization

**SOUTHWEST HEALTH SYSTEM, INC.**

Employer identification number

**84-1337350**

**Part I Excess Benefit Transactions** (section 501(c)(3), section 501(c)(4), and section 501(c)(29) organizations only)

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b; or Form 990-EZ, Part V, line 40b.

1 (a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
			Yes	No
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958 ..... \$

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ..... \$

**Part II Loans to and/or From Interested Persons**

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1)												
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												
(8)												
(9)												
(10)												

Total ..... \$

**Part III Grants or Assistance Benefiting Interested Persons**

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule L (Form 990) 2023

**Part IV Business Transactions Involving Interested Persons**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) LACY MOORE	DAUGHTER OF BOARD M	64,508.	COMPENSATIO		X
(2) KIERRA FURY	DAUGHTER-IN-LAW OF	87,917.	COMPENSATIO		X
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

**Part V Supplemental Information**

Provide additional information for responses to questions on Schedule L. See instructions.

**SCH L, PART IV, BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS:**

(A) NAME OF PERSON: LACY MOORE

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

DAUGHTER OF BOARD MEMBER

(D) DESCRIPTION OF TRANSACTION: COMPENSATION

(A) NAME OF PERSON: KIERRA FURY

(B) RELATIONSHIP BETWEEN INTERESTED PERSON AND ORGANIZATION:

DAUGHTER-IN-LAW OF BOARD MEMBER

(D) DESCRIPTION OF TRANSACTION: COMPENSATION

**SCHEDULE O**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.  
Attach to Form 990 or Form 990-EZ.  
Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2023**

Open to Public  
Inspection

Name of the organization

SOUTHWEST HEALTH SYSTEM, INC.

Employer identification number

84-1337350

FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

SERVICE TOGETHER TO PROMOTE, IMPROVE AND RESTORE HEALTH

FORM 990, PART VI, SECTION A, LINE 3:

SOUTHWEST HEALTH SYSTEM (SHS) HAS ENTERED INTO A MANAGEMENT AGREEMENT WITH  
COMMUNITY HEALTH CONSULTING (CHC) TO PROVIDE MANAGEMENT SERVICES FOR THE  
FACILITY. THE CEO, CFO, AND CNO ARE EMPLOYEES OF THE MANAGEMENT COMPANY.  
SHS PAID CHC \$286,021.34 FOR SERVICES FOR THE CEOS JEANIE GENTRY, DAVID  
FAULKNER, AND JOE THEINE, \$195,894.21 FOR CFO SERVICES OF JULIE LEONARD, AND  
SHELLE DIEHM, AND \$169,275.17 FOR CNO SERVICES OF LISA GATES.

FORM 990, PART VI, SECTION A, LINE 8B:

THERE ARE NO COMMITTEES THAT ARE ABLE TO ACT ON BEHALF OF THE BOARD.

FORM 990, PART VI, SECTION B, LINE 11B:

THE FORM 990 IS PREPARED BY A THIRD PARTY, AND REVIEWED IN DETAIL BY THE  
CEO AND CFO FOR APPROVAL. IT IS PROVIDED TO THE GOVERNING BOARD FOR THEIR  
REVIEW AND COMMENT PRIOR TO FILING WITH THE IRS.

FORM 990, PART VI, SECTION B, LINE 12C:

CONFLICT OF INTEREST POLICIES COVER THE BOARD OF DIRECTORS, SENIOR  
LEADERSHIP, DEPARTMENT DIRECTORS, ALL EMPLOYEES, AND VOLUNTEERS. POTENTIAL  
CONFLICTS ARE REVIEWED REGULARLY AT THE LEVEL ABOVE THE INDIVIDUAL INVOLVED  
AND PROHIBITS OR REQUIRES DISCLOSURE OF ANY CONFLICT. WE DO NOT SEE MANY  
CHANGES LOCALLY OR ABROAD. WE CONSULT WITH ALL MEMBERS. IF A CONFLICT  
SHOULD ARISE, ANY VOTING MEMBERS OF THE BOARD SHALL RECUSE THEMSELVES FROM

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990) 2023

LHA 332211 11-14-23



Name of the organization

SOUTHWEST HEALTH SYSTEM, INC.

Employer identification number

84-1337350

VOTING.

FORM 990, PART VI, SECTION B, LINE 15:

LINE 15A: BEGINNING IN APRIL 2018, SOUTHWEST HEALTH SYSTEMS (SHS) ENTERED INTO A MANAGEMENT AGREEMENT WITH COMMUNITY HEALTH CONSULTING (CHC). CHC OVERSEES AND REVIEWS THE COMPENSATION OF THE CEO AND CFO. THE BOARD REVIEWS THE MANAGEMENT CONTRACT.

LINE 15B: THE CFO AND CNO ALSO HAVE MANAGEMENT AGREEMENTS WITH CHC. CHC OVERSEES AND REVIEWS THE COMPENSATION, AND THE BOARD REVIEWS AND APPROVES THE MANAGEMENT CONTRACT. COMPENSATION FOR ALL OTHER OFFICERS OF SHS IS REVIEWED AND APPROVED BY THE BOARD OF DIRECTORS OR CHC.

FORM 990, PART VI, SECTION C, LINE 19:

GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICIES, AND FINANCIAL STATEMENTS ARE ALL MADE AVAILABLE TO THE PUBLIC UPON REQUEST.

**SCHEDULE R  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Related Organizations and Unrelated Partnerships**  
Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.  
Attach to Form 990.

Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2023**

Open to Public  
Inspection

Name of the organization

**SOUTHWEST HEALTH SYSTEM, INC.**

Employer identification number  
**84-1337350**

**Part I Identification of Disregarded Entities.** Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

**Part II Identification of Related Tax-Exempt Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
SOUTHWEST MEMORIAL HOSPITAL FOUNDATION, INC. - 84-1200460, 1311 N MILDRED, CORTEZ, CO 81321	SUPPORT THE HOSPITAL SYSTEM	COLORADO	501(C)(3)		SOUTHWEST HEALTH SYSTEM, INC.	X	

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2023



**Part V Transactions With Related Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.**Note:** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

	Yes	No
<b>1</b> During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
<b>a</b> Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity .....	<b>1a</b>	X
<b>b</b> Gift, grant, or capital contribution to related organization(s) .....	<b>1b</b>	X
<b>c</b> Gift, grant, or capital contribution from related organization(s) .....	<b>1c</b>	X
<b>d</b> Loans or loan guarantees to or for related organization(s) .....	<b>1d</b>	X
<b>e</b> Loans or loan guarantees by related organization(s) .....	<b>1e</b>	X
<b>f</b> Dividends from related organization(s) .....	<b>1f</b>	X
<b>g</b> Sale of assets to related organization(s) .....	<b>1g</b>	X
<b>h</b> Purchase of assets from related organization(s) .....	<b>1h</b>	X
<b>i</b> Exchange of assets with related organization(s) .....	<b>1i</b>	X
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s) .....	<b>1j</b>	X
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s) .....	<b>1k</b>	X
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s) .....	<b>1l</b>	X
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s) .....	<b>1m</b>	X
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) .....	<b>1n</b>	X
<b>o</b> Sharing of paid employees with related organization(s) .....	<b>1o</b>	X
<b>p</b> Reimbursement paid to related organization(s) for expenses .....	<b>1p</b>	X
<b>q</b> Reimbursement paid by related organization(s) for expenses .....	<b>1q</b>	X
<b>r</b> Other transfer of cash or property to related organization(s) .....	<b>1r</b>	X
<b>s</b> Other transfer of cash or property from related organization(s) .....	<b>1s</b>	X
<b>2</b> If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.		

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)			
(2)			
(3)			
(4)			
(5)			
(6)			

**Part VI** **Unrelated Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

[illegible]

Provide additional information for responses to questions on Schedule R. See instructions.



# **SOUTHWEST HEALTH SYSTEM, INC.**

## **FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

*CPAs / ADVISORS*



**SOUTHWEST HEALTH SYSTEM, INC.**

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DECEMBER 31, 2023 AND 2022

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Blue & Co., LLC / 2650 Eastpoint Parkway, Suite 300 / Louisville, KY 40223  
main 502.992.3500 fax 502.992.3509 email blue@blueandco.com

blueandco.com

## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Southwest Health System, Inc.  
Cortez, Colorado

### Report on the Audit of Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Southwest Health System, Inc. (the "Health System"), which comprise the balance sheets as of December 31, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Health System as of December 31, 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. 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 the Health System 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 Health System's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors  
Southwest Health System, Inc.  
Cortez, Colorado

*Auditor's 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 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Health System'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 Health System'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.

*Blue & Co., LLC*

Louisville, Kentucky  
April 24, 2024

## SOUTHWEST HEALTH SYSTEM, INC.

### BALANCE SHEETS DECEMBER 31, 2023 AND 2022

---

#### ASSETS

	2023	2022
<b>Current assets</b>		
Cash and cash equivalents	\$ 3,611,987	\$ 10,965,613
Short-term investments	8,980,662	2,025,892
Patient accounts receivable, net	6,198,557	6,321,242
Inventories	1,436,809	1,425,402
Prepaid expenses and other current assets	1,444,684	1,261,845
Other assets, current portion	31,704	26,240
Total current assets	21,704,403	22,026,234
<b>Assets whose use is limited</b>	5,686,656	4,275,302
<b>Operating lease right-of-use assets, net</b>	303,353	428,694
<b>Finance lease right-of-use assets, net</b>	32,918	-0-
<b>Property and equipment, net</b>	31,856,752	35,473,867
<b>Other assets, net of current portion</b>	217,315	292,420
Total assets	<u>\$ 59,801,397</u>	<u>\$ 62,496,517</u>

---

See accompanying notes to financial statements.

# **SOUTHWEST HEALTH SYSTEM, INC.**

## **BALANCE SHEETS DECEMBER 31, 2023 AND 2022**

### **LIABILITIES AND NET ASSETS**

	<u>2023</u>	<u>2022</u>
<b>Current liabilities</b>		
Accounts payable	\$ 6,554,251	\$ 6,364,935
Accrued personnel costs	2,122,344	2,561,996
Accrued expenses	14,954	12,401
Estimated third-party payor settlements	4,280,957	5,077,092
Deferred revenue	164,835	871
Current portion of long-term debt	1,658,426	3,391,061
Current portion of operating lease liabilities	91,954	125,341
Current portion of finance lease liabilities	<u>20,609</u>	<u>-0-</u>
Total current liabilities	14,908,330	17,533,697
<b>Long-term liabilities</b>		
Long-term debt, net of current portion	25,430,952	26,240,413
Operating lease liabilities, net of current portion	211,399	303,353
Finance lease liabilities, net of current portion	13,546	-0-
Deferred compensation liabilities	<u>873,662</u>	<u>668,146</u>
Total long-term liabilities	<u>26,529,559</u>	<u>27,211,912</u>
Total liabilities	41,437,889	44,745,609
<b>Net assets without donor restrictions</b>	<u>18,363,508</u>	<u>17,750,908</u>
Total liabilities and net assets	<u>\$ 59,801,397</u>	<u>\$ 62,496,517</u>

*See accompanying notes to financial statements.*

# SOUTHWEST HEALTH SYSTEM, INC.

## STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
<b>Operating revenues</b>		
Net patient service revenue	\$ 70,869,424	\$ 70,217,971
Federal grant revenue	-0-	400,000
Pharmacy revenue	5,335,317	2,991,733
Other operating revenue	<u>672,120</u>	<u>718,127</u>
Total operating revenues	76,876,861	74,327,831
<b>Operating expenses</b>		
Salaries and wages	37,718,679	38,783,186
Employee benefits and payroll taxes	7,092,568	6,789,000
Professional fees	1,539,351	1,469,380
Purchased services	5,767,077	4,769,578
Drugs and medical supplies	12,253,666	10,648,763
Other supplies	1,101,850	1,173,692
Depreciation	4,099,936	4,160,328
Repairs and maintenance	1,942,556	2,103,917
Utilities	1,121,304	1,140,773
Insurance	1,003,662	863,659
Rent	185,936	550,254
Interest	1,428,095	1,568,295
Provider tax	2,305,964	2,477,409
Other operating expenses	<u>1,297,078</u>	<u>1,655,947</u>
Total operating expenses	<u>78,857,722</u>	<u>78,154,181</u>
Income (loss) from operations	(1,980,861)	(3,826,350)
<b>Nonoperating revenues (expenses)</b>		
Sales tax and proceeds	2,147,305	2,255,554
Investment income (loss), net	115,469	(433,526)
Contributions	340,510	525,522
Other	<u>(9,823)</u>	<u>(24,691)</u>
Total nonoperating revenues (expenses)	<u>2,593,461</u>	<u>2,322,859</u>
Excess revenues (expenses) and change in net assets	612,600	(1,503,491)
<b>Net assets, beginning of year</b>	<u>17,750,908</u>	<u>19,254,399</u>
<b>Net assets, end of year</b>	<u><u>\$ 18,363,508</u></u>	<u><u>\$ 17,750,908</u></u>

See accompanying notes to financial statements.

# SOUTHWEST HEALTH SYSTEM, INC.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
<b>Operating activities</b>		
Change in net assets	\$ 612,600	\$ (1,503,491)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	4,099,936	4,160,328
Amortization of bond issue costs included in interest expense	68,052	73,903
(Gain) loss on disposal of property and equipment	9,823	24,691
Net realized gains and losses and unrealized gains and losses on investments and assets whose use is limited	60,274	541,758
Changes in operating assets and liabilities		
Patient accounts receivable	122,685	558,225
Inventories	(11,407)	407,324
Prepaid expenses and other current assets	(182,839)	55,134
Accounts payable	586,638	1,503,195
Accrued personnel costs	(439,652)	(89,424)
Accrued expenses	2,553	270
Estimated third-party payor settlements	(796,135)	203,222
Deferred revenue	163,964	(3,066,054)
Deferred compensation liabilities	205,516	(62,884)
Net cash flows from operating activities	4,502,008	2,806,197
<b>Investing activities</b>		
Purchases of property and equipment	(909,495)	(2,050,002)
Proceeds from sale of property and equipment	28,191	3,600
Change in investments and assets whose use is limited	(8,426,398)	103,482
Change in other assets	69,641	(82,487)
Net cash flows from investing activities	(9,238,061)	(2,025,407)
<b>Financing activities</b>		
Borrowings on long-term debt	-0-	1,077,849
Principal payments on long-term debt	(2,610,148)	(3,217,351)
Principal payments on finance lease obligations	(7,425)	-0-
Net cash flows from financing activities	(2,617,573)	(2,139,502)
Net change in cash and cash equivalents	(7,353,626)	(1,358,712)
<b>Cash and cash equivalents, beginning of year</b>	10,965,613	12,324,325
<b>Cash and cash equivalents, end of year</b>	\$ 3,611,987	\$ 10,965,613
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	\$ 1,360,043	\$ 1,494,392
Right-of-use assets acquired under operating lease liabilities	\$ -0-	\$ 148,171
Right-of-use assets acquired under finance lease liabilities	\$ 41,580	\$ -0-
Property and equipment acquired included in accounts payable	\$ (397,322)	\$ 417,849

*See accompanying notes to financial statements.*

# **SOUTHWEST HEALTH SYSTEM, INC.**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022**

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### **1. NATURE OF OPERATIONS**

Southwest Health System, Inc. (the "Health System") was incorporated on March 8, 1996, for the purpose of operating Southwest Memorial Hospital. The Health System operates an acute-care hospital and clinic located in Cortez, Colorado. Montezuma County Hospital District ("MCHD"), a political subdivision of the State of Colorado, on September 14, 1996, under the terms of a lease agreement, as amended, transferred the operations, including substantially all net operating assets, to the Health System.

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed by the Health System in the preparation of the financial statements are summarized below:

#### Financial Statement Presentation

The Financial Accounting Standards Board ("FASB") is the independent, private-sector organization that establishes accounting and financial reporting standards for public and private companies and not-for-profit organizations that follow accounting principles generally accepted in the United States of America. The Health System follows FASB accounting and financial reporting standards in the preparation of their financial statements.

#### Basis of Accounting

The Health System prepares its financial statements using the accrual basis of accounting. Accrual accounting requires the recognition of revenues when its performance obligations are satisfied, and the recognition of expenses in the period in which they occur.

#### Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis, and have been prepared with a focus on the entity as a whole. Net assets, revenue, support, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Health System are classified and reported as follows:

Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board or designated by the board for specific use.

Net assets with donor restrictions: Net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations or specific purposes.

# **SOUTHWEST HEALTH SYSTEM, INC.**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022**

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### Management's Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, if any, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

### Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid assets with maturity dates of three months or less when purchased, excluding amounts reported in assets whose use is limited.

### Patient Accounts Receivable and Net Patient Service Revenue

Net patient service revenue is reported at the amount that reflects the consideration to which the Health System 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 Health System 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 Health System. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Health System 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 Health System receiving inpatient acute care services or patients receiving services in the outpatient center. The Health System measures the performance obligation from admission into the Health System, 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 our patients and customers in a retail setting (for example, pharmaceuticals) and the Health System does not believe it is required to provide additional goods or services related to that sale. For the years ended December 31, 2023 and 2022, the Health System recognized \$70,869,424 and \$70,217,971, respectively, from services that transfer to the customers over a period of time.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Health System has elected to apply the optional exemption provided in FASB Accounting Standards Codification ("ASC") 606-10-50-14a and, therefore, 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 previously are primarily related to inpatient acute care services at the end of the reporting period. The



# **SOUTHWEST HEALTH SYSTEM, INC.**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022**

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performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The Health System 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 Health System's policy, and implicit price concessions provided to uninsured patients. The Health System determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies, and historical experience. The Health System determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

### **Inventories**

Inventories consist of medical supplies, pharmaceuticals, and office supplies and are valued at the lower of cost or net realizable value, with cost being determined on the first-in, first-out ("FIFO") method.

### **Investments and Assets Whose Use Is Limited**

Assets limited as to use include annual proceeds from a 0.4% sales and use tax approved by voters of MCHD for facility expansion, assets held by trustee under indenture agreement, and a board-designated fund for future capital improvements and other long-term uses, over which the Board retains control and may at its discretion subsequently use for other purposes.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair market value in the balance sheets. Investment income or loss, including unrealized gains and losses on securities, interest, and dividends is included in nonoperating gains of net assets without donor restrictions, unless the income is restricted by donor or law.

### **Property and Equipment**

Property and equipment are recorded at cost, except for donations, which are recorded at the fair market value at the date of the donation. Property and equipment include expenditures for additions and repairs which substantially increase the useful lives of existing property and equipment. Maintenance, repairs, and minor improvements are expensed as incurred.

The property and equipment of the Health System are being depreciated using the straight-line method of depreciation over their estimated useful lives based upon the American Hospital Association's *Estimated Useful Lives of Depreciable Hospital Assets*.

### **Deferred Revenue**

Deferred revenue consists of grant funding received from the state of Colorado for which specific performance obligations have not been met as of December 31, 2023 and 2022, and must be met to keep the funding received.

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# **SOUTHWEST HEALTH SYSTEM, INC.**

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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### Statements of Operations and Changes in Net Assets

For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as operating revenues and expenses and included within the line *income (loss) from operations* in the statements of operations and changes in net assets. Peripheral and incidental transactions are reported as nonoperating revenues (expenses). Nonoperating revenues (expenses) which are excluded from *income (loss) from operations* include sales use and tax proceeds, contributions and donations, and investment income or loss.

### Performance Indicator

The statements of operations and changes in net assets include *excess revenues (expenses)*. Consistent with industry practice, changes in net assets which are excluded from *excess revenues (expenses)* include, if any, permanent transfers of assets to and from affiliates for other than goods and services, and 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).

### Advertising and Marketing Costs

Advertising and marketing costs are charged to operations when incurred. Advertising and marketing costs charged to operations were \$64,214 and \$39,530 for the years ended December 31, 2023 and 2022, respectively.

### Claims Reserves

The Health System provides for self-insurance reserves for estimated incurred but not reported claims for its employee health plan (Note 13). The gross liability, prior to insurance coverage, is reflected on the balance sheets within accrued personnel costs. The reserve is estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in the operating results in the period in which the change in estimate is identified.

### Debt Issuance Costs

Debt issuance costs are amortized over the period of the related obligation is outstanding using the effective interest method. Debt issuance costs are included within the long-term debt on the balance sheets. Amortization of debt issuance costs is included in interest expense in the accompanying financial statements.

### Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Health System are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give, if any, are reported at fair value at the date the gift is received. The gifts are reported as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction

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# **SOUTHWEST HEALTH SYSTEM, INC.**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022**

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expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying financial statements.

### Income Taxes

The Health System is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. As such, the Health System is generally exempt from income taxes. However, the Health System is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Health System and recognize a tax liability if the Health System has taken an uncertain tax position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Health System, and has concluded that as of December 31, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Health System is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

### Sales and Use Taxes

In November, 2015, MCHD levied a 0.4% sales and use tax for a period of 15 years with the proceeds designated for the Health System. The Health System recognizes the revenue as the taxes are collected by MCHD and records a receivable for the amounts owed that have not been received from MCHD.

### Risk Management

The Health System is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

### Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period of one year from the date the financial statements were available to be issued.

# **SOUTHWEST HEALTH SYSTEM, INC.**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022**

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### Reclassifications

Certain 2022 amounts have been reclassified to provide for consistency with reporting of 2023 information. These reclassifications have no effect on the previously reported total change in net assets or net assets.

### Subsequent Events

The Health System has evaluated events or transactions occurring subsequent to the balance sheet date for recognition and disclosure in the accompanying financial statements through the date the financial statements were available to be issued, which is April 24, 2024.

### **3. LEASE OF HOSPITAL FACILITIES**

The Health System leases the property and equipment of Southwest Memorial Hospital from MCHD under a lease, as amended on November 17, 2016. The lease provides that the property and equipment of the hospital facility be leased to the Health System and will expire on September 30, 2051 (Note 8). In the event of expiration, termination, or default of the lease, substantially all of the assets under the lease will revert to MCHD. Under this lease, the Health System is responsible for all costs, expenses, and obligations of every kind and nature relating to the use and occupancy of the leased premises. As consideration for this lease, the Health System is required to pay the principal, premium, interest, and all other obligations required by the Bond Indenture in addition to \$10,000 annually.

In addition, the Health System is required to comply with all covenants imposed on MCHD by the Bond Indenture and is required to meet certain financial covenants, as defined in the lease. In November 2015, voters of the MCHD approved a sales and use tax of 0.4%, from which the annual proceeds are to be used to reimburse the Health System for the costs of the facility expansion project and related financing costs.

### **4. SHORT-TERM INVESTMENTS AND ASSETS WHOSE USE IS LIMITED**

Total short-term investments consist of the following at December 31, 2023 and 2022:

	2023	2022
Money market funds	\$ 15,849	\$ 75,963
Mutual funds	-0-	1,383,505
Exchange-traded funds	-0-	566,424
U.S. treasury notes	8,964,813	-0-
Total short-term investments	<u>\$ 8,980,662</u>	<u>\$ 2,025,892</u>

## SOUTHWEST HEALTH SYSTEM, INC.

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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Assets whose use is limited are reported at market value and cost that approximates market value, and consist of the following at December 31, 2023 and 2022:

	2023	2022
Certificates of deposit	\$ 237,444	\$ 235,836
Money market funds	3,056,421	1,886,284
Mutual funds	873,662	1,627,935
Exchange-traded funds	-0-	393,098
U.S. treasury notes	1,386,980	-0-
Sales and use tax receivable	132,149	132,149
Total assets whose use is limited	<u>\$ 5,686,656</u>	<u>\$ 4,275,302</u>

	2023	2022
Board-designated funds	\$ 1,632,544	\$ 1,638,103
Trustee-held under debt agreement	3,048,301	1,836,904
Sales and use tax receivable	132,149	132,149
Deferred compensation fund	873,662	668,146
Total assets whose use is limited	<u>\$ 5,686,656</u>	<u>\$ 4,275,302</u>

Investment income is comprised of the following for the years ended December 31, 2023 and 2022:

	2023	2022
Dividends and interest income	\$ 212,826	\$ 120,909
Realized gains (losses) on investments	-0-	103,482
Change in market value of investments	(60,274)	(645,240)
Investment fees	(37,083)	(12,677)
Total investment income (loss), net	<u>\$ 115,469</u>	<u>\$ (433,526)</u>

#### Board-Designated Funds

The Health System's Board of Directors designated certain assets to meet the capital asset and other long-term needs of the facility. All income amounts earned by the Board-designated funds are left to accumulate as additions to the funds.

# **SOUTHWEST HEALTH SYSTEM, INC.**

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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### Trustee-Held Under Debt Agreement

The trustee-held funds are restricted for the payments of principal, interest, and construction costs related to certain long-term debt agreements. It also includes a capital improvement fund from which funds can be used for qualifying expenditures under the debt agreement.

### Deferred Compensation Funds

The deferred compensation funds represent assets that have accumulated under the deferred compensation plan. The Health System simply maintains the funds for the participants until they are withdrawn according to the specific terms of the deferred compensation agreement. The Health System records a liability equal to the deferred compensation assets.

### Fair Value Measurements and Disclosures

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Health System has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

- *Certificates of deposit*: Valued at cost which approximates fair value.
  - *Money market funds*: Generally transact subscription and redemption activity at a \$1 stable net asset value (NAV). However, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.
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# SOUTHWEST HEALTH SYSTEM, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

- *U.S. treasury notes:* Valued using pricing models maximizing the use of observable inputs for similar securities.
- *Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Health System are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Health System are deemed to be actively traded.
- *Exchange-traded funds (ETFs):* Valued at the closing price on the active exchange on which the individual securities are traded. Unlike mutual funds, ETFs trade like common stocks and are not required to publish and transact their daily net asset value. The ETFs held by the Health System are deemed to be actively traded.

Assets measured at fair value on a recurring basis as of December 31, 2023 are as follows:

	Level 1	Level 2	Level 3	Total
<b>Investments and assets whose use is limited</b>				
Money market funds	\$ -0-	\$ 3,072,270	\$ -0-	\$ 3,072,270
U.S. treasury notes	-0-	10,351,793	-0-	10,351,793
Mutual funds	873,662	-0-	-0-	873,662
Total assets at fair value	<u>\$ 873,662</u>	<u>\$ 13,424,063</u>	<u>\$ -0-</u>	14,297,725
Certificates of deposit				237,444
Sales and use tax receivable				132,149
<b>Total investments and assets whose use is limited</b>				<u><u>\$ 14,667,318</u></u>

Assets measured at fair value on a recurring basis as of December 31, 2022 are as follows:

	Level 1	Level 2	Level 3	Total
<b>Investments and assets whose use is limited</b>				
Money market funds	\$ -0-	\$ 1,962,247	\$ -0-	\$ 1,962,247
Exchange-traded funds	959,522	-0-	-0-	959,522
Mutual funds				
Consumer cyclical	1,093,662	-0-	-0-	1,093,662
Diversified emerging markets	130,439	-0-	-0-	130,439
Financial services	211,199	-0-	-0-	211,199
Foreign	164,762	-0-	-0-	164,762
High-yield bond	12,015	-0-	-0-	12,015
Institutional	176,705	-0-	-0-	176,705
Intermediate core-plus bond	25,535	-0-	-0-	25,535
Large cap	645,776	-0-	-0-	645,776
Mid cap	41,421	-0-	-0-	41,421
Nontraditional bond	93,526	-0-	-0-	93,526
Short-term bond	6,080	-0-	-0-	6,080
Small cap	164,769	-0-	-0-	164,769
Target date	245,551	-0-	-0-	245,551
Total mutual funds	<u>3,011,440</u>	<u>-0-</u>	<u>-0-</u>	3,011,440
Total assets at fair value	<u>\$ 3,970,962</u>	<u>\$ 1,962,247</u>	<u>\$ -0-</u>	5,933,209
Certificates of deposit				235,836
Sales and use tax receivable				132,149
<b>Total investments and assets whose use is limited</b>				<u><u>\$ 6,301,194</u></u>

## SOUTHWEST HEALTH SYSTEM, INC.

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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#### Risks and Uncertainties

The national and world-wide investment market conditions can be volatile. The Health System holds investment in certificates of deposit, money market funds, mutual funds, and exchange-traded funds. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in value, it is at least reasonable possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying financial statements. The Health System's management is currently unable to determine the effect, if any, the decline in the market conditions may ultimately have on the Health System's investment portfolio and ability to fund certain projects.

#### **5. PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consists of the following at December 31, 2023 and 2022:

	2023	2022
Land and land improvements	\$ 1,047,048	\$ 1,047,048
Buildings and improvements	53,156,396	53,096,048
Fixtures and equipment	32,632,329	32,551,972
Vehicles	1,313,728	1,083,070
Construction in progress	14,064	72,952
	88,163,565	87,851,090
Less accumulated depreciation	(56,306,813)	(52,377,223)
Property and equipment, net	<u>\$ 31,856,752</u>	<u>\$ 35,473,867</u>

#### Impairment of Property and Equipment

The Health System evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimate future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. The Health System did not recognize a loss on impairment of property and equipment for the years ended December 31, 2023 and 2022, respectively.

#### Conditional Asset Retirement Obligation

FASB ASC Topic 410 ("Topic 410") clarified when an entity is required to recognize a liability for a conditional asset retirement obligation. The Health System has considered Topic 410, specifically as it relates to its legal obligation to perform asset retirement activities, such as asbestos removal, on its

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## SOUTHWEST HEALTH SYSTEM, INC.

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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existing properties. The Health System believes there is an indeterminate settlement date for the asset retirement obligations, if any, because the range of time over which the Health System may settle the obligations is unknown and cannot be estimated. As a result, as of December 31, 2023 and 2022, the Health System cannot reasonably estimate a liability related to these potential asset retirement activities nor determine conclusively that a liability exists.

#### 6. OTHER ASSETS

Other assets consist of the following at December 31, 2023 and 2022:

	2023	2022
Interest in net assets of Foundation	\$ 192,698	\$ 186,173
Employee notes receivable	56,321	132,487
Total other assets	249,019	318,660
Other assets, current portion	(31,704)	(26,240)
Other assets, net of current portion	<u>\$ 217,315</u>	<u>\$ 292,420</u>

The Health System records a 100 percent interest in the net assets of Southwest Memorial Hospital Foundation, Inc. (the "Foundation"). The Foundation was established to solicit contributions from the general public for the funding of capital acquisitions by the Health System. Funds are distributed to the Health System as determined by the Foundations' Board of Directors.

Employee notes receivable amounts include balances due from employees as part of a loan program offered to reimburse employees for tuition costs. Under the terms of the program, employees notes are forgiven as long as they remained employed by the Health System during the note term. The notes bear no interest and mature on various dates through April 2025. If the employees meet the period-of-service requirement, the Health System will forgive these notes. If the employees do not meet the period-of-service requirement, the notes will be repaid on a prorata basis.

# **SOUTHWEST HEALTH SYSTEM, INC.**

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

### **7. LONG-TERM DEBT**

At December 31, 2023 and 2022, the Health System was obligated for long-term debt agreements as follows:

	<u>2023</u>	<u>2022</u>
Privately placed Montezuma County, Colorado Revenue Bonds, Southwest Memorial Hospital Project Series 2016A, due in varying monthly principal and interest payments ranging from \$46,000 to \$300,000, fixed interest rate of 4.72%, due December 2046. Secured by substantially all assets of the Health System.	\$ 25,874,384	\$ 27,491,295
Various promissory notes under a resolution to borrow with Vectra Bank, with maturity dates ranging from November 2023 to December 2025; fixed interest rates ranging from 4.75% to 7.37%. Monthly payments of principal and interest ranging from \$10,618 to 19,765. Collateralized by various equipment (carrying amounts totaling \$1,569,057 at December 31, 2023).	1,425,313	2,409,538
Financing agreement with a vendor; fixed interest rate of 4.95%, due July 2027. Monthly payments of principal and interest ranging from \$9,428 to \$10,428. Collateralized by equipment with a net book value of \$408,837 at December 31, 2023.	<u>408,837</u>	<u>417,849</u>
	27,708,534	30,318,682
Less current portion	(1,658,426)	(3,391,061)
Less debt issuance costs	<u>(619,156)</u>	<u>(687,208)</u>
Total long-term debt, net of current portion	<u>\$ 25,430,952</u>	<u>\$ 26,240,413</u>

## **SOUTHWEST HEALTH SYSTEM, INC.**

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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Maturities of long-term debt subsequent to December 31, 2023, are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>
2024	\$ 1,658,426
2025	1,481,454
2026	920,096
2027	1,310,305
2028	1,269,466
Thereafter	<u>21,068,787</u>
Total long-term debt	<u>\$ 27,708,534</u>

Under the terms of the bond agreement, the Health System is required to maintain certain deposits with a trustee. These deposits are included with assets whose use is limited on the balance sheets. The agreement also requires that the Health System maintain various restrictive covenants, including limits on additional indebtedness, submission of audited financial statements, minimum days cash on hand ratio, minimum debt service coverage ratio, and maximum debt to capitalization ratio. The Health System did not meet the financial covenants related to debt service coverage as of December 31, 2018, which was considered an event of default, and also did not meet the financial covenant related to minimum liquidity for four consecutive quarters during 2018. In November, 2018, the Health System entered into a forbearance agreement with the lenders and engaged a financial consultant, as required by the covenants, to provide recommendations for operational improvement. The forbearance agreement revised the debt service and minimum liquidity covenants, which increased at intervals through June 30, 2021.

Effective December 31, 2019, the forbearance agreement was amended. As part of the amendment, the Health System was extended a \$3,000,000 lease guidance facility that is to be utilized for capital improvements. In addition, the Health System was extended a \$250,000 commercial line of credit. There was no outstanding balance on the line of credit as December 31, 2023 or 2022.

Effective August, 2023, the bond agreement was amended, changing the calculation for the Health System's minimum liquidity ratios, as well as creating a requirement for a new capital improvement fund, which allows for use of funds for qualifying expenditures, as defined within the amended bond agreement.

# **SOUTHWEST HEALTH SYSTEM, INC.**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022**

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### **8. LEASES**

The Health System recognizes right-of-use ("ROU") assets and lease liabilities for leases with terms greater than 12 months or leases that contain a purchase option that is reasonably certain to be exercised. ROU assets represent the Health System's right to use an underlying asset for the lease term and lease liabilities represent the Health System's obligation to make lease payments arising from the lease. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease.

The Health System leases various property and equipment from MCHD that expires during 2051 (Note 3). The Health System also has various finance and operating leases for residential living space and commercial storage space that expire at various times through 2025, as well as an equipment lease that expires in 2025. The interest rates used in determining the carrying value of lease liabilities are determined using the incremental borrowing rate based on the estimated rate of interest for collateralized borrowing at transition date. Leasing arrangements required fixed payments, and may also include an amount that is probable will be owed under residual value guarantees, if applicable. Lease payments also include payments related to purchase or termination options when the lessee is reasonably certain to exercise the option or is reasonably certain not to exercise the option, respectively. The Health System's lease agreements do not contain any material restrictive covenants, other than those required in connection with the lease agreement with MCHD (Note 3). The leases have remaining terms of 1 to 28 years. Lease and non-lease components within any lease agreements the Health System has are accounted for separately.

The Health System's ROU assets and lease liabilities are recognized on the lease commencement date in an amount that represents the present value of future lease payments over the lease term. The Health System utilizes its collateralized incremental borrowing rate commensurate to the lease term as the discount rate for its leases unless the Health System can specifically determine the lessor's implicit rate. The operating lease ROU asset also includes any lease payments made and excludes lease incentives, if any.

Short-term leases (leases with an initial term of 12 months or less, or leases that are cancelable by the lessee and the lessor without significant penalties) are not capitalized, but are expensed on a straight-line basis over the lease term. The Health System's short-term lease costs are related to various medical equipment that is rented on an as-needed basis, and varies month-to-month.

In evaluating contracts to determine if they qualify as a lease, the Health System considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if the Health System can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. Furthermore, the Health System assesses whether it is reasonably certain to exercise options to extend or terminate a lease considering all relevant factors that create economic incentive to exercise such options, including asset, contract, market, and entity-based factors. These evaluations may require significant judgment.

# SOUTHWEST HEALTH SYSTEM, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

The components of the Health System's lease costs for the years ended December 31, 2023 and 2022, respectively, is as follows:

	2023	2022
Operating lease costs	\$ 146,267	\$ 507,881
Short-term lease costs	39,669	42,373
Finance lease costs:		
Amortization expense	8,662	-0-
Interest on lease liabilities	2,097	-0-
	<u>\$ 185,936</u>	<u>\$ 550,254</u>

The cost of equipment held under operating and finance lease obligations at December 31, 2023 and 2022, respectively, is as follows:

	2023	2022
Right-of-use assets under operating leases	\$ 487,128	\$ 906,990
Less: accumulated amortization	(183,775)	(478,296)
Right-of-use operating lease assets, net	<u>\$ 303,353</u>	<u>\$ 428,694</u>

  

	2023	2022
Right-of-use assets under finance leases	\$ 41,580	\$ -0-
Less: accumulated amortization	(8,662)	-0-
Right-of-use operating lease assets, net	<u>\$ 32,918</u>	<u>\$ -0-</u>

At December 31, 2023 and 2022, respectively, the weighted average lease term and weighted-average discount rate on the Health System's operating and finance lease liabilities is as follows:

	2023	2022
<b>Weighted-average remaining lease term</b>		
Operating leases	15.61 years	12.53 years
Finance leases	1.5 years	Not applicable
	<u>2023</u>	<u>2022</u>
<b>Weighted-average discount rate</b>		
Operating leases	4.25%	4.25%
Finance leases	9.25%	Not applicable

## SOUTHWEST HEALTH SYSTEM, INC.

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Additional information regarding cash payments under the Health System's operating and finance leases during 2023 and 2022, as well as the inputs used in determining the ROU assets and liabilities at December 31, 2023 and 2022, respectively, as are follows:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating activities	\$ 146,267	\$ 507,881
Operating cash flows arising from finance lease activities	2,097	-0-
Financing cash flows from finance leases	7,425	-0-

Future payments of operating and finance lease liabilities as of December 31, 2023, are as follows:

Year ended December 31,	Operating Leases	Finance Leases
2024	\$ 102,956	\$ 22,852
2025	62,656	13,947
2026	9,996	-0-
2027	9,996	-0-
2028	9,996	-0-
Thereafter	227,409	-0-
Total lease payments	423,009	36,799
Less: imputed interest	119,656	2,644
Present value of minimum lease payments	<u>\$ 303,353</u>	<u>\$ 34,155</u>

## 9. NET PATIENT SERVICE REVENUE

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigation and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by health care providers. Laws and regulations concerning government programs, including Medicare and Medicaid, are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Final determination of compliance with such laws and regulations is subject to future government review and interpretation. Violations may result in significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. The Health System believes that it is in compliance with all applicable laws and regulations.

## **SOUTHWEST HEALTH SYSTEM, INC.**

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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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 Health System'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. Adjustments arising from a change in the transaction price were not significant in 2023 and 2022.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Health System also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Health System 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 net patient service revenue in the period of the change. For the years ended December 31, 2023 and 2022, adjustments were recognized due to changes in the Health System's estimates of implicit price concessions, discounts, and contractual adjustments for performance obligations satisfied in prior years were not significant. Subsequent changes that are significant and 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 Health System's mission, care is provided to patients regardless of their ability to pay. Therefore, the Health System 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 Health System expects to collect based on its collection history with those patients.

Patients who meet the Health System'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 Health System has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: payors, geography, service lines, method of reimbursement, and timing of when revenue is recognized. The following tables provide details of these factors.

# SOUTHWEST HEALTH SYSTEM, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

The composition of net patient service revenue by primary payor for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
Medicare	\$ 26,665,614	\$ 27,411,131
Medicaid	22,847,730	22,740,403
Commercial, managed care, and other	20,898,930	19,058,987
Self pay patients	457,150	1,007,450
	<u>\$ 70,869,424</u>	<u>\$ 70,217,971</u>

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

The composition of net patient service revenue based on its lines of business and timing of revenue recognition for the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
<b>Service Lines</b>		
Inpatient	\$ 17,354,882	\$ 15,958,427
Outpatient	33,527,823	33,345,282
Clinical services	14,205,568	15,483,604
Ambulance	5,781,151	5,430,658
	<u>\$ 70,869,424</u>	<u>\$ 70,217,971</u>

The Health System grants credit without collateral to its patients, most of who are local residents and insured under third-party payor agreements. The mix and concentration of gross patient service revenue and patient accounts receivable at December 31, 2023 and 2022 is as follows:

	2023		2022	
	Revenues	Receivables	Revenues	Receivables
Medicare	45 %	26 %	44 %	25 %
Medicaid	29	10	30	12
Commercial, managed care, and other	23	21	23	23
Self pay	3	43	3	40
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>



## SOUTHWEST HEALTH SYSTEM, INC.

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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

- **Medicare.** The Health System is a provider of services to patients entitled to coverage under Title XVIII ("Medicare") of the Health Insurance Act. The Health System is designated as a Critical Access Hospital ("CAH") by Medicare and is paid for Medicare services based upon a cost reimbursement methodology. The Health System is reimbursed for cost reimbursable items at an interim rate, with final settlement determined after submission of annual cost reports. Differences between the total program billed charges and the payments received are reflected as deductions from revenue. At the Health System's year-end, a cost report is filed with the Medicare program computing reimbursement amounts related to Medicare patients. Clinical services are paid on a cost basis or fixed fee schedule.
- **Medicaid.** The Health System is a provider of services to patients entitled to coverage under Title XIX ("Medicaid") of the Health Insurance Act. After November 1, 2016, the Health System is reimbursed for Medicaid inpatient and outpatient services under prospectively determined rates-per-discharge and is not subject to retroactive adjustment. The differences between standard charges and reimbursement from these programs are recorded as deductions from revenue. Outpatient services prior to November 1, 2016 related to Medicaid beneficiaries are paid at interim rates based on the Medicaid cost-to-charge ratio. Retrospective settlements based on audited cost-to-charge ratios are made periodically.

The Health System participates in the State of Colorado provider fee program, approved by the Centers for Medicare and Medicaid Services ("CMS"), under which all hospitals in the state are assessed a fee based on bed size and payor mix. The state of Colorado uses the fees to supplement state budget funds for the Medicaid program, which brings matching federal monies into the program, enabling the state of Colorado to fund Medicaid payments to hospitals at a higher rate than would otherwise be possible. The Health System recorded \$2,305,964 and \$2,477,409 in provider fees for the years ended December 31, 2023 and 2022, respectively, which are recorded as a part of operating expenses. The Health System recorded \$12,027,087 and \$11,437,245 of supplemental payments for the years ended December 31, 2023 and 2022, respectively, which are recorded as part of net patient service revenue.

- **Other.** The Health System has also entered into preferred provider agreements with certain commercial insurance carriers. The basis for payment to the Health System under these arrangements includes prospectively determined rates per discharge, discounts from established charges, and fee schedule payments.
  - **Charity Care and Uninsured Discounts.** The Health System provides care without charge or at less than its established rates to patients who meet certain criteria under its charity care policy. Because the Health System does not collect amounts deemed to be charity care, they are not reported as revenue. The estimated costs of providing charity services are based on a calculation which applies a ratio of costs to charges to the gross uncompensated charges associating with providing care to charity patients. The ratio of cost to charges is calculated based on the Health System's total operating
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## **SOUTHWEST HEALTH SYSTEM, INC.**

### **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022**

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expenses divided by gross patient service revenue. For the years ended December 31, 2023 and 2022, the Health System incurred estimated charity costs of \$482,378 and \$614,684, respectively.

The Centers for Medicare and Medicaid Services ("CMS") has been granted authority to suspend payments, in whole or in part, to Medicare providers if CMS possess reliable information on overpayment, fraud or if willful misrepresentation exists. If CMS suspects payments are being made as the result of fraud or misrepresentation, CMS may suspend payment at any time without providing prior notice to the Health System. The initial suspension period is limited to 180 days. However, the payment suspension period can be extended indefinitely if the matter is under investigation by the United States Department of Health and Human Services Office of Inspector General or the United States Department of Justice. Therefore, the Health System is unable to predict if or when it may be subject to a suspension of payments by the Medicare and/or Medicaid programs, the possible length of the suspension period, or the potential cash flow impact of a payment suspension. Any such suspension would adversely impact the Health System's financial position, results of operations, and cash flows.

#### **10. DEFINED CONTRIBUTION RETIREMENT PLANS**

The Health System offers its employees a 403(b) tax deferred annuity plan. Employees are eligible to receive employer contributions on January 1 or July 1 following the date that the employee has completed one year of service and reached the age of 21. Participating employees may authorize the Health System to deduct a portion of their pay to contribute to the plan. Employee contributions are matched by the Health System up to 2% of the qualified employee salaries. For the years ended December 31, 2023 and 2022, the amount of retirement expense was \$517,851 and \$500,854, respectively.

The Health System also offers a 457 deferred compensation plan to employees meeting certain criteria. Eligible employees may elect to defer a percentage of their compensation into the plan. As the assets of the plan are still considered to be those of the Health System under IRS regulations, the balance in these accounts is included in assets whose use is limited on the balance sheets and a corresponding liability has been recorded in deferred compensation liabilities on the balance sheets.

# SOUTHWEST HEALTH SYSTEM, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

### 11. FUNCTIONAL EXPENSES

The Health System provides general healthcare services to residents within its geographic area. Expenses related to providing these services are broken down as follows for the years ended December 31, 2023 and 2022:

	2023		
	Healthcare Services	General and Administrative	Total
Salaries and wages	\$ 35,058,462	\$ 2,660,217	\$ 37,718,679
Employee benefits and payroll taxes	6,596,031	496,537	7,092,568
Professional fees	1,539,351	-0-	1,539,351
Purchased services	5,255,230	511,847	5,767,077
Drugs and medical supplies	12,253,666	-0-	12,253,666
Other supplies	1,023,303	78,547	1,101,850
Depreciation	3,812,940	286,996	4,099,936
Repairs and maintenance	1,806,563	135,993	1,942,556
Utilities	1,034,923	86,381	1,121,304
Insurance	929,971	73,691	1,003,662
Rent	174,460	11,476	185,936
Interest	1,328,174	99,921	1,428,095
Provider tax	2,305,964	-0-	2,305,964
Other operating expenses	938,897	358,181	1,297,078
Total operating expenses	<u>\$ 74,057,935</u>	<u>\$ 4,799,787</u>	<u>\$ 78,857,722</u>

  

	2022		
	Healthcare Services	General and Administrative	Total
Salaries and wages	\$ 36,048,038	\$ 2,735,148	\$ 38,783,186
Employee benefits and payroll taxes	6,303,903	485,097	6,789,000
Professional fees	1,469,380	-0-	1,469,380
Purchased services	4,479,911	289,667	4,769,578
Drugs and medical supplies	10,648,763	-0-	10,648,763
Other supplies	1,090,294	83,398	1,173,692
Depreciation	3,869,105	291,223	4,160,328
Repairs and maintenance	1,956,642	147,275	2,103,917
Utilities	1,052,892	87,881	1,140,773
Insurance	800,247	63,412	863,659
Rent	511,736	38,518	550,254
Interest	1,458,514	109,781	1,568,295
Provider tax	2,477,409	-0-	2,477,409
Other operating expenses	1,141,420	514,527	1,655,947
Total operating expenses	<u>\$ 73,308,254</u>	<u>\$ 4,845,927</u>	<u>\$ 78,154,181</u>

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Health System. Therefore, these expenses require allocation on a reasonable

## SOUTHWEST HEALTH SYSTEM, INC.

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits and payroll taxes, purchased services, other supplies, depreciation, repairs and maintenance, utilities, insurance, rent, interest, and other operating expenses, which are allocated based on square footage.

#### 12. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2023	2022
Cash and cash equivalents	\$ 3,611,987	\$ 10,965,613
Short-term investments	8,980,662	2,025,892
Patient accounts receivable, net	6,198,557	6,321,242
Other receivables	598,435	351,129
	<u>\$ 19,389,641</u>	<u>\$ 19,663,876</u>

As part of a liquidity management plan, cash in excess of daily requirements is invested in marketable securities which may be drawn upon, if necessary, to meet unexpected liquidity needs.

#### 13. CONTINGENCIES AND COMMITMENTS

##### Professional Liability

The Health System carries professional liability coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1,000,000 per claim and an annual aggregate limit of \$3,000,000. There is additional umbrella coverage above these limits up to \$6,000,000 under a commercial insurance policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be insured. The Health System has accrued professional liability reserves of \$5,000 at both December 31, 2023 and 2022, respectively, and these amounts are included in accrued expenses on the balance sheets.

##### Property and Equipment Commitments

Project	Expected Date of Completion	Estimated Total Cost of Project	Costs Incurred as of December 31, 2023
Air handler	June 2024	\$ 266,780	\$ 14,064

Employee Health Self-Insured Plan

# **SOUTHWEST HEALTH SYSTEM, INC.**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022**

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The Health System is partially self-insured for health insurance. The claims under the plan continue to be accrued as the incidents that give rise to them occur. Unpaid claim accruals are based on the estimated ultimate costs of the claims, including claims administration expenses, in accordance with the Health System's past experience. The Health System has entered into reinsurance agreements with insurance companies to limit its losses on claims for health insurance. Reserves for self-insured plans were \$479,958 and \$330,000 as of December 31, 2023 and 2022, respectively, and are included in accrued personnel costs on the balance sheets. Receivable amounts have been recorded for expected insurance recoveries related to the professional liability claims in the amount of \$-0- and \$119,542 at December 31, 2023 and 2022, respectively, and are included in prepaid expenses and other current assets, on the balance sheets.

### Litigation, Claims, and Disputes

The Health System is susceptible to a variety of legal proceedings and claims by others against the Health System in a variety of matters arising out of the conduct of the Health System's business. The ultimate resolution of such claims would not, in the opinion of management, have a material adverse effect on the financial statements.

### HIPAA

Management continues to implement policies, procedures, and a compliance-monitoring organizational structure to enforce and monitor compliance with the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and other government statutes and regulations. The Health System's compliance with such laws and regulations is subject to future government review and interpretations, as well as regulatory actions which are unknown or unasserted at this time.

## **14. CONCENTRATIONS OF CREDIT RISK**

The Health System's cash balances are maintained in various bank deposit accounts. At various times during the year, the balance of these deposits may be in excess of federally insured limits. To date, the Health System has not experienced losses in any of these accounts. The Health System believes it is not exposed to any significant credit risk on cash.

## **15. RELATED PARTY TRANSACTIONS**

The Health System has a management agreement with Community Hospital Consulting, Inc. ("CHC") to provide management services. The term of the agreement was signed effective July 1, 2018 with a term of five years. Effective July 1, 2021, the agreement was amended to extend the term through June 30, 2026. Management fees and reimbursement for salaries and benefits of key executives of the Health System totaled \$1,294,808 and \$1,430,844 for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022, respectively, the Health System recognized a liability included in accounts payable on the balance sheets of approximately \$98,000 and \$257,000 to CHC.

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