

Experience the Eide Bailly Difference

# River's Edge Hospital and Clinic



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# Required Auditor's Communication

1. Auditor's responsibility under generally accepted auditing standards
  - Responsibility for financial statements – management
  - Audit consists of tests, not complete verification – we obtain reasonable, not absolute, assurance about whether the financial statements are free of material misstatements
  - Engaged to perform audit in accordance with auditing standards generally accepted in the United States of America
  
2. Significant accounting policies
  1. Described in notes to financial statements
  2. Adopted GASB 68
  3. No changes in existing accounting policies



# Required Auditor's Communication

3. Management judgments and accounting estimates and qualitative aspects of accounting practices
  - Estimated third-party payor settlements
  - Allowance for doubtful accounts and contractual adjustments
  - Accrued pension liability
  
4. Corrected misstatements
  - To decrease beginning net position due to implementing GASB 68 - \$6,734,000
  - To increase pension expense (\$148,000), record deferred outflows of resources (\$1,359,000), record deferred inflows of resources (\$1,592,000), and increase pension liability (\$6,649,000)
  - To increase the estimated Medicare receivable – \$141,000
  - To increase allowance for doubtful accounts - \$690,000



# Required Auditor's Communication

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5. Difficulties encountered in performing the audit
  - No difficulties in dealing with management
6. Disagreements with management
  - None
7. Management consultations with other independent accountants
  - None noted
8. Other matters discussed prior to retention
  - None
9. Supplementary information accompanies the financial statements



# Internal Control Matters

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## Current Year Internal Control Matters

### *Material Weakness*

1. Preparation of financial statements
2. Material audit adjustments

### *Significant Deficiency*

1. Limited size of office staff



# Health Care Environmental Trends

*Market trends affecting your industry both nationally and locally are key to understanding the impact to your future strategy:*

## Rising Costs; Reduced Reimbursement

- Although the medical care consumer price index continues to increase, reimbursement rates and physician services fees have not been able to keep pace.

## Health Care Reform

- New requirements for reporting and maintaining quality standards, in addition to changes in reimbursement will challenge internal operational efficiencies.

## Physician Recruitment & Retention

- A reduction in the supply of primary care physicians at a national level is creating an increasing challenge to attract and retain physicians.

## Availability of Workforce

- Population declines are creating a challenge for health care to fill retiring positions with skilled staff with specialized training.





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# Balance Sheet Performance Ratios



# Balance Sheets

	<u>2015</u>	<u>2014</u> (restated)
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 4,322,711	\$ 3,942,074
Cash and cash equivalents - Foundation	112,921	35,725
Receivables		
Patient, net of estimated uncollectibles of approximately \$679,000 in 2015 and \$407,000 in 2014 and contractual adjustments of approximately \$1,838,000 in 2015 and \$1,770,000 in 2014	4,165,966	4,519,128
Estimated third-party payor settlements	300,000	-
Other	22,971	7,498
Supplies	617,417	376,645
Prepaid expenses	<u>144,062</u>	<u>201,544</u>
Total current assets	<u>9,686,048</u>	<u>9,082,614</u>
Noncurrent Cash and Investments Designated by Commission	<u>3,890,702</u>	<u>3,669,379</u>
Capital Assets		
Capital assets not being depreciated	97,568	30,527
Depreciable capital assets	<u>8,219,824</u>	<u>9,504,090</u>
Total capital assets	<u>8,317,392</u>	<u>9,534,617</u>
Other Assets		
Long-term prepaid	73,166	82,506
Investment in joint venture	<u>478,359</u>	<u>500,476</u>
Total other assets	<u>551,525</u>	<u>582,982</u>
Total assets	<u>22,445,667</u>	<u>22,869,592</u>
Deferred Outflows of Resources		
Pension related deferred outflows	<u>1,359,382</u>	<u>968,829</u>
Total assets and deferred outflows of resources	<u>\$ 23,805,049</u>	<u>\$ 23,838,421</u>

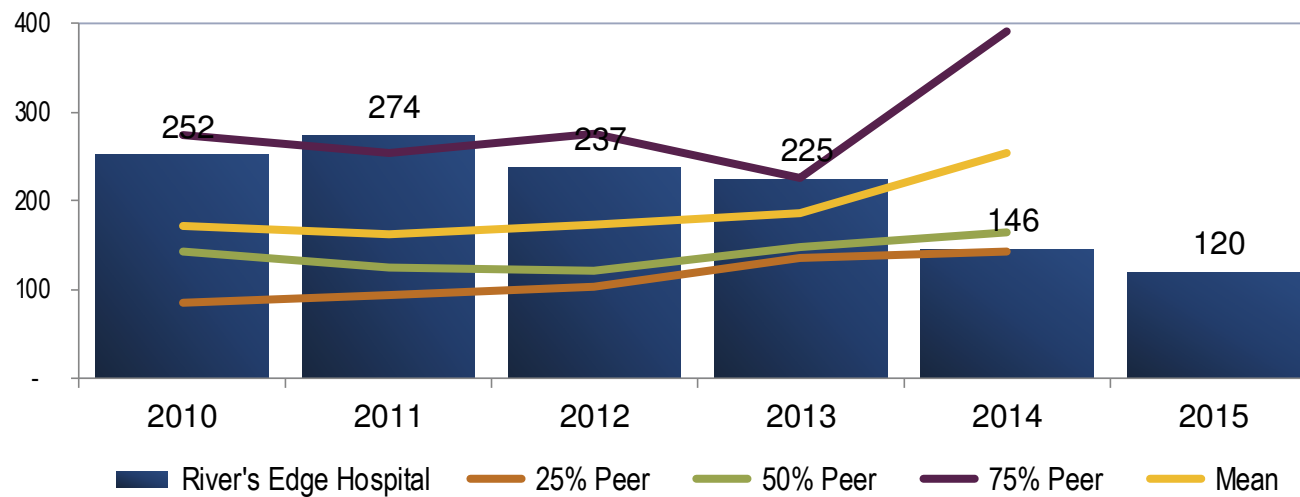


# Balance Sheets

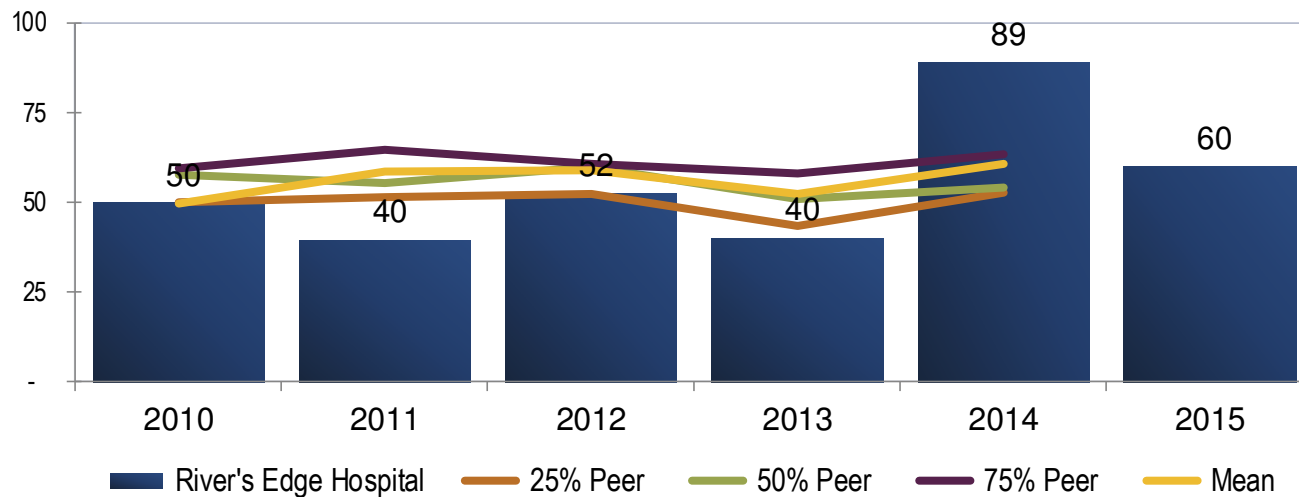
	<u>2015</u>	<u>2014</u> (restated)
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Current maturities of long-term debt	\$ 657,989	\$ 661,739
Accounts payable		
Trade	1,055,733	1,153,207
Estimated third-party payor settlements	-	546,000
Accrued expenses		
Salaries, wages, and benefits	1,110,175	1,149,204
Interest	<u>147,077</u>	<u>150,798</u>
Total current liabilities	2,970,974	3,660,948
Net Pension Liability	6,649,172	6,064,471
Long-Term Debt, Less Current Maturities	<u>11,718,968</u>	<u>12,376,958</u>
Total liabilities	<u>21,339,114</u>	<u>22,102,377</u>
Deferred Inflows of Resources		
Pension related deferred inflows	<u>1,592,377</u>	<u>1,638,615</u>
Net Position		
Net investment in capital assets	(4,059,565)	(3,504,080)
Unrestricted	<u>4,933,123</u>	<u>3,601,509</u>
Total net position	<u>873,558</u>	<u>97,429</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 23,805,049</u>	<u>\$ 23,838,421</u>



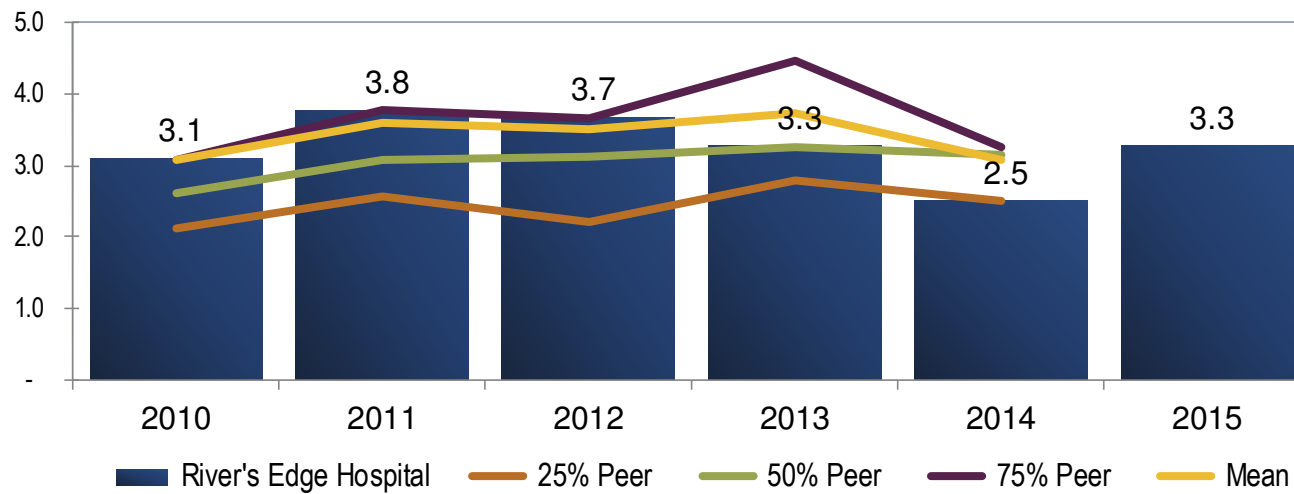
# Days Cash On Hand



# Days Revenue In Patient Receivables



# Current Ratio





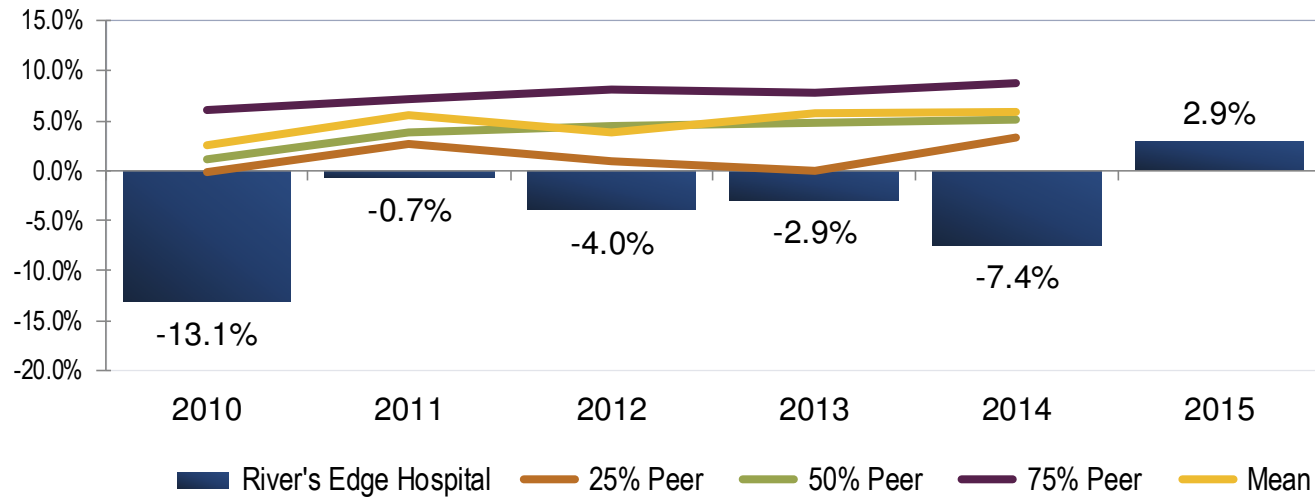
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# Financial Performance Ratios

# Statements of Revenues, Expenses, and Changes in Net Position

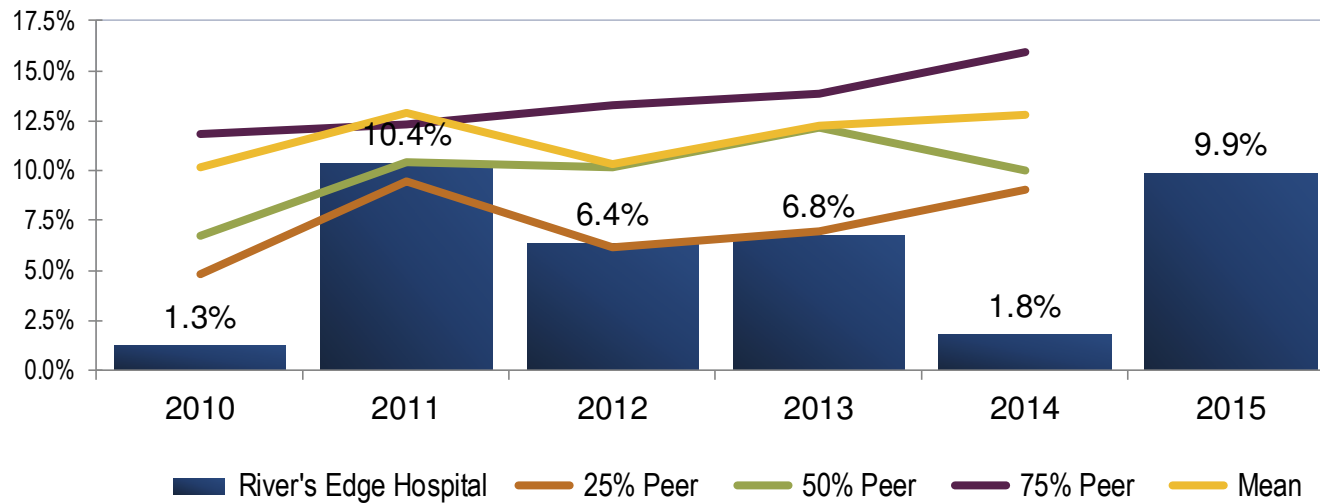
	<u>2015</u>	<u>2014</u> (restated)
Operating Revenues		
Net patient service revenue (net of provision for bad debts of \$757,250 in 2015 and \$552,561 in 2014)	\$ 25,517,482	\$ 18,616,713
Other revenue	<u>1,469,507</u>	<u>265,281</u>
Total operating revenues	<u>26,986,989</u>	<u>18,881,994</u>
Operating Expenses		
Nursing services	2,499,372	1,847,942
Other professional services	14,501,608	10,153,089
General and administrative services	6,711,363	5,889,270
Property and household services	717,058	678,279
Depreciation	<u>1,448,079</u>	<u>1,284,572</u>
Total operating expenses	<u>25,877,480</u>	<u>19,853,152</u>
Operating Income (Loss)	<u>1,109,509</u>	<u>(971,158)</u>
Nonoperating Revenues (Expenses)		
Interest expense	(454,488)	(456,010)
Investment income	38,027	26,561
Noncapital contributions and grants	80,830	923
Other	<u>2,251</u>	<u>881</u>
Net nonoperating expenses	<u>(333,380)</u>	<u>(427,645)</u>
Revenues in Excess of (Less Than) Expenses	776,129	(1,398,803)
Net Position, Beginning of Year	<u>97,429</u>	<u>1,496,232</u>
Net Position, End of Year	<u>\$ 873,558</u>	<u>\$ 97,429</u>

# Net Margin Percentage



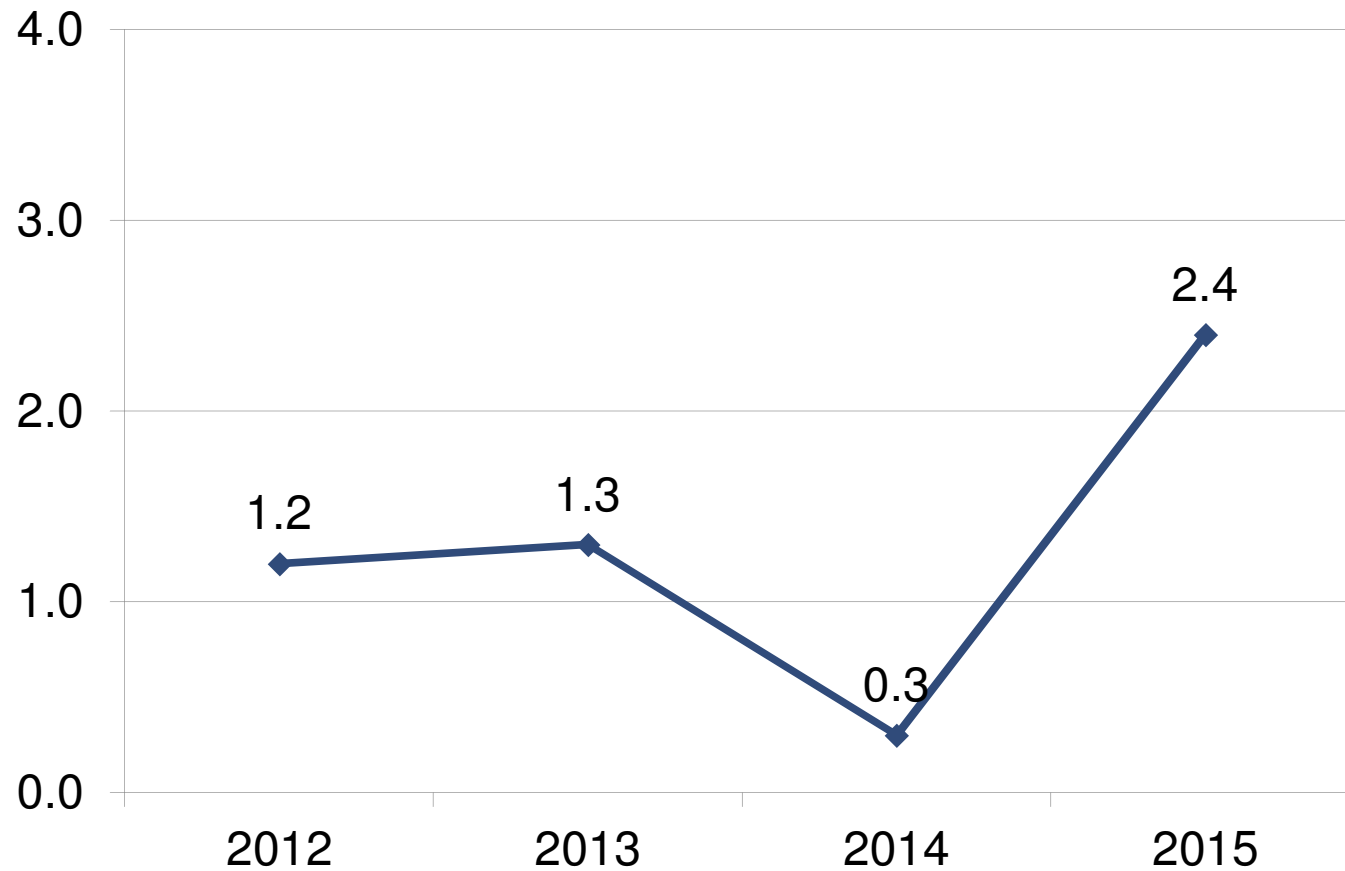


# EBIDA Percentage



# River's Edge Hospital and Clinic

## Debt Service Coverage Ratio

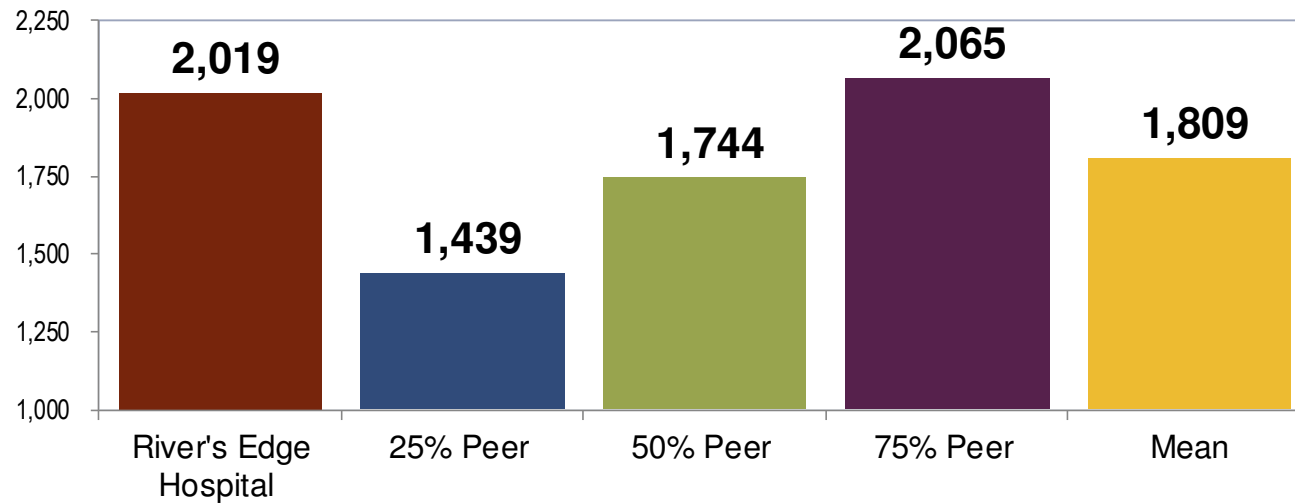




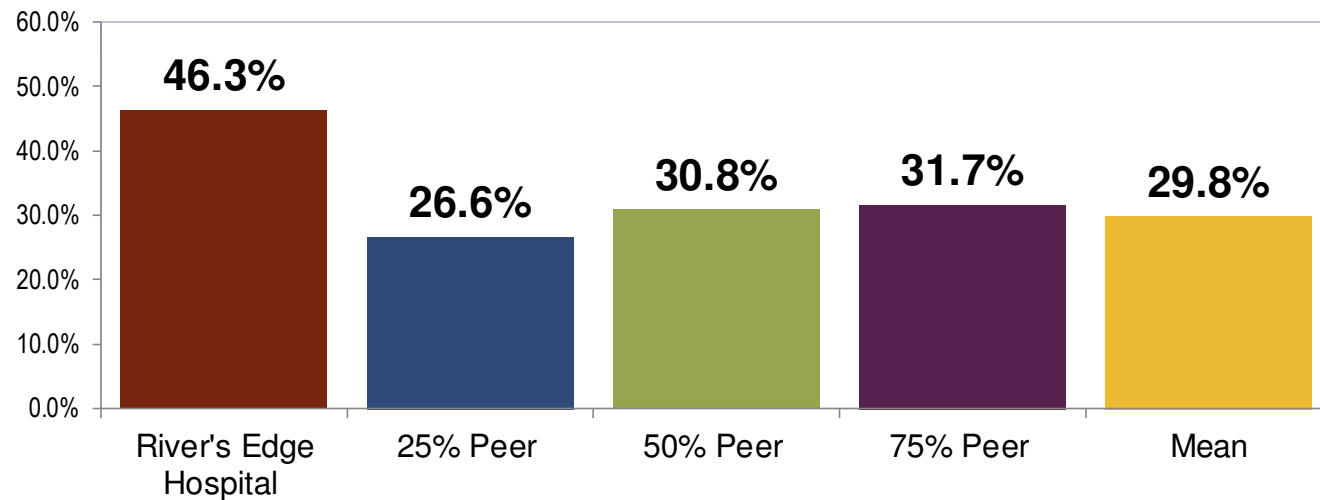
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# Operating Activities

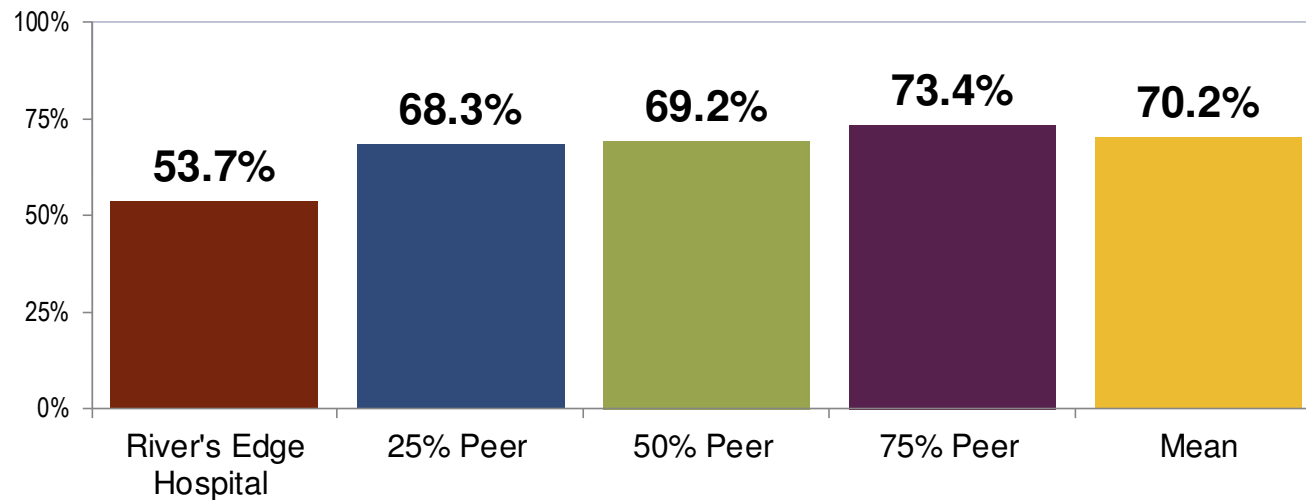
# Total Patient Days (Adult & Swing)



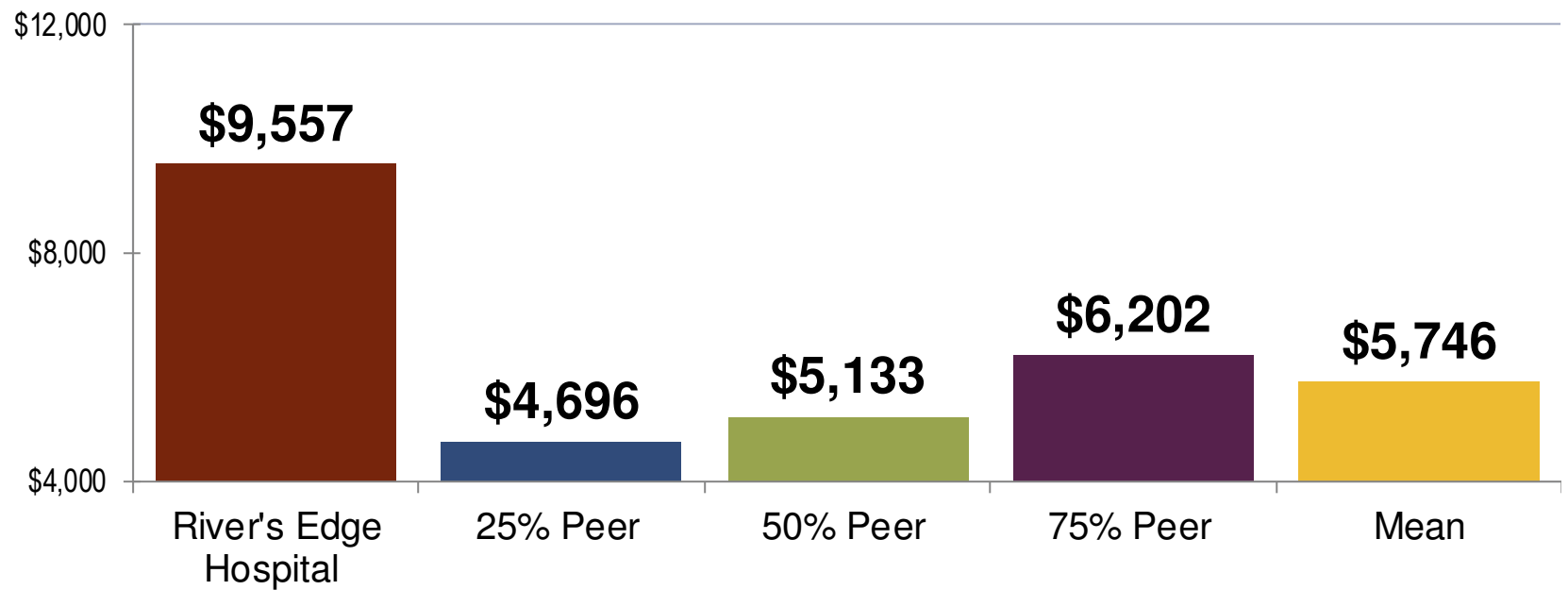
# Inpatient Revenue to Total Revenue Percentage



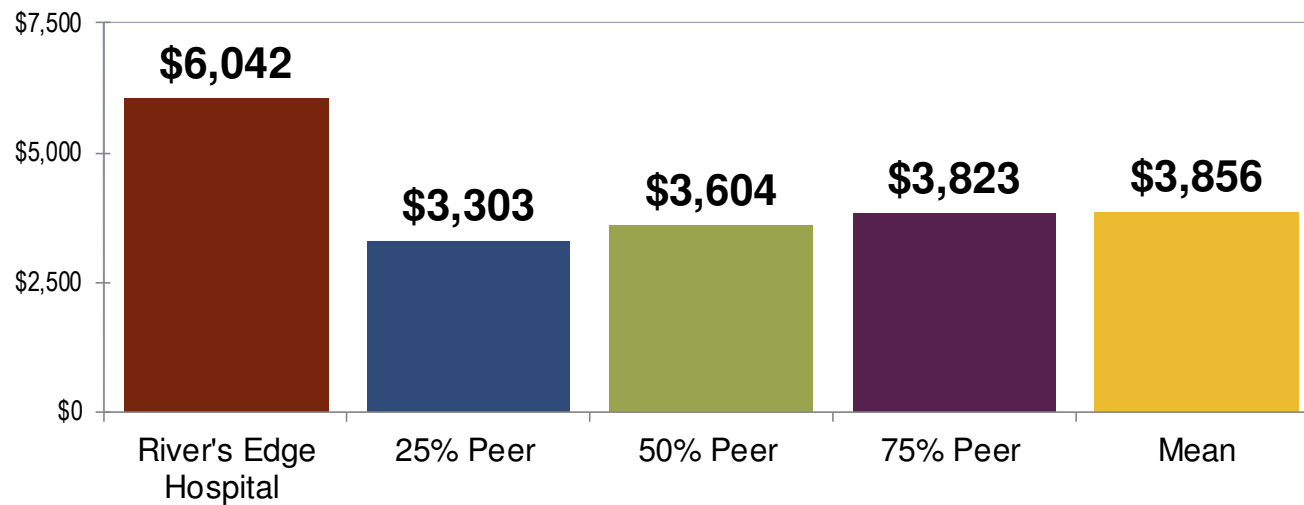
# Outpatient Revenue to Total Revenue Percentage



# Charges per APD

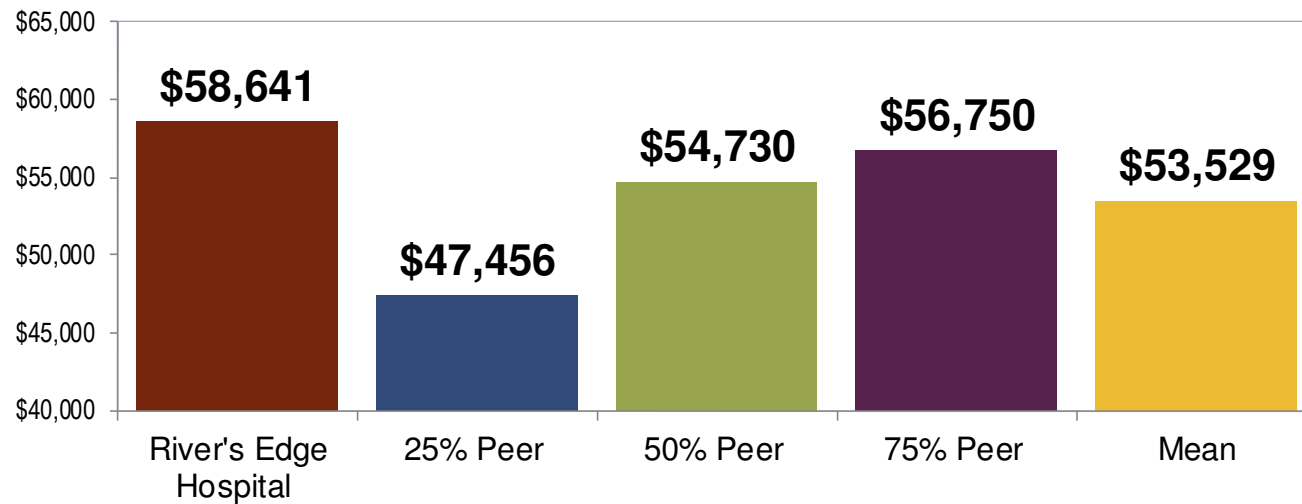


# Total Expenses Per Adjusted Patient Day





# Salaries Per FTE





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# Market Share

# Primary Zip Code Market Share

