Strategic, Financial, and Operational Assessment

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Overview

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- Sitka Community Hospital (SCH) is an 12-bed Critical Access Hospital (CAH) with an attached 15-bed skilled nursing facility, providing acute care, long-term care, primary care, emergency medicine, surgery, and related outpatient ancillary services to the residents of Sitka, Alaska
  - SCH is a municipal general hospital, governed by a Board of Directors appointed by the Assembly of the City and Borough of Sitka, AK, and is a component unit of the City and Borough
- In 2016, SCH and the Southeast Regional Health Consortium (SEARHC), a non-profit tribal health consortium of 18 Native communities, looked to establish a long-term vision for service delivery within the region
  - As part of the process, an independent consultant was engaged to evaluate options for improved alignment
    - Options evaluated included status quo, joint venture, and merger
    - Consultant recommended merger as the preferred option for alignment and recommended SEARHC submit a merger proposal for the Sitka Assembly to review
      - Merger proposal was submitted by SEARHC to city Assembly in May 2017
- SCH engaged Stroudwater to evaluate market, operational, and financial opportunities to solidify the position of the hospital within the region and assess the ability of SCH to sustain operations under the current organizational structure, with the potential for a more improved collaboration between SCH and SEARHC
  - In addition, Stroudwater created a 10-year financial proforma that approximates the financial position of the organization based on revenue and expense fluctuations
  - SEARHC has no obligation to collaborate and thus collaborative initiatives between SEARHC and SCH must be mutually beneficial

Overview

- Based upon our analysis of the data provided and financial modeling we performed, SCH is in a position to generate positive operating margin and improved financial liquidity and to fund ongoing capital requirements through the following opportunities:

Opportunity	Expected Probability	Estimated Annual Impact
Cost Report Improvements	85%	$ 490,000
Skilled Nursing Facility Bed conversion to CAH Beds	75%	1,100,000
Discontinuation of OB Services	90%	170,000
Change in Business Model for Surgical Services	90%	190,000
Clinic Optimization	65%	810,000
	Total:	$ 2,760,000

- Stroudwater also modeled the following for capital projects at SCH:
  - Transition to the Cerner EHR in FY19
  - $550K per year for facility repairs, renovations, and equipment
- Implementing all of the recommendations detailed in the financial modeling section of this report would improve both the net income and cash position by $2.4M per year on average or nearly $24M over the 10-year measured period which would strengthen financial performance, provide capital for reinvestment, and improve financial independence over the long term
  - Please note that this report was based on our determination of the highest value opportunities for SCH as identified during the site visit and that additional opportunities may exist for performance improvement.

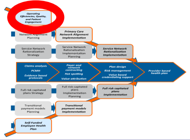
Engagement Purpose & Methodology

- **Overview**
  - SCH engaged Stroudwater to complete a strategic, financial, and operational assessment (SFOA) with financial modeling for the purposes of:
    - Answering financial, operational, and industry-specific questions presented by the Board and administration
    - Helping to identify top opportunities that will result in improved financial and operating performance
    - Projecting future financial performance based on various assumptions including, but not limited to, service expansion and or reduction, service delivery optimization, and organizational optimization
    - Best-positioning SCH for success in the rapidly evolving healthcare market, including new payment and delivery care models, and to promote value within a population health management system
- **Purpose**
  - To identify and financially model performance-improvement opportunities that will result in increased financial stability, with areas to address including:
    - Evaluation of historic/potential demand for clinical services
    - Identification of opportunities to appropriately address clinical service line gaps
    - Reimbursement and cash flow with emphasis on selected service lines
    - Hospital expense analysis
    - Organizational architecture and management principles
    - Strategic direction

Engagement Purpose & Methodology

- **Methodology**
  - Gather and review pertinent market, clinical service line, and financial data, including:
    - Detailed inpatient utilization and outpatient data for all revenue centers
    - Clinic charges and visits by provider
    - Recently-filed cost reports
    - Audited financial statements and financial and utilization (inpatient and outpatient) projections
  - Conduct an intensive two-day site visit
    - Meet with Board members to engage on strategic direction
    - Interview with CEO, CFO, COO, CNO, Chief of Medical Staff, senior leadership team members, clinical operational staff, and selected department managers
    - Preview findings and preliminary recommendations prior to site visit departure
  - Complete a financial assessment for SCH
  - Prepare final report and recommendations
  - Action Planning
  - Follow up as required

FINANCIAL ASSESSMENT



Financial Model

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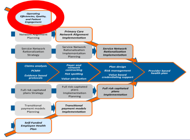
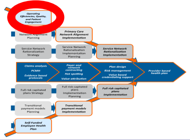
- **Overview**
  - In order to project the future financial position of SCH, Stroudwater created a 10-year financial proforma which approximates the financial position of the organization based on revenue and expense fluctuations
    - Stroudwater used FY16 as the base year and FY17 – FY26 were forecast years
      - Since FY17 ended on June 30, 2017, assumptions and modeling will begin in FY18
  - As part of the financial model, Stroudwater assessed the impact of each of the following scenarios with a “status quo” scenario at SCH:
    - Cost Report improvements
    - Long Term Care Bed Conversion to CAH Beds
    - Elimination of OB program
    - Reducing Surgery from 24/7 to scheduled surgeries M – F
    - Clinic Optimization
      - Volume Increases
      - Addition of 340B



Financial Model

- **Assumptions**
  - Stroudwater applied the following assumptions across all models to account for revenue and expense variation
    - Revenue Assumptions:
      - Prices increased by 2% per year starting in FY18
      - Bad Debt set at 2.25% of Gross Charges each year
      - Reimbursements:
        - Medicare reimbursements driven by cost-based reimbursement
        - Medicaid cost-based every 4th year, then set increases each other year at 2%
        - All other payors set at 91.0% of charge in FY16, then increased 2% each year thereafter
          - Professional fees reimbursement set at 55% of charge, then increased 2% thereafter
      - Volumes remained constant from FY17 through FY26 unless stated otherwise in one of the subsequent scenarios
        - Actual volume fluctuations up or down will impact the financial performance of SCH
      - Other Operating Revenue:
        - Set at a fixed $399K per year
      - Non-Operating Revenue:
        - Tobacco Tax remained at $680k from FY17 through FY26
        - Sitka Support of Fixed Assets remained at $153K from FY17 through FY26
        - Interest Income set at 0.72% of the cash balance



Financial Model

- **Assumptions (continued)**
  - Stroudwater applied the following assumptions across all models (continued)
    - <u>Expense Assumptions</u>:
      - The following expenses were increased 2% each year from FY18 – FY26
        - Salaries & Wages
        - Other Miscellaneous
      - The following expenses were increased 3% each year from FY18 – FY26
        - Supplies
        - Professional Fees
      - Benefit expense set at 52% of Salaries and Wages from FY18 – FY26 based on the following:
        - PERS benefit: 22% per year
        - Other benefits: 30% per year (FICA, SUTA, FUTA, Medical, etc.)
      - Staffing full time equivalents (FTEs) remained constant unless specifically addressed in a subsequent scenario

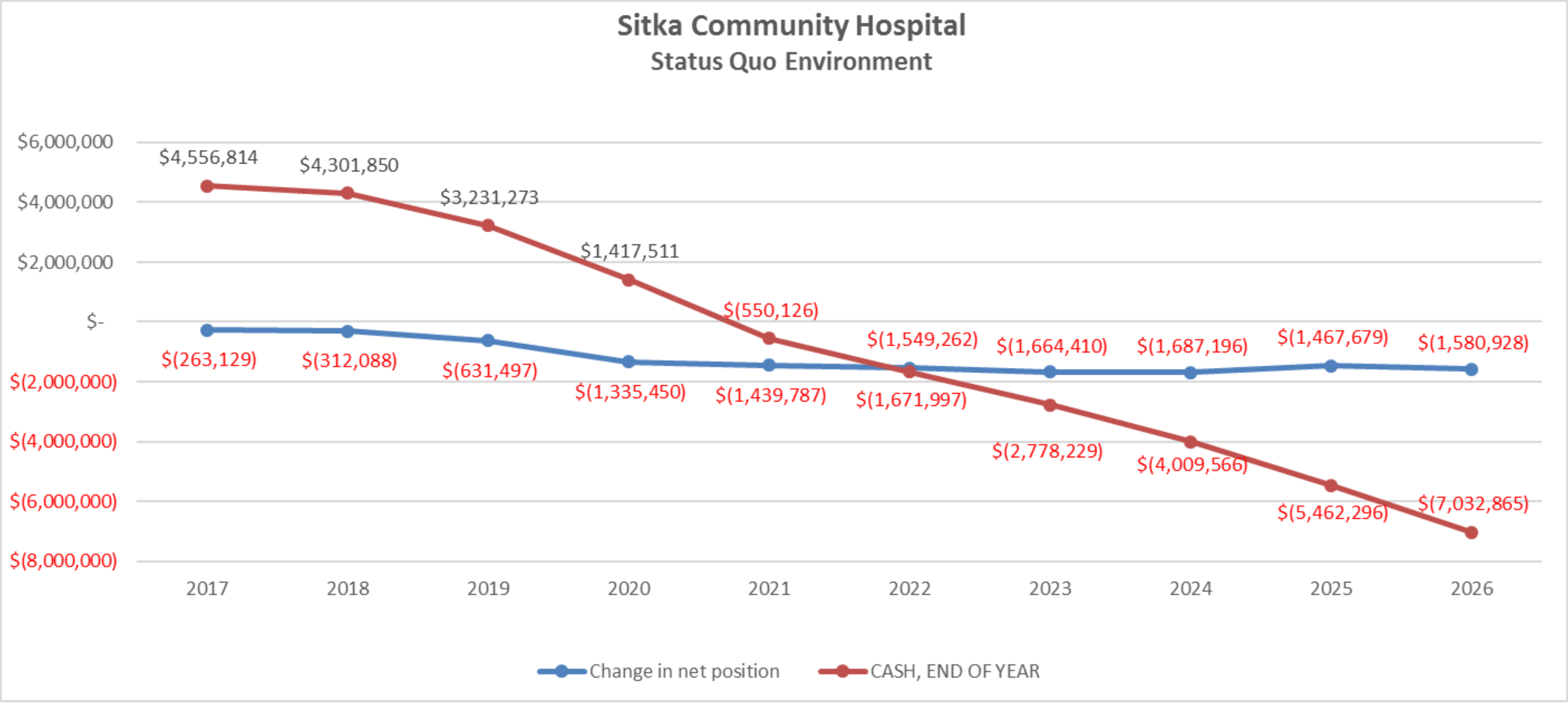
Financial Model

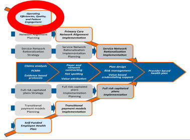
- **Assumptions (continued)**
  - Stroudwater applied the following assumptions across all models (continued)
    - Other Assumptions:
      - Stroudwater assumed the transition to Cerner for an EHR starting in FY19 at an initial capital cost of $2.9M at 0% interest over 7 years with $600K due in FY19 and $385K due each year for the following 6 years
        - Recurring operating cost factored at $400K per year starting in FY20
      - Capital Projects:
        - Stroudwater assumed $550K in annual capital expenditures
      - The following table highlights facility and equipment purchases from FY18 through FY26

STATEMENT OF OPERATIONS Capital Purchases	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Variance	$ 550,000	$ 3,409,627	$ 550,000	$ 550,000	$ 550,000	$ 550,000	$ 550,000	$ 550,000	$ 550,000

Scenario: Status Quo

- **Scenario: Status Quo**
  - The following chart presents the projected annual net income of SCH and the year end cash balance under a "status quo" environment
    - Based on the projected operating statement, SCH net income would decrease from ($263K) in FY17 to ($1.6M) in FY26 and the cash balance would decrease from $4.6M in FY17 to ($7.0M) in FY26 due to the continued increase in operating expenses





Scenario: Status Quo

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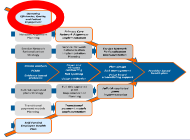
- **Scenario: Status Quo (continued)**
  - The following table presents the projected operating statement of SCH under a "status quo" environment
    - Based on the projected operating statement, SCH net income would decrease from ($263K) in FY17 to ($1.6M) in FY26 due to the continued increase in operating expenses

SITKA COMMUNITY HOSPITAL
STATEMENTS OF OPERATIONS

	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2026
Net patient service revenue	$ 23,583,943	$ 25,815,437	$ 26,355,037	$ 27,010,299	$ 27,355,299	$ 27,928,836	$ 30,801,047
Provision for Bad Debt	(399,364)	(664,347)	(677,634)	(691,186)	(705,010)	(719,110)	(793,956)
Inkind Service - PERS/USAC	1,826,822	373,920	373,920	373,920	373,920	373,920	373,920
Other operating revenue	390,349	398,635	398,635	398,635	398,635	398,635	398,635
Total operating revenue	25,401,750	25,923,645	26,449,958	27,091,668	27,422,844	27,982,281	30,779,646
Operating expenses							
Salaries	11,331,579	12,502,205	12,752,250	13,007,295	13,267,440	13,532,789	14,941,293
Benefits	5,198,125	3,767,529	3,842,879	3,919,737	3,998,132	4,078,094	4,502,546
Pension Expense	3,797,916	2,750,485	2,805,495	2,861,605	2,918,837	2,977,214	3,287,084
Professional fees	3,489,597	3,812,512	3,926,887	4,044,694	4,166,035	4,291,016	4,974,464
Supplies	1,632,442	1,570,335	1,617,445	1,665,968	1,715,947	1,767,425	2,048,930
Other operating expenses	2,906,483	1,976,679	2,018,156	2,067,477	2,518,117	2,580,999	2,904,192
Depreciation and amortization	926,786	702,182	719,380	1,079,138	1,097,479	1,115,820	600,273
Total operating expenses	29,282,928	27,081,927	27,682,492	28,645,914	29,681,987	30,343,357	33,258,781
Operating income (loss)	(3,881,178)	(1,158,282)	(1,232,534)	(1,554,246)	(2,259,143)	(2,361,076)	(2,479,135)
Nonoperating revenues (expenses)							
Total nonoperating revenue (expenses), net	701,018	895,153	920,446	922,749	923,694	921,289	898,207
Change in net position	(3,180,160)	(263,129)	(312,088)	(631,497)	(1,335,450)	(1,439,787)	(1,580,928)
NET ASSETS, Beginning of year	(3,215,856)	(6,396,016)	(6,659,145)	(6,971,233)	(7,602,729)	(8,938,179)	(16,746,514)
NET ASSETS, End of year	**$ (6,396,016)**	**$ (6,659,145)**	**$ (6,971,233)**	**$ (7,602,729)**	**$ (8,938,179)**	**$ (10,377,966)**	**$ (18,327,442)**



Scenario: Status Quo

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- **Scenario: Status Quo (continued)**
  - The following table presents the cash position of SCH under a “status quo” environment
    - Based on the continued decline in net income, the SCH cash position would decline from $4.6M in FY17 to ($7.0M) in FY26

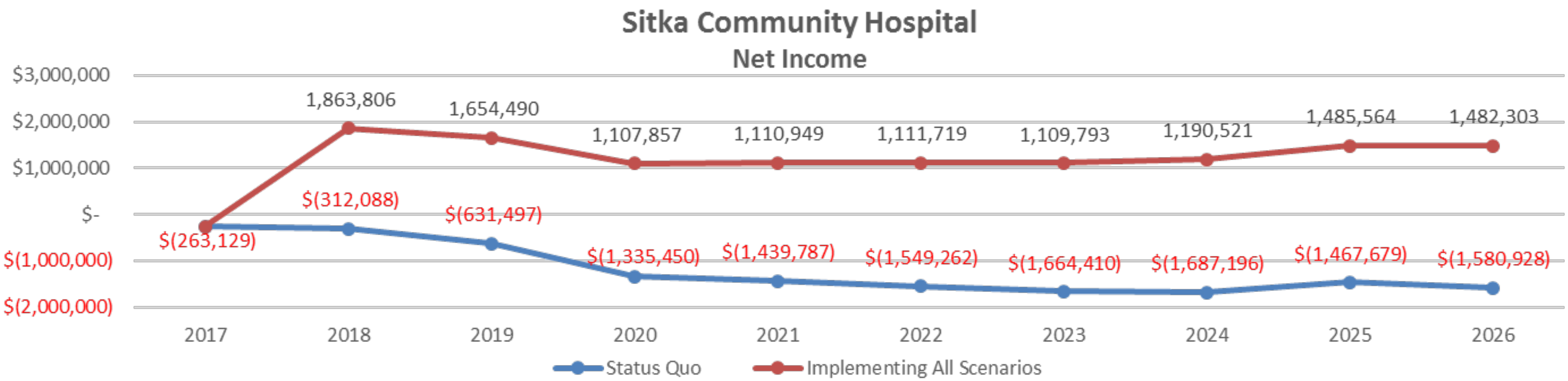
STATEMENT OF CASH FLOWS

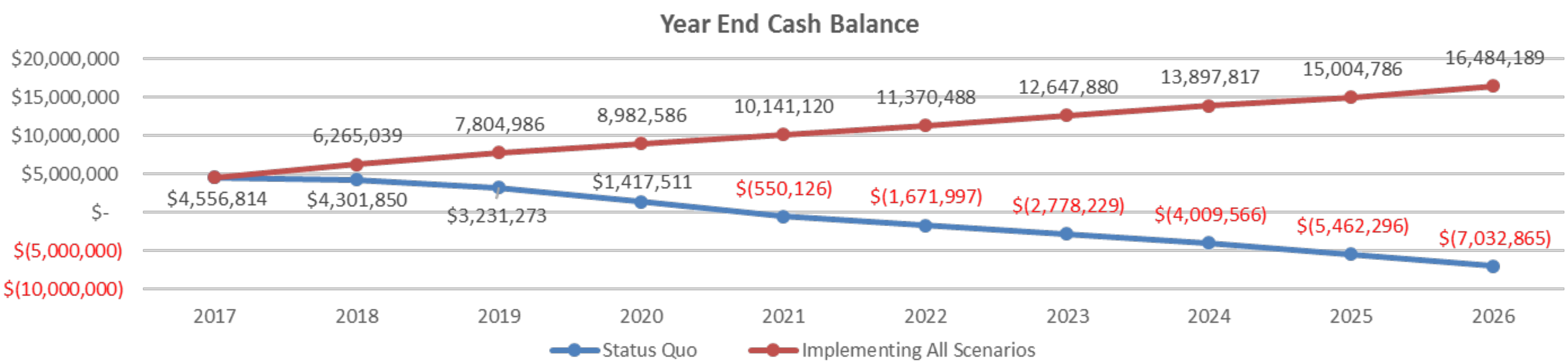
	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2026
Net cash provided by operating activities	3,410,307	23,270	349,504	373,333	(237,185)	(383,323)	(1,021,160)
Net cash provided (used) by Cap/Fin activities	(271,397)	(88,385)	(638,385)	(1,477,437)	(1,608,260)	(1,608,260)	(550,000)
Net cash provided (used) by investing activities	395	11,226	33,917	33,527	31,685	23,946	591
NET INCREASE (DECREASE) IN CASH	3,139,305	(53,888)	(254,964)	(1,070,577)	(1,813,761)	(1,967,637)	(1,570,569)
CASH, BEGINNING OF YEAR	1,471,397	4,610,702	4,556,814	4,301,850	3,231,273	1,417,511	(5,462,296)
CASH, END OF YEAR	$ 4,610,702	$ 4,556,814	$ 4,301,850	$ 3,231,273	$ 1,417,511	$ (550,126)	$ (7,032,865)

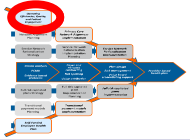
- <u>Conclusion</u>:
  - Unless SCH makes changes to the current operational environment, SCH would be dependent on external resources to sustain operations at the hospital

Financial Modeling Summary

- **Implementation of all Financial Modeling Recommendations**
  - Implementing all of the recommendations detailed in the financial modeling section of this report would improve both the net income and cash position by nearly $24M over the 10-year measured period as referenced below (*see Appendix VI for detailed statements*):
    - The following chart present both a comparative operating statement and cash position for SCH should the organization implement all suggested recommendations:







Financial Modeling Summary

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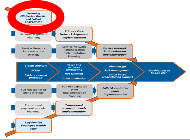
- **Implementation of all Financial Modeling Recommendations**
  - The following tables present both a comparative operating statement and cash position for SCH should the organization implement all suggested recommendations:

STATEMENT OF OPERATIONS Net Income	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Status Quo	$ (3,180,160)	$ (263,129)	$ (312,088)	$ (631,497)	$ (1,335,450)	$ (1,439,787)	$ (1,549,262)	$ (1,664,410)	$ (1,687,196)	$ (1,467,679)	$ (1,580,928)
Implementing All Scenarios	(3,180,160)	(263,129)	1,863,806	1,654,490	1,107,857	1,110,949	1,111,719	1,109,793	1,190,521	1,485,564	1,482,303
Variance:	$ -	$ -	$ 2,175,894	$ 2,285,987	$ 2,443,307	$ 2,550,736	$ 2,660,981	$ 2,774,203	$ 2,877,718	$ 2,953,243	$ 3,063,231

YEAR END CASH BALANCE Net Increase (Decrease) in Cash	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Status Quo	$ 4,610,702	$ 4,556,814	$ 4,301,850	$ 3,231,273	$ 1,417,511	$ (550,126)	$ (1,671,997)	$ (2,778,229)	$ (4,009,566)	$ (5,462,296)	$ (7,032,865)
Implementing All Scenarios	4,610,702	4,556,814	6,265,039	7,804,986	8,982,586	10,141,120	11,370,488	12,647,880	13,897,817	15,004,786	16,484,189
Variance:	$ -	$ -	$ 1,963,189	$ 4,573,714	$ 7,565,075	$10,691,246	$13,042,485	$15,426,108	$17,907,383	$20,467,081	$23,517,054

- Recommendations:
  - SCH should implement the suggested changes in order to improve the financial performance of the organization and remove the dependency of SCH on external funds to sustain operations



Financial Modeling Summary

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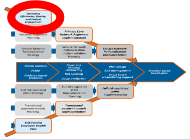
- **Implementation of all Financial Modeling Recommendations except conversion of LTC Beds to CAH Beds**
  - The following tables present both a comparative operating statement and cash position for SCH should the organization implement all suggested recommendations except the conversion of LTC beds to CAH beds:
    - Implementing all of the recommendations detailed in the financial modeling section of this report would improve both the net income and cash position by nearly $16M over the 10-year measured period as referenced below (*see Appendix VII for detailed statements*):

STATEMENT OF OPERATIONS Net Income	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Status Quo	$(3,180,160)	$ (263,129)	$ (312,088)	$ (631,497)	$(1,335,450)	$(1,439,787)	$(1,549,262)	$ (1,664,410)	$ (1,687,196)	$ (1,467,679)	$ (1,580,928)
All Scenarios Less NF	(3,180,160)	(263,129)	1,371,602	1,086,725	428,954	364,455	295,722	222,282	235,448	476,205	395,675
Variance:	$ -	$ -	$ 1,683,690	$ 1,718,222	$ 1,764,404	$ 1,804,242	$ 1,844,984	$ 1,886,692	$ 1,922,644	$ 1,943,884	$ 1,976,604

YEAR END CASH BALANCE Net Increase (Decrease) in Cash	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Status Quo	$ 4,610,702	$ 4,556,814	$ 4,301,850	$ 3,231,273	$ 1,417,511	$ (550,126)	$(1,671,997)	$ (2,778,229)	$ (4,009,566)	$ (5,462,296)	$ (7,032,865)
All Scenarios Less NF	4,610,702	4,556,814	5,847,080	6,829,576	7,342,967	7,763,716	8,185,952	8,584,901	8,888,239	8,992,472	9,394,897
Variance:	$ -	$ -	$ 1,545,230	$ 3,598,304	$ 5,925,456	$ 8,313,842	$ 9,857,949	$ 11,363,130	$ 12,897,805	$ 14,454,767	$ 16,427,761

  - <u>Recommendations</u>:
    - SCH should implement the suggested changes in order to improve the financial performance of the organization and remove the dependency of SCH on external funds to sustain operations

APPENDIX



Scenario: Cost Report Improvements

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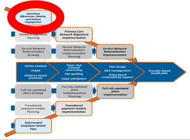
- **Scenario: Cost Report Improvements**
  - Stroudwater modeled operational changes to reflect best practice:
    - ED Physician Stand-by Time: $670K added back as an allowable expense in FY18 to reflect 20 minutes of professional time per ED visit
    - Added back in $150K in physician cost to A&G to factor administrative work done by physicians
    - Directly allocated $110K in Ward Clerk wages to the Med/Surg Unit
    - Increased Clinic Technical charges in FY18 by $750K to reflect technical charge of $75 per visit
  - Implementing the cost report improvements would improve both the net income and the cash position by $4.9M over the measured period as referenced below (*see Appendix I for detailed statements*):

STATEMENT OF OPERATIONS Net Income	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Status Quo	$(3,180,160)	$ (263,129)	$ (312,088)	$ (631,497)	$(1,335,450)	$(1,439,787)	$(1,549,262)	$(1,664,410)	$(1,687,196)	$(1,467,679)	$(1,580,928)
Cost Report Improvement	(3,180,160)	(263,129)	175,891	(127,855)	(813,119)	(901,815)	(995,259)	(1,093,946)	(1,104,998)	(885,005)	(992,317)
Variance:	$ -	$ -	$ 487,979	$ 503,642	$ 522,331	$ 537,972	$ 554,003	$ 570,463	$ 582,198	$ 582,674	$ 588,612

YEAR END CASH BALANCE Net Increase (Decrease) in Cash	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Status Quo	$ 4,610,702	$ 4,556,814	$ 4,301,850	$ 3,231,273	$ 1,417,511	$ (550,126)	$(1,671,997)	$(2,778,229)	$(4,009,566)	$(5,462,296)	$(7,032,865)
Cost Report Improvement	4,610,702	4,556,814	4,721,993	4,491,960	3,765,396	2,921,457	2,054,326	1,138,699	103,068	(1,152,929)	(2,136,742)
Variance:	$ -	$ -	$ 420,143	$ 1,260,687	$ 2,347,885	$ 3,471,583	$ 3,726,323	$ 3,916,927	$ 4,112,634	$ 4,309,367	$ 4,896,123

  - Recommendations:
    - Implement the cost report improvements mentioned above to leverage higher reimbursements from cost based payors
      - SCH must work with the cost report preparer to ensure accurate inclusion of expenses in subsequent cost report years



Scenario: LTC Bed Conversion to CAH Beds

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- **Scenario: LTC Bed Conversion to CAH Beds**
  - Stroudwater modeled operational changes to reflect best practice:
    - SCH would designate the current LTC beds as CAH beds and use NF bed designation to more effectively leverage cost-based reimbursement
      - Swing Bed – NF reimbursements based on current SNF rate of $957 per day
        - The rate was increased by 2% each year, then reset every 4th year based on a cost-based rate
      - Transitioning the beds to Swing Bed – NF will also remove the annual Medicare survey associated with LTC Facilities
  - Changing the bed designation from LTC to CAH beds would improve both the net income and cash position by $11.4M over the measured period as referenced below (*see Appendix II for detailed statements*):

STATEMENT OF OPERATIONS Net Income	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Status Quo	$(3,180,160)	$ (263,129)	$ (312,088)	$ (631,497)	$(1,335,450)	$(1,439,787)	$(1,549,262)	$(1,664,410)	$(1,687,196)	$(1,467,679)	$ (1,580,928)
Swing Bed - NF	(3,180,160)	(263,129)	593,441	368,381	(201,877)	(224,631)	(250,285)	(279,207)	(226,120)	40,555	8,510
Variance:	$ -	$ -	$ 905,529	$ 999,877	$ 1,133,573	$ 1,215,156	$ 1,298,977	$ 1,385,202	$ 1,461,076	$ 1,508,234	$ 1,589,439

YEAR END CASH BALANCE Net Increase (Decrease) in Cash	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Status Quo	$ 4,610,702	$ 4,556,814	$ 4,301,850	$ 3,231,273	$ 1,417,511	$ (550,126)	$(1,671,997)	$(2,778,229)	$(4,009,566)	$(5,462,296)	$ (7,032,865)
Swing Bed - NF	4,610,702	4,556,814	5,062,441	5,317,651	5,186,779	5,011,198	4,880,065	4,769,997	4,604,878	4,268,477	4,275,740
Variance:	$ -	$ -	$ 760,591	$ 2,086,378	$ 3,769,267	$ 5,561,323	$ 6,552,062	$ 7,548,225	$ 8,614,443	$ 9,730,772	$ 11,308,605

  - Recommendations:
    - Pursue changing the LTC beds to Swing Bed to leverage more favorable reimbursement from Medicare for other cost-based days

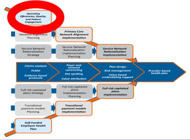
Scenario: Elimination of OB Program

- **Scenario: Elimination of OB Program**
  - Stroudwater modeled operational changes based on best practice:
    - SCH would eliminate the OB program based on volumes within the department, overall cost, and the ability of staff to maintain core competencies based on volumes within the department
      - Stroudwater removed both the revenue and expenses generated by the program
      - Since MEH also operates an OB program, Sitka residents will still be able to receive services within the community
  - Eliminating the OB program would improve both the net income and cash position by $1.7M over the measured period as referenced below (*see Appendix III for detailed statements*):

STATEMENT OF OPERATIONS Net Income	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Status Quo	$(3,180,160)	$ (263,129)	$ (312,088)	$ (631,497)	$(1,335,450)	$(1,439,787)	$(1,549,262)	$(1,664,410)	$(1,687,196)	$(1,467,679)	$(1,580,928)
OB Elimination	(3,180,160)	(263,129)	(146,893)	(459,488)	(1,156,361)	(1,255,553)	(1,359,742)	(1,469,458)	(1,491,267)	(1,274,426)	(1,383,317)
Variance:	$ -	$ -	$ 165,195	$ 172,008	$ 179,089	$ 184,234	$ 189,520	$ 194,952	$ 195,930	$ 193,254	$ 197,611

YEAR END CASH BALANCE Net Increase (Decrease) in Cash	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Status Quo	$ 4,610,702	$ 4,556,814	$ 4,301,850	$ 3,231,273	$ 1,417,511	$ (550,126)	$(1,671,997)	$(2,778,229)	$(4,009,566)	$(5,462,296)	$(7,032,865)
OB Elimination	4,610,702	4,556,814	4,452,259	3,891,994	2,823,692	1,627,313	397,024	(892,758)	(2,313,341)	(3,957,605)	(5,330,969)
Variance:	$ -	$ -	$ 150,409	$ 660,721	$ 1,406,180	$ 2,177,438	$ 2,069,021	$ 1,885,471	$ 1,696,225	$ 1,504,691	$ 1,701,896

  - <u>Recommendations</u>:
    - SCH should consider eliminating the OB program based on the revenue and costs associated with maintaining the program



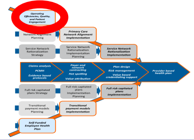
Scenario: Reduction in Surgical Services

- **Scenario: Reduction in Surgical Services**
  - Stroudwater modeled operational changes based on best practice:
    - SCH would reduce surgical services from the current 24/7 to scheduled, daytime surgeries, M – F
      - Since most of the surgeries performed at SCH are Endoscopes, SCH should not realize a reduction in surgical revenue
        - Since MEH also operates a full surgical program, community members can receive emergent surgical services at that hospital
      - Stroudwater reduced surgical costs by $250K which takes into account the reduction in physician, nursing, and support staff from a 24/7 schedule to a 40-hour work week consisting of scheduled daytime surgeries
  - Implementing the reduction in surgical services would improve both the net income and cash position by $1.9M over the measured period as referenced below (*see Appendix IV for detailed statements*):

STATEMENT OF OPERATIONS Net Income	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Status Quo	$(3,180,160)	$ (263,129)	$ (312,088)	$ (631,497)	$(1,335,450)	$(1,439,787)	$(1,549,262)	$(1,664,410)	$(1,687,196)	$(1,467,679)	$(1,580,928)
Surgical Services Reduction	(3,180,160)	(263,129)	(121,400)	(436,945)	(1,135,379)	(1,234,299)	(1,338,237)	(1,447,726)	(1,468,172)	(1,248,015)	(1,356,831)
Variance:	$ -	$ -	$ 190,688	$ 194,552	$ 200,071	$ 205,488	$ 211,025	$ 216,684	$ 219,024	$ 219,665	$ 224,097

YEAR END CASH BALANCE Net Increase (Decrease) in Cash	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Status Quo	$ 4,610,702	$ 4,556,814	$ 4,301,850	$ 3,231,273	$ 1,417,511	$ (550,126)	$(1,671,997)	$(2,778,229)	$(4,009,566)	$(5,462,296)	$(7,032,865)
Surgical Services Reduction	4,610,702	4,556,814	4,479,487	3,942,246	2,895,259	1,720,221	511,526	(756,430)	(2,153,976)	(3,772,278)	(5,119,057)
Variance:	$ -	$ -	$ 177,637	$ 710,974	$ 1,477,748	$ 2,270,346	$ 2,183,523	$ 2,021,798	$ 1,855,590	$ 1,690,017	$ 1,913,808

  - Recommendations:
    - SCH should change the surgical program from the current 24/7 schedule to scheduled surgeries M – F based on the services sought at SCH



Scenario: Clinic Optimization

STROUDWATER

- **Scenario: Clinic Optimization**
  - Stroudwater modeled operational changes based on best practice:
    - Based on the complement of providers and hours of operation, SCH can increase the number of annual visits by 2,500 through marketing and delivery optimization at no cost increase
      - Stroudwater increased both the Professional Fee and technical charge revenue by $75 each to account for volume growth
    - As a provider-based clinic, SCH should implement the 340B program to realize the net financial benefit of the program
      - SCH would realize a net financial benefit of roughly $500K based on increased projected visits
  - Implementing clinic optimization strategies would improve both the net income and cash position by $8.1M over the measured period as referenced below (*see Appendix V for detailed statements*):

STATEMENT OF OPERATIONS Net Income	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Status Quo	$(3,180,160)	$ (263,129)	$ (312,088)	$ (631,497)	$(1,335,450)	$(1,439,787)	$(1,549,262)	$(1,664,410)	$(1,687,196)	$(1,467,679)	$(1,580,928)
Clinic Optimization	(3,180,160)	(263,129)	537,532	230,136	(455,218)	(543,871)	(637,319)	(736,069)	(746,753)	(525,193)	(632,719)
Variance:	$ -	$ -	$ 849,620	$ 861,632	$ 880,232	$ 895,916	$ 911,943	$ 928,341	$ 940,443	$ 942,486	$ 948,209

YEAR END CASH BALANCE Net Increase (Decrease) in Cash	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Status Quo	$ 4,610,702	$ 4,556,814	$ 4,301,850	$ 3,231,273	$ 1,417,511	$ (550,126)	$(1,671,997)	$(2,778,229)	$(4,009,566)	$(5,462,296)	$(7,032,865)
Clinic Optimization	4,610,702	4,556,814	5,102,880	5,231,350	4,863,091	4,377,462	3,868,643	3,311,273	2,634,211	1,738,187	1,114,374
Variance:	$ -	$ -	$ 801,030	$ 2,000,077	$ 3,445,579	$ 4,927,588	$ 5,540,639	$ 6,089,501	$ 6,643,776	$ 7,200,483	$ 8,147,238

  - Recommendations:
    - SCH should implement the 340B program to realize the net financial benefit of the program
    - SCH should work to optimize the clinic and increase marketing efforts to improve the number of annual visits at the clinic

Appendix I

STROUDWATER

- **Scenario: Cost Report Improvements**

SITKA COMMUNITY HOSPITAL
STATEMENTS OF OPERATIONS

	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Net patient service revenue	$ 23,583,943	$ 25,815,437	$ 26,859,893	$ 27,531,155	$ 27,892,152	$ 28,478,056	$ 29,075,497	$ 29,686,245	$ 30,269,035	$ 30,759,410	$ 31,408,688
Provision for Bad Debt	(399,364)	(664,347)	(694,511)	(708,401)	(722,569)	(737,020)	(751,761)	(766,796)	(782,132)	(797,774)	(813,730)
Inkind Service - PERS/USAC	1,826,822	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920
Other operating revenue	390,349	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635
Total operating revenue	25,401,750	25,923,645	26,937,937	27,595,309	27,942,138	28,513,591	29,096,291	29,692,004	30,259,458	30,734,190	31,367,513
Operating expenses											
Salaries	11,331,579	12,502,205	12,752,250	13,007,295	13,267,440	13,532,789	13,803,445	14,079,514	14,361,104	14,648,326	14,941,293
Benefits	5,198,125	3,767,529	3,842,879	3,919,737	3,998,132	4,078,094	4,159,656	4,242,850	4,327,706	4,414,260	4,502,546
Pension Expense	3,797,916	2,750,485	2,805,495	2,861,605	2,918,837	2,977,214	3,036,758	3,097,493	3,159,443	3,222,632	3,287,084
Professional fees	3,489,597	3,812,512	3,926,887	4,044,694	4,166,035	4,291,016	4,419,746	4,552,339	4,688,909	4,829,576	4,974,464
Supplies	1,632,442	1,570,335	1,617,445	1,665,968	1,715,947	1,767,425	1,820,448	1,875,061	1,931,313	1,989,252	2,048,930
Other operating expenses	2,906,483	1,976,679	2,018,156	2,067,477	2,518,117	2,580,999	2,642,499	2,705,515	2,770,109	2,836,320	2,904,192
Depreciation and amortization	926,786	702,182	719,380	1,079,138	1,097,479	1,115,820	1,134,161	1,152,501	1,038,928	585,265	600,273
Total operating expenses	29,282,928	27,081,927	27,682,492	28,645,914	29,681,987	30,343,357	31,016,713	31,705,274	32,277,512	32,525,633	33,258,781
Operating income (loss)	(3,881,178)	(1,158,282)	(744,555)	(1,050,604)	(1,739,849)	(1,829,766)	(1,920,422)	(2,013,269)	(2,018,054)	(1,791,442)	(1,891,268)
Nonoperating revenues (expenses)											
Total nonoperating revenue (expenses), net	701,018	895,153	920,446	922,749	926,730	927,951	925,163	919,323	913,055	906,437	898,952
Change in net position	(3,180,160)	(263,129)	175,891	(127,855)	(813,119)	(901,815)	(995,259)	(1,093,946)	(1,104,998)	(885,005)	(992,317)
NET ASSETS, Beginning of year	(3,215,856)	(6,396,016)	(6,659,145)	(6,483,254)	(6,611,109)	(7,424,227)	(8,326,043)	(9,321,302)	(10,415,248)	(11,520,247)	(12,405,252)
NET ASSETS, End of year	**$ (6,396,016)**	**$ (6,659,145)**	**$ (6,483,254)**	**$ (6,611,109)**	**$ (7,424,227)**	**$ (8,326,043)**	**$ (9,321,302)**	**$ (10,415,248)**	**$ (11,520,247)**	**$ (12,405,252)**	**$ (13,397,568)**

STATEMENT OF CASH FLOWS

	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Net cash provided by operating activities	3,410,307	23,270	769,647	874,825	279,959	146,325	73,051	(2,397)	(116,132)	(329,881)	(435,149)
Net cash provided (used) by Cap/Fin activities	(271,397)	(88,385)	(638,385)	(1,138,385)	(1,041,244)	(1,023,323)	(967,988)	(934,938)	(934,938)	(934,938)	(550,000)
Net cash provided (used) by investing activities	395	11,226	33,917	33,527	34,721	33,059	27,807	21,707	15,439	8,821	1,336
NET INCREASE (DECREASE) IN CASH	3,139,305	(53,888)	165,179	(230,033)	(726,564)	(843,939)	(867,131)	(915,628)	(1,035,630)	(1,255,997)	(983,813)
CASH, BEGINNING OF YEAR	1,471,397	4,610,702	4,556,814	4,721,993	4,491,960	3,765,396	2,921,457	2,054,326	1,138,699	103,068	(1,152,929)
CASH, END OF YEAR	$ 4,610,702	$ 4,556,814	$ 4,721,993	$ 4,491,960	$ 3,765,396	$ 2,921,457	$ 2,054,326	$ 1,138,699	$ 103,068	$ (1,152,929)	$ (2,136,742)

Appendix II

STROUDWATER

- **Scenario: Skilled Nursing Facility to Swing Bed - NF**

SITKA COMMUNITY HOSPITAL
STATEMENTS OF OPERATIONS

	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Net patient service revenue	$ 23,583,943	$ 25,815,437	$ 27,433,701	$ 28,186,774	$ 28,663,504	$ 29,315,094	$ 29,979,336	$ 30,658,401	$ 31,303,461	$ 31,838,214	$ 32,560,057
Provision for Bad Debt	(399,364)	(664,347)	(850,769)	(867,784)	(885,140)	(902,842)	(920,899)	(939,317)	(958,104)	(977,266)	(996,811)
Inkind Service - PERS/USAC	1,826,822	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920
Other operating revenue	390,349	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635
Total operating revenue	25,401,750	25,923,645	27,355,487	28,091,545	28,550,919	29,184,807	29,830,992	30,491,638	31,117,912	31,633,503	32,335,801
Operating expenses											
Salaries	11,331,579	12,502,205	12,752,250	13,007,295	13,267,440	13,532,789	13,803,445	14,079,514	14,361,104	14,648,326	14,941,293
Benefits	5,198,125	3,767,529	3,842,879	3,919,737	3,998,132	4,078,094	4,159,656	4,242,850	4,327,706	4,414,260	4,502,546
Pension Expense	3,797,916	2,750,485	2,805,495	2,861,605	2,918,837	2,977,214	3,036,758	3,097,493	3,159,443	3,222,632	3,287,084
Professional fees	3,489,597	3,812,512	3,926,887	4,044,694	4,166,035	4,291,016	4,419,746	4,552,339	4,688,909	4,829,576	4,974,464
Supplies	1,632,442	1,570,335	1,617,445	1,665,968	1,715,947	1,767,425	1,820,448	1,875,061	1,931,313	1,989,252	2,048,930
Other operating expenses	2,906,483	1,976,679	2,018,156	2,067,477	2,518,117	2,580,999	2,642,499	2,705,515	2,770,109	2,836,320	2,904,192
Depreciation and amortization	926,786	702,182	719,380	1,079,138	1,097,479	1,115,820	1,134,161	1,152,501	1,038,928	585,265	600,273
Total operating expenses	29,282,928	27,081,927	27,682,492	28,645,914	29,681,987	30,343,357	31,016,713	31,705,274	32,277,512	32,525,633	33,258,781
Operating income (loss)	(3,881,178)	(1,158,282)	(327,005)	(554,369)	(1,131,068)	(1,158,550)	(1,185,721)	(1,213,635)	(1,159,600)	(892,130)	(922,980)
Nonoperating revenues (expenses)											
Total nonoperating revenue (expenses), net	701,018	895,153	920,446	922,749	929,191	933,919	935,437	934,428	933,480	932,684	931,491
Change in net position	(3,180,160)	(263,129)	593,441	368,381	(201,877)	(224,631)	(250,285)	(279,207)	(226,120)	40,555	8,510
NET ASSETS, Beginning of year	(3,215,856)	(6,396,016)	(6,659,145)	(6,065,704)	(5,697,323)	(5,899,200)	(6,123,831)	(6,374,116)	(6,653,323)	(6,879,444)	(6,838,889)
NET ASSETS, End of year	**$ (6,396,016)**	**$ (6,659,145)**	**$ (6,065,704)**	**$ (5,697,323)**	**$ (5,899,200)**	**$ (6,123,831)**	**$ (6,374,116)**	**$ (6,653,323)**	**$ (6,879,444)**	**$ (6,838,889)**	**$ (6,830,378)**

STATEMENT OF CASH FLOWS

	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Net cash provided by operating activities	3,410,307	23,270	1,110,095	1,360,067	873,190	808,715	798,775	788,058	733,955	563,469	523,389
Net cash provided (used) by Cap/Fin activities	(271,397)	(88,385)	(638,385)	(1,138,385)	(1,041,244)	(1,023,323)	(967,988)	(934,938)	(934,938)	(934,938)	(550,000)
Net cash provided (used) by investing activities	395	11,226	33,917	33,527	37,182	39,027	38,081	36,812	35,864	35,068	33,875
NET INCREASE (DECREASE) IN CASH	3,139,305	(53,888)	505,627	255,210	(130,872)	(175,581)	(131,132)	(110,068)	(165,119)	(336,401)	7,263
CASH, BEGINNING OF YEAR	1,471,397	4,610,702	4,556,814	5,062,441	5,317,651	5,186,779	5,011,198	4,880,065	4,769,997	4,604,878	4,268,477
CASH, END OF YEAR	$ 4,610,702	$ 4,556,814	$ 5,062,441	$ 5,317,651	$ 5,186,779	$ 5,011,198	$ 4,880,065	$ 4,769,997	$ 4,604,878	$ 4,268,477	$ 4,275,740

Appendix III

STROUDWATER

- **Scenario: Elimination of OB Program**

SITKA COMMUNITY HOSPITAL
STATEMENTS OF OPERATIONS

	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Net patient service revenue	$ 23,583,943	$ 25,815,437	$ 26,379,232	$ 27,038,115	$ 27,386,088	$ 27,960,462	$ 28,546,121	$ 29,144,808	$ 29,715,809	$ 30,195,549	$ 30,831,948
Provision for Bad Debt	(399,364)	(664,347)	(672,671)	(686,124)	(699,847)	(713,844)	(728,120)	(742,683)	(757,536)	(772,687)	(788,141)
Inkind Service - PERS/USAC	1,826,822	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920
Other operating revenue	390,349	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635
Total operating revenue	25,401,750	25,923,645	26,479,116	27,124,546	27,458,796	28,019,173	28,590,556	29,174,680	29,730,828	30,195,417	30,816,362
Operating expenses											
Salaries	11,331,579	12,502,205	12,649,117	12,902,100	13,160,142	13,423,345	13,691,811	13,965,648	14,244,961	14,529,860	14,820,457
Benefits	5,198,125	3,767,529	3,865,568	3,942,880	4,021,738	4,102,172	4,184,215	4,267,901	4,353,258	4,440,323	4,529,129
Pension Expense	3,797,916	2,750,485	2,782,806	2,838,462	2,895,231	2,953,136	3,012,199	3,072,442	3,133,891	3,196,569	3,260,501
Professional fees	3,489,597	3,812,512	3,926,887	4,044,694	4,166,035	4,291,016	4,419,746	4,552,339	4,688,909	4,829,576	4,974,464
Supplies	1,632,442	1,570,335	1,617,445	1,665,968	1,715,947	1,767,425	1,820,448	1,875,061	1,931,313	1,989,252	2,048,930
Other operating expenses	2,906,483	1,976,679	1,985,252	2,033,541	2,483,366	2,545,427	2,606,074	2,668,215	2,731,911	2,797,203	2,864,132
Depreciation and amortization	926,786	702,182	719,380	1,079,138	1,097,479	1,115,820	1,134,161	1,152,501	1,038,928	585,265	600,273
Total operating expenses	29,282,928	27,081,927	27,546,455	28,506,783	29,539,938	30,198,341	30,868,655	31,554,107	32,123,171	32,368,049	33,097,886
Operating income (loss)	(3,881,178)	(1,158,282)	(1,067,339)	(1,382,238)	(2,081,142)	(2,179,167)	(2,278,099)	(2,379,427)	(2,392,343)	(2,172,632)	(2,281,524)
Nonoperating revenues (expenses)											
Total nonoperating revenue (expenses), net	701,018	895,153	920,446	922,749	924,781	923,614	918,356	909,969	901,076	898,207	898,207
Change in net position	(3,180,160)	(263,129)	(146,893)	(459,488)	(1,156,361)	(1,255,553)	(1,359,742)	(1,469,458)	(1,491,267)	(1,274,426)	(1,383,317)
NET ASSETS, Beginning of year	(3,215,856)	(6,396,016)	(6,659,145)	(6,806,038)	(7,265,526)	(8,421,887)	(9,677,440)	(11,037,182)	(12,506,640)	(13,997,907)	(15,272,332)
NET ASSETS, End of year	**$ (6,396,016)**	**$ (6,659,145)**	**$ (6,806,038)**	**$ (7,265,526)**	**$ (8,421,887)**	**$ (9,677,440)**	**$ (11,037,182)**	**$ (12,506,640)**	**$ (13,997,907)**	**$ (15,272,332)**	**$ (16,655,650)**

STATEMENT OF CASH FLOWS

	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Net cash provided by operating activities	3,410,307	23,270	499,913	544,592	(59,830)	(201,778)	(283,301)	(367,197)	(489,106)	(709,917)	(823,955)
Net cash provided (used) by Cap/Fin activities	(271,397)	(88,385)	(638,385)	(1,138,385)	(1,041,244)	(1,023,323)	(967,988)	(934,938)	(934,938)	(934,938)	(550,000)
Net cash provided (used) by investing activities	395	11,226	33,917	33,527	32,772	28,722	21,000	12,353	3,460	591	591
NET INCREASE (DECREASE) IN CASH	3,139,305	(53,888)	(104,555)	(560,265)	(1,068,302)	(1,196,379)	(1,230,289)	(1,289,782)	(1,420,583)	(1,644,264)	(1,373,364)
CASH, BEGINNING OF YEAR	1,471,397	4,610,702	4,556,814	4,452,259	3,891,994	2,823,692	1,627,313	397,024	(892,758)	(2,313,341)	(3,957,605)
CASH, END OF YEAR	$ 4,610,702	$ 4,556,814	$ 4,452,259	$ 3,891,994	$ 2,823,692	$ 1,627,313	$ 397,024	$ (892,758)	$ (2,313,341)	$ (3,957,605)	$ (5,330,969)

Appendix IV

STROUDWATER

- **Scenario: Reduction in Surgical Services**

SITKA COMMUNITY HOSPITAL
STATEMENTS OF OPERATIONS

	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Net patient service revenue	$ 23,583,943	$ 25,815,437	$ 26,290,725	$ 26,944,751	$ 27,288,784	$ 27,861,028	$ 28,444,520	$ 29,040,974	$ 29,610,835	$ 30,092,330	$ 30,726,371
Provision for Bad Debt	(399,364)	(664,347)	(677,634)	(691,186)	(705,010)	(719,110)	(733,493)	(748,162)	(763,126)	(778,388)	(793,956)
Inkind Service - PERS/USAC	1,826,822	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920
Other operating revenue	390,349	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635
Total operating revenue	25,401,750	25,923,645	26,385,646	27,026,120	27,356,329	27,914,473	28,483,583	29,065,366	29,620,265	30,086,496	30,704,970
Operating expenses											
Salaries	11,331,579	12,502,205	12,497,250	12,747,195	13,002,138	13,262,181	13,527,425	13,797,973	14,073,933	14,355,411	14,642,520
Benefits	5,198,125	3,767,529	3,898,979	3,976,959	4,056,499	4,137,628	4,220,381	4,304,789	4,390,884	4,478,701	4,568,276
Pension Expense	3,797,916	2,750,485	2,749,395	2,804,383	2,860,470	2,917,680	2,976,033	3,035,554	3,096,265	3,158,191	3,221,354
Professional fees	3,489,597	3,812,512	3,926,887	4,044,694	4,166,035	4,291,016	4,419,746	4,552,339	4,688,909	4,829,576	4,974,464
Supplies	1,632,442	1,570,335	1,617,445	1,665,968	1,715,947	1,767,425	1,820,448	1,875,061	1,931,313	1,989,252	2,048,930
Other operating expenses	2,906,483	1,976,679	2,018,156	2,067,477	2,518,117	2,580,999	2,642,499	2,705,515	2,770,109	2,836,320	2,904,192
Depreciation and amortization	926,786	702,182	719,380	1,079,138	1,097,479	1,115,820	1,134,161	1,152,501	1,038,928	585,265	600,273
Total operating expenses	29,282,928	27,081,927	27,427,492	28,385,814	29,416,685	30,072,749	30,740,693	31,423,733	31,990,341	32,232,718	32,960,008
Operating income (loss)	(3,881,178)	(1,158,282)	(1,041,846)	(1,359,694)	(2,060,356)	(2,158,276)	(2,257,110)	(2,358,366)	(2,370,076)	(2,146,221)	(2,255,038)
Nonoperating revenues (expenses)											
Total nonoperating revenue (expenses), net	701,018	895,153	920,446	922,749	924,977	923,977	918,874	910,641	901,904	898,207	898,207
Change in net position	(3,180,160)	(263,129)	(121,400)	(436,945)	(1,135,379)	(1,234,299)	(1,338,237)	(1,447,726)	(1,468,172)	(1,248,015)	(1,356,831)
NET ASSETS, Beginning of year	(3,215,856)	(6,396,016)	(6,659,145)	(6,780,545)	(7,217,489)	(8,352,868)	(9,587,167)	(10,925,404)	(12,373,130)	(13,841,302)	(15,089,317)
NET ASSETS, End of year	**$ (6,396,016)**	**$ (6,659,145)**	**$ (6,780,545)**	**$ (7,217,489)**	**$ (8,352,868)**	**$ (9,587,167)**	**$ (10,925,404)**	**$ (12,373,130)**	**$ (13,841,302)**	**$ (15,089,317)**	**$ (16,446,148)**

STATEMENT OF CASH FLOWS

	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Net cash provided by operating activities	3,410,307	23,270	527,141	567,617	(38,711)	(180,801)	(262,224)	(346,043)	(466,896)	(683,955)	(797,370)
Net cash provided (used) by Cap/Fin activities	(271,397)	(88,385)	(638,385)	(1,138,385)	(1,041,244)	(1,023,323)	(967,988)	(934,938)	(934,938)	(934,938)	(550,000)
Net cash provided (used) by investing activities	395	11,226	33,917	33,527	32,968	29,085	21,518	13,025	4,288	591	591
NET INCREASE (DECREASE) IN CASH	3,139,305	(53,888)	(77,327)	(537,240)	(1,046,987)	(1,175,038)	(1,208,695)	(1,267,956)	(1,397,546)	(1,618,302)	(1,346,779)
CASH, BEGINNING OF YEAR	1,471,397	4,610,702	4,556,814	4,479,487	3,942,246	2,895,259	1,720,221	511,526	(756,430)	(2,153,976)	(3,772,278)
CASH, END OF YEAR	$ 4,610,702	$ 4,556,814	$ 4,479,487	$ 3,942,246	$ 2,895,259	$ 1,720,221	$ 511,526	$ (756,430)	$ (2,153,976)	$ (3,772,278)	$ (5,119,057)

Appendix V

- **Scenario: Clinical Optimization**

SITKA COMMUNITY HOSPITAL
STATEMENTS OF OPERATIONS

	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Net patient service revenue	$ 23,583,943	$ 25,815,437	$ 26,716,662	$ 27,384,111	$ 27,742,099	$ 28,325,285	$ 28,919,959	$ 29,527,879	$ 30,108,267	$ 30,597,435	$ 31,243,720
Provision for Bad Debt	(399,364)	(664,347)	(686,364)	(700,091)	(714,093)	(728,375)	(742,942)	(757,801)	(772,957)	(788,416)	(804,184)
Inkind Service - PERS/USAC	1,826,822	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920
340B Program Revenue		-	496,725	496,725	496,725	496,725	496,725	496,725	496,725	496,725	496,725
Other operating revenue	390,349	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635
Total operating revenue	25,401,750	25,923,645	27,299,578	27,953,300	28,297,286	28,866,190	29,446,297	30,039,358	30,604,590	31,078,299	31,708,815
Operating expenses											
Salaries	11,331,579	12,502,205	12,752,250	13,007,295	13,267,440	13,532,789	13,803,445	14,079,514	14,361,104	14,648,326	14,941,293
Benefits	5,198,125	3,767,529	3,842,879	3,919,737	3,998,132	4,078,094	4,159,656	4,242,850	4,327,706	4,414,260	4,502,546
Pension Expense	3,797,916	2,750,485	2,805,495	2,861,605	2,918,837	2,977,214	3,036,758	3,097,493	3,159,443	3,222,632	3,287,084
Professional fees	3,489,597	3,812,512	3,926,887	4,044,694	4,166,035	4,291,016	4,419,746	4,552,339	4,688,909	4,829,576	4,974,464
Supplies	1,632,442	1,570,335	1,617,445	1,665,968	1,715,947	1,767,425	1,820,448	1,875,061	1,931,313	1,989,252	2,048,930
Other operating expenses	2,906,483	1,976,679	2,018,156	2,067,477	2,518,117	2,580,999	2,642,499	2,705,515	2,770,109	2,836,320	2,904,192
Depreciation and amortization	926,786	702,182	719,380	1,079,138	1,097,479	1,115,820	1,134,161	1,152,501	1,038,928	585,265	600,273
Total operating expenses	29,282,928	27,081,927	27,682,492	28,645,914	29,681,987	30,343,357	31,016,713	31,705,274	32,277,512	32,525,633	33,258,781
Operating income (loss)	(3,881,178)	(1,158,282)	(382,914)	(692,614)	(1,384,701)	(1,477,166)	(1,570,416)	(1,665,916)	(1,672,922)	(1,447,334)	(1,549,966)
Nonoperating revenues (expenses)											
Total nonoperating revenue (expenses), net	701,018	895,153	920,446	922,749	929,483	933,295	933,097	929,847	926,169	922,141	917,247
Change in net position	(3,180,160)	(263,129)	537,532	230,136	(455,218)	(543,871)	(637,319)	(736,069)	(746,753)	(525,193)	(632,719)
NET ASSETS, Beginning of year	(3,215,856)	(6,396,016)	(6,659,145)	(6,121,613)	(5,891,477)	(6,346,695)	(6,890,566)	(7,527,885)	(8,263,954)	(9,010,707)	(9,535,900)
NET ASSETS, End of year	**$ (6,396,016)**	**$ (6,659,145)**	**$ (6,121,613)**	**$ (5,891,477)**	**$ (6,346,695)**	**$ (6,890,566)**	**$ (7,527,885)**	**$ (8,263,954)**	**$ (9,010,707)**	**$ (9,535,900)**	**$ (10,168,619)**

STATEMENT OF CASH FLOWS

	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Net cash provided by operating activities	3,410,307	23,270	1,150,534	1,233,327	635,511	499,291	423,428	345,337	229,323	14,390	(93,445)
Net cash provided (used) by Cap/Fin activities	(271,397)	(88,385)	(638,385)	(1,138,385)	(1,041,244)	(1,023,323)	(967,988)	(934,938)	(934,938)	(934,938)	(550,000)
Net cash provided (used) by investing activities	395	11,226	33,917	33,527	37,474	38,403	35,741	32,231	28,553	24,525	19,631
NET INCREASE (DECREASE) IN CASH	3,139,305	(53,888)	546,066	128,470	(368,259)	(485,629)	(508,819)	(557,370)	(677,062)	(896,023)	(623,814)
CASH, BEGINNING OF YEAR	1,471,397	4,610,702	4,556,814	5,102,880	5,231,350	4,863,091	4,377,462	3,868,643	3,311,273	2,634,211	1,738,187
CASH, END OF YEAR	$ 4,610,702	$ 4,556,814	$ 5,102,880	$ 5,231,350	$ 4,863,091	$ 4,377,462	$ 3,868,643	$ 3,311,273	$ 2,634,211	$ 1,738,187	$ 1,114,374

Appendix VI

STROUDWATER

- **Scenario: Consolidation of All Scenarios**

SITKA COMMUNITY HOSPITAL

STATEMENTS OF OPERATIONS

	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Net patient service revenue	$ 23,583,943	$ 25,815,437	$ 27,626,165	$ 28,382,987	$ 28,862,649	$ 29,518,570	$ 30,187,288	$ 30,870,961	$ 31,520,825	$ 32,060,648	$ 32,787,509
Provision for Bad Debt	(399,364)	(664,347)	(762,630)	(777,883)	(793,440)	(809,309)	(825,495)	(842,005)	(858,845)	(876,022)	(893,542)
Inkind Service - PERS/USAC	1,826,822	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920
340B Program		-	496,725	496,725	496,725	496,725	496,725	496,725	496,725	496,725	496,725
Other operating revenue	390,349	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635
Total operating revenue	25,401,750	25,923,645	28,132,815	28,874,384	29,338,489	29,978,541	30,631,073	31,298,236	31,931,260	32,453,906	33,163,246
Operating expenses											
Salaries	11,331,579	12,502,205	12,292,117	12,537,960	12,788,719	13,044,493	13,305,383	13,571,491	13,842,921	14,119,779	14,402,175
Benefits	5,198,125	3,767,529	3,944,108	4,022,991	4,103,451	4,185,520	4,269,230	4,354,615	4,441,706	4,530,541	4,621,152
Pension Expense	3,797,916	2,750,485	2,704,266	2,758,351	2,813,518	2,869,788	2,927,184	2,985,728	3,045,443	3,106,351	3,168,478
Professional fees	3,489,597	3,812,512	3,926,887	4,044,694	4,166,035	4,291,016	4,419,746	4,552,339	4,688,909	4,829,576	4,974,464
Supplies	1,632,442	1,570,335	1,617,445	1,665,968	1,715,947	1,767,425	1,820,448	1,875,061	1,931,313	1,989,252	2,048,930
Other operating expenses	2,906,483	1,976,679	1,985,252	2,033,541	2,483,366	2,545,428	2,606,074	2,668,215	2,731,911	2,797,203	2,864,132
Depreciation and amortization	926,786	702,182	719,380	1,079,138	1,097,479	1,115,820	1,134,161	1,152,501	1,038,928	585,265	600,273
Total operating expenses	29,282,928	27,081,927	27,189,455	28,142,643	29,168,515	29,819,490	30,482,226	31,159,950	31,721,131	31,957,968	32,679,604
Operating income (loss)	(3,881,178)	(1,158,282)	943,360	731,741	169,974	159,051	148,846	138,286	210,129	495,938	483,643
Nonoperating revenues (expenses)											
Total nonoperating revenue (expenses), net	701,018	895,153	920,446	922,749	937,883	951,897	962,873	971,507	980,393	989,626	998,660
Change in net position	(3,180,160)	(263,129)	1,863,806	1,654,490	1,107,857	1,110,949	1,111,719	1,109,793	1,190,521	1,485,564	1,482,303
NET ASSETS, Beginning of year	(3,215,856)	(6,396,016)	(6,659,145)	(4,795,339)	(3,140,848)	(2,032,991)	(922,043)	189,677	1,299,470	2,489,991	3,975,555
NET ASSETS, End of year	**$ (6,396,016)**	**$ (6,659,145)**	**$ (4,795,339)**	**$ (3,140,848)**	**$ (2,032,991)**	**$ (922,043)**	**$ 189,677**	**$ 1,299,470**	**$ 2,489,991**	**$ 3,975,555**	**$ 5,457,858**

STATEMENT OF CASH FLOWS

	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Net cash provided by operating activities	3,410,307	23,270	2,312,693	2,644,805	2,172,970	2,124,851	2,131,839	2,138,439	2,102,099	1,949,896	1,928,359
Net cash provided (used) by Cap/Fin activities	(271,397)	(88,385)	(638,385)	(1,138,385)	(1,041,244)	(1,023,323)	(967,988)	(934,938)	(934,938)	(934,938)	(550,000)
Net cash provided (used) by investing activities	395	11,226	33,917	33,527	45,874	57,005	65,517	73,891	82,777	92,010	101,044
NET INCREASE (DECREASE) IN CASH	3,139,305	(53,888)	1,708,225	1,539,948	1,177,600	1,158,534	1,229,368	1,277,392	1,249,938	1,106,968	1,479,403
CASH, BEGINNING OF YEAR	1,471,397	4,610,702	4,556,814	6,265,039	7,804,986	8,982,586	10,141,120	11,370,488	12,647,880	13,897,817	15,004,786
CASH, END OF YEAR	$ 4,610,702	$ 4,556,814	$ 6,265,039	$ 7,804,986	$ 8,982,586	$ 10,141,120	$ 11,370,488	$ 12,647,880	$ 13,897,817	$ 15,004,786	$ 16,484,189

Appendix VII

Stroudwater

- **Scenario: Consolidation of All Scenarios Except LTC Conversion to CAH Beds**

SITKA COMMUNITY HOSPITAL
STATEMENTS OF OPERATIONS

	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Net patient service revenue	$ 23,583,943	$ 25,815,437	$ 27,073,621	$ 27,753,675	$ 28,123,989	$ 28,715,093	$ 29,317,828	$ 29,934,013	$ 30,520,817	$ 31,011,344	$ 31,666,392
Provision for Bad Debt	(399,364)	(664,347)	(702,290)	(716,336)	(730,662)	(745,276)	(760,181)	(775,385)	(790,892)	(806,710)	(822,844)
Inkind Service - PERS/USAC	1,826,822	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920
340B Program		-	496,725	496,725	496,725	496,725	496,725	496,725	496,725	496,725	496,725
Other operating revenue	390,349	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635
Total operating revenue	25,401,750	25,923,645	27,640,611	28,306,619	28,662,607	29,239,097	29,826,927	30,427,909	30,999,204	31,473,914	32,112,828
Operating expenses											
Salaries	11,331,579	12,502,205	12,292,117	12,537,960	12,788,719	13,044,493	13,305,383	13,571,491	13,842,921	14,119,779	14,402,175
Benefits	5,198,125	3,767,529	3,944,108	4,022,991	4,103,451	4,185,520	4,269,230	4,354,615	4,441,706	4,530,541	4,621,152
Pension Expense	3,797,916	2,750,485	2,704,266	2,758,351	2,813,518	2,869,788	2,927,184	2,985,728	3,045,443	3,106,351	3,168,478
Professional fees	3,489,597	3,812,512	3,926,887	4,044,694	4,166,035	4,291,016	4,419,746	4,552,339	4,688,909	4,829,576	4,974,464
Supplies	1,632,442	1,570,335	1,617,445	1,665,968	1,715,947	1,767,425	1,820,448	1,875,061	1,931,313	1,989,252	2,048,930
Other operating expenses	2,906,483	1,976,679	1,985,252	2,033,541	2,483,366	2,545,428	2,606,074	2,668,215	2,731,911	2,797,203	2,864,132
Depreciation and amortization	926,786	702,182	719,380	1,079,138	1,097,479	1,115,820	1,134,161	1,152,501	1,038,928	585,265	600,273
Total operating expenses	29,282,928	27,081,927	27,189,455	28,142,643	29,168,515	29,819,490	30,482,226	31,159,950	31,721,131	31,957,968	32,679,604
Operating income (loss)	(3,881,178)	(1,158,282)	451,156	163,976	(505,909)	(580,392)	(655,300)	(732,041)	(721,927)	(484,054)	(566,776)
Nonoperating revenues (expenses)											
Total nonoperating revenue (expenses), net	701,018	895,153	920,446	922,749	934,862	944,847	951,022	954,323	957,375	960,258	962,451
Change in net position	(3,180,160)	(263,129)	1,371,602	1,086,725	428,954	364,455	295,722	222,282	235,448	476,205	395,675
NET ASSETS, Beginning of year	(3,215,856)	(6,396,016)	(6,659,145)	(5,287,543)	(4,200,817)	(3,771,863)	(3,407,409)	(3,111,687)	(2,889,405)	(2,653,957)	(2,177,752)
NET ASSETS, End of year	**$ (6,396,016)**	**$ (6,659,145)**	**$ (5,287,543)**	**$ (4,200,817)**	**$ (3,771,863)**	**$ (3,407,409)**	**$ (3,111,687)**	**$ (2,889,405)**	**$ (2,653,957)**	**$ (2,177,752)**	**$ (1,782,077)**

STATEMENT OF CASH FLOWS

	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Net cash provided by operating activities	3,410,307	23,270	1,894,734	2,087,354	1,511,781	1,394,117	1,336,559	1,277,180	1,178,517	976,528	887,590
Net cash provided (used) by Cap/Fin activities	(271,397)	(88,385)	(638,385)	(1,138,385)	(1,041,244)	(1,023,323)	(967,988)	(934,938)	(934,938)	(934,938)	(550,000)
Net cash provided (used) by investing activities	395	11,226	33,917	33,527	42,853	49,955	53,666	56,707	59,759	62,642	64,835
NET INCREASE (DECREASE) IN CASH	3,139,305	(53,888)	1,290,266	982,497	513,390	420,749	422,236	398,949	303,338	104,233	402,425
CASH, BEGINNING OF YEAR	1,471,397	4,610,702	4,556,814	5,847,080	6,829,576	7,342,967	7,763,716	8,185,952	8,584,901	8,888,239	8,992,472
CASH, END OF YEAR	$ 4,610,702	$ 4,556,814	$ 5,847,080	$ 6,829,576	$ 7,342,967	$ 7,763,716	$ 8,185,952	$ 8,584,901	$ 8,888,239	$ 8,992,472	$ 9,394,897

Appendix VIII

- **Scenario: Status Quo**

SITKA COMMUNITY HOSPITAL
STATEMENTS OF OPERATIONS

	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Net patient service revenue	$ 23,583,943	$ 25,815,437	$ 26,355,037	$ 27,010,299	$ 27,355,299	$ 27,928,836	$ 28,513,647	$ 29,111,446	$ 29,682,680	$ 30,165,580	$ 30,801,047
Provision for Bad Debt	(399,364)	(664,347)	(677,634)	(691,186)	(705,010)	(719,110)	(733,493)	(748,162)	(763,126)	(778,388)	(793,956)
Inkind Service - PERS/USAC	1,826,822	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920	373,920
Other operating revenue	390,349	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635	398,635
Total operating revenue	25,401,750	25,923,645	26,449,958	27,091,668	27,422,844	27,982,281	28,552,710	29,135,839	29,692,109	30,159,746	30,779,646
Operating expenses											
Salaries	11,331,579	12,502,205	12,752,250	13,007,295	13,267,440	13,532,789	13,803,445	14,079,514	14,361,104	14,648,326	14,941,293
Benefits	5,198,125	3,767,529	3,842,879	3,919,737	3,998,132	4,078,094	4,159,656	4,242,850	4,327,706	4,414,260	4,502,546
Pension Expense	3,797,916	2,750,485	2,805,495	2,861,605	2,918,837	2,977,214	3,036,758	3,097,493	3,159,443	3,222,632	3,287,084
Professional fees	3,489,597	3,812,512	3,926,887	4,044,694	4,166,035	4,291,016	4,419,746	4,552,339	4,688,909	4,829,576	4,974,464
Supplies	1,632,442	1,570,335	1,617,445	1,665,968	1,715,947	1,767,425	1,820,448	1,875,061	1,931,313	1,989,252	2,048,930
Other operating expenses	2,906,483	1,976,679	2,018,156	2,067,477	2,518,117	2,580,999	2,642,499	2,705,515	2,770,109	2,836,320	2,904,192
Depreciation and amortization	926,786	702,182	719,380	1,079,138	1,097,479	1,115,820	1,134,161	1,152,501	1,038,928	585,265	600,273
Total operating expenses	29,282,928	27,081,927	27,682,492	28,645,914	29,681,987	30,343,357	31,016,713	31,705,274	32,277,512	32,525,633	33,258,781
Operating income (loss)	(3,881,178)	(1,158,282)	(1,232,534)	(1,554,246)	(2,259,143)	(2,361,076)	(2,464,004)	(2,569,435)	(2,585,403)	(2,365,886)	(2,479,135)
Nonoperating revenues (expenses)											
Total nonoperating revenue (expenses), net	701,018	895,153	920,446	922,749	923,694	918,838	908,193	898,207	898,207	898,207	898,207
Change in net position	(3,180,160)	(263,129)	(312,088)	(631,497)	(1,335,450)	(1,442,238)	(1,555,811)	(1,671,228)	(1,687,196)	(1,467,679)	(1,580,928)
NET ASSETS, Beginning of year	(3,215,856)	(6,396,016)	(6,659,145)	(6,971,233)	(7,602,729)	(8,938,179)	(10,380,417)	(11,936,228)	(13,607,456)	(15,294,652)	(16,762,332)
NET ASSETS, End of year	**$ (6,396,016)**	**$ (6,659,145)**	**$ (6,971,233)**	**$ (7,602,729)**	**$ (8,938,179)**	**$ (10,380,417)**	**$ (11,936,228)**	**$ (13,607,456)**	**$ (15,294,652)**	**$ (16,762,332)**	**$ (18,343,260)**

STATEMENT OF CASH FLOWS

	Historical Year 2016	Forecast Year 2017	Forecast Year 2018	Forecast Year 2019	Forecast Year 2020	Forecast Year 2021	Forecast Year 2022	Forecast Year 2023	Forecast Year 2024	Forecast Year 2025	Forecast Year 2026
Net cash provided by operating activities	3,410,307	23,270	349,504	373,333	(237,185)	(383,323)	(468,834)	(556,822)	(681,928)	(903,320)	(1,021,160)
Net cash provided (used) by Cap/Fin activities	(271,397)	(88,385)	(638,385)	(1,477,437)	(1,608,260)	(1,608,260)	(663,873)	(550,000)	(550,000)	(550,000)	(550,000)
Net cash provided (used) by investing activities	395	11,226	33,917	33,527	31,685	23,946	10,837	591	591	591	591
NET INCREASE (DECREASE) IN CASH	3,139,305	(53,888)	(254,964)	(1,070,577)	(1,813,761)	(1,967,637)	(1,121,871)	(1,106,232)	(1,231,337)	(1,452,730)	(1,570,569)
CASH, BEGINNING OF YEAR	1,471,397	4,610,702	4,556,814	4,301,850	3,231,273	1,417,511	(550,126)	(1,671,997)	(2,778,229)	(4,009,566)	(5,462,296)
CASH, END OF YEAR	$ 4,610,702	$ 4,556,814	$ 4,301,850	$ 3,231,273	$ 1,417,511	$ (550,126)	$ (1,671,997)	$ (2,778,229)	$ (4,009,566)	$ (5,462,296)	$ (7,032,865)

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