

# **Douglas County Memorial Hospital**

## **Independent Auditor's Report and Financial Statements**

**For the Years Ended  
May 31, 2022 and 2021**

# Douglas County Memorial Hospital

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## **Douglas County Memorial Hospital**

Armour, South Dakota

Hospital Officials

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### Governing Board 2022

Joel Baier ----- President

Brad Vanden Berg ----- Vice-President

Jodi Schrank ----- Secretary

Scott Holbeck ----- Treasurer

Sam Schuman ----- Member

Janet Lefers ----- Member

### Hospital Officials

Heath Brouwer ----- Administrator

Joshua Christensen ----- Chief Financial Officer

Missy Jorgensen ----- Compliance Officer



**Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees of  
Douglas County Memorial Hospital  
Armour, South Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Douglas County Memorial Hospital (a nonprofit health care entity), which comprise the statements of financial position as of May 31, 2022, and the related statements of operations and changes in net assets, statements of functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 13, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Douglas County Memorial Hospital's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Douglas County Memorial Hospital's internal control. Accordingly, we do not express an opinion on the effectiveness of Douglas County Memorial Hospital's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Douglas County Memorial Hospital's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Mitchell, South Dakota  
January 13, 2023



**Independent Auditor’s Report on Compliance for each  
Major Program and on Internal Control over  
Compliance Required by the Uniform Guidance**

To the Board of Trustees of  
Douglas County Memorial Hospital  
Armour, South Dakota

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Douglas County Memorial Hospital’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Douglas County Memorial Hospital’s major federal programs for the year ended May 31, 2022. Douglas County Memorial Hospital’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Douglas County Memorial Hospital complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2022.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Douglas County Memorial Hospital and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Douglas County Memorial Hospital’s compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Douglas County Memorial Hospital's federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Douglas County Memorial Hospital's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Douglas County Memorial Hospital's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Douglas County Memorial Hospital's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Douglas County Memorial Hospital's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Douglas County Memorial Hospital's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CIO Prof LLC".

Mitchell, South Dakota  
January 13, 2023



**Douglas County Memorial Hospital**  
Schedule of Expenditure of Federal Awards  
Year Ended May 31, 2022

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Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of the Treasury:			
Pass Through the State of South Dakota			
Coronavirus Relief Fund (Note 1)	21.019		\$ 155,600
<i>Total Department of the Treasury</i>			<u>155,600</u>
US Department of Health and Human Services			
Other Programs:			
SHIP Grant	93.301	N/A	11,688
Provider Relief Fund	93.498	N/A	2,511,344
<i>Total Department of Health and Human Services</i>			<u>2,523,032</u>
Grand Total			<u><u>\$ 2,678,632</u></u>

**Douglas County Memorial Hospital**  
Notes to the Schedule of Expenditure of Federal Awards  
May 31, 2022

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**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Hospital under programs of the federal government for the year ended May 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Hospital, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Hospital. The reporting period of the expenditures for the Provider Relief Funds is from January 1, 2020 to December 31, 2020.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**Note 3: Indirect Cost Rate**

De minimis indirect cost rate used or no indirect costs.

**Douglas County Memorial Hospital**  
Schedule of Findings and Questioned Costs  
May 31, 2022

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**Schedule of Prior Audit Findings**

The prior audit report contained no written audit comments.

**Schedule of Current Audit Findings**

**Section I - Summary of Auditor's Results**

**Financial Statements:**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified: \_\_\_\_\_ yes        X   no

Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements \_\_\_\_\_ yes        X   no

**Federal Awards:**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ yes        X   no

Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes        X   none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.156(a). \_\_\_\_\_ yes        X   no

**Identification of Major Programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.498	Provider Relief Fund

Dollar threshold used to distinguish between type A and type B programs:      \$   750,000  

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes        X   No

**Section II - Financial Statement Findings**

There are no findings which are required to be reported in accordance with Government Auditing Standards.

**Section III - Federal Award Findings and Questioned Costs**

There are no finding or questioned costs relating to federal award programs which are required to be reported in accordance with 2 CFR 200.156(a).



## **Independent Auditor's Report**

To the Board of Trustees of  
Douglas County Memorial Hospital  
Armour, South Dakota

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

We have audited the accompanying financial statements of Douglas County Memorial Hospital (a nonprofit organization), which comprise the statement of financial position as of May 31, 2022, and 2021, and the related statements of operations and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Douglas County Memorial Hospital as of May 31, 2022, and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Douglas County Memorial Hospital and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Douglas County Memorial Hospital's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Douglas County Memorial Hospital's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## **Report on Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of patient service revenue, other operating revenue, operating expenses summary, operating wage summary, patient receivables and allowance for doubtful accounts, comparative statistics, and the schedule of property, plant and equipment are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2023, on our consideration of Douglas County Memorial Hospital's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Douglas County Memorial Hospital's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Douglas County Memorial Hospital's internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to read "CLO Prof LLC". The letters are cursive and somewhat stylized.

Mitchell, South Dakota  
January 13, 2023

**Douglas County Memorial Hospital**  
Statements of Financial Position

	<b>Years Ended May 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 6,625,222	\$ 6,242,558
Certificates of deposit	731,691	730,181
Patient receivables, net of allowances of \$1,070,000 in 2022 and \$873,000 in 2021	1,610,005	1,472,523
Inventories	480,281	397,798
Due from third parties	554,343	152,253
Prepaid expenses	73,291	57,267
Total Current Assets	<u>10,074,833</u>	<u>9,052,580</u>
<b>Other Receivable -- Physician Loan</b>	<u>225,836</u>	<u>225,328</u>
<b>Property, Plant, and Equipment, at cost</b>		
Land	202,294	202,294
Buildings	7,305,642	7,219,748
Major movable equipment	3,018,933	2,824,675
Total Property and Equipment	10,526,869	10,246,717
Less accumulated depreciation	4,079,877	3,532,514
Total Property and Equipment, at cost	<u>6,446,992</u>	<u>6,714,203</u>
<b>Other Assets</b>		
Investments	813,455	879,523
USDA Reserve Account	173,040	173,040
Total Other Assets	<u>986,495</u>	<u>1,052,563</u>
	<u><u>\$ 17,734,156</u></u>	<u><u>\$ 17,044,674</u></u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Current portion of long-term debt	\$ 59,100	\$ 57,100
Accounts payable	218,666	239,728
Accrued payroll liabilities	480,395	436,618
Deferred revenue	485,306	297,672
Deposits - Prairie Villa	3,250	3,500
Total Current Liabilities	<u>1,246,717</u>	<u>1,034,618</u>
<b>Long Term Debt, net of current portion</b>	<u>3,040,036</u>	<u>3,099,203</u>
Total Liabilities	4,286,753	4,133,821
<b>Net Assets</b>		
Without donor restrictions	<u>13,447,403</u>	<u>12,910,853</u>
	<u><u>\$ 17,734,156</u></u>	<u><u>\$ 17,044,674</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**Douglas County Memorial Hospital**  
Statements of Operations and Changes in Net Assets

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	<b>Years Ended May 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Revenues without donor restrictions</b>		
Net patient service revenue	\$ 11,250,421	\$ 10,283,791
Other operating revenue	<u>230,431</u>	<u>2,432,717</u>
Total Revenues without donor restrictions	<u>11,480,852</u>	<u>12,716,508</u>
<b>Operating Expenses</b>		
Nursing service	2,110,870	1,975,683
Other professional service	4,600,661	4,599,530
General service	772,862	792,432
Fiscal and administrative service	1,468,843	1,387,235
Clinics	<u>1,834,405</u>	<u>1,800,836</u>
Total Operating Expenses	<u>10,787,641</u>	<u>10,555,716</u>
Income From Operations	<u>693,211</u>	<u>2,160,792</u>
<b>Non-Operating Revenues</b>		
Interest income	20,222	19,235
Contributions	4,130	2,099
Assisted living -net	(99,693)	4,320
Net unrealized gain (loss) on investments	<u>(81,320)</u>	<u>194,666</u>
Net Non-Operating Revenues	<u>(156,661)</u>	<u>220,320</u>
<b>Change in Net Assets</b>	536,550	2,381,112
<b>Net Assets, Beginning of Year</b>	<u>12,910,853</u>	<u>10,529,741</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 13,447,403</u></u>	<u><u>\$ 12,910,853</u></u>

The accompanying notes to financial statements are an integral part of this statement.



# Douglas County Memorial Hospital

## Statements of Functional Expenses

For the Year Ended May 31, 2022

	<b>Nursing Service</b>	<b>Other Professional Service</b>	<b>General Service</b>	<b>Fiscal and Administrative Service</b>	<b>Clinics</b>	<b>Total</b>
Salaries and wages	\$ 1,339,480	\$ 1,249,769	\$ 314,654	\$ 628,427	\$ 1,154,194	\$ 4,686,524
Benefits	206,480	231,307	83,960	146,037	237,527	905,311
Payroll taxes	87,065	85,047	21,892	42,719	78,507	315,230
	<u>1,633,025</u>	<u>1,566,123</u>	<u>420,506</u>	<u>817,183</u>	<u>1,470,228</u>	<u>5,907,065</u>
Advertising	--	--	--	22,721	6,775	29,496
Continuing education	7,815	5,308	729	2,046	6,891	22,789
Depreciation	59,950	236,000	83,995	1,095	131,800	512,840
Food	--	--	61,651	--	--	61,651
Insurance	--	--	--	53,578	--	53,578
Interest	12,795	50,371	17,927	234	28,131	109,458
Lease	3,523	--	--	--	--	3,523
Miscellaneous expense	2,305	27	(13,532)	16,720	7,276	12,796
Occupancy	--	--	--	3,761	6,127	9,888
Postage and freight	--	--	--	12,783	--	12,783
Professional services	207,917	561,875	44,870	366,597	66,512	1,247,771
Repairs and maintenance	18,790	37,859	22,008	18,994	--	97,651
Supplies	159,777	2,137,268	34,140	129,285	93,746	2,554,216
Telephone	--	634	--	22,789	7,070	30,493
Travel and transportation	--	5,196	36,308	1,057	3,449	46,010
Utilities	4,973	--	64,260	--	6,400	75,633
Total Expenses	<u>\$ 2,110,870</u>	<u>\$ 4,600,661</u>	<u>\$ 772,862</u>	<u>\$ 1,468,843</u>	<u>\$ 1,834,405</u>	<u>\$ 10,787,641</u>

The accompanying notes to financial statements are an integral part of this statement.

**Douglas County Memorial Hospital**  
**Statements of Functional Expenses (continued)**  
**For the Year Ended May 31, 2021**

	<b>Nursing Service</b>	<b>Other Professional Service</b>	<b>General Service</b>	<b>Fiscal and Administrative Service</b>	<b>Clinics</b>	<b>Total</b>
Salaries and wages	\$ 1,195,549	\$ 1,280,358	\$ 307,168	\$ 621,102	\$ 1,089,372	\$ 4,493,549
Benefits	201,650	238,688	71,978	149,180	245,290	906,786
Payroll taxes	78,896	87,238	21,283	41,781	72,481	301,679
	<u>1,476,095</u>	<u>1,606,284</u>	<u>400,429</u>	<u>812,063</u>	<u>1,407,143</u>	<u>5,702,014</u>
Advertising	--	--	--	17,707	6,816	24,523
Continuing education	3,957	8,937	605	2,303	13,704	29,506
Depreciation	52,305	165,403	137,179	756	95,843	451,486
Food	--	--	54,905	--	--	54,905
Insurance	--	--	--	53,639	--	53,639
Interest	12,909	40,821	33,855	187	23,654	111,426
Lease	3,236	--	--	--	--	3,236
Miscellaneous expense	5,941	--	(27,621)	11,862	6,723	(3,095)
Occupancy	--	--	--	3,707	6,127	9,834
Postage and freight	--	--	--	11,782	--	11,782
Professional services	283,139	631,793	33,605	335,515	73,667	1,357,719
Recruitment	--	--	--	--	29,000	29,000
Repairs and maintenance	19,627	35,223	19,278	18,123	--	92,251
Supplies	113,830	2,103,593	51,237	97,315	123,575	2,489,550
Telephone	--	638	--	22,056	6,154	28,848
Travel and transportation	--	6,838	25,451	220	2,623	35,132
Utilities	4,644	--	63,509	--	5,807	73,960
Total Expenses	<u>\$ 1,975,683</u>	<u>\$ 4,599,530</u>	<u>\$ 792,432</u>	<u>\$ 1,387,235</u>	<u>\$ 1,800,836</u>	<u>\$ 10,555,716</u>

The accompanying notes to financial statements are an integral part of this statement.

**Douglas County Memorial Hospital**  
Statements of Cash Flows

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	<b>Years Ended May 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from Operating Activities:</b>		
Cash received from patients and third-party payors	\$ 11,028,971	\$ 10,414,979
Cash paid to suppliers and employees	(10,171,116)	(9,782,675)
Other receipts	4,130	2,099
Interest paid	(109,458)	(111,426)
Interest received	<u>20,222</u>	<u>19,235</u>
<b>Net Cash Provided by Operating Activities</b>	<u>772,749</u>	<u>542,212</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of property and equipment	(276,156)	(679,391)
Purchase of certificates of deposit	(1,510)	(4,597)
Purchase of investments	(15,252)	(11,968)
Advances on other receivable	<u>(40,000)</u>	<u>(115,000)</u>
<b>Net Cash (Used) by Investing Activities</b>	<u>(332,918)</u>	<u>(810,956)</u>
<b>Cash Flows from Financial Activities:</b>		
Principal repayments under long term debt	<u>(57,167)</u>	<u>(55,203)</u>
<b>Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash</b>	382,664	(323,947)
<b>Cash, Cash Equivalents, and Restricted Cash, Beginning of Year</b>	<u>6,415,598</u>	<u>6,739,545</u>
<b>Cash, Cash Equivalents, and Restricted Cash, End of Year</b>	<u><u>\$ 6,798,262</u></u>	<u><u>\$ 6,415,598</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**Douglas County Memorial Hospital**  
Statements of Cash Flows (Continued)

	Years Ended May 31,	
	2022	2021
<b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:</b>		
Change in net assets	\$ 536,550	\$ 2,381,112
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	543,367	482,013
Forgiveness of physician receivables	39,492	4,672
Net unrealized (gains) losses on investments	81,320	(194,666)
(Increase) decrease in:		
Patient receivables	(137,482)	(73,519)
Inventories	(82,483)	91,880
Due from third parties	(402,090)	31,716
Prepaid expenses	(16,024)	(5,680)
Increase (decrease) in:		
Accounts payable	(21,062)	60,812
Accrued payroll liabilities	43,777	27,918
Due to third parties	--	(76,041)
Deferred revenue	187,634	(2,187,755)
Deposits - Prairie Villa	(250)	(250)
	<u>772,749</u>	<u>542,212</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 772,749</u>	<u>\$ 542,212</u>
<b>Composition of Cash, Cash Equivalents, and Restricted Cash</b>		
Cash and cash equivalents	\$ 6,625,222	\$ 6,242,558
USDA Reserve Account	173,040	173,040
	<u>\$ 6,798,262</u>	<u>\$ 6,415,598</u>

The accompanying notes to financial statements are an integral part of this statement.

## Douglas County Memorial Hospital

### Notes to Financial Statements

May 31, 2022 and 2021

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#### 1. Significant Accounting Policies:

Organization: Douglas County Memorial Hospital (the Hospital), located in Armour, SD is a nonprofit corporation organized under the laws of the State of South Dakota. The Hospital is a critical access hospital licensed for 11 beds that provide inpatient, outpatient, and emergency services for residents of south central South Dakota. The Hospital also operates clinics in the communities of Armour, Corsica, and Stickney. The Hospital is dedicated to the care of the sick and injured without regard to race, color, creed, or national origin.

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

Cash and Cash Equivalents: The Hospital considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Patient Receivables: Patient receivables are shown at the net amount expected to be collected. Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. In evaluating the collectability of patient accounts receivable, the Hospital analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the net realizable value. For receivables associated with services provided to patients who have third-party coverage, the Hospital analyzes contractual amounts due and provides an estimated implicit price concession, if necessary.

Inventories: Inventories consist of pharmaceutical, dietary, operating room, lab, and other supplies and are stated at current cost, equal to the last paid invoice price.

Property and Equipment: Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements. It is the Hospital's policy to expense assets with a purchase price of less than \$5,000.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support, and are excluded from the excess of revenues over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Investments: The entity records investments in marketable securities with readily determinable market values and all investments in debt securities at their fair value. Unrealized gains and losses are included in the change in net assets in the accompanying statement of operations.

## Douglas County Memorial Hospital

### Notes to Financial Statements

May 31, 2022 and 2021

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#### 1. Significant Accounting Policies: (Continued)

Income Taxes: The Hospital is a not-for-profit corporation and has been recognized as tax-exempt pursuant to Section 501(c) (3) of the Internal Revenue Code. The state of South Dakota does not levy an income tax.

The Hospital includes all penalties and interest assessed by income taxing authorities in operating expenses. The Hospital did not have penalties and interest expenses for the years ended May 31, 2022 and 2021.

Net Patient Service Revenue: The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Functional Expenses: Expenses are allocated between program services – nursing, other professional, clinics – and supporting services – general, fiscal and administrative – by direct identification of expenses if possible and estimated by management when direct identification is not possible. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time, effort, depreciation, and interest, which are allocated on the basis of square footage.

Charity Care: The Hospital provides care to patients who meet certain criteria under its charity policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without donor restrictions: Net assets that are not subject to donor-imposed stipulations.

With donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, the net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions.

Contributions: Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Estimated Malpractice Costs: The provision for estimated medical malpractice claims includes estimates of the ultimate cost for both reported claims and claims incurred but not reported.

## Douglas County Memorial Hospital

### Notes to Financial Statements

May 31, 2022 and 2021

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#### 1. Significant Accounting Policies: (Continued)

Subsequent Events: Subsequent events have been evaluated for potential recognition or disclosure in the financial statements through January 13, 2023, the date the financial statements were available to be issued.

#### 2. Net Patient Service Revenue:

The Hospital net patient revenues are generally derived from medical services from contracts with patients. These contracts can be written or implied. The Hospital allocates the transaction price to each performance obligation. The Hospital recognizes the revenue for each performance obligation at the point in time when the obligation was fulfilled, or the service was rendered. The contractual interactions with patients, in most cases, involve a third-party payer (Medicare, Medicaid, commercial insurance companies).

The transaction price is determined based on gross charges for services provided, reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured patients in accordance with the Hospital's charity care policy, and implicit rate concessions provided primarily to uninsured patients. Patients who have health care insurance may also have discounts applied related to their copayment or deductible. Implicit price concessions are recorded as a direct reduction to net patient service revenue and are based primarily on historical collection experience.

Estimates of contractual adjustments and discounts are determined by major payor classes for inpatient and outpatient revenues based on contractual agreements, discount policies and historical experience. Management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and frequent changes in commercial and managed care contractual terms resulting from contract renegotiations and renewals.

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

Medicare: Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Inpatient non-acute services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization.

Medicaid: Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicaid fiscal intermediary.

## **Douglas County Memorial Hospital**

### **Notes to Financial Statements**

**May 31, 2022 and 2021**

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#### **2. Net Patient Service Revenue: (Continued)**

Revenue from the Medicare and Medicaid programs accounted for approximately 57% and 5%, respectively, of the Hospital's net patient revenue for the year ended May 31, 2022, and 43% and 4% respectively of the Hospital's net patient revenue, for the year ended May 31, 2021. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

The Hospital also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Hospital under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

#### **3. Pension Plan:**

The Hospital maintains a contributory defined contribution retirement plan for all eligible employees. The 403(b) pension plan is administered by CUNA Mutual Group. Contributions up to 5% of gross wages by electing employees, are matched by the Hospital. The Hospital's pension expense for the years ended May 31, 2022 and 2021 was \$195,796 and \$202,853, respectively.

#### **4. Malpractice Claims:**

The Hospital is insured by a claims-made policy for protection against liability claims resulting from professional services provided or which should have been provided. Coverage limits are \$1,000,000 per claim and \$3,000,000 in the aggregate.

Presently no claims alleging malpractice have been asserted against the Hospital. However, incidents occurring through May 31, 2022 or 2021 may result in the assertion of claims. Other claims may be asserted arising from services provided to patients in the past. Management is unable to estimate the ultimate cost, if any, of the resolution of such potential claims; however, management believes that these claims, if asserted, would be settled within the limits of insurance coverage.



**Douglas County Memorial Hospital**

## Notes to Financial Statements

May 31, 2022 and 2021

**5. Long Term Debt:**

Long term debt consists of the following:

Description	Terms	Years Ended May 31,	
		2022	2021
USDA Rural Development -- Secured by Building	3.5%; Payable in monthly installments of \$13,895, including interest. Final payment due July 10, 2052.		
		\$ 3,099,136	\$ 3,156,303
		\$ 3,099,136	\$ 3,156,303
		(59,100)	(57,100)
	Less Current Portion		
	Net Long Term Debt	\$ 3,040,036	\$ 3,099,203

For the years ended May 31, 2022 and 2021, the Hospital recorded interest expense of \$109,458 and \$111,425, respectively.

Estimated aggregate maturities of long-term debt for the years ended May 31, are as follows:

2023	\$ 59,100
2024	\$ 61,200
2025	\$ 63,400
2026	\$ 65,700
2027	\$ 68,000

**6. Concentration of Credit Risk:**

The Hospital maintains several bank accounts at BankWest in Armour, SD. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances at year end and at various times throughout the year exceeded federally insured limits.

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors as of May 31, 2022 and 2021 was as follows:

	2022	2021
Medicare	32.3%	33.2%
Medicaid	2.9%	3.0%
Blue Cross	8.0%	10.1%
Other third-party payors	15.7%	21.0%
Patients	41.1%	32.7%
	<u>100.0%</u>	<u>100.0%</u>

**Douglas County Memorial Hospital**

## Notes to Financial Statements

May 31, 2022 and 2021

**7. Liquidity and Availability of Financial Assets:**

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual restrictions within one year of the balance sheet date.

	2022	2021
Financial assets at year-end	\$ 10,733,592	\$ 9,875,406
Less those unavailable for general expenditure within one year:		
USDA Reserve	173,040	173,040
Physician loan receivable	225,836	225,328
	<u>398,876</u>	<u>398,368</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 10,334,716</u>	<u>\$ 9,477,038</u>

As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**8. Investments:**

Investments at May 31, 2022 and 2021 are summarized as follows:

Investments at May 31, 2022			
	Cost	Fair Value	Carrying Value
<b>Investments, recorded at fair value:</b>			
Cash and Cash Equivalents	\$ 4,511	\$ 4,511	\$ 4,511
Mutual Funds - Bonds	91,869	88,469	88,469
Mutual Funds - Equities	227,410	233,698	233,698
Exchange Traded Funds	344,242	486,777	486,777
	<u>\$ 668,032</u>	<u>\$ 813,455</u>	<u>\$ 813,455</u>
Investments at May 31, 2021			
	Cost	Fair Value	Carrying Value
<b>Investments, recorded at fair value:</b>			
Cash and Cash Equivalents	\$ 2,881	\$ 2,881	\$ 2,881
Mutual Funds - Bonds	114,827	119,759	119,759
Mutual Funds - Equities	190,193	250,632	250,632
Exchange Traded Funds	332,000	506,251	506,251
	<u>\$ 639,901</u>	<u>\$ 879,523</u>	<u>\$ 879,523</u>

## Douglas County Memorial Hospital

### Notes to Financial Statements

May 31, 2022 and 2021

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#### 9. Fair Value Measurements:

FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted process for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual Funds and Exchange Traded Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual and exchange traded funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual and exchange traded funds held by the Hospital are deemed to be actively traded.

**Douglas County Memorial Hospital**  
Notes to Financial Statements  
May 31, 2022 and 2021

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**9. Fair Value Measurements: (Continued)**

The following table sets forth by level, within the fair value hierarchy, the entity's assets at fair value as of May 31, 2022 and 2021:

<b>Assets Measured at Fair Value at May 31, 2022</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 4,511	\$ --	\$ --	\$ 4,511
Mutual Funds	322,167	--	--	322,167
Exchange Traded Funds	486,777	--	--	486,777
Total Assets Measured at Fair Value	<u>\$ 813,455</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 813,455</u>

<b>Assets Measured at Fair Value at May 31, 2021</b>				
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Cash and Cash Equivalents	\$ 2,881	\$ --	\$ --	\$ 2,881
Mutual Funds	370,391	--	--	370,391
Exchange Traded Funds	506,251	--	--	506,251
Total Assets Measured at Fair Value	<u>\$ 879,523</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 879,523</u>

**10. Recently Issued Accounting Standards:**

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, Leases (Topic 842), which provides guidance for accounting for leases. The standard update requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as income or expenses on the statement of operations. The statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This ASU is effective for periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022 with an early adoption permitted. It is to be adopted using the modified retrospective approach. The Hospital is currently evaluating this guidance to determine the impact, if any, it may have on its financial statements.

**11. Reclassifications:**

Certain items in the financial statements for 2022 have been reclassified to conform with the current year presentation. Such classifications had no effect on net income.

## **Supplemental Information**

# Douglas County Memorial Hospital

## Patient Service Revenue

May 31, 2022 and 2021

	Inpatient	Outpatient	Swingbed	2022	2021
<b>Patient Service Revenue</b>					
Nursing	\$ 957,350	\$ --	\$ 375,312	\$ 1,332,662	\$ 1,475,371
Delivery room	--	618	--	618	824
Operating room	--	370,293	1,008	371,301	313,550
Anesthesiology	--	35,794	--	35,794	21,890
Central service	75,302	42,776	20,864	138,942	149,207
Home health	--	48,803	--	48,803	61,069
Community health	--	107,504	--	107,504	111,610
Laboratory	389,898	1,918,016	44,080	2,351,994	2,355,372
Electrocardiology	161,127	1,452,587	7,918	1,621,632	1,702,983
Radiology	84,639	1,430,474	8,870	1,523,983	1,373,987
Ultrasound	3,846	59,164	130	63,140	55,184
Pharmacy	251,132	1,302,556	44,824	1,598,512	1,479,251
Respiratory therapy	174,578	136,443	48,772	359,793	356,999
Physical therapy	23,900	614,330	32,937	671,167	552,921
Cardiac rehabilitation	--	48,670	--	48,670	74,675
Speech therapy	7,848	23,255	5,788	36,891	56,595
Occupational therapy	17,061	52,395	33,940	103,396	115,120
Emergency room	15,912	1,088,676	60	1,104,648	998,957
Ambulance	--	241,256	--	241,256	257,547
Observation	--	160,347	--	160,347	146,072
Armour clinic	--	1,996,293	--	1,996,293	1,831,098
Stickney clinic	--	76,511	--	76,511	(72)
Corsica clinic	--	858,419	--	858,419	873,912
Retail pharmacy	--	1,859,821	--	1,859,821	1,587,372
Total Patient Service Revenue	<u>\$ 2,162,593</u>	<u>\$ 13,925,001</u>	<u>\$ 624,503</u>	16,712,097	15,951,494
<b>Less Provision for</b>					
Explicit Price Concessions				(5,339,157)	(5,514,863)
Discounts				(659)	(655)
Charity Care				(37,711)	(111,963)
Implicit price concessions				<u>(84,149)</u>	<u>(40,222)</u>
<b>Net Patient Service Revenue</b>				<u>\$ 11,250,421</u>	<u>\$ 10,283,791</u>

**Douglas County Memorial Hospital**  
Other Operating Revenue

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	<b>Years Ended</b>	
	<b>May 31,</b>	
	<b>2022</b>	<b>2021</b>
Cafeteria	\$ 73,900	\$ 64,355
Finance charges	228	(490)
Medical record fees	1,405	801
Grants	148,384	2,360,471
Other net	6,514	7,580
	<u>\$ 230,431</u>	<u>\$ 2,432,717</u>

**Douglas County Memorial Hospital**  
Operating Expenses Summary

	Years Ended May 31,	
	2022	2021
<b>Nursing Service</b>		
Routine care	\$ 1,384,917	\$ 1,425,360
Operating & Recovery Room	181,858	134,448
Emergency room	437,792	321,913
Central supply	33,558	28,748
Depreciation	59,950	52,305
Interest	12,795	12,909
Total Nursing Service	<u>2,110,870</u>	<u>1,975,683</u>
<b>Other Professional Service</b>		
Anesthesiology	110,000	110,000
Lab	722,588	746,613
Electriccardiology	164,872	165,696
Radiology	259,325	253,974
Pharmacy	905,187	825,585
Respiratory therapy	124,063	139,777
Physical therapy	172,004	204,823
Occupational therapy	43,628	48,390
Medical Records	162,185	164,254
Community health	135,270	125,335
Home health	91,031	131,995
Retail pharmacy	1,424,137	1,476,864
Depreciation	236,000	165,403
Interest	50,371	40,821
Total Other Professional Service	<u>4,600,661</u>	<u>4,599,530</u>
<b>General Service</b>		
Housekeeping	96,687	103,804
Laundry	2,514	2,339
Maintenance	273,183	216,438
Dietary	286,484	268,836
Ambulance	12,072	29,981
Depreciation	83,995	137,179
Interest	17,927	33,855
Total General Service	<u>772,862</u>	<u>792,432</u>
<b>Fiscal and Administrative Service</b>		
Business office	990,896	976,770
Administrative services	476,618	409,522
Depreciation	1,095	756
Interest	234	187
Total Fiscal and Administrative Service	<u>1,468,843</u>	<u>1,387,235</u>
<b>Clinics</b>		
Armour Clinic	1,021,895	1,000,223
Stickney Clinic	41,895	4,682
Corsica Clinic	610,684	676,434
Depreciation	131,800	95,843
Interest	28,131	23,654
Total Clinics	<u>1,834,405</u>	<u>1,800,836</u>
Total Operating Expense	<u>\$ 10,787,641</u>	<u>\$ 10,555,716</u>



**Douglas County Memorial Hospital**  
Operating Wage Summary

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	<b>Years Ended May 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Nursing Service</b>		
Routine care	\$ 1,018,053	\$ 1,059,824
Operating & Recovery Room	26,368	13,720
Emergency room	295,059	122,005
Total Nursing Service	<u>1,339,480</u>	<u>1,195,549</u>
<b>Other Professional Service</b>		
Lab	250,044	252,087
Radiology	182,320	179,781
Pharmacy	101,157	98,577
Respiratory therapy	74,905	76,735
Physical therapy	117,295	125,772
Medical Records	130,051	130,899
Community health	83,624	78,174
Home health	55,221	82,950
Retail pharmacy	255,152	255,383
Total Other Professional Service	<u>1,249,769</u>	<u>1,280,358</u>
<b>General Service</b>		
Housekeeping	63,659	66,257
Maintenance	89,521	89,124
Dietary	161,474	151,787
Total General Service	<u>314,654</u>	<u>307,168</u>
<b>Fiscal and Administrative Service</b>		
Business office	464,675	458,006
Discounts	163,752	163,096
Total Fiscal and Administrative Service	<u>628,427</u>	<u>621,102</u>
<b>Clinics</b>		
Armour Clinic	755,728	675,888
Stickney Clinic	26,207	--
Corsica Clinic	372,259	413,484
Total Clinics	<u>1,154,194</u>	<u>1,089,372</u>
Total Wages	<u><u>\$ 4,686,524</u></u>	<u><u>\$ 4,493,549</u></u>

**Douglas County Memorial Hospital**  
Patient Receivables and Allowance for Doubtful Accounts

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	<b>Years Ended</b>	
	<b>May 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Days Since Discharge</b>		
0-30	\$ 1,152,058	\$ 1,138,143
31-120	649,363	561,182
121-180	131,966	136,425
180 and over	746,618	509,316
Subtotal	<u>2,680,005</u>	<u>2,345,066</u>
<b>Less</b>		
Allowance for explicit price concessions	(357,000)	(319,543)
Allowance for implicit price concessions	<u>(713,000)</u>	<u>(553,000)</u>
Total	<u><u>\$ 1,610,005</u></u>	<u><u>\$ 1,472,523</u></u>
 <b>Allowance for Implicit Price Concessions</b>		
<b>Balance, Beginning of Year</b>	\$ 553,000	\$ 227,857
Implicit price concessions	197,457	1,120,291
Accounts written off - net	<u>(37,457)</u>	<u>(795,148)</u>
<b>Balance, End of Year</b>	<u><u>\$ 713,000</u></u>	<u><u>\$ 553,000</u></u>

**Douglas County Memorial Hospital**  
Comparative Statistics

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	<b>Years Ended May 31,</b>	
	<b>2022</b>	<b>2021</b>
<b>Patient Days</b>		
Acute	493	503
Swing Bed	<u>245</u>	<u>344</u>
Total Patient Days	<u><u>738</u></u>	<u><u>847</u></u>
<b>Admissions</b>		
Acute	127	130
Swing Bed	<u>35</u>	<u>35</u>
Total Admissions	<u><u>162</u></u>	<u><u>165</u></u>
<b>Outpatient Visits</b>	13,002	12,283
<b>Average Length of Stay</b>	3.88	3.87
<b>Occupancy Percentage, Acute</b>	12%	13%
<b>Net Patient Service Revenue</b>		
Per Calendar Day	<u><u>\$ 30,823</u></u>	<u><u>\$ 28,175</u></u>
<b>Number of Days Net Patient Service Revenue</b>		
In Net Patient Receivables at End of Year	<u><u>52</u></u>	<u><u>52</u></u>

# Douglas County Memorial Hospital

Property, Plant and Equipment  
May 31, 2022 and 2021

Year Ended May 31, 2022	Cost			
	Beginning	Additions	Disposals	End of Year
Land	\$ 202,294	\$ --	\$ --	\$ 202,294
Buildings	7,219,748	85,894	--	7,305,642
Major movable equipment	2,824,675	194,258	--	3,018,933
Total	<u>\$ 10,246,717</u>	<u>\$ 280,152</u>	<u>\$ --</u>	<u>\$ 10,526,869</u>

	Accumulated Depreciation			
	Beginning	Additions	Disposals	End of Year
Buildings & Major movable equipment	\$ 3,532,514	\$ 547,363	\$ --	\$ 4,079,877
Total	<u>\$ 3,532,514</u>	<u>\$ 547,363</u>	<u>\$ --</u>	<u>\$ 4,079,877</u>

Year Ended May 31, 2021	Cost			
	Beginning	Additions	Disposals	End of Year
Land	\$ 186,153	\$ 16,141	\$ --	\$ 202,294
Buildings	7,219,748	--	--	7,219,748
Major movable equipment	2,209,147	663,252	47,724	2,824,675
Total	<u>\$ 9,615,048</u>	<u>\$ 679,393</u>	<u>\$ 47,724</u>	<u>\$ 10,246,717</u>

	Accumulated Depreciation			
	Beginning	Additions	Disposals	End of Year
Buildings & Major movable equipment	\$ 3,098,223	\$ 482,015	\$ 47,724	\$ 3,532,514
Total	<u>\$ 3,098,223</u>	<u>\$ 482,015</u>	<u>\$ 47,724</u>	<u>\$ 3,532,514</u>