NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

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Jennifer Stutzman, Board Chairperson
Warren Memorial Hospital
905 2nd Street
Friend, NE 68359

Judith Knoke, Mayor
City of Friend
235 Maple Street
Friend, NE 68359

Dear Ms. Stutzman and Ms. Knoke:

As you may know, the Nebraska Auditor of Public Accounts (APA) has received concerns regarding the potential misuse of purchasing cards by employees of the Warren Memorial Hospital (Hospital). As a result, the APA began limited preliminary planning work to determine if a full financial audit or attestation would be warranted. Pursuant thereto, the APA obtained financial records and other relevant documentation from the Hospital. Based on the outcome of this preliminary planning work, including an analysis of the information obtained, the APA has determined that a separate financial audit or attestation is unnecessary at this time, as the Hospital is audited on an annual basis.

Nevertheless, during the course of the preliminary planning work, the APA noted certain issues that merit corrective action.

Background Information

The Hospital, also known as the Friend Community Healthcare System (FCHS), is a municipal hospital established in 1930 pursuant to Neb. Rev. Stat. § 17-122 (Reissue 2022) and is located in the City of Friend, Nebraska (City). The Hospital provides emergency, outpatient, and clinic services to citizens primarily in Saline and Seward County. The Hospital's Board of Directors (Board) consists of five members appointed by the City Mayor and approved by the City Council. According to the Hospital's bylaws, Board members have general charge of the Hospital, including broad decision-making authority to establish appropriate rules and regulations for the management, operation, and use thereof, subject to ultimate review and supervision by the City Council.

Prior to 2024, the Hospital was designated as a Critical Access Hospital. Around this time, Hospital representatives were quoted in news articles stating that the Hospital was "barely surviving," reaching a breaking point due to the exhaustion of Federal pandemic relief money. Several other rural hospitals across Nebraska and the rest of the country reportedly have faced similar financial difficulties.

In January 2024, however, the Hospital changed its status to become the first Rural Emergency Hospital (REH) in Nebraska. The REH designation – created by Congress in 2021 under the Consolidated Appropriations Act – assists rural hospitals by providing dedicated funding from the Federal government to maintain access to emergency and outpatient hospital services in communities that may not be able to support or sustain a Critical Access Hospital or small rural hospital. Facilities designated as an REH receive enhanced Medicare payments for certain outpatient services and additional monthly facility payments.

According to Hospital representatives, two different credit cards were utilized by Hospital staff between January 2024 and February 2026. The first credit card (ending in 0946) was held under the Hospital's name and used until it was cancelled in July 2024. The second credit card (ending in 2086) was opened in March 2024 under the name of the Hospital's Chief Executive and Financial Officer, Jared Chaffin, and was used until February 2026.

The APA obtained copies of the statements for both credit cards for the period January 2024 through February 2026. The table below summarizes the activity on each of these credit cards:

Last 4 Digits of Card	Card Name	Period	Number of Transactions	Beginning Balance	Purchases	Interest and Fees	Credits	Payments	Ending Balance
0946	FCHS	1/8/2024 - 7/24/2024	93	$5,449.74	$23,059.94	$1,063.56	$14.24	$29,559.00	$0.00
2086	Jared Chaffin	3/14/2024 - 2/2/2026	1,269	$0.00	$249,285.57	$1,050.00	$1,460.45	$238,946.96	$9,928.16
		Totals	**1,362**	**$5,449.74**	**$272,345.51**	**$2,113.56**	**$1,474.69**	**$268,505.96**	**$9,928.16**

The APA also obtained copies of the statements for the Hospital's checking and savings bank accounts for the period January 1, 2024, through February 28, 2026. That activity is summarized in the following table:

Account	Beginning Balance	Deposits/Other Credits	Transfer In	Checks/Other Debits	Transfer Out	Ending Balance
Checking	$526,814.49	$12,609,426.51	$561,527.00	$13,176,533.74	$478,000.00	$43,234.26
Savings	$67,643.72	$27,016.46	$478,000.00	$0.00	$561,527.00	*$11,133.18
Totals	**$594,458.21**	**$12,636,442.97**	**$1,039,527.00**	**$13,176,533.74**	**$1,039,527.00**	**$54,367.44**

*This balance is only as of December 31, 2025; however, the only subsequent activity in the account should be interest earned on the balance.

Despite the additional Federal monetary assistance received through the REH designation, the Hospital appears to have depleted considerably the funds maintained in both of its bank accounts – which, as discussed in further detail below, may have been exacerbated due to the use of Hospital funds to pay for the personal credit card expenses of Mr. Chaffin.

The following comments and recommendations, which have been discussed with the appropriate members of the Hospital, City, and their management, are intended to improve internal control or result in other operating efficiencies.

Comments and Recommendations

1. Apparent Attempt to Mislead the APA

The APA inquired with Hospital representatives on February 10, 2026, regarding the concerns we received pertaining to alleged employee misuse of the Hospital's purchasing cards. The Hospital's Chief Executive and Financial Officer, Jared Chaffin, responded the next day, on February 11, 2026, explaining that the Hospital used to maintain a credit card under its name until the card "was closed by the credit card holder due to lack of payment." After the Hospital's credit card account was closed, according to Mr. Chaffin, he opened a new credit card under his own name and social security number for the Hospital to utilize because a monthly line of credit was still needed for necessary hospital-related purchases. Mr. Chaffin mentioned also that reimbursement would be made to the Hospital for any "non-hospital related purchases" made on the credit card, and the credit card under his name would no longer be used for Hospital purchases as of February 11, 2026.

However, the credit card statements obtained by the APA appear to contradict the information provided by Mr. Chaffin. The table below shows a comparison of the balances, charges, credits, and payments during the period January 1, 2024, through July 31, 2024 – the month in which the Hospital's credit card was closed:

Hospital Credit Card (xx0946)					Jared Chaffin Credit Card (xx2086)				
Statement Month	Charges	Credits	Payments	Balance	Statement Month	Charges	Credits	Payments	Balance
Beginning Balance				$5,449.74	**Beginning Balance**				$0.00
January 2024	$2,483.19	$0.00	$2,288.66	$5,644.27	January 2024	$0.00	$0.00	$0.00	$0.00
February 2024	$5,466.91	$0.00	$5,644.27	$5,466.91	February 2024	$0.00	$0.00	$0.00	$0.00
March 2024	$12,485.19	$0.00	$5,466.91	$12,485.19	March 2024	$2,121.14	$0.00	$0.00	$2,121.14
April 2024	$2,745.96	$14.24	$0.00	$15,216.91	April 2024	$9,325.30	$0.00	$2,121.14	$9,325.30
May 2024	$596.57	$0.00	$1,986.76	$13,826.72	May 2024	$5,679.21	$0.00	$9,325.30	$5,679.21
June 2024	$345.68	$0.00	$0.00	$14,172.40	June 2024	$7,016.63	$75.00	$5,604.21	$7,016.63
July 2024	$0.00	$0.00	$14,172.40	$0.00	July 2024	$10,145.68	$6.99	$7,009.64	$10,145.68
Totals	**$24,123.50**	**$14.24**	**$29,559.00**		**Totals**	**$34,287.96**	**$81.99**	**$24,060.29**	

As clearly shown above, contrary to what he initially claimed, Mr. Chaffin did not open his credit card after the Hospital's credit card was closed. Rather, his credit card was opened in March 2024, while the Hospital's credit card was still actively being used.

Further, in April 2024, no payment was made toward the Hospital's credit card balance of $15,216.91, but the Hospital did make a payment of $2,121.14 for the balance on Mr. Chaffin's credit card. Similarly, in May 2024, only $1,986.76 was paid toward the Hospital's credit card balance while, at the same time, the $9,325.30 balance on Mr. Chaffin's credit card was paid, in full, by the Hospital.

Moreover, the timing of the payments illustrated in the above table appears to indicate an intentional lack of payment on the Hospital's credit card, because payments were made consistently each month on the credit card opened under Mr. Chaffin's name during the same period.

The inconsistencies in the information that Mr. Chaffin gave to the APA regarding the Hospital's initial credit card and the credit card that was opened under his own name give rise to concerns regarding an apparent attempt to hinder or mislead the APA's examination.

Neb. Rev. Stat. § 84-305.02 (Reissue 2024) says the following, in relevant part:

> *Any person who . . . willfully obstructs or hinders the conduct of an audit, examination, or related activity by the Auditor of Public Accounts, or who willfully misleads or attempts to mislead any person charged with the duty of conducting such audit, examination, or related activity shall be guilty of a Class II misdemeanor.*

Good internal controls require procedures to ensure both complete honesty and full compliance in response to all APA requests for information and documentation.

Without such procedures, there is an increased risk of not only prolonging the APA's examination process but also failing to comply with State statute.

> We recommend the implementation of procedures to ensure both complete honesty and full compliance with all APA requests for information and documentation, as required by State statute.

2. Personal Use of Hospital Funds

As mentioned previously herein, Mr. Chaffin informed the APA that any "non-hospital related purchases" made on the credit card opened under his name are to be reimbursed to the Hospital. According to Hospital representatives, Mr. Chaffin would identify his personal charges on the credit card statements by highlighting them. Further, the Hospital requires that each purchase be adequately supported with sufficient documentation, such as an itemized receipt or detailed invoice. If no such documentation was provided, the associated credit card charge would generally be considered as a "non-hospital related purchase" if he did not subsequently dispute otherwise.

During our examination of the credit card charges and related supporting documentation, the APA observed that Mr. Chaffin identified as personal a total of 201 credit card charges, totaling $15,296.78. Six of those charges, totaling $1,569.23, were made on the Hospital's credit card that closed in July 2024. Despite having identified those charges as personal prior to the APA's initial inquiry, Mr. Chaffin appears not to have identified all personal credit card charges made during the period January 1, 2024, through February 28, 2026. The APA identified a total of 325 charges, totaling $38,415.00, that appear to have been made for Mr. Chaffin's own purposes.

These 325 purchases are summarized in the table below:

Payee	Number of Transactions	Amount	Hospital - Personal	APA - Personal	APA Explanation for Additional Personal Amount
Sam's Club	26	$5,086.16	$2,613.06	$4,676.79	These purchases were either: 1) delivered to Mr. Chaffin's personal residence; or 2) included items such as men's clothing, a 50" TV, and food. See also ***Note 2***.
Graymere Country Club	8	$4,572.82	$57.81	$4,572.82	See the "***Golf-Related Purchases***" section below.
The Home Depot	9	$3,799.80	$2,828.84	$3,759.61	Some of these purchases identified by Mr. Chaffin as personal lacked adequate support. Therefore, the APA questions the full amount of the purchases.
Amazon	25	$3,496.88	$66.74	$3,496.88	These purchases were either: 1) made on Mr. Chaffin's personal account; or 2) delivered to Mr. Chaffin's personal residence. See also ***Note 2***.
Friend Country Club	2	$2,870.00	$0.00	$2,870.00	See the "***Golf-Related Purchases***" section below.
Costco	12	$1,620.00	$1,387.57	$1,487.28	These purchases were either: 1) identified by Mr. Chaffin as partially personal but lacked support, so the APA questions the full amount; 2) identified by Mr. Chaffin as personal but were incorrectly calculated; or 3) shipped to an address in Estes Park, CO.
YouTube TV	28	$1,424.93	$204.79	$1,424.93	Some of these purchases were identified by Mr. Chaffin as personal, but the APA is questioning all of these expenses.
Discount Tire	1	$1,256.80	$1,256.80	$1,256.80	
United Airlines	7	$1,233.24	$622.12	$1,233.24	See the "***Personal Travel Purchases***" section below.
Membership Fees	2	$1,050.00	$0.00	$1,050.00	See the "***Membership Fees***" section below.
VFD Innovative Dental	1	$877.03	$877.03	$877.03	
Disney World Resort's Lake Buena Vista Golf Course	4	$836.32	$261.91	$836.32	See the "***Golf-Related Purchases***" section below.
Avis Rent-A-Car	4	$742.05	$30.89	$742.05	See the "***Personal Travel Purchases***" section below.
Arnold Palmer's Bay Hill Club & Lodge	4	$736.92	$161.41	$736.92	See the "***Golf-Related Purchases***" section below.
GolfStatus	1	$630.00	$0.00	$630.00	See the "***Golf-Related Purchases***" section below.
Friend Historical Society	1	$625.00	$400.00	$625.00	This purchase was identified by Mr. Chaffin as partially personal but lacked support. Therefore, the APA questions the full amount. See also ***Note 2***.
Fellowship of Christian Athletes	1	$600.00	$0.00	$600.00	This payment is to an international non-profit Christian sports ministry based in Kansas City.
eBay	1	$520.08	$520.08	$520.08	
Other Vendors - ***Note 1***	188	$7,019.25	$4,007.73	$7,019.25	These purchases were either: 1) included in the sections below; 2) streaming services; 3) personal charges identified by Mr. Chaffin; or 4) additional personal charges identified by the APA. See also ***Note 2***.
Totals	**325**	**$38,997.28**	**$15,296.78**	**$38,415.00**	

Note 1: *The APA combined all vendors with transactions totaling less than $500 each under the "Other Vendors" line item above.*
Note 2: *Subsequent to the APA's initial requests and scanning trip on April 1, 2026, the Hospital later provided the APA with additional information and documentation to support or provide further context for some of these purchases. Because no such support was originally on file, however, the APA is still questioning the purchases.*

A detailed listing of all of Mr. Chaffin's apparent personal credit card charges has been included as **Exhibit A** herein. Examples of some of these purchases are discussed in further detail below:

Membership Fees

As mentioned in **Comment and Recommendation Number 1** ("Apparent Attempt to Mislead the APA") herein, Mr. Chaffin opened up a credit card under his own name and social security number because the Hospital needed a line of credit to make necessary hospital-related purchases. This was a United Club(SM) Card that charged an annual $525 membership fee, which the Hospital paid. In exchange for that fee, Mr. Chaffin enjoyed, according to information provided on the credit card statements, the following benefits:

> Your United Club(SM) Card provides: United Club Individual membership, Premier Access including Priority Boarding, free first and second checked bag fee for Cardmembers and one traveling companion, hotel and card status, no foreign transaction fees, 25% off United inflight purchases and up to $120 off Global Entry TSA Pre-Check® or NEXUS. You also earn 4 miles per $1 spent on United purchases, 2 miles per $1 spent on all other travel purchases, 2 miles per $1 spent on dining at restaurants, and 1 mile per $1 spent on all other purchases.

As shown in the above image, members can earn points (miles) on each purchase made with the card. The APA noted that Mr. Chaffin earned a total of 387,692 points during the period April 2024 through February 2026.

The APA inquired with Hospital representatives regarding the nature of this credit card and its purchases. Despite being used to make both hospital-related and his own personal purchases, Hospital representatives and Mr. Chaffin stated that this credit card is his personal card. Therefore, the APA questions whether it was appropriate for the Hospital to pay for the two annual membership fee charges of $525 each, totaling $1,050.

Golf-Related Purchases

The APA noted 37 credit card charges, totaling $12,285.41, that appear to be golf-related purchases. These transactions are summarized in the table below:

Payee	Location	Number of Transactions	Amount	Hospital - Personal	APA - Personal
Graymere Country Club	Columbia, TN	8	$4,572.82	$57.81	$4,572.82
Friend Country Club	Friend, NE	2	$2,870.00	$0.00	$2,870.00
Disney World Resort’s Lake Buena Vista Golf Course	Lake Buena Vista, FL	4	$836.32	$261.91	$836.32
Arnold Palmer’s Bay Hill Club & Lodge	Orlando, FL	4	$736.92	$161.41	$736.92
GolfStatus	Online	1	$630.00	$0.00	$630.00
Estes Park 18-Hole Golf Course	Estes Park, CO	3	$487.37	$487.37	$487.37
The Ritz-Carlton Hotel	Orlando, FL	1	$330.14	$0.00	$330.14
Vice Sporting Goods	Online	2	$315.72	$0.00	$315.72
Bali Hai Golf Club	Las Vegas, NV	1	$315.00	$0.00	$315.00
Cog Hill Golf and Country Club	Lemont, IL	2	$279.46	$103.31	$279.46
Sam’s Club	Online and Lincoln, NE	2	$222.86	$81.42	$222.86
Waldorf Astoria Golf Club	Orlando, FL	1	$197.03	$15.00	$197.03
Hillcrest Country Club	Lincoln, NE	1	$194.42	$0.00	$194.42
The Golf Warehouse	Online	1	$125.25	$0.00	$125.25
Hawks Landing Golf Club	Orlando, FL	1	$123.45	$36.90	$123.45
NuMark Golf Course	Lincoln, NE	1	$26.00	$26.00	$26.00
Western Birch Golf Company	Online	1	$20.00	$0.00	$20.00
GolfNow	Online	1	$2.65	$0.00	$2.65
	Totals	**37**	**$12,285.41**	**$1,231.13**	**$12,285.41**

Among these golf-related purchases were eight transactions, totaling $4,572.82, made at Graymere Country Club in Columbia, Tennessee. According to documentation obtained by the APA, this out-of-state country club was Mr. Chaffin’s former employer from May 2021 through April 2022. Of the total amount paid to this country club, only $57.81 was identified as personal by Mr. Chaffin, and only one charge – made on January 29, 2024, for $731.16 – was adequately supported. An image of the invoice for this $731.16 transaction is provided below:

Bryan T. Combiths

INVOICE

Invoice #012924

Jared Chaffin

Date: January 29, 2024

Bill To:
Friend Community Health Care Center
c/o Jared Chaffin
[redacted]

Mail To:
Bryan T. Combiths
[redacted]

Make Check Payable To:

Bryan T. Combiths

Date	Amount	Description	Unit Price	Service Charge	Tax	Line Total
01/29/2024	12 Doz.	Titleist Logo Balls	$646.80		$63.06	$709.86
					3% Credit Card Fee	$21.30
					Total Due	$731.16

This purchase was for 12 dozen, or 144, Titleist Logo Balls. It is the APA's understanding that these golf balls were made with a custom logo for the Hospital. Interestingly, the invoice directs the check to be made payable to "Bryan Combiths" instead of to the country club itself. According to the country club's website, Mr. Combiths is its Chief Operating Officer. It should be noted also that this purchase was coded in the Hospital's accounting system as "marketing advertising." However, the APA questions whether purchasing $731.16 worth of Titleist custom-logo golf balls is a reasonable and necessary "advertising" expense for a hospital.

Mr. Chaffin also attended a conference in Orlando, Florida in April 2025, which is discussed in further detail in **Comment and Recommendation Number 3** ("Questionable Credit Card Charges"). During that trip, the APA noted a charge made to The Ritz-Carlton Hotel, totaling $330.14.

The APA contacted the Ritz-Carlton Hotel to obtain additional information regarding this purchase. Hotel representatives directed the APA to Marriott Customer Service representatives, which operates the hotel. Upon discussion with Marriott Customer Service, the APA was informed that the $330.14 transaction on April 8, 2025, was made at a golf shop located within the hotel – The Ritz-Carlton Golf Club.

An image of the receipt for this purchase is shown below:

Duplicate Ticket

The Ritz Carlton Orlando
4048 Central Florida Parkway
Orlando, Florida, 32837, United States
1 (407) 393-4900

Ticket #	17308
Outlet	The Ritz-Carlton Golf Club, Orlando
Clerk	BWROB613
Printed Date	07/09/2026 4:35:50 PM
Sales Date	04/08/2025 1:58:46 PM
Guest Name	Jared Chaffin
Machine	GOLF SHOP LEFT

Qty	Items	Cost
1	Ahead Pierced Coin	$14.99
1	Resort Guest (Chaffin Jared) (Resort)	$295.00
	Sub Total	$309.99
	Sales Tax	$20.15
	Total	**$330.14**

** Payment/Refund **
CREDIT CARD - VISA $330.14
CC#: 438857XXXXXX2086
Surcharge: $0.00

As shown in the above image, Mr. Chaffin purchased a round of golf for himself and an "Ahead Pierced Coin" ball marker. However, this purchase was not accompanied by any supporting documentation prior to the APA's inquiry with customer service representatives and was not initially identified by Mr. Chaffin as personal.

On April 1, 2026, the APA completed an on-site visit at the Hospital to gather additional documentation. During the visit, the APA questioned Mr. Chaffin about the purpose of the golf-related purchases. Mr. Chaffin informed the APA that the Board authorized such purchases for him to maintain a golf membership to connect with the community and to network with other officials. The APA subsequently inquired with Hospital representatives regarding the authorization of such membership. The Hospital responded as follows:

> The golf membership was maintained by the CEO primarily for business development and community engagement purposes aligned with the organization's strategic objectives. Given the networking value relative to its cost, the CEO utilized the membership as a tool to cultivate relationships that advance the hospital's interests within the community. No Board approval documentation exists authorizing the golf membership expense.

As clearly stated above, "No Board approval documentation exists authorizing the golf membership expense." In addition to the golf membership at the Friend Country Club, the other golf-related purchases listed above consisted of miscellaneous golf paraphernalia and rounds of golf at courses in Lincoln, Nebraska, and in several other states, including Florida, Tennessee, Colorado, Nevada, and Illinois. Many of these purchases appear to have coincided with travel for hospital conferences; nevertheless, the APA questions how playing rounds of golf in different states allows for the advancement of "the hospital's interests within the community."

Personal Travel Purchases

Mr. Chaffin identified a trip to Orlando, Florida, from May 15, 2025, to May 20, 2025, as personal. Mr. Chaffin appears to have used the credit card opened under his name to make a number of purchases in relation to this trip, totaling $3,337.35, as summarized in the table below:

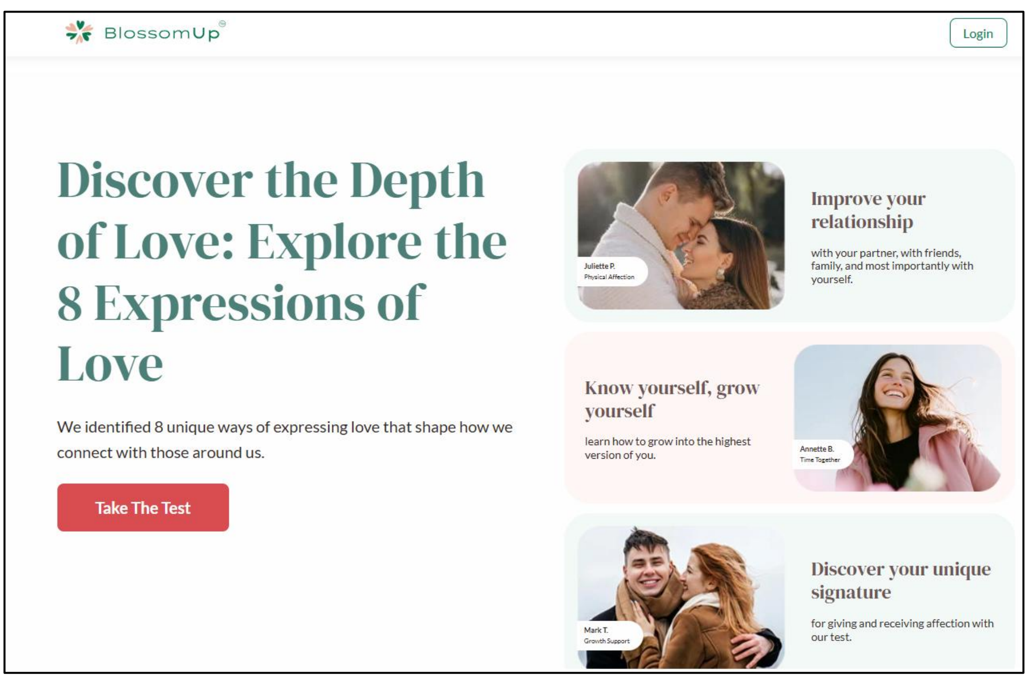
Payee	Number of Transactions	Total Amount	Hospital - Personal	APA - Personal
United Airlines	7	$1,233.24	$622.12	$1,233.24
Avis Rent-A-Car	1	$711.16	$0.00	$711.16
Orlando World Center Marriott Hotel	14	$437.19	$85.74	$437.19
Waldorf Astoria Golf Club**	1	$197.03	$15.00	$197.03
Disney World Resort's Yachtsman Steakhouse	1	$188.04	$0.00	$188.04
Disney World Resort's Lake Buena Vista Golf Course**	1	$141.25	$0.00	$141.25
Hawks Landing Golf Club**	1	$123.45	$36.90	$123.45
Disney World Resort's Steakhouse 71 Restaurant	1	$82.10	$0.00	$82.10
Lincoln Airport Parking	1	$72.00	$0.00	$72.00
Speedway Gas Station	2	$44.94	$11.98	$44.94
Disney World Resort's Planet Hollywood Restaurant	1	$33.42	$33.42	$33.42
Disney World Resort's D-Luxe Burger	1	$24.01	$24.01	$24.01
Disney World Resort's The Mara Restaurant	1	$20.00	$0.00	$20.00
World of Disney	1	$15.96	$15.96	$15.96
Disney World Resort's Main Street Bakery	1	$10.91	$10.91	$10.91
GolfNow**	1	$2.65	$0.00	$2.65
Totals	**36**	**$3,337.35**	**$856.04**	**$3,337.35**

***These charges were included previously in the table under the "Golf-Related Purchases" section herein.*

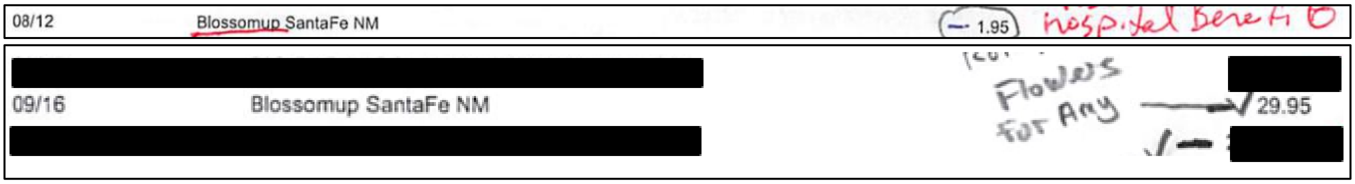
The above charges included purchases for lodging, meals, golfing, a plane ticket, and seat upgrades for the flight. Despite Mr. Chaffin identifying only 15 charges, totaling $856.04, as personal; however, 36 charges, totaling $3,337.35, were made in relation to this personal travel. If the trip itself was personal – as indicated by Mr. Chaffin – then all the related 36 charges should be considered personal as well, and Hospital funds should not have been used to cover these expenses.

BlossomUp Charges

During the examination, the APA was made aware of seven credit card charges, totaling $181.65, made to a company called BlossomUp. According to its website (https://blossomup.co/), this vendor provides an online test that allows one to "explore the 8 expressions of love" and supposedly provides advice on how to "improve your relationship" and "know yourself, grow yourself," helping to "discover your unique signature." The following is an image of the website's home page:



Nevertheless, the credit card statements observed by the APA contained handwritten notes that these purchases were for a "hospital benefit" and "flowers for [a Hospital employee]." The following images are excerpts from the September and October 2025 credit card statements:

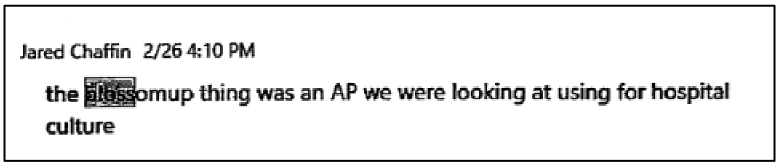

08/12 Blossomup SantaFe NM (— 1.95) hospital Benefit

[redacted]

09/16 Blossomup SantaFe NM Flowers For Amy → 29.95 [redacted]

[redacted]

It should be noted that nowhere on the website does it state that flowers can be purchased. Moreover, Mr. Chaffin stated this website was utilized for "hospital culture," as shown in the image below:


Jared Chaffin 2/26 4:10 PM

the blossomup thing was an AP we were looking at using for hospital culture

According to information available online through the Better Business Bureau, this vendor appears to be a subscription trap scam, wherein users who take the online test are charged an initial fee and automatically subscribed to a monthly plan that must be cancelled manually to stop further charges. In this case, an initial charge of $1.95 was made on August 12, 2025, and starting on September 16, 2025, monthly charges of $29.95 continued thereafter. The APA questions not only whether an online relationship test could be considered a reasonable and necessary hospital expense but also why one of the credit card charges was noted as being for "flowers" when no such items are sold by this vendor.

It is important to note that Mr. Chaffin reimbursed the Hospital $16,859.06 for these personal purchases, which is more than the $15,296.78 he initially identified as personal, but less than the total $38,415.00 questioned by the APA. However, $11,055.42 of this amount was paid back only after the APA's initial information request to the Hospital on February 10, 2026, with one payment of $4,028.56 being made almost immediately after on February 11, 2026, and another payment of $7,026.86 made a couple days later on February 13, 2026. Regardless of these subsequent reimbursements made by Mr. Chaffin, all payments made towards the actual balances of both credit cards were made solely from the Hospital's funds.

Despite Mr. Chaffin's claim that he would be personally liable for the charges made on the credit card opened under his name, he never paid any of his own funds – with the exception of the partial reimbursement of the personal charges – towards the card, appearing instead to have benefited from what is essentially an interest-free loan of public funds. Because Hospital funds were used to pay off the monthly balance of this credit card, moreover, Mr. Chaffin likely benefitted further through improvements to his personal credit score.

The issues addressed herein give rise to serious concerns regarding apparent misuse of public funds. As explained by the Nebraska Attorney General, for instance, there exists a "principle of law that public funds cannot be expended for private purposes." Op. Att'y Gen. No. 95034 (April 26, 1995). This fundamental legal precept is closely related to, though not part of, Article XIII, § 3, of the Nebraska Constitution, which prohibits giving or lending the State's credit.

Furthermore, Mr. Chaffin's admitted personal use of Hospital funds gives rise to several statutory concerns. To start, Neb. Rev. Stat. § 28-511 (Reissue 2016) provides, in relevant part, the following:

> *(1) A person is guilty of theft if he or she takes, or exercises control over, movable property of another with the intent to deprive him or her thereof.*
>
> *(2) A person is guilty of theft if he or she transfers immovable property of another or any interest therein with the intent to benefit himself or herself or another not entitled thereto.*

Similarly, Neb. Rev. Stat. § 28-512 (Reissue 2016) creates the offense of "theft by deception." That statute states the following, in relevant part:

> *A person commits theft if he obtains property of another by deception. A person deceives if he intentionally:*
>
> *(1) Creates or reinforces a false impression, including false impressions as to law, value, intention, or other state of mind; but deception as to a person's intention to perform a promise shall not be inferred from the fact alone that he did not subsequently perform the promise; or*
>
> *(2) Prevents another from acquiring information which would affect his judgment of a transaction; or*
>
> *(3) Fails to correct a false impression which the deceiver previously created or reinforced, or which the deceiver knows to be influencing another to whom he stands in a fiduciary or confidential relationship. . . .*

In addition, Neb. Rev. Stat. § 49-14,101.01 (Reissue 2021) of the Nebraska Political Accountability and Disclosure Act provides, as is relevant, the following:

> *(1) A public official or public employee shall not use or authorize the use of his or her public office or any confidential information received through the holding of a public office to obtain financial gain, other than compensation provided by law, for himself or herself, a member of his or her immediate family, or a business with which the individual is associated.*
>
> *(2) A public official or public employee shall not use or authorize the use of personnel, resources, property, or funds under his or her official care and control other than in accordance with prescribed constitutional, statutory, and regulatory procedures or use such items, other than compensation provided by law, for personal financial gain.*

Per subsection (7) of that same statute, "[A]ny person violating this section shall be guilty of a Class III misdemeanor . . . ."

As explained previously herein, moreover, Neb. Rev. Stat. § 84-305.02 (Reissue 2024) criminalizes any attempt to willfully obstruct or hinder "the conduct of an audit, examination, or related activity by the Auditor of Public Accounts" or to willfully mislead or attempt to mislead "any person charged with the duty of conducting such audit, examination, or related activity."

Because the municipal Hospital is a governmental entity, its personnel are subject to statutory provisions, such as those found in the Nebraska Political Accountability and Disclosure Act, applicable to public officials and employees.

These potential statutory concerns aside, it should be noted that good internal controls require procedures to ensure that one person is not in a position both to perpetrate and to conceal financial errors or irregularities, including fraud.

Without such procedures, there is an increased risk for fraud or the misappropriation of Hospital funds.

> We recommend the Hospital implement procedures to prevent one person from being in a position both to perpetrate and to conceal financial errors or irregularities, including fraud. Among other things, the Hospital could require a Board member or other employee not involved with the payment process to perform a documented review of all Hospital disbursements, including credit card charges. We also recommend the Hospital implement procedures to ensure that all payments, including a listing of credit card charges, are submitted and approved by the Board with all relevant supporting documentation. We recommend further that the Hospital consider taking appropriate action to recover or otherwise account for any unreimbursed personal credit card charges. Finally, because this comment gives rise to concerns regarding possible violations of State statute, we are forwarding the information herein to the Nebraska Attorney General, the Nebraska Accountability and Disclosure Commission, and the Saline County Attorney for further review.

3. Questionable Credit Card Charges

In addition to the personal charges discussed previously herein, the APA noted 103 credit card charges, totaling $27,926.61, that included $11,211.52 in potentially questionable items. These charges are summarized in the following table:

Payee	Number of Transactions	Total Amount	Questioned Amount	APA Explanation for Questioned Amount
Sam's Club	34	$14,512.48	$1,957.46	See the "***Sam's Club Purchases***" section below. See also ***Note 2***.
United Airlines	33	$7,823.39	$3,911.65	See the "***Airplane Ticket Purchases***" section below.
Dollar General	6	$1,004.85	$989.00	Some of these purchases included items such as gift cards, coffee, espresso, and cold brew.
The Ritz-Carlton Hotel	2	$617.65	$617.65	These purchases were for alcohol, room service, valet, taxes, and fees.
Friend Historical Society	1	$600.00	$600.00	This purchase was for a gala dinner. See also ***Note 2***.
The Home Depot	1	$542.69	$542.69	This purchase included a circular saw, an oscillating multi-tool, a mode impact driver, and a reciprocating saw.
PayPal	1	$500.00	$500.00	This purchase is a donation for the 2025 Doane University Men's Wrestling Fall Fundraiser. See also ***Note 2***.
Other Vendors - ***Note 1***	25	$2,325.55	$2,093.07	Some of these purchases were either: 1) included in the sections below; 2) made at questionable vendors (i.e., appear not to be for a hospital-related purpose); 3) excessive meal purchases; or 4) consisted of flowers for a memorial. See also ***Note 2***.
Totals	**103**	**$27,926.61**	**$11,211.52**	

Note: *The APA combined all vendors with transactions totaling less than $500 each under the "Other Vendors" line item above.*
Note 2: *Subsequent to the APA's initial requests and scanning trip on April 1, 2026, the Hospital later provided the APA with additional information and documentation to support or provide further context for some of these purchases. Because no such support was originally on file, however, the APA is still questioning the purchases.*

A detailed listing of all the questionable credit card charges has been included as **Exhibit B** herein. Examples of such questionable charges are discussed in further detail below:

Airplane Ticket Purchases
During examination of the documentation provided by the Hospital, the APA noted several United Airlines purchases for airplane tickets, checked bags, and seat upgrades for individual flights. In addition, several of the airplane tickets appear to have been for first-class flights.

For example, on March 19, 2025, an airplane ticket was purchased for Mr. Chaffin to attend the International Performance Management Institute Healthcare Finance Institute in Florida from April 4, 2025, to April 9, 2025. According to Hospital representatives, this conference provides a forum for senior healthcare leaders to discuss strategies for optimizing patient financial outcomes. The Hospital was responsible for only the airplane ticket costs because the conference covered the registration and hotel accommodation costs. The airplane ticket charges for this trip are listed in the table below:

Transaction Date	Payee	Amount	Notes
3/19/2025	United Airlines	$725.66	Plane ticket
3/30/2025	United Airlines	$140.00	Premium cabin upgrade
	Total	**$865.66**	

Upgrading to preferred zone seats, premium cabin, or purchasing first class plane tickets appear not to be reasonable and necessary uses of Hospital funds. As mentioned previously, Hospital representatives stated that the conference covered the cost of the registration and hotel accommodation. Promotional information for the conference, as shown below, describes what was included in the registration cost:

REGISTRATION INCLUDES:

- 4 nights' accommodation at the Resort
- All group meals and cocktail receptions for the duration of the Institute
- A customized itinerary highlighting the Thought Leadership Sessions, Business Meetings and Networking Functions that you have selected
- Dedicated pre-event, post-event and onsite logistics assistance by an IPMI Operations Manager
- Access to Presentation Materials post-event

Despite this, the following charges appear to have been made with the credit card under Mr. Chaffin's name for this trip:

Transaction Date	Payee	Amount
3/15/2025	Arnold Palmer's Bay Hill Club & Lodge	**$406.19
4/4/2025	Arnold Palmer's Bay Hill Club & Lodge	**$169.32
4/4/2025	Tailwind Airport Concessions*	$13.89
4/5/2025	Arnold Palmer's Bay Hill Club & Lodge*	**$86.88
4/5/2025	Disney World Resort's Lake Buena Vista Golf Course	**$433.16
4/5/2025	Disney World Resort's Lake Buena Vista Golf Course*	**$203.42
4/5/2025	Disney World Resort's Lake Buena Vista Golf Course*	**$58.49
4/5/2025	Publix Supermarket*	$34.60
4/5/2025	World of Disney*	$31.94
4/6/2025	The Ritz-Carlton Hotel	$219.99
4/8/2025	Arnold Palmer's Bay Hill Club & Lodge*	**$74.53
4/8/2025	The Ritz-Carlton Hotel	**$330.14
4/9/2025	Avis Rent-A-Car	$427.64
4/9/2025	Lincoln Airport Parking	$54.00
4/9/2025	RaceTrac Gas Station*	$15.60
4/9/2025	RaceTrac Gas Station*	$11.24
4/9/2025	The Ritz-Carlton Hotel	$397.66
4/9/2025	The Ritz-Carlton Hotel*	$7.00
	Total	**$2,975.69**

**These charges were identified by Mr. Chaffin as personal.*
***These charges were included previously in the table under the "Golf-Related Purchases" section herein.*

As shown in the above table, Mr. Chaffin identified 10 of these charges as personal, but the APA questions whether the other hotel charges and purchases made during this trip were appropriate if, as stated by the Hospital representatives, such expenses were included in the conference registration. If proven that any of these other charges were, in fact, personal, but not identified by Mr. Chaffin, this could give rise to the same statutory concerns discussed in **Comment and Recommendation Number 2** ("Personal Use of Hospital Funds") herein.

As noted in the above table and previously herein, four credit card charges were made at The Ritz-Carlton Hotel, totaling $954.79. The supporting documentation provided by Marriott Customer Service representatives showed that three of these charges consisted of alcohol, room service, valet parking, taxes, and fees.

An excerpt of the receipt for the $219.99 charge made at The Ritz-Carlton Hotel on April 6, 2025, is provided below:

Check Opened Dat	4/6/2025 21:54
Check Duration	1.8466666666666667
Number of Guests	6
Reference Info	CHFFIN/CC
Location	MCORZ RC Orlando Grande Lakes
Order Type	CHECK
Order Channel	
Check Employee	[redacted]

Adjustment Type	Reason	Transaction Date and Time	Count	Name	Amount	Revenue Center
		4/6/2025 21:55	1	GR GOOSE	17.00	MCORZ LOBBY LOUNGE
		4/6/2025 21:55	1	ROCKS	5.00	MCORZ LOBBY LOUNGE
		4/6/2025 21:55	1	BASIL HAYDEN	20.00	MCORZ LOBBY LOUNGE
		4/6/2025 21:55	1	ROCKS	5.00	MCORZ LOBBY LOUNGE
		4/6/2025 21:55	1	LOBBY MULE	22.00	MCORZ LOBBY LOUNGE
		4/6/2025 21:55	1	GR GOOSE	17.00	MCORZ LOBBY LOUNGE
		4/6/2025 21:55	1	ROCKS	5.00	MCORZ LOBBY LOUNGE
		4/6/2025 21:55	1	JACK DANIELS	19.00	MCORZ LOBBY LOUNGE
		4/6/2025 21:55	1	ROCKS	5.00	MCORZ LOBBY LOUNGE
		4/6/2025 22:49	1	JACK DANIELS	19.00	MCORZ LOBBY LOUNGE
		4/6/2025 22:49	1	ROCKS	5.00	MCORZ LOBBY LOUNGE
		4/6/2025 22:49	1	ZACAPA 23	22.00	MCORZ LOBBY LOUNGE
		4/6/2025 22:49	1	ROCKS	5.00	MCORZ LOBBY LOUNGE
		4/6/2025 23:00		SERVICE CHARGE %	33.20	MCORZ LOBBY LOUNGE
		4/6/2025 23:00		20.00 %		MCORZ LOBBY LOUNGE
		4/6/2025 23:45		Visa	219.99	MCORZ LOBBY LOUNGE
		4/6/2025 23:45		CHARGE TIP $	10.00	MCORZ LOBBY LOUNGE
		4/6/2025 23:45		XXXXXXXXXXXX2086		MCORZ LOBBY LOUNGE

Subtotal	166.00
Inclusive Tax Total	0.00
Add-On Tax Total	10.79
Service Charge To	43.20
Check Total	219.99

Tax Name	Tax Type	Amount
Total		**10.79**
STATE TAX LIQR	Add-On	10.79

As shown above, the check tab was opened at 9:54 p.m. for six guests and not closed until over an hour later. Moreover, this purchase was also not identified initially by Mr. Chaffin as personal.

Additional Alcohol Purchases

The APA noted also several purchases made at bars or restaurants that appear to have included alcoholic beverages. Images of the receipts for two such purchases are provided below:


Blue Ribbon
The Cosmopolitan of Las Vegas
4/30/2024 19:40

Blue Ribbon Las Vega
Check: 11500817 Table: 35
Server: Jose Guests: 3
Terminal: 1150

Regular Check
2 WATER SAN PELL 22.00
@ 11.00
2 JACK DANIEL'S 28.00
@ 14.00
1 CRAB CAKE 48.00
1 TOMATO SOUP 13.00
1 MIXED SALAD 20.00
1 SHRIMP PROVENCAL 44.00
1 8OZ. FILET 74.00
1 CREAM BRULEE 16.00
1 BANANA SPLIT 14.00

Subtotal 279.00
Tax 23.37
Total 302.37

****GRATUITY/TIP Not Included****
This tip/gratuity guide is provided
for your convenience.

18%-50.22
20%-55.80
22%-61.38

GRATUITY $ 75.00
TOTAL $ 377.37


Starting at 9:30
1/2 Price Local Oysters & Drink
Specials!

Server: Jessy M
Check #74 Table 26
Ordered: 10/16/24 7:00 PM

1 Don Julio Blanco $15.00
Margarita $2.00
1 Maine Peekytoe Crab Roll $32.00
1 7 Locks Redland Lager 16oz Pint $9.00
1 Grilled Swordfsh $34.00
1 Belvedere $13.00
Specialty Cocktail $4.00
1 Dressed Lobster Roll $39.00
2 Sea Stone $7.00
2 Spindrift $8.00
1 Pimento Crab Dip $18.00

Subtotal $181.00
MD Sales & Alcohol Tax $12.15
Total $193.15

Input Type C (EMV Chip Read)
VISA CREDIT xxxxxxxx2086
Time 7:54 PM

Transaction Type Sale
Authorization Approved
Approval Code 05104I
Payment ID dJLXRW7JstJr
Application ID A0000000031010
Application Label VISA CREDIT
Terminal ID
Card Reader BBPOS

Amount $193.15
+ Tip: 45
= Total: 238.15

X
JARED CHAFFIN

As highlighted in the red boxes above, $28 was spent on alcoholic beverages at the Blue Ribbon American Grill and Oyster Bar in Las Vegas, Nevada, on April 30, 2024, and $43 was spent on alcoholic beverages on October 16, 2024, at The Salt Line Restaurant in Bethesda, Maryland. Mr. Chaffin did not identify these alcoholic beverages as personal purchases. The APA is unaware of any authority, statutory or otherwise, that permits alcohol to be purchased with public funds.

It should be noted also that, according to Hospital representatives, Mr. Chaffin and one other Hospital leadership team employee attended the TruBridge Conference in Las Vegas, Nevada, from April 29, 2024, to May 2, 2024. Yet, as seen in the above receipt at the Blue Ribbon, three guests' meals were paid for. Therefore, the APA questions why another individual's meal was paid for by the Hospital when only two Hospital employees attended this conference.

Buying alcohol with public funds is not authorized under the Local Government Miscellaneous Expenditure Act (Act). Set out at Neb. Rev. Stat. §§ 13-2201 to 13-2204 (Reissue 2022; 2026 Neb. Laws, L.B. 1114, § 71), the Act specifies various expenditures, aside from those otherwise authorized by law, that constitute allowable uses of public funds by designated political subdivisions. Per Neb. Rev. Stat. § 13-2202(3) (2026 Neb. Laws, L.B. 1114, § 71), the provisions of the Act are made applicable to "cities of any class" – which would necessarily include their various departments and extensions, including a municipal hospital formed thereby. The expenditure of public funds for food or drinks is covered by Neb. Rev. Stat. § 13-2203 (Reissue 2022) of the Act, which permits the governing body of a local government to purchase only nonalcoholic beverages.

Moreover, if it can be proven that any of these other charges were, in fact, personal, this would give rise to the same statutory concerns discussed in **Comment and Recommendation Number 2** ("Personal Use of Hospital Funds") herein.

Sam's Club Purchases
The APA noted that Sam's Club purchases comprised a significant portion of all transactions for each of the two credit cards during the period examined. According to Hospital representatives, these purchases typically were made for groceries for the Hospital's dietary department and facility-wide supplies using Hospital employees' personal Sam's Club accounts. The Hospital did not have its own Sam's Club account until February 2025.

The APA identified 34 Sam's Club purchases with potentially questionable items, totaling $1,957.46, including candy, shopper totes, protein shakes, drinks, snacks, and other items shipped directly to the personal residences of Hospital employees. The documentation provided to support these purchases indicate that some were made for the Hospital's back office and nurse supplies for use by Hospital staff. Hospital representatives later explained to the APA that, in addition to operating a full cafeteria, its Dietary Department also maintains a concession area that sells food and beverage items to generate revenue. Due to the limited demand for cafeteria services, the Dietary Department purchases bulk food items – including the aforementioned candy, protein shakes, drinks, and snack items – from Sam's Club rather than through a traditional food-service distributor.

Nevertheless, several of these purchases contained items that were shipped directly to Hospital employees' homes. The APA questions whether this is an appropriate practice for items intended for subsequent resale to the general public. Further, Sam's Club members can earn and redeem cash back rewards on purchases made online or in person. However, the APA was unable to see how cash back rewards earned for reimbursed expenditures – which would be Hospital property – were used. Without adequate policies and procedures to track such rewards, there is a risk that those earned on hospital-related purchases may have been used on personal purchases.

Good internal controls require procedures to ensure that all disbursements are considered reasonable and necessary for the Hospital. Without such procedures, there is an increased risk of not only noncompliance with State statute but also loss or misuse of Hospital funds.

> We recommend the Hospital implement procedures to ensure that all disbursements of public funds are reasonable and necessary for the Hospital.

4. Other Credit Card Issues

In addition to the issues identified in **Comment and Recommendation Numbers 2 and 3** ("Personal Use of Hospital Funds" and "Questionable Credit Card Charges") herein, the APA noted the following issues with the Hospital's credit card procedures:

Inadequate or Lack of Supporting Documentation
The APA observed that 159 credit card charges, totaling $27,871.13, lacked adequate – or, in some cases, any – supporting documentation for the purchase. These charges are summarized below:

Payee	Number of Transactions	Amount
Marquis Who's Who	2	$4,365.58
Sam's Club - ***Note 2***	20	$3,151.48
eBay - ***Note 2***	2	$2,616.87
The Home Depot	5	$2,070.57
Marriott Hotel	1	$2,054.97
Avis Rent-A-Car	8	$1,604.56
Costco	13	$1,441.54
HFMA - ***Note 2***	2	$960.00
Modern Healthcare - ***Note 2***	2	$898.00
4Imprint, Inc - ***Note 2***	2	$695.38
Hyatt Hotel	6	$626.16

Payee	Number of Transactions	Amount
Crowne Plaza - ***Note 2***	1	$574.44
Other Vendors - ***Note 1***	95	$6,811.58
Total	**159**	**$27,871.13**

Note 1: *The APA combined all vendors with transactions totaling less than $500 each under the "Other Vendors" line item above.*
Note 2: *Subsequent to the APA's initial requests and scanning trip on April 1, 2026, the Hospital later provided the APA with additional information and documentation to support or provide further context for some of these purchases. Because no such support was originally on file, however, the APA is still questioning the purchases.*

Neb. Rev. Stat. § 13-610(4) (Reissue 2022) requires an itemized receipt for all purchases made with a political subdivision's purchasing card, as follows:

> *An itemized receipt for purposes of tracking expenditures shall accompany all purchasing card purchases. In the event that a receipt does not accompany such a purchase, purchasing card privileges shall be temporarily or permanently suspended in accordance with rules and regulations adopted and promulgated by the political subdivision.*

Similar to the other charges discussed previously herein, if any of the expenditures summarized in the above table were, in fact, personal, this would give rise to the same statutory concerns discussed in **Comment and Recommendation Number 2** ("Personal Use of Hospital Funds").

Payment of Nebraska Sales Tax, Interest, and Late Fees
During the period examined, the Hospital paid a total of $1,210.79 in Nebraska sales tax on 198 purchases, as well as $943.56 in interest and $120 in late fees on the credit card ending in 0946.

According to Neb. Rev. Stat. § 77-2704.15(1)(a) (Cum. Supp. 2024), purchases made by the State or its political subdivisions are exempt from sales tax, as follows:

> *Sales and use taxes shall not be imposed on the gross receipts from the sale, lease, or rental of and the storage, use, or other consumption in this state of purchases by the state, including public educational institutions recognized or established under the provisions of Chapter 85, or by any county, township, city . . . .*

(Emphasis added.) As a municipal hospital created and owned by the City, the Hospital is also subject to this statutory exemption.

Lack of Credit Card Policy
The Hospital had no credit card policy prior to February 16, 2026. Therefore, the APA was unable to verify that any meal purchases, group meal purchases, or purchases while in travel status were reasonable and in accordance with a set policy.

Subsequent to our inquiry with Hospital representatives on February 10, 2026, the APA was informed that a formal, written credit card policy would be implemented and approved on February 16, 2026.

Good internal controls require procedures to ensure the following: 1) an itemized receipt for each purchasing card expenditure is maintained by the Hospital; 2) sales tax is not paid on Hospital purchases, and credit card billings are paid timely to avoid unnecessary penalties; and 3) a formal, written credit card policy is implemented by the Hospital Board.

Without such procedures, there is an increased risk for not only the failure to comply with State statute but also the loss, misuse, or theft of Hospital funds.

We recommend the Board implement procedures to ensure the following: 1) an itemized receipt is maintained for each purchasing card expenditure, in accordance with State statute; 2) sales tax is not paid on Hospital purchases, and credit card billings are paid timely to avoid unnecessary penalties; and 3) a formal, written credit card policy is implemented by the Hospital Board.

5. <u>Negative Bank Balance</u>

As mentioned previously in the "**Background Information**" section herein, the Hospital changed its designation from a Critical Access Hospital to a Rural Emergency Hospital (REH) in January 2024 due to significant financial struggles. The REH designation allowed the Hospital to receive additional funding from the Federal government to assist in the continuation of services to the community.

Despite this additional assistance, the Hospital appears to have depleted the funds maintained in both of its bank accounts. For example, the APA noted that the Hospital's checking account had a deficit balance of $53,984.15 in July 2025. An excerpt of the July 2025 bank account statement is provided below:

BUSINESS INTEREST CHECKING			
07/01/2025 Beginning Balance			46,567.79
127 Deposits/Other Credits		+	465,450.57
92 Checks/Other Debits		-	566,002.51
07/31/2025 Ending Balance	31 Days in Statement Period		53,984.15-

It should be noted also that, during this same month, the Hospital made a payment of $14,295.05 towards the balance of the credit card opened under Mr. Chaffin's name.

Although no overdraft fees were incurred, good internal controls require procedures to ensure that the Hospital's bank account contains sufficient funds to cover its expenses.

Without such procedures, there is an increased risk for, among other concerns, the accumulation of unnecessary fees.

We recommend the Hospital implement procedures to ensure its bank account contains sufficient funds to cover expenses.

Hospital Overall Response:

The Board appreciates the opportunity to review and respond to the APA's comments and recommendations before the report is finalized, and thank the audit team for its diligence in this matter. As the APA is aware, FCHS previously submitted an informal letter with supporting documentation regarding certain disputed transactions, including Dietary Department purchases and other charges FCHS believes served legitimate hospital business purposes. The Board understands the APA may consider that information in its final determinations.

Leadership Change

In light of issues identified during the audit, Jared Chaffin resigned as Chief Executive Officer and Chief Financial Officer of FCHS, effective July 31, 2026. The Board has appointed interim leadership and is conducting a search for permanent replacements committed to fiscal responsibility and sound governance.

Restitution

FCHS has reconciled its records and Mr. Chaffin has repaid FCHS for personal and other charges identified as improper, consistent with the APA's findings and FCHS's own internal review. The Board is committed to ensuring FCHS is made whole for any improperly expended funds.

Corrective Actions

The Board and Hospital administration have taken concrete remedial steps responsive to the APA's comments, including:

> ***1. Policy and Procedure Review.*** *FCHS is conducting a comprehensive review of all financial policies and procedures, including internal controls over purchasing cards, documentation requirements, and payment approvals. While FCHS adopted a formal credit card and purchasing card policy effective February 16, 2026, broader reforms are underway in response to the APA's recommendations. These include: requiring itemized receipts for all purchasing card transactions; implementing reimbursement procedures for business travel; instituting Board-level review of all disbursements; establishing segregation-of-duties controls; ensuring proper use of FCHS's sales-tax-exempt status; and maintaining sufficient bank balances to meet financial obligations.*
>
> ***2. Training.*** *FCHS is training all staff on fiscal stewardship, internal controls, and compliance under Nebraska law, including Neb. Rev. Stat. § 13-610 and the Local Government Miscellaneous Expenditure Act.*

Board Commitment

The Board takes its fiduciary responsibility to the Hospital, the City of Friend, and the public seriously. It is fully committed to compliance with the APA's recommendations and to maintaining the highest standards of financial stewardship and accountability. Public funds must be expended solely for proper public purposes, and FCHS's operations will reflect that principle.

Continued Community

Service FCHS is a Rural Emergency Hospital, the first so designated in Nebraska, serving Friend and the surrounding communities of Saline and Seward Counties. It provides essential emergency, outpatient, and clinic services to a rural population that would otherwise lack access to critical healthcare. The corrective measures described herein strengthen the institution so it may continue serving its community with integrity.

Cooperation

FCHS offers its full cooperation with the Nebraska Auditor of Public Accounts, the Nebraska Attorney General, the Nebraska Accountability and Disclosure Commission, and the Saline County Attorney in connection with this matter.

* * * * * *

Our audit procedures are designed primarily on a test basis and, therefore, may not bring to light all weaknesses in policies or procedures that may exist. Our objective is, however, to use the knowledge gained during our work to make comments and recommendations that we hope will be useful to the Hospital and the City.

Draft copies of this letter were furnished to the Hospital and the City to provide their management with an opportunity to review and to respond to the comments and recommendations contained herein. Any formal response received has been incorporated into this letter. Such response has been objectively evaluated and recognized, as appropriate, in the letter. A response that indicates corrective action has been taken was not verified at this time.

This communication is intended solely for the information and use of the Hospital, the City, and their management. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this communication is a matter of public record, and its distribution is not limited.

If you have any questions regarding the above information, please contact our office.

Audit Staff Working on this Examination:
Craig Kubicek, CPA, CFE – Deputy Auditor
Mason Culver – Auditor-In-Charge
Destini Morales – Auditor II
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Sincerely,

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cc. Nebraska Attorney General
Nebraska Accountability and Disclosure Commission
Saline County Attorney

FRIEND COMMUNITY HEALTHCARE SYSTEM **Exhibit A**

Personal Credit Card Charges Paid with Hospital Funds

January 1, 2024, through February 2, 2026

Last 4 Digits of Card	Transaction Date	Payee	Amount	Hospital - Personal	APA - Personal
0946	1/9/2024	Vice Sporting Goods	$156.51		$156.51
0946	1/16/2024	The Golf Warehouse	$125.25		$125.25
0946	1/26/2024	Sam’s Club	$261.39	$261.39	$261.39
0946	1/31/2024	Graymere Country Club	$731.16		$731.16
0946	2/2/2024	Sam’s Club	$462.56	$462.56	$462.56
0946	2/8/2024	Sam’s Club	$301.30	$301.30	$301.30
0946	2/14/2024	Sam’s Club	$161.59	$161.59	$161.59
0946	2/15/2024	Sam’s Club	$100.26	$100.26	$100.26
0946	2/15/2024	Sam’s Club	$282.13	$282.13	$282.13
0946	3/13/2024	Sam’s Club	$141.44		$141.44
2086	3/25/2024	Wild Spirits Art Gallery	$28.21	$28.21	$28.21
2086	3/25/2024	Trendz at the Park	$46.60	$46.60	$46.60
2086	3/26/2024	Loaf N Jug	$17.16	$17.16	$17.16
2086	3/26/2024	Loaf N Jug	$40.40	$40.40	$40.40
0946	3/26/2024	Amazon	$168.82		$168.82
2086	3/30/2024	The Canine Scrub	$20.79	$20.79	$20.79
2086	3/30/2024	Sam’s Club	$63.51	$63.51	$63.51
2086	3/31/2024	Pump & Pantry	$13.44	$13.44	$13.44
2086	4/1/2024	Phillips 66	$20.00	$20.00	$20.00
2086	4/1/2024	Membership Fee	$525.00		$525.00
2086	4/2/2024	Sam’s Club	$53.55	$53.55	$53.55
2086	4/5/2024	Sam’s Club	$51.83	$51.83	$51.83
2086	4/6/2024	Sam’s Club	$99.51	$99.51	$99.51
2086	4/6/2024	Pour House Wine Bar	$1.00	$1.00	$1.00
2086	4/6/2024	Pour House Wine Bar	$1.00	$1.00	$1.00
2086	4/6/2024	Pour House Wine Bar	$6.00	$6.00	$6.00
2086	4/6/2024	Pour House Wine Bar	$7.50	$7.50	$7.50
2086	4/6/2024	Friend Historical Society	$625.00	$400.00	$625.00
2086	4/12/2024	Friend Country Club	$500.00		$500.00
2086	4/29/2024	Amazon	$332.10		$332.10
2086	4/29/2024	Amazon	$21.72		$21.72
2086	4/29/2024	Amazon	$21.18		$21.18
2086	4/30/2024	Recreation.gov	$22.00		$22.00
2086	4/30/2024	Amazon	$249.81		$249.81
2086	5/1/2024	Bali Hai Golf Club	$315.00		$315.00
2086	5/2/2024	Recreation.gov	$22.00	$22.00	$22.00
2086	5/14/2024	Amazon	$74.76		$74.76
2086	5/22/2024	Amazon	$299.58		$299.58
2086	5/22/2024	Amazon	$29.95		$29.95
2086	6/5/2024	Amazon	$13.93		$13.93
2086	6/6/2024	Amazon	$75.06		$75.06
2086	6/16/2024	Ticketmaster	$173.69	$173.69	$173.69
2086	6/23/2024	Graymere Country Club	$305.96		$305.96
2086	7/26/2024	Alrington Cemetery	$149.22	$149.22	$149.22
2086	10/14/2024	Amazon	$80.64		$80.64
2086	10/15/2024	Amazon	$147.98		$147.98
2086	10/16/2024	CVS Pharmacy	$19.68		$19.68
2086	10/31/2024	Graymere Country Club	$451.00		$451.00
2086	11/5/2024	Amazon	$35.35		$35.35
2086	12/23/2024	Sam’s Club	$79.60	$79.60	$79.60
2086	1/1/2025	YouTube TV	$64.34		$64.34
2086	1/29/2025	YouTube TV	$5.35		$5.35

FRIEND COMMUNITY HEALTHCARE SYSTEM **Exhibit A**

Personal Credit Card Charges Paid with Hospital Funds

January 1, 2024, through February 2, 2026

Last 4 Digits of Card	Transaction Date	Payee	Amount	Hospital - Personal	APA - Personal
2086	1/29/2025	Graymere Country Club	$790.06		$790.06
2086	2/1/2025	YouTube TV	$64.34		$64.34
2086	2/7/2025	Amazon	$249.96		$249.96
2086	2/7/2025	Amazon	$130.70		$130.70
2086	2/22/2025	Google PrimeTime	$5.35		$5.35
2086	2/22/2025	Google PrimeTime	$7.49		$7.49
2086	2/28/2025	YouTube TV	$5.35		$5.35
2086	3/1/2025	YouTube TV	$64.34		$64.34
2086	3/13/2025	NuMark Golf Course	$26.00	$26.00	$26.00
2086	3/13/2025	Hy-Vee	$16.28	$16.28	$16.28
2086	3/14/2025	Qwik 6	$55.18	$55.18	$55.18
2086	3/14/2025	Phillips 66	$6.25	$6.25	$6.25
2086	3/15/2025	Arnold Palmer’s Bay Hill Club & Lodge	$406.19		$406.19
2086	3/15/2025	Hy-Vee	$7.72	$7.72	$7.72
2086	3/16/2025	Menards	$15.00	$15.00	$15.00
2086	3/17/2025	Casey’s	$8.02	$8.02	$8.02
2086	3/17/2025	(402) Creamery	$23.82	$23.82	$23.82
2086	3/18/2025	Qwik 6	$7.87	$7.87	$7.87
2086	3/18/2025	Hy-Vee	$25.77	$25.77	$25.77
2086	3/18/2025	Friend Country Club	$2,370.00		$2,370.00
2086	3/20/2025	VFD Innovative Dental	$877.03	$877.03	$877.03
2086	3/20/2025	Sam’s Club	$37.38	$37.38	$37.38
2086	3/20/2025	Phillips 66	$14.52	$14.52	$14.52
2086	3/21/2025	Dollar General	$10.00	$10.00	$10.00
2086	3/22/2025	Tommy’s Express Car Wash	$10.73	$10.73	$10.73
2086	3/22/2025	Rocket Car Wash	$15.00	$15.00	$15.00
2086	3/22/2025	Phillips 66	$7.26	$7.26	$7.26
2086	3/22/2025	Google PrimeTime	$7.49		$7.49
2086	3/23/2025	Yogurtini	$18.44	$18.44	$18.44
2086	3/23/2025	The Mill Coffee	$10.99	$10.99	$10.99
2086	3/23/2025	Hy-Vee	$6.99	$6.99	$6.99
2086	3/24/2025	Super C	$8.06	$8.06	$8.06
2086	3/24/2025	Qwik 6	$7.87	$7.87	$7.87
2086	3/25/2025	Hy-Vee	$25.04	$25.04	$25.04
2086	3/26/2025	Scooter’s Coffee	$4.99	$4.99	$4.99
2086	3/26/2025	Casey’s	$8.59	$8.59	$8.59
2086	3/27/2025	Qwik 6	$7.87	$7.87	$7.87
2086	3/27/2025	Casey’s	$21.07	$21.07	$21.07
2086	3/27/2025	Ace Hardware	$53.61	$53.61	$53.61
2086	3/28/2025	Qwik 6	$7.87	$7.87	$7.87
2086	3/29/2025	YouTube TV	$5.35		$5.35
2086	3/29/2025	Vic's Pizza	$31.80	$31.80	$31.80
2086	3/29/2025	O'Reilly’s	$62.19	$62.19	$62.19
2086	3/29/2025	Casey’s	$6.41	$6.41	$6.41
2086	3/30/2025	Scooter’s Coffee	$5.86	$5.86	$5.86
2086	3/30/2025	Phillips 66	$20.00	$20.00	$20.00
2086	3/30/2025	Hy-Vee	$20.00	$20.00	$20.00
2086	3/30/2025	Hy-Vee	$48.17	$48.17	$48.17
2086	3/31/2025	Phillips 66	$7.26	$7.26	$7.26
2086	3/31/2025	Hy-Vee	$20.09	$20.09	$20.09
2086	3/31/2025	Amazon	$66.74	$66.74	$66.74
2086	4/1/2025	YouTube TV	$89.00		$89.00

FRIEND COMMUNITY HEALTHCARE SYSTEM **Exhibit A**

Personal Credit Card Charges Paid with Hospital Funds

January 1, 2024, through February 2, 2026

Last 4 Digits of Card	Transaction Date	Payee	Amount	Hospital - Personal	APA - Personal
2086	4/1/2025	Qwik 6	$10.64	$10.64	$10.64
2086	4/1/2025	Membership Fee	$525.00		$525.00
2086	4/1/2025	Dollar General	$9.15	$9.15	$9.15
2086	4/2/2025	Qwik 6	$7.95	$7.95	$7.95
2086	4/2/2025	Costco	$180.07	$180.07	$180.07
2086	4/3/2025	Sam’s Club	$48.03	$48.03	$48.03
2086	4/3/2025	Qwik 6	$29.86	$29.86	$29.86
2086	4/3/2025	Costco	$172.93	$172.93	$172.93
2086	4/4/2025	Tailwind Airport Concessions	$13.89	$13.89	$13.89
2086	4/4/2025	Arnold Palmer’s Bay Hill Club & Lodge	$169.32		$169.32
2086	4/4/2025	Sam’s Club	$53.31	$53.31	$53.31
2086	4/5/2025	World of Disney	$31.94	$31.94	$31.94
2086	4/5/2025	Publix Supermarket	$34.60	$34.60	$34.60
2086	4/5/2025	Disney World Resort’s Lake Buena Vista Golf Course	$58.49	$58.49	$58.49
2086	4/5/2025	Disney World Resort’s Lake Buena Vista Golf Course	$203.42	$203.42	$203.42
2086	4/5/2025	Disney World Resort’s Lake Buena Vista Golf Course	$433.16		$433.16
2086	4/5/2025	Arnold Palmer’s Bay Hill Club & Lodge	$86.88	$86.88	$86.88
2086	4/5/2025	Google PrimeTime	$10.71		$10.71
2086	4/8/2025	The Ritz-Carlton Hotel	$330.14		$330.14
2086	4/8/2025	Arnold Palmer’s Bay Hill Club & Lodge	$74.53	$74.53	$74.53
2086	4/9/2025	The Ritz-Carlton Hotel	$7.00	$7.00	$7.00
2086	4/9/2025	RaceTrac Gas Station	$11.24	$11.24	$11.24
2086	4/9/2025	RaceTrac Gas Station	$15.60	$15.60	$15.60
2086	4/10/2025	Yogurtini	$18.19	$18.19	$18.19
2086	4/10/2025	Super C	$8.06	$8.06	$8.06
2086	4/11/2025	Scooter’s Coffee	$4.89	$4.89	$4.89
2086	4/11/2025	Qwik 6	$7.95	$7.95	$7.95
2086	4/11/2025	Hy-Vee	$35.43	$35.43	$35.43
2086	4/13/2025	The Home Depot	$7.48	$7.48	$7.48
2086	4/13/2025	Phillips 66	$7.26	$7.26	$7.26
2086	4/14/2025	Western Birch Golf Company	$20.00		$20.00
2086	4/14/2025	Taxslayer	$105.90	$105.90	$105.90
2086	4/15/2025	Qwik 6	$14.02	$14.02	$14.02
2086	4/16/2025	Scheels	$59.57	$59.57	$59.57
2086	4/16/2025	Sam’s Club	$37.33	$37.33	$37.33
2086	4/16/2025	Old Chicago	$37.53	$37.53	$37.53
2086	4/16/2025	Casey’s	$6.43	$6.43	$6.43
2086	4/16/2025	Casey’s	$15.05	$15.05	$15.05
2086	4/17/2025	Sam’s Club	$83.50	$83.50	$83.50
2086	4/17/2025	Qwik 6	$24.94	$24.94	$24.94
2086	4/17/2025	Hulu	$7.51	$7.51	$7.51
2086	4/18/2025	Qwik 6	$7.95	$7.95	$7.95
2086	4/19/2025	Phillips 66	$64.52	$64.52	$64.52
2086	4/20/2025	Pump & Pantry	$15.17	$15.17	$15.17
2086	4/22/2025	Google PrimeTime	$7.49		$7.49
2086	4/27/2025	Tailwind Airport Concessions	$6.67	$6.67	$6.67
2086	4/27/2025	Tailwind Airport Concessions	$13.01	$13.01	$13.01
2086	4/28/2025	Hyatt Hotel	$5.14	$5.14	$5.14
2086	4/28/2025	Hyatt Hotel	$10.95	$10.95	$10.95
2086	4/28/2025	7-Eleven	$18.19	$18.19	$18.19
2086	4/29/2025	YouTube TV	$5.35		$5.35
2086	4/29/2025	Land & Lake Kitchen	$14.01	$14.01	$14.01

FRIEND COMMUNITY HEALTHCARE SYSTEM **Exhibit A**

Personal Credit Card Charges Paid with Hospital Funds

January 1, 2024, through February 2, 2026

Last 4 Digits of Card	Transaction Date	Payee	Amount	Hospital - Personal	APA - Personal
2086	4/29/2025	Hyatt Hotel	$5.59	$5.59	$5.59
2086	4/29/2025	Hyatt Hotel	$12.85	$12.85	$12.85
2086	4/30/2025	Graymere Country Club	$788.16		$788.16
2086	4/30/2025	Gas N Wash	$17.80	$17.80	$17.80
2086	4/30/2025	Cog Hill Golf and Country Club	$96.00	$96.00	$96.00
2086	4/30/2025	Cog Hill Golf and Country Club	$183.46	$7.31	$183.46
2086	5/1/2025	YouTube TV	$89.00		$89.00
2086	5/5/2025	Google PrimeTime	$10.71		$10.71
2086	5/8/2025	United Airlines	$22.56		$22.56
2086	5/8/2025	United Airlines	$22.56		$22.56
2086	5/8/2025	United Airlines	$210.00		$210.00
2086	5/8/2025	United Airlines	$622.12	$622.12	$622.12
2086	5/9/2025	Avis Rent-A-Car	$8.35	$8.35	$8.35
2086	5/10/2025	United Airlines	$340.00		$340.00
2086	5/12/2025	Sam’s Club	$1,675.55		$1,675.55
2086	5/12/2025	Amazon	$83.61		$83.61
2086	5/13/2025	Amazon	$37.51		$37.51
2086	5/15/2025	United Airlines	$8.00		$8.00
2086	5/15/2025	GolfNow	$2.65		$2.65
2086	5/15/2025	Disney World Resort’s Lake Buena Vista Golf Course	$141.25		$141.25
2086	5/16/2025	Orlando World Center Marriott Hotel	$19.29	$19.29	$19.29
2086	5/16/2025	Disney World Resort’s Main Street Bakery	$10.91	$10.91	$10.91
2086	5/17/2025	Waldorf Astoria Golf Club	$197.03	$15.00	$197.03
2086	5/17/2025	Orlando World Center Marriott Hotel	$6.39	$6.39	$6.39
2086	5/17/2025	Orlando World Center Marriott Hotel	$43.34		$43.34
2086	5/17/2025	Orlando World Center Marriott Hotel	$105.76		$105.76
2086	5/17/2025	Orlando World Center Marriott Hotel	$40.47		$40.47
2086	5/17/2025	Hulu	$7.51	$7.51	$7.51
2086	5/17/2025	Hawks Landing Golf Club	$123.45	$36.90	$123.45
2086	5/17/2025	Disney World Resort’s Planet Hollywood Restaurant	$33.42	$33.42	$33.42
2086	5/18/2025	Orlando World Center Marriott Hotel	$13.11	$13.11	$13.11
2086	5/18/2025	Orlando World Center Marriott Hotel	$40.47		$40.47
2086	5/18/2025	Orlando World Center Marriott Hotel	$40.47		$40.47
2086	5/18/2025	Disney World Resort’s Yachtsman Steakhouse	$188.04		$188.04
2086	5/18/2025	Disney World Resort’s The Mara Restaurant	$20.00		$20.00
2086	5/19/2025	Orlando World Center Marriott Hotel	$5.70	$5.70	$5.70
2086	5/19/2025	Orlando World Center Marriott Hotel	$5.70	$5.70	$5.70
2086	5/19/2025	Orlando World Center Marriott Hotel	$13.45	$13.45	$13.45
2086	5/19/2025	Orlando World Center Marriott Hotel	$40.47		$40.47
2086	5/19/2025	Disney World Resort’s Steakhouse 71 Restaurant	$82.10		$82.10
2086	5/20/2025	World of Disney	$15.96	$15.96	$15.96
2086	5/20/2025	United Airlines	$8.00		$8.00
2086	5/20/2025	Speedway Gas Station	$32.96		$32.96
2086	5/20/2025	Speedway Gas Station	$11.98	$11.98	$11.98
2086	5/20/2025	Orlando World Center Marriott Hotel	$22.10	$22.10	$22.10
2086	5/20/2025	Orlando World Center Marriott Hotel	$40.47		$40.47
2086	5/20/2025	Lincoln Airport Parking	$72.00		$72.00
2086	5/20/2025	Disney World Resort’s D-Luxe Burger	$24.01	$24.01	$24.01
2086	5/20/2025	Avis Rent-A-Car	$711.16		$711.16
2086	5/22/2025	Sam’s Club	$157.48		$157.48
2086	5/22/2025	Google PrimeTime	$7.49		$7.49
2086	5/28/2025	Avis Rent-A-Car	$12.47	$12.47	$12.47

FRIEND COMMUNITY HEALTHCARE SYSTEM **Exhibit A**

Personal Credit Card Charges Paid with Hospital Funds

January 1, 2024, through February 2, 2026

Last 4 Digits of Card	Transaction Date	Payee	Amount	Hospital - Personal	APA - Personal
2086	5/29/2025	YouTube TV	$5.35		$5.35
2086	6/1/2025	YouTube TV	$89.00		$89.00
2086	6/2/2025	Avis Rent-A-Car	$10.07	$10.07	$10.07
2086	6/3/2025	Graymere Country Club	$57.81	$57.81	$57.81
2086	6/5/2025	Google PrimeTime	$10.71		$10.71
2086	6/6/2025	Hillcrest Country Club	$194.42		$194.42
2086	6/7/2025	The Home Depot	$1,282.28	$444.79	$1,282.28
2086	6/9/2025	Sam's Club	$255.32	$29.84	$29.84
2086	6/9/2025	Sam's Club	$47.72	$47.72	$47.72
2086	6/10/2025	Starbucks	$11.64	$11.64	$11.64
2086	6/16/2025	The Home Depot	$98.78	$98.78	$98.78
2086	6/16/2025	The Home Depot	$832.26	$832.26	$832.26
2086	6/17/2025	Hulu	$7.51	$7.51	$7.51
2086	6/19/2025	Shell Oil	$41.64	$41.64	$41.64
2086	6/21/2025	Google PrimeTime	$11.78		$11.78
2086	6/22/2025	Vice Sporting Goods	$159.21		$159.21
2086	6/22/2025	Google PrimeTime	$7.49		$7.49
2086	6/23/2025	The Home Depot	$360.30	$360.30	$360.30
2086	6/26/2025	Fellowship of Christian Athletes	$600.00		$600.00
2086	6/29/2025	YouTube TV	$5.35		$5.35
2086	6/30/2025	Hy-Vee	$57.80		$57.80
2086	7/1/2025	YouTube TV	$89.00		$89.00
2086	7/2/2025	Sam's Club	$159.42	$159.42	$159.42
2086	7/9/2025	Costco	$57.72		$57.72
2086	7/11/2025	Estes Park 18-Hole Golf Course	$99.11	$99.11	$99.11
2086	7/11/2025	Estes Park 18-Hole Golf Course	$232.08	$232.08	$232.08
2086	7/11/2025	Amazon	$512.26		$512.26
2086	7/14/2025	Estes Park 18-Hole Golf Course	$156.18	$156.18	$156.18
2086	7/17/2025	Hulu	$7.51	$7.51	$7.51
2086	7/17/2025	Costco	$31.08	$31.08	$31.08
2086	7/20/2025	Honest Abe's	$31.57	$31.57	$31.57
2086	7/21/2025	Google PrimeTime	$11.78		$11.78
2086	7/22/2025	Google PrimeTime	$7.49		$7.49
2086	7/27/2025	Costco	$151.91	$151.91	$151.91
2086	7/27/2025	Amazon	$85.78		$85.78
2086	7/27/2025	Amazon	$67.54		$67.54
2086	7/27/2025	Amazon	$28.92		$28.92
2086	7/29/2025	YouTube TV	$5.35		$5.35
2086	7/31/2025	Graymere Country Club	$606.97		$606.97
2086	8/1/2025	YouTube TV	$89.00		$89.00
2086	8/5/2025	Roku	$99.99		$99.99
2086	8/8/2025	Amazon	$288.86		$288.86
2086	8/12/2025	BlossomUp	$1.95		$1.95
2086	8/17/2025	Hulu	$7.51	$7.51	$7.51
2086	8/19/2025	BlossomUp	$29.95		$29.95
2086	8/20/2025	Maverik	$46.95	$46.95	$46.95
2086	8/20/2025	Amazon	$328.92		$328.92
2086	8/20/2025	Amazon	$65.20		$65.20
2086	8/22/2025	Google PrimeTime	$7.49		$7.49
2086	8/29/2025	YouTube TV	$5.35		$5.35
2086	9/1/2025	YouTube TV	$89.00		$89.00
2086	9/2/2025	GolfStatus	$630.00		$630.00

FRIEND COMMUNITY HEALTHCARE SYSTEM **Exhibit A**

Personal Credit Card Charges Paid with Hospital Funds

January 1, 2024, through February 2, 2026

Last 4 Digits of Card	Transaction Date	Payee	Amount	Hospital - Personal	APA - Personal
2086	9/13/2025	History Hit	$7.99	$7.99	$7.99
2086	9/16/2025	BlossomUp	$29.95		$29.95
2086	9/17/2025	Hulu	$7.51	$7.51	$7.51
2086	9/22/2025	Google PrimeTime	$7.49		$7.49
2086	9/29/2025	YouTube TV	$5.35		$5.35
2086	9/30/2025	Graymere Country Club	$841.70		$841.70
2086	10/1/2025	YouTube TV	$89.00		$89.00
2086	10/4/2025	Costco	$243.65	$243.65	$243.65
2086	10/13/2025	History Hit	$7.99	$7.99	$7.99
2086	10/14/2025	Full Throttle Distillery & Grill	$162.80	$162.80	$162.80
2086	10/14/2025	BlossomUp	$29.95		$29.95
2086	10/17/2025	Hulu	$7.51	$7.51	$7.51
2086	10/22/2025	Starbucks	$5.37	$5.37	$5.37
2086	10/22/2025	Phillips 66	$48.34	$48.34	$48.34
2086	10/22/2025	Google PrimeTime	$7.49		$7.49
2086	10/22/2025	Embassy Suites	$42.99	$42.99	$42.99
2086	10/22/2025	Costco	$206.47	$206.47	$206.47
2086	10/25/2025	Disney Plus	$203.77	$203.77	$203.77
2086	10/28/2025	Dunkin Donuts	$9.09	$9.09	$9.09
2086	10/29/2025	YouTube TV	$5.35		$5.35
2086	10/31/2025	Qwik 6	$8.50	$8.50	$8.50
2086	11/1/2025	YouTube TV	$89.00		$89.00
2086	11/2/2025	Costco	$92.97	$92.97	$92.97
2086	11/7/2025	Costco	$77.97	$38.98	$77.97
2086	11/8/2025	The Home Depot	$111.45	$32.14	$111.45
2086	11/10/2025	YouTube TV	$198.40	$198.40	$198.40
2086	11/11/2025	BlossomUp	$29.95		$29.95
2086	11/13/2025	History Hit	$7.99	$7.99	$7.99
2086	11/17/2025	Hulu	$8.58	$8.58	$8.58
2086	11/18/2025	Qwik 6	$8.50	$8.50	$8.50
2086	11/18/2025	Casey’s	$20.00	$20.00	$20.00
2086	11/22/2025	Google PrimeTime	$7.49		$7.49
2086	11/22/2025	Costco	$74.78	$74.78	$74.78
2086	11/29/2025	YouTube TV	$5.35		$5.35
2086	11/29/2025	The Home Depot	$913.68	$899.71	$913.68
2086	11/29/2025	eBay	$520.08	$520.08	$520.08
2086	12/1/2025	YouTube TV	$67.55		$67.55
2086	12/1/2025	Dollar General	$11.80	$11.80	$11.80
2086	12/8/2025	Target	$107.65	$107.65	$107.65
2086	12/8/2025	Sam’s Club	$111.24	$21.98	$111.24
2086	12/9/2025	BlossomUp	$29.95		$29.95
2086	12/11/2025	Sam’s Club	$66.55	$29.96	$29.96
2086	12/13/2025	History Hit	$7.99	$7.99	$7.99
2086	12/17/2025	Hulu	$8.58	$8.58	$8.58
2086	12/22/2025	Google PrimeTime	$8.57	$8.57	$8.57
2086	12/23/2025	The Home Depot	$115.32	$94.38	$94.38
2086	12/29/2025	YouTube TV	$5.35	$5.35	$5.35
2086	12/29/2025	The Home Depot	$78.25	$59.00	$59.00
2086	1/1/2026	YouTube TV	$89.00		$89.00
2086	1/2/2026	Sam’s Club	$81.42	$81.42	$81.42
2086	1/3/2026	Discount Tire	$1,256.80	$1,256.80	$1,256.80
2086	1/3/2026	Costco	$150.78	$150.78	$150.78

FRIEND COMMUNITY HEALTHCARE SYSTEM **Exhibit A**

Personal Credit Card Charges Paid with Hospital Funds

January 1, 2024, through February 2, 2026

Last 4 Digits of Card	Transaction Date	Payee	Amount	Hospital - Personal	APA - Personal
2086	1/5/2026	Walmart	$91.83	$91.83	$91.83
2086	1/6/2026	BlossomUp	$29.95		$29.95
2086	1/10/2026	Menards	$114.07	$114.07	$114.07
2086	1/13/2026	History Hit	$7.99	$7.99	$7.99
2086	1/17/2026	Hulu	$8.58	$8.58	$8.58
2086	1/18/2026	Menards	$147.83	$147.83	$147.83
2086	1/19/2026	Dollar General	$12.95	$12.95	$12.95
2086	1/22/2026	Google PrimeTime	$8.57	$8.57	$8.57
2086	1/26/2026	Dollar General	$11.90	$11.90	$11.90
2086	1/29/2026	YouTube TV	$1.04	$1.04	$1.04
2086	1/29/2026	Sam’s Club	$213.24	$65.94	$65.94
2086	1/30/2026	Costco	$179.67	$43.95	$46.95
2086	2/1/2026	YouTube TV	$99.72		$99.72
	Totals	**325**	**$38,997.28**	**$15,296.78**	**$38,415.00**

FRIEND COMMUNITY HEALTHCARE SYSTEM **Exhibit B**

Questionable Credit Card Charges

January 1, 2024, through February 2, 2026

Last 4 Digits of Card	Transaction Date	Payee	Amount	Questioned Amount
0946	1/22/2024	Office Max/Depot	$104.24	$104.24
0946	2/27/2024	eBay	$85.59	$85.59
2086	3/15/2024	Sam's Club	$112.37	$17.96
0946	3/29/2024	Sam's Club	$393.59	$70.34
0946	4/4/2024	Sam's Club	$404.99	$27.98
2086	4/25/2024	Sam's Club	$439.17	$20.98
2086	4/29/2024	The Chandelier Lounge	$64.44	$64.44
2086	4/30/2024	Blue Ribbon American Grill & Oyster Bar	$377.37	$377.37
2086	5/1/2024	Vesper Bar	$27.34	$27.34
2086	5/1/2024	Vesper Bar	$34.68	$34.68
2086	5/1/2024	Vesper Bar	$34.68	$34.68
2086	5/1/2024	Boulevard Pool	$23.42	$23.42
2086	5/2/2024	Sam's Club	$475.42	$44.40
2086	5/10/2024	Baker's Candies	$61.95	$61.95
2086	5/11/2024	Sam's Club	$546.45	$27.98
2086	5/13/2024	Dollar General	$219.80	$219.80
2086	5/23/2024	Sam's Club	$553.30	$27.98
2086	6/3/2024	Pump & Pantry	$31.17	$31.17
2086	6/7/2024	Dollar General	$262.65	$254.95
2086	6/15/2024	Good Evans	$40.30	$40.30
2086	7/3/2024	Dollar General	$254.95	$254.95
2086	7/8/2024	United Airlines	$911.95	$358.57
2086	7/25/2024	Sam's Club	$384.61	$27.98
2086	7/29/2024	Dollar General	$19.25	$19.25
2086	8/10/2024	Sam's Club	$18.98	$18.98
2086	8/15/2024	Sam's Club	$650.38	$148.08
2086	9/2/2024	Sam's Club	$153.86	$153.86
2086	9/6/2024	Sam's Club	$539.49	$29.98
2086	9/10/2024	United Airlines	$1,118.50	$544.99
2086	9/10/2024	United Airlines	$1,118.50	$544.99
2086	9/10/2024	United Airlines	$45.99	$45.99
2086	9/10/2024	United Airlines	$45.99	$45.99
2086	9/10/2024	United Airlines	$54.99	$54.99
2086	9/10/2024	United Airlines	$54.99	$54.99
2086	9/10/2024	United Airlines	$66.99	$66.99
2086	9/10/2024	United Airlines	$66.99	$66.99
2086	9/10/2024	United Airlines	$66.99	$66.99
2086	9/10/2024	United Airlines	$66.99	$66.99
2086	9/14/2024	The Home Depot	$542.69	$542.69
2086	9/20/2024	Sam's Club	$579.57	$48.96
2086	10/2/2024	Amazon	$4.95	$4.95
2086	10/3/2024	Sam's Club	$503.43	$33.98
2086	10/4/2024	Amazon	$30.86	$30.86
2086	10/13/2024	United Airlines	$15.01	$15.01
2086	10/13/2024	United Airlines	$15.01	$15.01
2086	10/15/2024	United Airlines	$244.01	$244.01
2086	10/15/2024	United Airlines	$244.01	$244.01
2086	10/16/2024	The Salt Line	$238.15	$238.15
2086	10/16/2024	Morton's The Steakhouse	$316.93	$316.93
2086	10/17/2024	United Airlines	$10.00	$10.00
2086	10/25/2024	United Airlines	$852.35	$176.15
2086	10/25/2024	United Airlines	$20.99	$20.99

FRIEND COMMUNITY HEALTHCARE SYSTEM **Exhibit B**

Questionable Credit Card Charges

January 1, 2024, through February 2, 2026

Last 4 Digits of Card	Transaction Date	Payee	Amount	Questioned Amount
2086	10/25/2024	United Airlines	$29.99	$29.99
2086	10/25/2024	United Airlines	$36.99	$36.99
2086	10/27/2024	Sam's Club	$17.35	$17.35
2086	11/3/2024	Sam's Club	$562.48	$23.98
2086	11/8/2024	Sam's Club	$864.93	$33.98
2086	11/20/2024	Clothing Shop Online	$121.84	$121.84
2086	1/13/2025	Sam's Club	$79.96	$79.96
2086	1/17/2025	Sam's Club	$401.05	$33.98
2086	1/29/2025	Sam's Club	$480.44	$480.44
2086	1/31/2025	Sam's Club	$475.67	$40.46
2086	2/5/2025	United Airlines	$943.57	$199.47
2086	2/5/2025	United Airlines	$76.99	$76.99
2086	3/6/2025	Sam's Club	$148.81	$17.96
2086	3/7/2025	Sam's Club	$477.40	$27.98
2086	3/13/2025	Walmart	$127.05	$8.69
2086	3/20/2025	Sam's Club	$270.66	$17.96
2086	3/30/2025	United Airlines	$140.00	$140.00
2086	4/6/2025	The Ritz-Carlton Hotel	$219.99	$219.99
2086	4/9/2025	The Ritz-Carlton Hotel	$397.66	$397.66
2086	4/11/2025	Sam's Club	$693.24	$27.98
2086	4/12/2025	Friend Historical Society	$600.00	$600.00
2086	5/9/2025	Sam's Club	$461.73	$22.66
2086	5/14/2025	Costco	$85.65	$85.65
2086	5/16/2025	Sam's Club	$467.54	$63.46
2086	6/3/2025	Dollar General	$20.25	$20.25
2086	6/6/2025	Sam's Club	$615.27	$51.98
2086	6/26/2025	Sam's Club	$498.21	$135.55
2086	7/2/2025	Walmart	$57.11	$57.11
2086	7/7/2025	United Airlines	$22.56	$22.56
2086	7/7/2025	United Airlines	$24.71	$24.71
2086	7/7/2025	United Airlines	$70.00	$70.00
2086	7/7/2025	United Airlines	$482.24	$18.26
2086	7/24/2025	Sam's Club	$515.96	$29.48
2086	8/12/2025	Dollar General	$227.95	$219.80
2086	9/5/2025	PayPal	$500.00	$500.00
2086	9/9/2025	United Airlines	$149.42	$68.19
2086	9/9/2025	United Airlines	$149.42	$68.19
2086	9/10/2025	Sam's Club	$447.89	$29.98
2086	9/17/2025	Amazon	$74.99	$74.99
2086	9/17/2025	Amazon	$50.00	$50.00
2086	9/18/2025	Walmart	$54.28	$8.94
2086	9/26/2025	Sam's Club	$477.45	$23.98
2086	10/16/2025	Sam's Club	$445.29	$41.72
2086	10/16/2025	CFS Flower Catalog	$99.98	$99.98
2086	10/18/2025	Walmart	$99.84	$99.84
2086	10/19/2025	United Airlines	$150.50	$68.20
2086	10/19/2025	United Airlines	$150.50	$68.20
2086	12/22/2025	United Airlines	$182.75	$182.75
2086	1/1/2026	Sam's Club	$355.54	$57.18
2086	1/15/2026	Walmart	$78.74	$9.96
2086	1/21/2026	United Airlines	$193.50	$193.50
	Totals	**103**	**$27,926.61**	**$11,211.52**