

BROADLAWNS MEDICAL CENTER
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2023 AND 2022



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**BROADLAWNS MEDICAL CENTER
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Broadlawns Medical Center
Des Moines, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Broadlawns Medical Center (Medical Center), and Broadlawns Medical Center Foundation (Foundation), a discretely presented component unit, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Broadlawns Medical Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Broadlawns Medical Center and its discretely presented component unit, Broadlawns Medical Center Foundation, as of June 30, 2023 and 2022, and the respective changes in financial position and 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 (GAAS) and the standards applicable to financial audits found in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Broadlawns Medical Center and its discretely presented component unit, Broadlawns Medical Center Foundation, 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 Broadlawns Medical Center's and its discretely presented component unit, Broadlawns Medical Center Foundation, ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 Broadlawns Medical Center's and its discretely presented component unit, Broadlawns Medical Center Foundation'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 Broadlawns Medical Center's and its discretely presented component unit, Broadlawns Medical Center Foundation'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.


Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 – 13 and the required supplementary information as listed in the table of contents, on pages 47 – 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is 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, except for that portion marked "unaudited," has been subjected to the auditing procedures applied in the audits 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 statement or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for that portion marked "unaudited", 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 November 17, 2023, on our consideration of Broadlawns Medical Center'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 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 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 Broadlawns Medical Center's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

West Des Moines, Iowa
November 17, 2023

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Introduction

This section of the Broadlawns Medical Center (Medical Center) annual financial report presents management's discussion and analysis of the Medical Center's financial performance during the years ended June 30, 2023 and 2022. The purpose is to provide an objective analysis of the financial activities of the Medical Center based on currently known facts, decisions, and conditions. Please read it in conjunction with the Medical Center's basic financial statements and the notes to basic financial statements.

Overview of the Financial Statements

This annual report consists of two parts - management's discussion and analysis and the basic financial statements.

Required Financial Statements

The statement of net position, which is also referred to as the balance sheet, offers short-term and long-term financial information about the Medical Center's activities. The balance sheet includes all of the Medical Center's assets, liabilities, deferred outflows and deferred inflows and provides information about the nature and amounts of investments in resources (assets) and the obligations to Medical Center creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Medical Center and assessing the liquidity and financial flexibility of the Medical Center. All of the current year's revenue and expenses are accounted for in the statement of revenue, expenses, and changes in net position. This statement measures the results from the Medical Center's operations over the past year and can be used to determine whether the Medical Center has been able to recover all of its costs through its patient service revenue and other revenue sources. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide answers to such questions as, "Where did cash come from?" "What was cash used for?" and "What was the change in cash balance during the reporting period?"

Financial Analysis of the Medical Center

The statement of net position and the statement of revenue, expenses, and changes in net position report information about the Medical Center's activities. These two statements report the net position of the Medical Center and changes in them. Increases or decreases in the Medical Center's net position are one indication of whether its financial health is improving or deteriorating. However, other nonfinancial factors such as changes in the health care industry, changes in Medicare and Medicaid regulations and changes in managed care contracting should be considered.

Management's discussion and analysis of Broadlawns Medical Center's financial performance provides an overview of the Medical Center's financial activities for the fiscal years ended June 30, 2023, 2022, and 2021.

Organization

Broadlawns Medical Center is organized under Chapter 347 of the Iowa Code, not subject to taxes on income or property. The Medical Center is a county public hospital and receives tax support from the property tax levy. A seven-member elected Board of Trustees is responsible for establishing governance policies that ensure effective Medical Center operations.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Organization (Continued)

Broadlawns Medical Center Foundation (Foundation) is a legally separate, tax exempt, discretely presented component unit of Broadlawns Medical Center. The Foundation was formed to, among other things, raise funds for the general welfare, maintenance, and improvement of the Medical Center. The Board of the Foundation is self-perpetuating and consists of citizens of the greater Des Moines Area. Although the Medical Center does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds are contributed to the Medical Center. Because these resources held by the Foundation have historically been for the benefit of the Medical Center, the Foundation is considered a component unit of the Medical Center and is discretely presented in the Medical Center's financial statements. Complete financial statements for the Foundation can be obtained from Jim Lynch, Broadlawns Medical Center, 1801 Hickman Road, Des Moines, Iowa 50314.

Financial Highlights

- For the year the Medical Center's change in net position is \$25,140,312 which is an increase of \$5,777,750 from last fiscal year, which ended with a change in net position of \$19,362,562.
- Total operating expenses for the current fiscal year were \$17,547,417 more than last fiscal year.
- Total operating revenue for the year was \$180,294,523, which is an increase of \$16,467,849.
- Net nonoperating revenue, which includes revenue from the property tax levy, increased \$7,268,270.
- During the fiscal year, the Medical Center made capital investments totaling \$24,947,005. Capital investments were more than depreciation expense of \$11,019,684 by \$13,927,321. The following is a list of significant purchases and improvements placed in service during the fiscal year:

Capital Investments	Vendor	Department	Amount
4th Floor Medical Plaza Buildout	Various	Podiatry & Ortho Clinics	\$ 2,258,023
MRI Upgrade	Various	Radiology	2,235,870
3D Mammography System and Breast Biopsy	Hologic & Brown Imaging	Radiology	771,941
Intuitive Ion Endoluminal System	Intuitive Surgical	Surgery	610,750

The source of funding of these projects is derived from operations and donations.

Net Position

June 30, 2023: Total current assets are \$275,452,716, which is \$10,973,900 more than last year. The difference is mainly due to an increase in cash and cash equivalents of \$2,683,232, an increase in short-term investments of \$1,890,210, an increase in patient receivables of \$1,558,954, an increase in succeeding year property taxes of \$3,254,920, an increase in other receivables of \$1,216,656, and an increase in due from third-party payors of \$468,611. Total noncurrent assets are \$132,763,409, which is \$13,390,874 more than last year. The increase in non-depreciable capital assets of \$16,119,548, offset by a decrease in net depreciable capital assets of \$2,935,336.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Net Position (Continued)

Deferred outflows related to pension are \$15,161,526 which is \$911,388 more than last year. Deferred outflows related to postemployment benefits are \$1,069,490, which is \$64,647 less than last year. Deferred outflows relate to the adoption of GASB Statement Nos. 68, 71, and 75 and are discussed in Notes 7 and 10.

Total current liabilities of \$29,749,753 are \$3,867,060 more than last fiscal year. The change is mainly due to an increase in accounts payable and other accrued expenses of \$2,575,886, an increase in accrued employee compensation and payroll taxes of \$1,526,985, offset by a decrease in deferred revenue of \$301,093 and a decrease in due to third-party payors of \$114,428. Noncurrent liabilities of \$50,232,985 are \$40,188,733 more than last fiscal year. The increase is due to an increase in net pension liability of \$41,282,127 offset by a decrease in long-term debt, less current maturities of \$300,254.

Deferred inflow of resources totaled \$82,664,629, which is \$43,984,590 less than last fiscal year. The portion that relates to pension due to GASB Statement Nos. 68 and 71 described In Note 7, is \$5,338,064 which is \$48,118,287 less than last year. Revenue for succeeding year property taxes increased \$3,254,920.

Net position totaled \$261,799,774, which is \$25,140,312 more than last fiscal year.

June 30, 2022: Total current assets are \$264,478,816, which is \$12,927,868 more than last year. The difference is mainly due to an increase in cash and cash equivalents of \$13,010,478, an increase in succeeding year property taxes of \$3,911,935, an increase in other receivables of \$1,260,338; offset by a decrease in restricted cash and cash equivalents of \$4,656,883, and a decrease in receivables from federal grants of \$1,188,872. Total noncurrent assets are \$119,372,535, which is \$4,184,243 more than last year. The increase resulted mainly from an increase in noncurrent cash and cash equivalents of \$930,458, an increase in net depreciable capital assets of \$8,877,364, offset by a decrease in construction in progress and other non-depreciable capital assets of \$5,626,845.

Deferred outflows related to pension are \$14,250,138 which is \$7,183,523 less than last year. Deferred outflows related to postemployment benefits are \$1,134,137, which is \$64,647 less than last year. Deferred outflows relate to the adoption of GASB Statement Nos. 68, 71, and 75 and are discussed in Notes 7 and 10.

Total current liabilities of \$25,882,693 are \$2,093,332 more than last fiscal year. The change is mainly due to an increase in current maturities of long-term debt of \$502,920, an increase in accounts payable and other accrued expenses of \$758,072, an increase in accrued employee compensation and payroll taxes of \$1,638,239, an increase in deferred revenue of \$301,093, offset by a decrease in due to third-party payors of \$1,203,780. Noncurrent liabilities of \$10,044,252 are \$67,473,570 less than last fiscal year. The decrease is due to an increase in long-term debt, less current maturities of \$2,949,685 offset by a decrease in net pension liability of \$70,459,190.

Deferred inflow of resources totaled \$126,649,219, which is \$55,881,617 more than last fiscal year. The portion that relates to pension due to GASB Statement Nos. 68 and 71 described In Note 7, is \$53,456,351 which is \$51,751,967 more than last year. Revenue for succeeding year property taxes increased \$3,911,935.

Net position totaled \$236,659,462, which is \$19,362,562 more than last fiscal year.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Net Position (Continued)

A summary of the Medical Center's statements of net position are presented in Table 1 below:

Table 1: Condensed Statements of Net Position

	June 30,		
	2023	(As Restated) 2022	(As Restated) 2021
Total Current Assets	\$ 275,452,716	\$ 264,478,816	\$ 251,550,948
Capital Assets, Net	122,821,898	109,637,686	106,387,167
Other Assets	9,941,511	9,734,849	8,801,125
Total Assets	<u>408,216,125</u>	<u>383,851,351</u>	<u>366,739,240</u>
Deferred Outflows	<u>16,231,016</u>	<u>15,384,275</u>	<u>22,632,445</u>
Total Assets and Deferred Outflows	<u>\$ 424,447,141</u>	<u>\$ 399,235,626</u>	<u>\$ 389,371,685</u>
Current Liabilities	\$ 29,749,753	\$ 25,882,693	\$ 23,789,361
Long-Term Debt Outstanding and Other Long-Term Liabilities	<u>50,232,985</u>	<u>10,044,252</u>	<u>77,517,822</u>
Total Liabilities	<u>79,982,738</u>	<u>35,926,945</u>	<u>101,307,183</u>
Deferred Inflows:			
Related to Pension	5,338,064	53,456,351	1,704,384
Related to Postemployment Benefits	1,640,661	761,884	544,169
Revenue for Succeeding Year Property Taxes	<u>75,685,904</u>	<u>72,430,984</u>	<u>68,519,049</u>
Total Deferred Inflows	<u>82,664,629</u>	<u>126,649,219</u>	<u>70,767,602</u>
Net Investment in Capital Assets	118,327,113	105,187,951	105,437,268
Restricted	217,264	215,542	190,702
Unrestricted	<u>143,255,397</u>	<u>131,255,969</u>	<u>111,668,930</u>
Total Net Position	<u>261,799,774</u>	<u>236,659,462</u>	<u>217,296,900</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 424,447,141</u>	<u>\$ 399,235,626</u>	<u>\$ 389,371,685</u>

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Summary of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2023: Net patient revenue is \$171,336,390, which is \$17,202,807 or 11.2% more than last fiscal year. Grants and contract revenue is \$4,051,909 which is \$963,752 less than last fiscal year. Other revenue is \$4,906,224, which is \$228,794 more than last year. Salaries increased \$6,443,787 or 6.1% due to the annual cost of living rate increase and an increase of 25 FTEs. Pension expense increased \$4,446,466 or 155.8% (see Note 7). Employee benefits excluding pension expense decreased \$355,809 or 1.5% due mainly to a decrease in health insurance claims. Physician fees and outside services increased \$670,789 or 10.1%. Supplies and other expenses increased \$5,047,238 or 6.7% due mainly to the increase in temporary services, drug costs, service supplies, and purchased services cost. Property tax revenue is \$76,124,971, which is \$3,821,009 more than last fiscal year. Noncapital grants and contributions are \$60,763, which is \$20,527 less than last fiscal year.

Year Ended June 30, 2022: Net patient revenue is \$154,133,583, which is \$11,697,767 or 8.2% more than last fiscal year. Grants and contract revenue is \$5,015,661 which is \$763,305 more than last fiscal year. Other revenue is \$4,677,430, which is \$923,863 more than last year. Salaries increased \$8,875,030 or 9.2% due to the annual cost of living rate increase and an increase of 40 FTEs. Pension expense decreased \$16,313,705 or 121.2% (see Note 7). Employee benefits excluding pension expense increased \$3,625,869 or 18.3% due mainly to an increase in health insurance claims. Physician fees and outside services decreased \$52,190 or 0.8%. Supplies and other expenses increased \$11,576,902 or 18.2% due mainly to the increase in temporary services, drug costs, insurance cost and purchased services cost. Property tax revenue is \$72,303,962, which is \$920,478 less than last fiscal year. Noncapital grants and contributions are \$81,290, which is \$1,069,511 less than last fiscal year.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Summary of Revenue, Expenses, and Changes in Net Position (Continued)

The following table presents a summary of the Medical Center's revenue, expenses, and changes in net position for the fiscal years ended June 30, 2023, 2022 and 2021.

Table 2: Revenue, Expenses, and Changes in Net Position

	Year Ended June 30,		
	2023	(As Restated) 2022	(As Restated) 2021
Revenue:			
Net Patient Service Revenue	\$ 171,336,390	\$ 154,133,583	\$ 142,435,816
Grants and Contracts	4,051,909	5,015,661	4,252,356
Other	4,906,224	4,677,430	3,753,567
Total Operating Revenue	<u>180,294,523</u>	<u>163,826,674</u>	<u>150,441,739</u>
Expenses:			
Salaries and Employee Benefits	136,241,385	125,706,941	129,519,747
Supplies and Other Expenses	80,115,812	75,068,574	63,491,672
Physician Fees and Outside Services	7,332,495	6,661,706	6,713,896
Depreciation and Amortization	11,019,684	9,724,738	8,622,900
Operating Expenses	<u>234,709,376</u>	<u>217,161,959</u>	<u>208,348,215</u>
Operating Loss	(54,414,853)	(53,335,285)	(57,906,476)
Nonoperating Revenue, Net	79,524,517	72,256,247	72,457,704
Capital Contributions	30,648	441,600	716,790
Increase in Net Position	<u>\$ 25,140,312</u>	<u>\$ 19,362,562</u>	<u>\$ 15,268,018</u>
Total Revenue	<u>\$ 259,925,265</u>	<u>\$ 236,568,195</u>	<u>\$ 226,445,355</u>
Total Expenses	<u>\$ 234,784,953</u>	<u>\$ 217,205,633</u>	<u>\$ 208,434,004</u>

Patient and Medical Center Statistical Data

Year Ended June 30, 2023: Acute admissions of 2,844 patients for the current fiscal year are 43 less than last fiscal year. Average length of stay for acute patients is 4.8 days, which is 0.1 days less than last fiscal year. Average length of stay for mental health patients is 17.7 days, which is 1.1 days more than last fiscal year. Acute patient days of 25,099 days for the current fiscal year is 336 days more than last fiscal year.

Emergency department visits of 24,351 for the current year is 1,567 visits more than last fiscal year. Clinic visits of 274,017 for current year is 10,918 visits more than last fiscal year.

Year Ended June 30, 2022: Acute admissions of 2,887 patients for the current fiscal year are 105 less than last fiscal year. Average length of stay for acute patients is 4.9 days, which is 0.1 days more than last fiscal year. Average length of stay for mental health patients is 16.6 days, which is 2.8 days more than last fiscal year. Acute patient days of 24,763 days for the current fiscal year is 731 days more than last fiscal year.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Patient and Medical Center Statistical Data (Continued)

Emergency department visits of 22,784 for the current year is 3,178 visits more than last fiscal year. Clinic visits of 263,099 for current year is 20,168 visits more than last fiscal year.

Table 3: Patient and Medical Center Statistical Data

	Year Ended June 30,		
	2023	2022	2021
Acute Patient Days	25,099	24,763	24,032
Acute Admissions	2,844	2,887	2,992
Acute Discharges	2,824	2,833	3,009
Residential Patient Days	6,118	6,692	6,351
Residential Admissions	110	123	76
Residential Discharges	113	122	78
Average Length of Stay (Days):			
Acute	4.8	4.9	4.8
Mental Health	17.7	16.6	13.8
Outpatient Visits:			
Emergency Room	24,351	22,784	19,606
Main Campus Urgent Care	23,291	22,040	17,953
Off Campus Urgent Care	31,305	27,182	15,972
Main Campus Primary Care	45,800	43,598	41,452
Off Campus Primary Care	19,000	20,405	21,549
Women's Health Clinic	14,844	12,330	9,689
Specialty Clinics	79,396	81,154	76,577
Oral Medicine	8,402	9,708	8,569
Mental Health	49,648	44,107	49,470
Addiction Medicine	2,331	2,575	1,700
Total Outpatient Visits	298,368	285,883	262,537

Sources of Revenue

Net Patient Revenue

Year Ended June 30, 2023: The Medical Center is the safety net for the indigent uninsured and underinsured of Polk County and is dependent on two major sources of revenue, which are net patient revenue and property taxes. During fiscal year 2023, the Medical Center recorded \$171,336,390 in net patient revenue representing 65.9% of total revenue. The \$171,336,390 in net patient revenue represents 39.6% of gross patient charges, which is consistent with last fiscal year. The majority of net patient revenue is paid by Medicare, Medicaid, and third-party payors based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Patients that fall under 300% of the Federal Poverty Guidelines and are otherwise eligible under the Broadlawns Community Care program would receive a 100% discount. Patients that fall between 301% and 400% of the Federal Poverty Guidelines and are otherwise eligible under the Broadlawns Community Care program would receive a discount up to the calculated Amounts Generally Billed.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Sources of Revenue (Continued)

Net Patient Revenue (Continued)

Year Ended June 30, 2022: The Medical Center is the safety net for the indigent uninsured and underinsured of Polk County and is dependent on two major sources of revenue, which are net patient revenue and property taxes. During fiscal year 2022, the Medical Center recorded \$154,133,583 in net patient revenue representing 65.0% of total revenue. The \$154,133,583 in net patient revenue represents 39.6% of gross patient charges compared to 38.8% last fiscal year. The majority of net patient revenue is paid by Medicare, Medicaid, and third-party payors based upon established contracts. The difference between the covered charges and the established contract is recognized as a contractual allowance. Patients that fall under 300% of the Federal Poverty Guidelines and are otherwise eligible under the Broadlawns Community Care program would receive a 100% discount. Patients that fall between 301% and 400% of the Federal Poverty Guidelines and are otherwise eligible under the Broadlawns Community Care program would receive a discount up to the calculated Amounts Generally Billed.

Table 4: Payor Mix by Percentages

	Year Ended June 30,		
	2023	2022	2021
Medicare	29 %	30 %	31 %
Medicaid	39	38	39
Commercial	15	17	13
Wellmark	14	12	14
Self Pay, Including Charity Care and Bad Debts	3	3	3
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

Year Ended June 30, 2023: Deductions from revenue consist of charity care totaling \$11,521,490, contractual adjustments totaling \$235,798,275 and bad debts totaling \$14,064,216. As a percentage of gross patient charges, charity care decreased 0.3% to 2.7%, contractual adjustments remained consistent at 54.5% and bad debts increased 0.4% to 3.3%, resulting in an increase of 0.1% for net patient revenue as compared to gross patient charges.

Year Ended June 30, 2022: Deductions from revenue consist of charity care totaling \$11,611,111, contractual adjustments totaling \$212,188,413 and bad debts totaling \$11,187,319. As a percentage of gross patient charges, charity care decreased 1.0% to 3.0%, contractual adjustments increased 0.6% to 54.5% and bad debts decreased 0.4% to 2.9%, resulting in an increase of 0.8% for net patient revenue as compared to gross patient charges.

Grant/Contract Revenue

Year Ended June 30, 2023: Grant and contract revenue for the year ended June 30, 2023, totaled \$3,326,987 and \$724,922, respectively, for a total of \$4,051,909, which represents 1.6% of total revenue compared to a total of \$5,015,661 in 2022.

Year Ended June 30, 2022: Grant and contract revenue for the year ended June 30, 2022, totaled \$3,135,648 and \$1,880,013, respectively, for a total of \$5,015,661, which represents 2.1% of total revenue compared to a total of \$4,252,356 in 2021.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Other Revenue

Other revenue consists of sales of services provided to other entities, refunds and reimbursements. Other revenue totals \$4,906,224 and \$4,677,430, which represents 1.9% and 2.0% of total revenue for the years ended June 30, 2023 and 2022, respectively.

Tax Revenue

Year Ended June 30, 2023: Broadlawns Medical Center has the taxing authority under the Code of Iowa to support its operations. For the year ended June 30, 2023, the Medical Center's tax revenue totaled \$76,124,971, which is an increase of \$3,821,009 or 5.3% more than the prior year. The tax revenue represented 29.2% of total revenue.

Year Ended June 30, 2022: Broadlawns Medical Center has the taxing authority under the Code of Iowa to support its operations. For the year ended June 30, 2022, the Medical Center's tax revenue totaled \$72,303,962, which is a decrease of \$920,478 or 1.3% less than the prior year. The tax revenue represented 30.5% of total revenue.

Table 5: Tax Receipts

	2023	2022	2021	Increase (Decrease)	Levied Taxes June 30, 2023
Improvement and Maintenance	\$ 60,552,144	\$ 57,508,777	\$ 56,135,801	\$ 3,043,367	\$ 58,783,498
FICA Fund	-	-	-	-	-
IPERS Fund	7,013,413	6,664,285	6,254,081	349,128	6,976,024
Unemployment	-	-	-	-	-
Tort (Insurance) Fund	8,559,414	8,130,900	10,834,558	428,514	9,926,382
Total Taxes	<u>\$ 76,124,971</u>	<u>\$ 72,303,962</u>	<u>\$ 73,224,440</u>	<u>\$ 3,821,009</u>	<u>\$ 75,685,904</u>

In addition to receiving the Levied Taxes of \$75,685,904 in the fiscal year ending June 30, 2024, the Medical Center expects to receive the Utility Tax Replacement Excise Tax and State Backfill Tax of \$3,696,368. The total tax receipts for 2024 is expected to be \$79,382,272.

Capital Assets

June 30, 2023: As of June 30, 2023, the Medical Center had \$122,821,898 invested in capital assets. Capital expenditures in 2023 were more than the 2023 depreciation expense, resulting in an increase of \$13,184,212 in net capital assets from 2022 to 2023.

June 30, 2022: As of June 30, 2022, the Medical Center had \$109,637,686 invested in capital assets. Capital expenditures in 2022 were more than the 2022 depreciation expense, resulting in an increase of \$3,250,519 in net capital assets from 2021 to 2022.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022**

Capital Assets (Continued)

Table 6: Capital Assets

	June 30,		
	2023	2022	2021
Capital Assets Not Being Depreciated:			
Land	\$ 2,096,975	\$ 2,096,975	\$ 2,096,975
Construction in Progress	17,816,125	1,696,578	7,323,423
Capital Assets Net of Depreciation			
Land Improvements	4,518,849	4,968,012	5,371,603
Buildings	38,620,379	40,497,574	38,292,751
Building Equipment	42,912,352	44,803,123	42,144,126
Fixed Equipment	109,794	101,007	81,605
Vehicles	-	9,462	27,130
Major Movable Equipment	16,747,424	15,464,955	11,049,554
Total Capital Assets, Net	<u>\$ 122,821,898</u>	<u>\$ 109,637,686</u>	<u>\$ 106,387,167</u>

Additional information relating to capital assets can be found in Note 5 to the basic financial statements.

Fiscal Year 2024 Outlook

The Board of Trustees has approved and set the budget for the 2024 fiscal year. The budget projects an increase in net position of \$1,445,395.

The fiscal year 2024 budget reflects Management's conservative approach to the financial stewardship of the Medical Center. The health care industry and Broadlawns are facing a number of regulatory and legislative challenges that can impact revenue, such as potential reductions to Disproportionate Share payments, reductions to the 340B program, termination of Medicaid continuous enrollment, and funding shortfalls for behavioral health services. In addition, the industry and Broadlawns are expected to face continued inflationary pressure on expenses.

Broadlawns Medical Center continues to engage in physician recruitment in the areas of family medicine, behavioral health, and other specialties in order to address the growing health care needs of the most vulnerable members of our community. Management will continue to evaluate existing and future services and facilities based on community need and seek economically viable means of providing these needed services to the people of Polk County. Management believes this conservative approach to the operations of the Medical Center will ensure that the organization will remain financially viable far into the future.

Contacting the Medical Center's Financial Management

The financial report provides the citizens of Polk County, our patients, and creditors with a general overview of the Medical Center's finances and operations. If you have any questions about this report, please contact Jim Lynch, CFO, Broadlawns Medical Center, 1801 Hickman Road, Des Moines, Iowa 50314.

**BROADLAWNS MEDICAL CENTER
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022**

	Medical Center		Component Unit (Foundation)	
	2023	(As Restated) 2022	2023	2022
ASSETS AND DEFERRED OUTFLOWS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 62,083,273	\$ 59,400,041	\$ 232,194	\$ 170,793
Restricted Cash and Cash Equivalents	7,901,091	7,749,801	890,954	949,256
Pledges Receivable, Net	-	-	164,217	194,847
Short-Term Investments	70,526,884	68,636,674	-	-
Restricted Short-Term Investments	34,000,005	34,048,140	2,319,946	2,271,077
Receivables:				
Patients, Less Estimated Allowances for Uncollectibles, Charity and Contractuals 2023 \$40,408,178; 2022 \$35,324,574	14,677,859	13,118,905	-	-
Property Taxes	276,111	243,541	-	-
Succeeding Year Property Taxes	75,685,904	72,430,984	-	-
Federal Grants	566,078	486,779	-	-
Nonfederal Grants	248,885	469,747	-	-
Other	3,060,975	1,844,319	2,386	272
Due from Third-Party Payors	1,191,968	723,357	-	-
Inventories	2,887,647	2,693,372	-	-
Prepaid Expenses and Other Assets	2,346,036	2,633,156	-	-
Total Current Assets	<u>275,452,716</u>	<u>264,478,816</u>	<u>3,609,697</u>	<u>3,586,245</u>
NONCURRENT ASSETS				
Noncurrent Cash and Investments, Net of Current Portion:				
Cash and Cash Equivalents	6,862,443	6,759,825	-	-
Investments	3,079,068	2,975,024	-	-
Total Noncurrent Cash and Investments	9,941,511	9,734,849	-	-
Pledges Receivable, Net of Current Portion	-	-	39,706	157,491
Other Assets	-	-	48,625	44,036
Total Noncurrent Assets	<u>9,941,511</u>	<u>9,734,849</u>	<u>88,331</u>	<u>201,527</u>
Capital Assets:				
Nondepreciable	19,913,101	3,793,553	-	-
Depreciable, Net	102,908,797	105,844,133	-	-
Total Capital Assets	<u>122,821,898</u>	<u>109,637,686</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>132,763,409</u>	<u>119,372,535</u>	<u>88,331</u>	<u>201,527</u>
Total Assets	408,216,125	383,851,351	3,698,028	3,787,772
DEFERRED OUTFLOWS				
Related to Pension	15,161,526	14,250,138	-	-
Related to Postemployment Benefits	1,069,490	1,134,137	-	-
Total Deferred Outflows	<u>16,231,016</u>	<u>15,384,275</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>\$ 424,447,141</u>	<u>\$ 399,235,626</u>	<u>\$ 3,698,028</u>	<u>\$ 3,787,772</u>

See accompanying Notes to Basic Financial Statements.

**BROADLAWNS MEDICAL CENTER
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022**

	Medical Center		Component Unit (Foundation)	
	2023	(As Restated) 2022	2023	2022
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	\$ 819,046	\$ 640,533	\$ -	\$ -
Accounts Payable and Other Accrued Expenses	9,086,797	6,510,911	7,824	453,184
Accrued Employee Compensation and Payroll Taxes	17,718,199	16,191,214	-	-
Deferred Revenue	-	301,093	-	-
Due to Third-Party Payors	53,337	167,765	-	-
Current Portion of Accrued Claims on Self-Insurance	2,072,374	2,071,177	-	-
Total Current Liabilities	<u>29,749,753</u>	<u>25,882,693</u>	<u>7,824</u>	<u>453,184</u>
NONCURRENT LIABILITIES				
Other Postemployment Benefits	1,373,960	2,092,817	-	-
Accrued Claims on Self-Insurance, Less Current Portion	2,892,968	2,967,251	-	-
Long-Term Debt, Less Current Maturities	3,245,253	3,545,507	-	-
Net Pension Liability	42,720,804	1,438,677	-	-
Total Noncurrent Liabilities	<u>50,232,985</u>	<u>10,044,252</u>	<u>-</u>	<u>-</u>
Total Liabilities	79,982,738	35,926,945	7,824	453,184
DEFERRED INFLOWS				
Related to Pension	5,338,064	53,456,351	-	-
Related to Postemployment Benefits	1,640,661	761,884	-	-
Revenue for Succeeding Year Property Taxes	75,685,904	72,430,984	-	-
Total Deferred Inflows	<u>82,664,629</u>	<u>126,649,219</u>	<u>-</u>	<u>-</u>
COMMITMENTS AND CONTINGENCIES				
NET POSITION				
Net Investment in Capital Assets	118,327,113	105,187,951	-	-
Restricted:				
For Enabling Legislation	97,605	101,263	-	-
For Specific Activities	119,659	114,279	3,458,010	3,163,795
Unrestricted	143,255,397	131,255,969	232,194	170,793
Total Net Position	<u>261,799,774</u>	<u>236,659,462</u>	<u>3,690,204</u>	<u>3,334,588</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 424,447,141</u>	<u>\$ 399,235,626</u>	<u>\$ 3,698,028</u>	<u>\$ 3,787,772</u>

See accompanying Notes to Basic Financial Statements.

BROADLAWNS MEDICAL CENTER
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	Medical Center		Component Unit (Foundation)	
	2023	(As Restated) 2022	2023	2022
OPERATING REVENUE				
Net Patient Service Revenue	\$ 171,336,390	\$ 154,133,583	\$ -	\$ -
Contracts	724,922	1,880,013	-	-
Operating Grants	3,326,987	3,135,648	-	-
Other	4,906,224	4,677,430	-	-
Total Operating Revenue	<u>180,294,523</u>	<u>163,826,674</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES				
Salaries and Wages	111,561,730	105,117,943	-	-
Employee Benefits:				
Pension	1,592,676	(2,853,790)	-	-
All Others	23,086,979	23,442,788	-	-
Physician Fees and Outside Services	7,332,495	6,661,706	-	-
Supplies and Other Expenses	80,115,812	75,068,574	465,917	757,834
Depreciation and Amortization	11,019,684	9,724,738	-	-
Total Operating Expenses	<u>234,709,376</u>	<u>217,161,959</u>	<u>465,917</u>	<u>757,834</u>
OPERATING LOSS	(54,414,853)	(53,335,285)	(465,917)	(757,834)
NONOPERATING REVENUE (EXPENSE)				
Property Taxes Revenue	76,124,971	72,303,962	-	-
Property Taxes Expense	(500,000)	-	-	-
Noncapital Grants and Contributions	60,763	81,290	749,042	953,229
Investment Earnings	3,905,122	391,885	72,491	800
Interest Expense	(75,577)	(43,674)	-	-
Other, Net	9,238	(477,216)	-	-
Total Nonoperating Revenue, Net	<u>79,524,517</u>	<u>72,256,247</u>	<u>821,533</u>	<u>954,029</u>
CAPITAL CONTRIBUTIONS	<u>30,648</u>	<u>441,600</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	25,140,312	19,362,562	355,616	196,195
Net Position - Beginning of Year - As Previously Stated	236,659,462	217,240,233	3,334,588	3,138,393
PRIOR PERIOD ADJUSTMENT - GASB 96 ADOPTION	<u>-</u>	<u>56,667</u>	<u>-</u>	<u>-</u>
Net Position - Beginning of Year - As Restated	<u>236,659,462</u>	<u>217,296,900</u>	<u>3,334,588</u>	<u>3,138,393</u>
NET POSITION - END OF YEAR	<u>\$ 261,799,774</u>	<u>\$ 236,659,462</u>	<u>\$ 3,690,204</u>	<u>\$ 3,334,588</u>

See accompanying Notes to Financial Statements.

**BROADLAWNS MEDICAL CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	Medical Center		Component Unit (Foundation)	
	2023	(As Restated) 2022	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from and on Behalf of Patients	\$ 169,194,397	\$ 152,842,342	\$ -	\$ -
Payments to Suppliers and Contractors	(84,517,512)	(80,856,085)	-	-
Payments to Employees	(135,506,343)	(123,935,979)	-	-
Other Receipts and Payments, Net	933,990	(2,210,983)	(769,565)	(445,038)
Net Cash Used by Operating Activities	(49,895,468)	(54,160,705)	(769,565)	(445,038)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Property Taxes	75,592,401	72,552,606	-	-
Noncapital Grants and Contributions	60,763	81,290	749,042	953,229
Other	9,238	(477,216)	-	-
Net Cash Provided by Noncapital Financing Activities	75,662,402	72,156,680	749,042	953,229
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal Payments on Long-Term Debt	(768,592)	(590,877)	-	-
Purchase of Capital Assets	(24,050,853)	(9,642,957)	-	-
Capital Contributions	30,648	441,600	-	-
Net Cash Used by Capital and Related Financing Activities	(24,788,797)	(9,792,234)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	3,905,122	391,885	72,491	800
Sales (Purchases) of Investments	(1,946,119)	688,427	(48,869)	(5,819)
Net Cash Provided (Used) by Investing Activities	1,959,003	1,080,312	23,622	(5,019)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,937,140	9,284,053	3,099	503,172
Cash and Cash Equivalents - Beginning of Year	73,909,667	64,625,614	1,120,049	616,877
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 76,846,807</u>	<u>\$ 73,909,667</u>	<u>\$ 1,123,148</u>	<u>\$ 1,120,049</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION				
Cash and Cash Equivalents in Current Assets	\$ 62,083,273	\$ 59,400,041	\$ 232,194	\$ 170,793
Restricted Cash and Cash Equivalents	7,901,091	7,749,801	890,954	949,256
Noncurrent Cash and Cash Equivalents	6,862,443	6,759,825	-	-
Total Cash and Cash Equivalents	<u>\$ 76,846,807</u>	<u>\$ 73,909,667</u>	<u>\$ 1,123,148</u>	<u>\$ 1,120,049</u>

See accompanying Notes to Financial Statements.

**BROADLAWNS MEDICAL CENTER
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

	Medical Center		Component Unit (Foundation)	
	2023	(As Restated) 2022	2023	2022
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES				
Operating Loss	\$ (54,414,853)	\$ (53,335,285)	\$ (465,917)	\$ (757,834)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:				
Depreciation and Amortization	11,019,684	9,724,738	-	-
Provisions for Bad Debts	14,064,216	11,187,319	-	-
Loss on Disposal of Capital Assets	63,322	551,385	-	-
Changes in Assets and Liabilities:				
Patient Receivables	(15,623,170)	(11,294,057)	-	-
Pledges Receivable	-	-	148,415	(146,855)
Inventories, Prepaid Expenses, Other Assets, and Other Receivables	(982,248)	(1,515,214)	(6,703)	8,234
Due from/to Third-Party Payors	(583,039)	(1,184,503)	-	-
Accounts Payable and Accrued Expenses	3,364,744	2,946,250	(445,360)	451,417
Net Pension Liability	41,282,127	(70,459,190)	-	-
Deferred Outflows of Resources	(846,741)	7,248,170	-	-
Deferred Inflows of Resources	(47,239,510)	51,969,682	-	-
Net Cash Used by Operating Activities	<u>\$ (49,895,468)</u>	<u>\$ (54,160,705)</u>	<u>\$ (769,565)</u>	<u>\$ (445,038)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Change in Accounts Payable Related to Construction in Progress	<u>\$ 430,486</u>	<u>\$ 263,695</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Broadlawns Medical Center (Medical Center) is a county public hospital created in 1917 and organized under the provisions of Chapter 347 of the Code of Iowa. As a county public hospital, the Medical Center is a political subdivision of the state of Iowa. The Medical Center is controlled by a seven-member board of trustees elected from qualified residents of Polk County, Iowa, for terms of six years. The board of trustees has all the power and duties granted to it by the General Assembly of Iowa.

The Medical Center provides primary and secondary health care services through the operation of an acute care hospital, various clinics, and other comprehensive health care programs. Patients are primarily from Polk County, Iowa. Care is provided to any resident of Polk County, Iowa, including those lacking adequate financial resources.

Broadlawns Medical Center Foundation (Foundation) is a legally separate, tax exempt, discretely presented component unit of Broadlawns Medical Center. The Foundation was formed to, among other things, raise funds for the general welfare, maintenance, and improvement of the Medical Center. The Board of the Foundation is self-perpetuating and consists of citizens of Polk County. Although the Medical Center does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds are contributed to the Medical Center. Because these resources held by the Foundation have historically been for the benefit of the Medical Center, the Foundation is considered a component unit of the Medical Center and is discretely presented in the Medical Center's financial statements. The Foundation has a June 30 fiscal year-end. Individual financial statements can be obtained from the Foundation's office at 1801 Hickman Road, Des Moines, Iowa 50314.

Basis of Presentation

The financial statements include all funds of the above-mentioned entities. The Medical Center does not have any other component units, agencies or organizations for which it is financially accountable under criteria set forth by the Governmental Accounting Standards Board (GASB), other than the Foundation which is discretely presented in these financial statements.

Accounting Estimates

The preparation of financial statements in conformity 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in estimates and assumptions in the near term would be material to the financial statements.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Accrual Basis of Accounting

The accrual basis of accounting is used by the Medical Center and Foundation. Under the accrual basis of accounting, revenue is recognized when earned and expenses are recognized when the liability has been incurred.

Cash and Cash Equivalents

Cash and cash equivalents include temporary cash investments whose use is not limited or restricted. The temporary cash investments have original maturities of three months or less at date of issuance.

Patient Receivables

Patient receivables, where a third-party payor is responsible for paying the amount, are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third-party payors.

Patient accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Medical Center analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

For receivables associated with services provided to patients who have third-party coverage, the Medical Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary. For receivables associated with self-pay patients, the Medical Center records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. The Medical Center's allowance for doubtful accounts for the years ended June 30, 2023 and 2022 is \$6,805,000 and \$5,651,000, respectively.

Receivables or payables related to estimated settlements on various risk contracts that the Medical Center participates in are reported as estimated third-party payor receivables or payables.

Inventories

Inventories are stated at lower of cost or market, with cost determined using the first-in, first-out, or average cost method. Inventories are recorded as an expenditure at the time of consumption.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Property Tax Levy Receivable/Succeeding Year Property Tax Levy Receivable

The property tax levy is recognized as a receivable on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors and is thereby an enforceable legal claim. Property taxes receivable represents unpaid taxes for the 2023 fiscal year. The succeeding year property tax levy receivable represents taxes certified by the Board of Supervisors to be collected in the 2024 fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the board of trustees is required to certify the budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year county property tax levy receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Investments

Noncurrent cash and investments are recorded at fair value. Interest-bearing investments are intended to be held until maturity. Investments whose use is not limited or restricted are available to satisfy current obligations and are, therefore, classified as current assets in the accompanying statements of net position. Donated investments are reported at fair value at date of receipt, which becomes the asset cost. Realized gains or losses are determined based on the specific identification method.

The Medical Center invests in Iowa Public Agency Investment Trust which is a 2a-7-Like pool. The Iowa Public Agency Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The trust utilizes the amortized cost method for valuation purposes. There are no limitations or restrictions on withdrawals from the Iowa Public Agency Investment Trust.

Capital Assets

Capital assets in excess of \$5,000 are capitalized and recorded at cost or, if donated, at fair value at date of donation. Depreciation is computed by the straight-line method over the assets' estimated useful lives ranging from three to 40 years.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and other postemployment benefit and contributions from the Medical Center after the measurement date but before the end of the Medical Center's reporting period.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the statement of net position consists of other postemployment benefit and succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied and the unamortized portion of the net difference between projected and actual earning on Iowa Public Employees' Retirement System (IPERS) investments.

Pensions

For purposes of measuring that net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the IPERS and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Patient Service Revenue

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. Net patient service revenue is reported net of provision for bad debts.

Operating Income

The Medical Center distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from the primary purpose of the Medical Center, which is to provide medical services to the region. Other operating revenue consists of revenue from grants, contracts and other miscellaneous services. Operating expenses consist of salaries and wages, employee benefits, physician fees and outside services, depreciation and amortization, supplies and other. All revenue and expenses not meeting these criteria are considered nonoperating.

For the Foundation, operating revenue and expenses generally result from operations of the Foundation which are to obtain contributions and use those funds to support the Medical Center according to the donor's intentions. Other operating revenue consists of contributions received. Operating expenses consist of salaries and wages, employee benefits, depreciation, supplies and other. All revenue and expenses not meeting these criteria are considered nonoperating.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Operating Grants Revenue

Grants are recognized as revenue when earned. Expense-driven grants are recognized as revenue when the qualifying expenses have been incurred and all other grant requirements have been met. Operating grants revenue for the years ended June 30, 2023 and 2022 were \$3,326,987 and \$3,135,648, respectively.

Contracts and Other Operating Revenue

The basic financial statements include contracts and other operating revenue which primarily represent contracts with Polk County, miscellaneous sales and electronic health record incentive program.

The electronic health records incentive program, enacted as part of the American Recovery and Reinvestment Act of 2009, provides for incentive payments under both the Medicare and Medicaid programs to eligible health systems that demonstrate meaningful use of certified electronic health records (EHR) technology. Payments under both the Medicare and Medicaid programs are for five and six years, respectively, based on a statutory formula. The Medicaid programs are determined on a state-by-state basis, which are approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the Medical Center initially attesting to being a meaningful user of EHR technology and then continuing to meet escalating criteria, including other specific requirements that are applicable, for consecutive reporting periods. The final amount for any payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ from the initial payments under the program, although management does not anticipate material adjustments, as input data for the EHR incentive amounts has remained relatively consistent over time. The Medical Center accounts for the incentive payments under the gain contingency model, which means it has met the meaningful use criteria and receipt of the incentive payments was certain. Income from incentive payments is recognized as revenue after the Medical Center has demonstrated that it complied with the meaningful use criteria over the entire applicable compliance period. The Medical Center recognized no revenue related to the Medicare and Medicaid EHR incentive programs during the year ended June 30, 2023 and a gain of approximately \$527,000 related to the Medicare and Medicaid EHR incentive programs during the year ended June 30, 2022.

Noncapital Grants and Contributions

From time-to-time, the Medical Center receives grants and contributions from individuals, private organizations, and governmental organizations. Revenues from grants and contributions (including contributions of long-lived assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Noncapital Grants and Contributions (Continued)

The Medical Center received various federal and state grants related to COVID-19. Total grant funds approved and received by the Medical Center from these grants were \$276,501 and \$523,574 during the years ended June 30, 2023 and 2022, respectively. The grant funds are subject to certain restrictions on eligible expenses or uses and reporting requirements. Of the total amount received, \$276,501 and \$523,574 is reported as Noncapital Grants and Contributions, Capital Contributions, or Operating Grants in the statements of revenues, expenses, and changes in net position for the years ended June 30, 2023 and 2022, respectively.

Regulatory Investigations

Congress passed the Medicare Modernization Act in 2003, which among other things established a demonstration of the Medicare Recovery Audit Contractor (RAC) program. During fiscal year 2007, the RACs identified and corrected a significant amount of improper overpayments to providers in the demonstration states, which did not include Iowa. In 2006, Congress passed the Tax Relief and Health Care Act of 2006 which authorized the expansion of the RAC program to all 50 states. The Medical Center has been subject to such audits and will continue to be subject to additional audits in the future. The Medical Center has recorded an estimated liability, which is included in Due to Third-Party Payors on the accompanying statements of net position as of June 30, 2023 and 2022, as a reserve for the RAC program. It is reasonably possible that the recorded estimates will change materially in the near term.

Net Position

Net position is classified in three components.

Net Investment in Capital Assets – this component of net position consists of capital assets net of accumulated depreciation and amortization

Restricted – this component of net position consists of constraints placed on net position when there are limitations imposed on their use either through the enabling legislation adopted by the Organization or through external constraints that must be used for a particular purpose, as specified by creditors, granters or contributors external to the Organization, including amounts deposited as required by debt agreements. Net position restricted through enabling legislation consists of \$97,605 and \$101,263 for unemployment funds as of June 30, 2023 and 2022, respectively.

Unrestricted – this component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted", above.

It is the Medical Center's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted are available.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Charity Care

The Medical Center provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Medical Center does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue. Charity care services rendered by the Medical Center at established rates totaled \$11,521,490 and \$11,611,111 for the years ended June 30, 2023 and 2022, respectively.

The cost of charity care provided was approximately \$5,238,000 and \$4,871,000 for the years ended June 30, 2023 and 2022, respectively. The cost of providing financial assistance is estimated by applying an overall cost-to-charge ratio to the financial assistance charges incurred.

The Affordable Care Act substantially increased the federally and state-funded Medicaid insurance program, and authorized states to establish federally subsidized non-Medicaid health plans for low-income residents not eligible for Medicaid. Patients that were previously in the IowaCare program or who were uninsured generally enrolled in the Iowa Marketplace program or other commercial insurance. The IowaCare program expired effective December 31, 2013.

Broadlawns was a legislatively recognized and authorized provider under the IowaCare program that ended December 31, 2013, with the advent of the Iowa Marketplace program taking effect January 1, 2014. The Iowa General Assembly authorized Broadlawn's continued receipt of disproportionate share hospital (DSH) funding Broadlawns had been receiving pursuant to the IowaCare program. This continued DSH funding is required to be with local tax-based funding from the County to provide the nonfederal share for these DSH payments, instead of what has previously been state appropriated funds for the nonfederal share under the IowaCare program. During the year ended June 30, 2022, the Medical Center entered into an agreement which covered the period from July 1, 2022 to June 30, 2025. This agreement provided for a DSH payment of \$14,600,000 and \$6,133,078, respectively, for the years ended June 30, 2023 and 2022 to the Medical Center in exchange for the Medical Center paying \$4,933,376 and \$2,251,224, respectively.

Tax Revenue

The Medical Center may receive tax support for maintenance and operations, certain payroll and other expenses, and property and equipment improvements and replacements, subject to specified limits.

Income Taxes

The Medical Center and Foundation are organizations described in Section 501(c)(3) and 509(a)(3), respectively, of the Internal Revenue Code (the Code) and, therefore, are exempt from federal taxes on related income pursuant to Sections 501 (a) and 509(a) of the Code.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Adoption of New Accounting Standard

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA.

The Medical Center adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the earliest comparative period presented. The impact of adopting GASB Statement No. 96 on the statement of net position and statement of revenues, expenses, and changed in net position as of June 30, 2022 was as follows:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Statement of Net Position			
Noncurrent Assets			
Capital Assets			
Depreciable, Net	\$ 105,547,950	\$ 296,183	\$ 105,844,133
Current Liabilities			
Current Maturities of Long-Term Debt	564,490	76,043	640,533
Noncurrent Liabilities			
Long-Term Debt, Less Current Maturities	3,334,895	210,612	3,545,507
Net Position			
Net Investment in Capital Assets	105,178,423	9,528	105,187,951
Statement of Revenues, Expenses, and Changes in Net Position			
Operating Expenses			
Supplies and Other Expenses	\$ 75,101,622	\$ (33,048)	\$ 75,068,574
Depreciation and Amortization	9,645,756	78,982	9,724,738
Nonoperating Revenues (Expense)			
Interest Expense	(42,469)	(1,205)	(43,674)

Subsequent Events

In preparing the financial statements, the Medical Center has considered events and transactions that have occurred through November 17, 2023, the date in which the financial statements were available to be issued.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 NET PATIENT SERVICE REVENUE

As a provider of health care services, the Medical Center generally grants credit to patients without requiring collateral or other securities; however, it routinely obtains assignments of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans or policies that are considered third-party payors.

A significant portion of net patient service revenue relates to patients covered by Medicare, Medicaid, Commercial, and other reimbursement agreements. Patient revenue is recorded at the Medical Center's established rates when patient services are performed.

The Medical Center has agreements with these third-party payors that provide for payments to the Medical Center 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 nonacute services and defined capital and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare fiscal intermediary. The Medical Center's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended June 30, 2020.

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Medical Center is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicaid fiscal intermediary. Effective April 1, 2016, Iowa Medicaid transitioned to three managed care organizations (MCO): United Healthcare, Amerigroup, and Amerihealth Caritas. During fiscal year 2018 Amerihealth Caritas dropped out of the plan and is no longer participating. The Medical Center is a participating provider with both organizations. Payment rates and methodology with each MCO are to mirror those that were previously paid by Iowa Medicaid. Effective July 1, 2019, United Healthcare is no longer a participating managed care organization, while Iowa Total Care has now entered the plan. The Medical Center is contracted with Iowa Total Care.

The Medicare and Medicaid programs accounted for approximately 68% and 67% of the Medical Center's net patient service revenue for the years ended June 30, 2023 and 2022, respectively. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 NET PATIENT SERVICE REVENUE (CONTINUED)

The Medical Center is subject to the State of Iowa's Hospital Provider Tax Program. Under the Program, a hospital is required to pay a quarterly provider tax assessment. The tax assessments collected by the State are used to fund a health care access improvement fund and are used to obtain federal matching funds, all of which must be distributed to Iowa hospitals to help bring Medicaid reimbursement closer to the cost of providing care. The allocation of these funds to specific health care providers is based primarily on the amount of care provided to Medicaid recipients. The Program increases inpatient DRG reimbursement rates and also implements several supplemental inpatient and outpatient methodologies. The Medical Center's additional reimbursement has been recorded in the accompanying financial statements as a reduction of contractual adjustment expense. Total assessments incurred by the Medical Center related to this Program amounted to approximately \$243,000 for each of the years ended June 30, 2023 and 2022, which is included in other operating expenses.

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

Reimbursement by third-party payor programs under the provisions of case payment and cost reimbursement programs in effect generally result in amounts received being less than the established billing rates of the Medical Center. Amounts due from and to third-party payors represent settlement amounts due from and to Medicare and other programs based upon the application of reimbursement formulas, applicable law, regulations, and program instructions.

A reconciliation of gross patient service revenue to net patient service revenue for the years ended June 30, is as follows:

	<u>2023</u>	<u>2022</u>
Gross Patient Service Revenue:		
Inpatient	\$ 78,818,724	\$ 75,984,618
Outpatient	353,901,647	313,135,808
Total	<u>432,720,371</u>	<u>389,120,426</u>
Less: Charity Care	<u>(11,521,490)</u>	<u>(11,611,111)</u>
Gross Patient Service Revenue	421,198,881	377,509,315
Less: Provisions for Bad Debts	(14,064,216)	(11,187,319)
Less Contractual and Other Adjustments:		
Contractual Adjustments under Third-Party Reimbursement Programs:		
Medicare	(80,137,071)	(69,383,895)
Medicaid/MCO	(89,652,931)	(84,542,804)
Wellmark	(24,634,312)	(20,791,443)
Other Commercial Insurance	(18,219,223)	(12,425,364)
Other	<u>(23,154,738)</u>	<u>(25,044,907)</u>
Total	<u>(235,798,275)</u>	<u>(212,188,413)</u>
Net Patient Service Revenue	<u>\$ 171,336,390</u>	<u>\$ 154,133,583</u>

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 3 CASH AND INVESTMENTS

The Medical Center uses the fair value hierarchy established by accounting principles generally accepted in the United States of America based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

As of June 30, 2023 and 2022, the Medical Center held cash and cash equivalents, certificates of deposits, and money market investments of \$184,452,764 and \$179,569,505, respectively, which are not measured at fair value and are deposits held at cost.

The Foundation has the following recurring fair value measurements as of June 30.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>2023</u>				
Investments:				
Municipal Bonds	\$ -	\$ -	\$ -	\$ -
<u>2022</u>				
Investments:				
Municipal Bonds	\$ 500,000	\$ -	\$ 500,000	\$ -

The Medical Center uses methods and assumptions described below in determining the fair value of its financial instruments. There have been no changes in valuation methodologies at June 30, 2023 compared to June 30, 2022.

Government Securities

U.S. treasury notes are reported at fair value based on the last sales price at current exchange rates.

Government Agencies

Fair value is based on quoted market prices of the underlying securities in active markets, when available.

The Medical Center had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement (GASBS) No. 72.

Interest Rate Risk

In accordance with the Organization's investment policy, the Medical Center and Foundation strive to obtain a reasonable return. Neither policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

Credit Risk

The Iowa Code authorizes the Medical Center and Foundation to invest in obligations of the U.S. government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions; prime banker's acceptances that mature within 270 days and that are eligible for purchase by a federal reserve bank; commercial paper or other short-term corporate debt that matures within 270 days and that is rated within the two highest classifications, as established by at least one of the standard rating services approved by the superintendent of banking; repurchase agreements whose underlying collateral consists of obligations of the U.S. government, its agencies and instrumentalities; an open-end management investment company registered with federal securities and exchange commission under the Federal Investment Company Act of 1940; a joint investment trust organized pursuant to Chapter 28E prior to and existing in good standing on April 28, 1992, or is rated within the two highest classifications by at least one of the standard rating services approved by the superintendent of banking; and warrants or improvement certificates of a levee or drainage district. The Medical Center and Foundation's investment policies do not further limit its investment choices.

Concentration of Credit Risk

The Medical Center places no limit on the amount the Medical Center may invest in any one issuer. None of the Medical Center's investments are in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corp and Federal National Mortgage Association as of June 30, 2023 and 2022. The Foundation places no limit on the amount the Foundation may invest in any one issuer.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. It is the Medical Center and Foundation's policy to avoid default risks with financial institutions with which the Chief Financial Officer deposits monies by determining in advance of the deposit that each depository in which monies are to be placed is an approved depository for purposes of Chapter 453 of Iowa Code. As of June 30, 2023, the Medical Center and Foundation's deposits and investments were not exposed to custodial credit risk.

NOTE 4 BOARD DESIGNATED CASH AND INVESTMENTS

Board designated cash and investments include assets set aside by the board of trustees for plant replacement and expansion, recognition of memorial contributions, funding of the Medical Center's self-insured retention fund, and by agreement with others. Noncurrent cash and investments restricted by the board of trustees may, at the Board's discretion, be subsequently used for other purposes. Board designated cash and investments are classified as current assets, to the extent available, to meet current liabilities.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 BOARD DESIGNATED CASH AND INVESTMENTS (CONTINUED)

Board designated cash and investments as of June 30, 2023 and 2022 were designated as follows:

	<u>2023</u>	<u>2022</u>
Board Designed for:		
Building Projects	\$ 37,079,073	\$ 37,023,164
Bond Retirement	3,705,692	3,592,087
Self-Insured Retention Funds:		
Medical Malpractice	3,196,732	3,144,659
Workers' Compensation	727,393	1,032,182
Health Insurance Trust	6,520,752	5,983,764
Dental	493,306	640,597
Patient Trust Fund	66,100	62,051
Alumni Fund	53,559	54,286
Total	<u>\$ 51,842,607</u>	<u>\$ 51,532,790</u>

These balances are presented in the accompanying statements of net position as summarized below:

	<u>2023</u>	<u>2022</u>
Restricted Cash and Cash Equivalents	\$ 7,901,091	\$ 7,749,801
Restricted Short-Term Investments	34,000,005	34,048,140
Noncurrent Cash and Investments	9,941,511	9,734,849
Total	<u>\$ 51,842,607</u>	<u>\$ 51,532,790</u>

Board designated cash and investments for the Foundation as of June 30, 2023 and 2022 of \$3,458,010 and \$3,163,795, respectively, are designated primarily for departments of the Medical Center and specific health care related causes.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 5 CAPITAL ASSETS

Activity in capital assets and accumulated depreciation and amortization for the years ended June 30 were as follows:

	Medical Center			June 30, 2023
	June 30, 2022	Additions	Transfers and Disposals	
Capital Assets Not Being Depreciated:				
Land	\$ 2,096,975	\$ -	\$ -	\$ 2,096,975
Construction in Progress	1,696,578	22,891,323	(6,771,776)	17,816,125
Total Capital Assets Not Being Depreciated	3,793,553	22,891,323	(6,771,776)	19,913,100
Capital Assets Being Depreciated:				
Land Improvements	10,776,423	-	(1,435)	10,774,988
Buildings	62,075,284	-	(3,611,339)	58,463,945
Building Improvements	75,420,993	110,385	429,982	75,961,360
Fixed Equipment	347,288	20,488	(18,767)	349,009
Vans	410,519	-	-	410,519
Major Moveable Equipment	41,953,303	1,740,449	959,825	44,653,577
Equipment Under Capital Lease	28,322	184,360	92,177	304,859
Total Capital Assets Being Depreciated	191,012,132	2,055,682	(2,149,557)	190,918,257
Less Accumulated Depreciation for:				
Land Improvements	5,808,411	449,163	(1,435)	6,256,139
Buildings	21,577,710	1,837,706	(3,571,850)	19,843,566
Building Improvements	30,617,870	4,370,059	(1,938,921)	33,049,008
Fixed Equipment	246,281	11,695	(18,761)	239,215
Vans	401,057	9,462	-	410,519
Major Moveable Equipment	26,488,348	4,304,278	(2,680,386)	28,112,240
Equipment Under Capital Lease	28,322	37,321	33,129	98,772
Total Accumulated Depreciation	85,167,999	11,019,684	(8,178,224)	88,009,459
Total Capital Assets, Being Depreciated, Net	105,844,133	(8,964,002)	6,028,667	102,908,798
Capital Assets, Net	<u>\$ 109,637,686</u>	<u>\$ 13,927,321</u>	<u>\$ (743,109)</u>	<u>\$ 122,821,898</u>

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Medical Center			
	June 30, 2021	Additions	Transfers and Disposals	June 30, 2022
Capital Assets Not Being Depreciated:				
Land	\$ 2,096,975	\$ -	\$ -	\$ 2,096,975
Construction in Progress	7,323,423	6,217,493	(11,844,338)	1,696,578
Total Capital Assets Not Being Depreciated	9,420,398	6,217,493	(11,844,338)	3,793,553
Capital Assets Being Depreciated:				
Land Improvements	10,734,896	58,923	(17,396)	10,776,423
Buildings	58,031,803	4,043,481	-	62,075,284
Building Improvements	77,386,847	5,709	(1,971,563)	75,420,993
Fixed Equipment	435,940	41,915	(130,567)	347,288
Vans	410,519	-	-	410,519
Major Moveable Equipment	35,148,574	5,631,432	1,173,297	41,953,303
Equipment Under Capital Lease	28,322	-	-	28,322
Total Capital Assets Being Depreciated	182,176,901	9,781,460	(946,229)	191,012,132
Less Accumulated Depreciation for:				
Land Improvements	5,363,293	462,514	(17,396)	5,808,411
Buildings	19,739,052	1,838,658	-	21,577,710
Building Improvements	35,242,721	4,034,836	(8,659,687)	30,617,870
Fixed Equipment	354,335	21,289	(129,343)	246,281
Vans	383,389	17,668	-	401,057
Major Moveable Equipment	24,099,020	3,349,773	(960,445)	26,488,348
Equipment Under Capital Lease	28,322	-	-	28,322
Total Accumulated Depreciation	85,210,132	9,724,738	(9,766,871)	85,167,999
Total Capital Assets, Being Depreciated, Net	96,966,769	56,722	8,820,642	105,844,133
Capital Assets, Net	<u>\$ 106,387,167</u>	<u>\$ 6,274,215</u>	<u>\$ (3,023,696)</u>	<u>\$ 109,637,686</u>

During the year ended June 30, 2023, the MRI Upgrade project was completed and capitalized for approximately \$2,236,000 and the 4th Floor Medical Plaza project was completed and capitalized for approximately \$2,258,000.

At June 30, 2023, construction in progress consists mainly of the Drake Clinic project and NW Clinic project. Remaining cost of the Drake Clinic project is approximately \$2,000,000 and of the NW Clinic is approximately \$50,000,000. Funding will come from the Medical Center's operations and current and noncurrent cash and investments restricted for building projects. The Drake Clinic project was completed in August 2023 and the NW Clinic is expected to be completed in the summer of 2025.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Finance lease assets and subscription-based information technology arrangements (SBITAs) are for building space and equipment and the original cost and accumulated depreciation is shown below:

	<u>2023</u>	<u>2022</u>
Buildings	\$ 4,511,494	\$ 4,511,494
Major Moveable Equipment	767,352	515,410
Total Finance Lease Assets	<u>5,278,846</u>	<u>5,026,904</u>
Less: Accumulated Amortization	<u>(1,618,352)</u>	<u>(847,382)</u>
Total Finance Lease Assets, Net	<u><u>\$ 3,660,494</u></u>	<u><u>\$ 4,179,522</u></u>

Depreciation expense related to finance lease assets and SBITAs total \$770,970 and \$667,364 for the years ended June 30, 2023 and 2022, respectively.

NOTE 6 LONG-TERM DEBT

The following is a summary of long-term debt obligations for the Medical Center for the years ended June 30, 2023 and 2022:

	Balance June 30, <u>2022</u>	Additions	Reductions	Balance June 30, <u>2023</u>
Finance Leases	\$ 3,899,385	\$ 184,360	\$ (569,531)	\$ 3,514,214
SBITAs	<u>286,655</u>	<u>462,493</u>	<u>(199,063)</u>	<u>550,085</u>
Total Long-Term Debt	4,186,040	646,853	(768,594)	4,064,299
Less: Current Maturities				<u>(819,046)</u>
Total Long-Term Debt, Net of Current Maturities				<u><u>\$ 3,245,253</u></u>
	Balance June 30, <u>2021</u>	Additions	Reductions	Balance June 30, <u>2022</u>
Finance Leases	\$ 414,937	\$ 4,043,482	\$ (559,034)	\$ 3,899,385
SBITAs	<u>318,498</u>	<u>-</u>	<u>(31,843)</u>	<u>286,655</u>
Total Long-Term Debt	733,435	4,043,482	(590,877)	4,186,040
Less: Current Maturities				<u>(640,533)</u>
Total Long-Term Debt, Net of Current Maturities				<u><u>\$ 3,545,507</u></u>

Finance Leases

The Medical Center leases buildings and equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through July 2063 and provide for varying renewal options. Interest rates on the finance leases range from 0.19% to 7.60%.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 6 LONG-TERM DEBT (CONTINUED)

Subscription-Based Information Technology Arrangements (SBITAs)

The Medical Center entered into subscription-based information technology arrangements (SBITAs). The SBITAs expire at various dates through March 2026 and provide for varying renewal options. Interest rates on the SBITAs range from 0.38% to 3.97%.

Scheduled principal and interest repayments on long-term debt are as follows:

<u>Year Ending June 30</u>	Finance Leases		SBITAs		Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 570,782	\$ 59,577	\$ 248,264	\$ 8,375	\$ 819,046	\$ 67,952
2025	512,311	55,722	244,320	1,863	756,631	57,585
2026	488,313	49,418	57,501	91	545,814	49,509
2027	59,139	44,837	-	-	59,139	44,837
2028	62,993	42,160	-	-	62,993	42,160
Thereafter	1,820,676	805,952	-	-	1,820,676	805,952
Total	<u>\$ 3,514,214</u>	<u>\$ 1,057,666</u>	<u>\$ 550,085</u>	<u>\$ 10,329</u>	<u>\$ 4,064,299</u>	<u>\$ 1,067,995</u>

NOTE 7 PENSION PLAN

Plan Description

Iowa Public Employees Retirement System (IPERS) membership is mandatory for employees of the Medical Center, except for those covered by another retirement system. Employees of the Medical Center are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the IPERS. IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 978 and the administrative rules thereunder. Chapter 978 and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary. For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 PENSION PLAN (CONTINUED)

Pension Benefits (Continued)

Protection occupation members may retire at normal retirement age, which is generally at age 55. The formula used to calculate a protection occupation member's monthly IPERS benefits includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.50% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions

Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate to be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability based on a 30-year amortization period. The payment to amortize the unfunded actuarial is determined as a level percentage of your payroll based on the Actuarial Amortization Method adopted by the Investment Board.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 PENSION PLAN (CONTINUED)

Contributions (Continued)

In fiscal year 2023 and 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Medical Center contributed 9.44% of covered payroll for a total rate of 15.73%.

The Medical Center's contribution to IPERS for the years ended June 30, 2023 and 2022 were \$9,340,224 and \$8,669,911, respectively.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2023 and 2022, the Medical Center reported a liability of approximately \$42,721,000 and \$1,439,000, respectively, for its proportionate share of the net pension liability. The Medical Center's net pension liability was measured as of June 30, 2022 and 2021, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Medical Center's proportion of the net pension liability was based on the Medical Center's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2022, the Medical Center's collective proportion was 1.0763360%, which was a decrease of 0.050110% from its proportion measured as of June 30, 2021.

For the years ended June 30, 2023 and 2022, the Medical Center recognized pension expense of approximately \$1,593,000 and (\$2,854,000), respectively. At June 30, 2023 and 2022, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>June 30, 2023</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,893,809	\$ 585,180
Changes in Assumptions	34,487	1,021
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	4,573,124
Changes in Proportion and Differences Between Medical Center Contributions and Proportionate Share of Contributions	3,893,006	178,739
Medical Center Contributions Subsequent to the Measurement Date	9,340,224	-
Total	<u>\$ 15,161,526</u>	<u>\$ 5,338,064</u>

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 PENSION PLAN (CONTINUED)

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

June 30, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,094,635	\$ 1,099,076
Changes in Assumptions	941,019	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	52,125,655
Changes in Proportion and Differences Between Medical Center Contributions and Proportionate Share of Contributions	3,544,573	231,620
Medical Center Contributions Subsequent to the Measurement Date	8,669,911	-
Total	<u>\$ 14,250,138</u>	<u>\$ 53,456,351</u>

Deferred outflows of resources related to pensions resulting from the Medical Center's contributions subsequent to the measurement date of \$9,340,224 and \$8,669,911 will be recognized as a reduction of the net pension liability in the years ending June 30, 2024 and June 30, 2023, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	2023 Amount	2022 Amount
2023	\$ -	\$ (10,960,940)
2024	(2,659,707)	(11,787,989)
2025	(2,068,547)	(11,242,662)
2026	(4,897,480)	(13,957,823)
2027	9,827,507	73,290
2028	281,465	-
Total	<u>\$ 483,238</u>	<u>\$ (47,876,124)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017) 2.60% per annum.

Rate of salary increase (effective June 30, 2017) 3.25% to 16.25%, average, including inflation. Rates vary by membership group.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Long-term investment rate of return (effective June 30, 2017)	7.00%, compounding annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	22.0 %	3.57 %
International Equity	17.5	4.79
Global Smart Beta Equity	6.0	4.16
Core-plus Fixed Income	20.0	1.66
Public Credit	4.0	3.77
Cash	1.0	0.77
Private Equity	13.0	7.57
Private Real Assets	8.5	3.55
Private Credit	8.0	3.63
Total	100.0 %	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and that contributions from the Medical Center will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 7 PENSION PLAN (CONTINUED)

Sensitivity of the Medical Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Medical Center's proportionate share of the net pension liability as of June 30, 2023 and 2022, calculated using the discount rate of 7.00%, as well as what the Medical Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate.

	One Percent Decrease (6.00)%	Discount Rate (7.00)%	One Percent Increase (8.00)%
June 30, 2023			
Medical Center's Proportionate Share of the Net Pension Liability	<u>\$ 79,593,995</u>	<u>\$ 42,720,804</u>	<u>\$ 10,225,388</u>
June 30, 2022			
Medical Center's Proportionate Share of the Net Pension Liability	<u>\$ 50,919,531</u>	<u>\$ 1,438,677</u>	<u>\$ (40,029,421)</u>

Pension Plan Fiduciary Net Position

Detailed information about the IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to the Pension Plan

At June 30, 2023 and 2022, the Medical Center reported payables to IPERS of approximately \$1,200,000 and \$1,116,000, respectively, for legally required employer contributions and approximately \$489,000 and \$466,000, respectively, for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS. These amounts are included in accrued employee compensation and payroll taxes on the statements of net position.

NOTE 8 RISK MANAGEMENT, SELF-INSURANCE, AND COMMITMENTS

Broadlawns Medical Center is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks, except those self-insured by the Medical Center, are covered by the purchase of commercial insurance. Settled claims for these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 RISK MANAGEMENT, SELF-INSURANCE, AND COMMITMENTS (CONTINUED)

Self-Insurance

The Medical Center self-insures its professional liability with annual limits of \$1,000,000 per claim and \$3,000,000 in aggregate. Thereafter, excess liability insurance coverage is maintained on a claims-made basis with an annual aggregate liability limit of \$25,000,000. The Medical Center also self-insures worker's compensation, with limits of \$1,000,000 per claim and \$3,000,000 aggregate limit. The Medical Center is self-insured for dental insurance with a limit of \$1,200 per covered person per year, increasing to \$1,750 per covered person per year effective January 1, 2021, and is self-insured for employee health expenses with limits of \$250,000 per covered person per year and no limit during such person's lifetime. The Medical Center has insurance coverage for general liability and automobile liability, with aggregate limits of \$2,000,000 and \$1,000,000, respectively.

The Medical Center has a revocable trust for each self-insurance plan for the purpose of setting aside assets based on actuarial funding recommendations. Under the trust agreements, the trust assets can only be used for payment of professional liability losses, related expenses and the cost of administering the trust. Income earned on trust fund assets (primarily U.S. treasury securities and money market funds invested in government securities) is included in nonoperating revenue.

The annual provision for professional liability losses and expenses included in the accompanying statements of revenue, expenses, and changes in net position is based on the actuarially determined estimate of the present value of liabilities and related expenses resulting from asserted and unasserted incidents, discounted at 1.5% in both 2023 and 2022. The undiscounted liability as of June 30, 2023 and 2022 is approximately \$2,974,000 and \$3,266,000, respectively.

The Medical Center has accrued liabilities of \$6,339,302 and \$7,131,245 for self-insured losses as of June 30, 2023 and 2022, respectively. These accrued liabilities are based on management's evaluation of the merits of various claims, historical experience, and consultation with external insurance consultants and include estimates for incurred but not reported claims. Losses estimated to be settled within one year have been classified as current liabilities.

Laws and Regulations

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, government health care program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. The Medical Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 8 RISK MANAGEMENT, SELF-INSURANCE, AND COMMITMENTS (CONTINUED)

Health Care Reform

The Affordable Care Act substantially increased the federally and state-funded Medicaid insurance program, and authorized states to establish federally subsidized non-Medicaid health plans for low-income residents not eligible for Medicaid. The ACA also called for changes to Disproportionate Share Payments that would be reduced over time. Congress has previously delayed enacting those payment reductions. However, the delays in these cuts have been temporary and for these payments to be permanently reinstated, Congressional legislative action would be required to permanently repeal the payment reductions. The Medical Center is currently eligible and receives Disproportionate Share Payments. Any changes to this program could have a significant impact on the Medical Center.

NOTE 9 CONCENTRATIONS OF CREDIT RISK

The Medical Center grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements or who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. The mix of net receivables from patients and third-party payors as of June 30 was as follows:

	2023	2022
Medicare	36 %	39 %
Medicaid/MCO	34	40
Private Pay	10	13
Other	20	8
Total	100 %	100 %

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The Medical Center sponsors a single-employer health care plan that provides self-insured medical, prescription drug and dental benefits to full- and part-time active and retired employees and their eligible dependents until age 65. Benefits terminate upon attaining Medicare eligibility.

Eligible retirees receive health care coverage through the Medical Center's self-insured plan. Contributions are required for both retiree and dependent coverage. The retiree contributions are based on the historical full cost of active members. Retiree expenses are then offset by monthly contributions.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Funding Policy

The Medical Center, with assistance from the third-party administrator, establishes and amends contribution requirements for both active and retiree members on an annual basis.

The current funding policy of the Medical Center is to pay health claims as they occur. This arrangement does not qualify as OPEB plan assets under GASB guidance for current GASB reporting.

The required contribution is based on projected pay-as-you-go financing. For fiscal years 2023 and 2022, the Medical Center contributed \$-0- and \$187,889, respectively. Retirees receiving benefits contributed \$136,238 and \$82,856, respectively, through their required contributions.

Net OPEB Liability (Asset)

The components of the net OPEB liability (asset) of the Medical Center at June 30, 2023 and 2022 are as follows:

	2023	2022
Total OPEB Liability	\$ 1,373,960	\$ 2,092,817
Plan Fiduciary Net Position	-	-
District's Net OPEB Liability (Asset)	\$ 1,373,960	\$ 2,092,817
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	0%	0%

The changes in net OPEB liability (asset) are as follows:

	Total OPEB Liability
Balances at June 30, 2022	\$ 2,092,817
Changes for the Year:	
Service Cost	295,544
Interest Cost	82,721
Differences Between Expected and Actual Experience	(879,510)
Changes in Assumptions or Other Inputs	(114,391)
Contributions-Employer	-
Net Investment income	-
Benefit Payments	(103,221)
Administrative Expense	-
Net Changes	(718,857)
Balances at June 30, 2023	\$ 1,373,960

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Net OPEB Liability (Asset) (Continued)

	Total OPEB Liability
Balances at June 30, 2021	\$ 2,053,490
Changes for the Year:	
Service Cost	350,834
Interest Cost	51,050
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	(280,801)
Contributions-Employer	-
Net Investment income	-
Benefit Payments	(81,756)
Administrative Expense	-
Net Changes	39,327
Balances at June 30, 2022	\$ 2,092,817

The following presents the net OPEB liability (asset) of the Medical Center, as well as what the Medical Center's net OPEB liability (asset) would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

	One Percent Decrease	Discount Rate	One Percent Increase
June 30, 2023	(2.65%)	(3.65%)	(4.65%)
Net OPEB Liability (Asset)	\$ 1,491,798	\$ 1,373,960	\$ 1,267,730
June 30, 2022	(2.54%)	(3.54%)	(4.54%)
Net OPEB Liability (Asset)	\$ 2,292,000	\$ 2,092,817	\$ 1,915,000

The following presents the total OPEB liability (asset) of the Medical Center, as well as what the Medical Center's total OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates.

	One Percent Decrease	Trend Rate	One Percent Increase
June 30, 2023	(5.75%)	(6.75%)	(7.75%)
Net OPEB Liability (Asset)	\$ 1,214,237	\$ 1,373,960	\$ 1,568,179
June 30, 2022	(5.75%)	(6.75%)	(7.75%)
Net OPEB Liability (Asset)	\$ 1,801,000	\$ 2,092,817	\$ 2,457,000

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Net OPEB Liability (Asset) (Continued)

For the years ended June 30, 2023 and 2022, the Medical Center recognized OPEB expenses of \$327,788 and \$403,444, respectively. At June 30, 2023 and 2022, the Medical Center report deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>June 30, 2023</u>		
Difference Between Expected and Actual Liability	\$ 676,060	\$ 1,143,853
Change of Assumptions	393,430	496,808
Net Difference Between Projected and Actual Investment Earnings	-	-
Total	<u>\$ 1,069,490</u>	<u>\$ 1,640,661</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>June 30, 2022</u>		
Difference Between Expected and Actual Liability	\$ 716,384	\$ 343,231
Change of Assumptions	417,753	418,653
Net Difference Between Projected and Actual Investment Earnings	-	-
Total	<u>\$ 1,134,137</u>	<u>\$ 761,884</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	Future Recognition
2024	\$ (50,476)
2025	(50,476)
2026	(50,476)
2027	(50,476)
2028	(50,476)
Thereafter	(318,791)
Total	<u>\$ (571,171)</u>

Actuarial Methods and Assumptions

Based on the implementation of GASB 75, the actuarial cost method changed from using one of six different actuarial cost methods to the Entry Age Normal cost method on a level percentage of projected salary.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	3.00%
Discount Rate	3.65%
Health Care Trend Rates	6.75%
	Decreasing to
	4.00% Over
	11 Years

Mortality rates are from the SOA Public Plan 2010 and projected forward using SOA scale MP-2020. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Discount rate is used to reflect the time value of money. Discount rates are used in determining the present value as of the valuation date of future cash flows currently expected to be required to satisfy the postretirement benefit obligation

Experience gains and losses are amortized over a closed period of 14 years starting on July 1, 2016, equal to the average remaining service of active and inactive plan members.

Funded Status and Funding Progress

As of June 30, 2023 and 2022, the most recent valuation date, the plan was 0% funded. As of June 30, 2023 and 2022, the actuarial accrued liability for benefits was \$1,373,960 and \$2,092,817, respectively, and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$1,373,960 and \$2,092,817, respectively. The covered payroll was \$93,286,158 and \$90,285,414, respectively, and the ratio of the UAAL to the covered payroll was 1.47% and 2.32%, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results is compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**BROADLAWNS MEDICAL CENTER
 BUDGET AND BUDGETARY ACCOUNTING (UNAUDITED)
 YEAR ENDED JUNE 30, 2023
 (SEE INDEPENDENT AUDITORS' REPORT)**

In accordance with the Code of Iowa, the board of trustees annually adopts a budget following required public notice and hearings for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The budgetary basis is non-GAAP basis adjusted for depreciation and amortization, equipment improvements, lease payments, and restricted expenses.

The following is a comparison of actual expenses to budget for the year ended June 30, 2023:

GAAP Expenses	Adjustments to Budgetary Basis	Budgetary Basis	Adopted Budget	Budget to Actual Variance Over (Under) Budget
\$ 234,709,376	\$ 13,724,184	\$ 248,433,560	\$ 264,717,313	\$ (16,283,753)

**BROADLAWNS MEDICAL CENTER
OTHER POSTEMPLOYMENT BENEFIT PLAN (UNAUDITED)
YEARS ENDED JUNE 30, 2023, 2022, 2021, 2020, 2019, 2018, AND 2017
(SEE INDEPENDENT AUDITORS' REPORT)**

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service Cost	\$ 295,544	\$ 350,834	\$ 123,972	\$ 151,224	\$ 146,110	\$ 146,110	\$ 140,666
Interest	82,721	51,050	18,389	28,689	42,219	36,766	32,540
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(879,510)	-	797,032	-	(474,592)	-	-
Changes of Assumptions	(114,391)	(280,801)	441,957	(92,139)	28,368	(20,573)	(114,991)
Benefit Payments	(103,221)	(81,756)	(71,955)	(24,285)	(12,646)	(30,161)	(14,489)
Net Change in Total OPEB Liability	(718,857)	39,327	1,309,395	63,489	(270,541)	132,142	43,726
Total OPEB Liability - Beginning	2,092,817	2,053,490	744,095	680,606	951,147	819,005	775,279
Total OPEB Liability - Ending (a)	\$ 1,373,960	\$ 2,092,817	\$ 2,053,490	\$ 744,095	\$ 680,606	\$ 951,147	\$ 819,005
Plan Fiduciary Net Position							
Contributions - Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Investment Income	-	-	-	-	-	-	-
Benefit Payments	-	-	-	-	-	-	-
Administrative Expense	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Net OPEB Liability - Ending (a) - (b)	\$ 1,373,960	\$ 2,092,817	\$ 2,053,490	\$ 744,095	\$ 680,606	\$ 951,147	\$ 819,005
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 93,286,158	\$ 90,285,414	\$ 87,655,742	\$ 78,369,000	\$ 75,718,967	\$ 75,565,000	\$ 73,009,785
District's Net OPEB Liability as a Percentage of Covered Payroll	1.47%	2.32%	2.34%	0.95%	0.90%	1.26%	1.12%

The Medical Center implemented GASB Statement No. 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

**BROADLAWNS MEDICAL CENTER
SCHEDULE OF THE MEDICAL CENTER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
YEARS ENDED JUNE 30, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016, AND 2015
(SEE INDEPENDENT AUDITORS' REPORT)**

Iowa Public Employees' Retirement System Last Fiscal Year*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Medical Center's Proportion of the Net Pension Liability	1.076336%	1.026226%	1.030683%	0.991486%	0.959746%	0.881642%	0.825597%	0.819028%	0.784310%
Medical Center's Proportionate Share of the Net Pension Liability	\$ 42,720,804	\$ 1,438,677	\$ 71,897,867	\$ 57,798,268	\$ 60,715,017	\$ 58,203,903	\$ 51,486,901	\$ 40,463,961	\$ 31,105,015
Medical Center's Covered Payroll	\$ 98,943,051	\$ 91,842,263	\$ 83,296,289	\$ 81,339,399	\$ 76,026,901	\$ 72,234,982	\$ 65,288,646	\$ 58,774,222	\$ 56,206,660
Medical Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	43.18%	1.57%	86.32%	71.06%	79.86%	80.58%	78.86%	68.85%	55.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.34 %	99.65 %	84.38 %	84.38 %	82.57 %	81.99%	81.82%	85.19%	87.61%

*The amounts presented for the fiscal years ended June 30, 2023 and 2022 were determined as of June 30, 2022 and 2021, respectively.

Note: GASB Statement No. 68 requires 10 years of information to be presented in this table. However, until a full 10-year trend is compiled, the Medical Center will present information for those years for which information is available.

**BROADLAWNS MEDICAL CENTER
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM,
SCHEDULE OF MEDICAL CENTER CONTRIBUTIONS (UNAUDITED)
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

Schedule of Medical Center Contributions					
Fiscal Year Ended	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Medical Center's Covered Payroll (c)	Contribution as a Percentage of Covered Payroll (a/c)
2023	\$ 9,340,224	\$ 9,340,224	\$ -	\$ 98,943,051	9.44 %
2022	8,669,910	8,669,910	-	91,842,263	9.44
2021	7,863,170	7,863,170	-	83,296,289	9.44
2020	7,678,440	7,678,440	-	81,339,399	9.44
2019	7,176,940	7,176,940	-	76,026,901	9.44
2018	6,450,584	6,450,584	-	72,234,982	8.93
2017	6,154,297	6,154,297	-	65,288,646	9.43
2016	5,284,871	5,284,871	-	58,774,222	8.99
2015	4,860,272	4,860,272	-	56,206,660	8.65
2014	4,614,625	4,614,625	-	51,525,133	8.96

BROADLAWNS MEDICAL CENTER
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, PENSION LIABILITY (UNAUDITED)
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 1 PENSION LIABILITY

Changes of Benefit Terms

There were no significant changes in benefit terms.

Changes of Assumptions

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

The 2018 valuation implemented the following refinements as a result of demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

BROADLAWNS MEDICAL CENTER
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, OPEB LIABILITY (UNAUDITED)
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 1 OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY

Changes of Benefit Terms

There were no significant changes in benefit terms.

Changes of Assumptions

The 2023 valuation implemented the following changes of assumptions:

- The discount rate was updated from 3.54% to 3.65%.
- The termination and retirement rates were updated based on the 2022 Iowa Public Employees' Retirement System (IPERS) Actuarial Valuation.
- The trend rates were reset to an initial rate of 6.75%, grading down by 0.25% per year until reaching the ultimate rate of 4.00% based on current Gallagher Healthcare Analytics (HCA) Consulting trend study; current economic environment suggests a longer period until reaching the ultimate rate.
- The mortality projection scale was updated from MP-2020 to MP-2021 to reflect the Society of Actuaries' recent mortality study.

The 2022 valuation implemented the following changes of assumptions:

- The discount rate was updated from 2.16% to 3.54%.

BROADLAWNS MEDICAL CENTER
COMBINING STATEMENT OF NET POSITION – BY DEPARTMENT
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
ASSETS AND DEFERRED OUTFLOWS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 59,784,015	\$ 1,003,340	\$ 1,295,918	\$ -	\$ 62,083,273
Restricted Cash and Cash Equivalents	7,834,991	66,100	-	-	7,901,091
Short-Term Investments	70,526,884	-	-	-	70,526,884
Restricted Short-Term Investments	34,000,005	-	-	-	34,000,005
Receivables:					
Patients, Net	14,491,622	161,866	24,371	-	14,677,859
Property Taxes	276,111	-	-	-	276,111
Succeeding Year Property Taxes	75,685,904	-	-	-	75,685,904
Federal Grants	566,078	-	-	-	566,078
Nonfederal Grants	248,885	-	-	-	248,885
Other	4,240,908	-	-	1,179,933 (1)	3,060,975
Due from Third-Party Payors	1,191,968	-	-	-	1,191,968
Inventories	2,887,647	-	-	-	2,887,647
Prepaid Expenses and Other Assets	2,343,359	2,677	-	-	2,346,036
Total Current Assets	<u>274,078,377</u>	<u>1,233,983</u>	<u>1,320,289</u>	<u>1,179,933</u>	<u>275,452,716</u>
NONCURRENT ASSETS					
Noncurrent Cash and Investments, Net of Current Portion:					
Cash and Cash Equivalents	6,862,443	-	-	-	6,862,443
Investments	3,079,068	-	-	-	3,079,068
Total Noncurrent Cash and Investments	<u>9,941,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,941,511</u>
Capital Assets:					
Nondepreciable	19,913,101	-	-	-	19,913,101
Depreciable, Net	102,908,797	-	-	-	102,908,797
Total Capital Assets	<u>122,821,898</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,821,898</u>
Total Noncurrent Assets	<u>132,763,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,763,409</u>
Total Assets	406,841,786	1,233,983	1,320,289	1,179,933	408,216,125
DEFERRED OUTFLOWS					
Related to Pension	15,161,526	-	-	-	15,161,526
Related to Postemployment Benefits	1,069,490	-	-	-	1,069,490
Total Deferred Outflows	<u>16,231,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,231,016</u>
Total Assets and Deferred Outflows	<u>\$ 423,072,802</u>	<u>\$ 1,233,983</u>	<u>\$ 1,320,289</u>	<u>\$ 1,179,933</u>	<u>\$ 424,447,141</u>

(1) To eliminate interdepartmental receivables and payables.

BROADLAWNS MEDICAL CENTER
COMBINING STATEMENT OF NET POSITION – BY DEPARTMENT (CONTINUED)
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ 819,046	\$ -	\$ -	\$ -	\$ 819,046
Accounts Payable and Other Accrued Expenses	9,028,439	896,954	341,337	1,179,933 (1)	9,086,797
Accrued Employee Compensation and Payroll Taxes	17,618,775	32,619	66,805	-	17,718,199
Due to Third-Party Payors	53,337	-	-	-	53,337
Current Portion of Accrued Claims on Self-Insurance	2,072,374	-	-	-	2,072,374
Total Current Liabilities	29,591,971	929,573	408,142	1,179,933	29,749,753
NONCURRENT LIABILITIES					
Other Postemployment Benefits	1,373,960	-	-	-	1,373,960
Accrued Claims on Self-Insurance, Less Current Portion	2,892,968	-	-	-	2,892,968
Long-Term Debt, Less Current Maturities	3,245,253	-	-	-	3,245,253
Net Pension Liability	42,720,804	-	-	-	42,720,804
Total Noncurrent Liabilities	50,232,985	-	-	-	50,232,985
Total Liabilities	79,824,956	929,573	408,142	1,179,933	79,982,738
DEFERRED INFLOWS					
Related to Pension	5,338,064	-	-	-	5,338,064
Related to Postemployment Benefits	1,640,661	-	-	-	1,640,661
Revenue for Succeeding Year Property Taxes	75,685,904	-	-	-	75,685,904
Total Deferred Inflows	82,664,629	-	-	-	82,664,629
NET POSITION					
Net Investment in Capital Assets	118,327,113	-	-	-	118,327,113
Restricted:					
For Enabling Legislation	97,605	-	-	-	97,605
For Specific Activities	53,559	66,100	-	-	119,659
Unrestricted	142,104,940	238,310	912,147	-	143,255,397
Total Net Position	260,583,217	304,410	912,147	-	261,799,774
Total Liabilities, Deferred Inflows, and Net Position	\$ 423,072,802	\$ 1,233,983	\$ 1,320,289	\$ 1,179,933	\$ 424,447,141

BROADLAWNS MEDICAL CENTER
COMBINING STATEMENT OF NET POSITION – BY DEPARTMENT (CONTINUED)
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
ASSETS AND DEFERRED OUTFLOWS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 56,939,302	\$ 1,024	\$ 2,459,715	\$ -	\$ 59,400,041
Restricted Cash and Cash Equivalents	7,687,750	62,051	-	-	7,749,801
Short-Term Investments	68,636,674	-	-	-	68,636,674
Restricted Short-Term Investments	34,048,140	-	-	-	34,048,140
Receivables:					
Patients, Net	12,649,434	331,599	137,872	-	13,118,905
Property Taxes	243,541	-	-	-	243,541
Succeeding Year Property Taxes	72,430,984	-	-	-	72,430,984
Federal Grants	486,779	-	-	-	486,779
Nonfederal Grants	469,747	-	-	-	469,747
Other	4,065,611	-	-	2,221,292 (1)	1,844,319
Due from Third-Party Payors	723,357	-	-	-	723,357
Inventories	2,693,372	-	-	-	2,693,372
Prepaid Expenses and Other Assets	2,626,591	-	6,565	-	2,633,156
Total Current Assets	<u>263,701,282</u>	<u>394,674</u>	<u>2,604,152</u>	<u>2,221,292</u>	<u>264,478,816</u>
NONCURRENT ASSETS					
Assets Limited as to Use or Restricted, Net of Current Portion:					
Cash and Cash Equivalents	6,759,825	-	-	-	6,759,825
Investments	2,975,024	-	-	-	2,975,024
Total Assets Limited as to Use or Restricted	<u>9,734,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,734,849</u>
Capital Assets:					
Nondepreciable	3,793,553	-	-	-	3,793,553
Depreciable, Net	105,834,671	-	9,462	-	105,844,133
Total Capital Assets	<u>109,628,224</u>	<u>-</u>	<u>9,462</u>	<u>-</u>	<u>109,637,686</u>
Total Noncurrent Assets	<u>119,363,073</u>	<u>-</u>	<u>9,462</u>	<u>-</u>	<u>119,372,535</u>
Total Assets	383,064,355	394,674	2,613,614	2,221,292	383,851,351
DEFERRED OUTFLOWS					
Related to Pension	14,250,138	-	-	-	14,250,138
Related to Postemployment Benefits	1,134,137	-	-	-	1,134,137
Total Deferred Outflows	<u>15,384,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,384,275</u>
Total Assets	<u>\$ 398,448,630</u>	<u>\$ 394,674</u>	<u>\$ 2,613,614</u>	<u>\$ 2,221,292</u>	<u>\$ 399,235,626</u>

(1) To eliminate interdepartmental receivables and payables.

BROADLAWNS MEDICAL CENTER
COMBINING STATEMENT OF NET POSITION – BY DEPARTMENT (CONTINUED)
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ 640,533	\$ -	\$ -	\$ -	\$ 640,533
Accounts Payable and Other Accrued Expenses	6,499,655	762,789	1,469,759	2,221,292 (1)	6,510,911
Accrued Employee Compensation and Payroll Taxes	16,098,531	28,775	63,908	-	16,191,214
Deferred Revenue	301,093	-	-	-	301,093
Due to Third-Party Payors	167,765	-	-	-	167,765
Current Portion of Accrued Claims on Self-Insurance	2,071,177	-	-	-	2,071,177
Total Current Liabilities	25,778,754	791,564	1,533,667	2,221,292	25,882,693
NONCURRENT LIABILITIES					
Other Postemployment Benefits	2,092,817	-	-	-	2,092,817
Accrued Claims on Self-Insurance, Less Current Portion	2,967,251	-	-	-	2,967,251
Long-Term Debt, Less Current Maturities	3,545,507	-	-	-	3,545,507
Net Pension Liability	1,438,677	-	-	-	1,438,677
Total Noncurrent Liabilities	10,044,252	-	-	-	10,044,252
Total Liabilities	35,823,006	791,564	1,533,667	2,221,292	35,926,945
DEFERRED INFLOWS					
Related to Pension	53,456,351	-	-	-	53,456,351
Related to Postemployment Benefits	761,884	-	-	-	761,884
Revenue for Succeeding Year Property Taxes	72,430,984	-	-	-	72,430,984
Total Deferred Inflows	126,649,219	-	-	-	126,649,219
NET POSITION					
Net Investment in Capital Assets	105,178,489	-	9,462	-	105,187,951
Restricted:					
For Enabling Legislation	101,263	-	-	-	101,263
For Specific Activities	54,286	59,993	-	-	114,279
Unrestricted	130,642,367	(456,883)	1,070,485	-	131,255,969
Total Net Position	235,976,405	(396,890)	1,079,947	-	236,659,462
Total Liabilities, Deferred Inflows, and Net Position	\$ 398,448,630	\$ 394,674	\$ 2,613,614	\$ 2,221,292	\$ 399,235,626

BROADLAWNS MEDICAL CENTER
COMBINING STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION – BY DEPARTMENT
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
OPERATING REVENUE					
Net Patient Service Revenue	\$ 169,061,472	\$ 860,670	\$ 1,414,248	\$ -	\$ 171,336,390
Contracts	724,922	-	-	-	724,922
Operating Grants	3,326,987	-	-	-	3,326,987
Other	4,992,567	-	-	86,343 (1)	4,906,224
Total Operating Revenue	<u>178,105,948</u>	<u>860,670</u>	<u>1,414,248</u>	<u>86,343</u>	<u>180,294,523</u>
OPERATING EXPENSES					
Salaries and Wages	110,060,935	551,062	949,733	-	111,561,730
Employee Benefits:					
Pension	1,463,832	48,576	80,268	-	1,592,676
All Others	22,634,900	180,798	271,281	-	23,086,979
Physician Fees and Outside Services	7,332,495	-	-	-	7,332,495
Supplies and Other Expenses	79,719,822	209,329	273,004	86,343 (1)	80,115,812
Depreciation and Amortization	11,010,222	-	9,462	-	11,019,684
Total Operating Expenses	<u>232,222,206</u>	<u>989,765</u>	<u>1,583,748</u>	<u>86,343</u>	<u>234,709,376</u>
OPERATING LOSS	(54,116,258)	(129,095)	(169,500)	-	(54,414,853)
NONOPERATING REVENUE (EXPENSE)					
Property Taxes Revenue	76,124,971	-	-	-	76,124,971
Property Taxes Expense	(500,000)	-	-	-	(500,000)
Noncapital Grants and Contributions	60,763	-	-	-	60,763
Investment Earnings	3,905,122	-	-	-	3,905,122
Interest Expense	(75,577)	-	-	-	(75,577)
Other, Net	7,538	-	1,700	-	9,238
Total Nonoperating Revenue, Net	<u>79,522,817</u>	<u>-</u>	<u>1,700</u>	<u>-</u>	<u>79,524,517</u>
EQUITY TRANSFER	(830,395)	830,395	-	-	-
CAPITAL CONTRIBUTIONS	30,648	-	-	-	30,648
CHANGE IN NET POSITION	24,606,812	701,300	(167,800)	-	25,140,312
Net Position - Beginning of Year	<u>235,976,405</u>	<u>(396,890)</u>	<u>1,079,947</u>	<u>-</u>	<u>236,659,462</u>
NET POSITION - END OF YEAR	<u>\$ 260,583,217</u>	<u>\$ 304,410</u>	<u>\$ 912,147</u>	<u>\$ -</u>	<u>\$ 261,799,774</u>

(1) To eliminate interdepartmental transactions.

BROADLAWNS MEDICAL CENTER
COMBINING STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION – BY DEPARTMENT
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
OPERATING REVENUE					
Net Patient Service Revenue	\$ 152,231,735	\$ 274,879	\$ 1,626,969	\$ -	\$ 154,133,583
Contracts	1,444,673	-	435,340	-	1,880,013
Operating Grants	3,135,648	-	-	-	3,135,648
Other	4,762,912	149	-	85,631 (1)	4,677,430
Total Operating Revenue	<u>161,574,968</u>	<u>275,028</u>	<u>2,062,309</u>	<u>85,631</u>	<u>163,826,674</u>
OPERATING EXPENSES					
Salaries and Wages	103,715,303	527,154	875,486	-	105,117,943
Employee Benefits:					
Pension	(2,986,299)	54,051	78,458	-	(2,853,790)
All Others	23,007,199	187,897	247,692	-	23,442,788
Physician Fees and Outside Services	6,661,706	-	-	-	6,661,706
Supplies and Other Expenses	74,727,140	123,726	303,339	85,631 (1)	75,068,574
Depreciation and Amortization	9,684,376	0	40,362	-	9,724,738
Total Operating Expenses	<u>214,809,425</u>	<u>892,828</u>	<u>1,545,337</u>	<u>85,631</u>	<u>217,161,959</u>
OPERATING GAIN (LOSS)	(53,234,457)	(617,800)	516,972	-	(53,335,285)
NONOPERATING REVENUE (EXPENSE)					
Property Taxes Revenue	72,303,962	-	-	-	72,303,962
Noncapital Grants and Contributions	81,290	-	-	-	81,290
Investment Earnings	391,885	-	-	-	391,885
Interest Expense	(43,674)	-	-	-	(43,674)
Other, Net	(477,216)	-	-	-	(477,216)
Total Nonoperating Revenue, Net	<u>72,256,247</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,256,247</u>
EQUITY TRANSFER	(1,233,760)	1,233,760	-	-	-
CAPITAL CONTRIBUTIONS	441,600	-	-	-	441,600
CHANGE IN NET POSITION	18,229,630	615,960	516,972	-	19,362,562
Net Position - Beginning of Year - As Previously Stated	217,690,108	(1,012,850)	562,975	-	217,240,233
PRIOR PERIOD ADJUSTMENT - GASB 96 ADOPTION	56,667	-	-	-	56,667
Net Position - Beginning of Year - As Restated	<u>217,746,775</u>	<u>(1,012,850)</u>	<u>562,975</u>	<u>-</u>	<u>217,296,900</u>
NET POSITION - END OF YEAR	<u>\$ 235,976,405</u>	<u>\$ (396,890)</u>	<u>\$ 1,079,947</u>	<u>\$ -</u>	<u>\$ 236,659,462</u>

(1) To eliminate interdepartmental transactions.

**BROADLAWNS MEDICAL CENTER
ANALYSIS OF NET PATIENT RECEIVABLES
JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>2023</u>		<u>2022</u>	
	<u>Amounts</u>	<u>Percent to Total</u>	<u>Amounts</u>	<u>Percent to Total</u>
0 - 30 (In-House and Unbilled)	\$ 33,152,525	60 %	\$ 27,791,313	57 %
31 - 60	7,572,570	14	5,977,867	13
61 - 90	3,586,183	7	3,473,521	7
91 - 120	2,638,326	5	1,991,733	4
121 - 150	1,347,955	2	1,640,131	3
151 and over	6,788,478	12	7,568,914	16
	<u>55,086,037</u>	<u>100 %</u>	<u>48,443,479</u>	<u>100 %</u>
Allowance for Doubtful Accounts	(6,805,000)		(5,651,000)	
Allowance for Charity Care	(5,705,000)		(5,566,000)	
Allowance for Contractual and Other Adjustments	<u>(27,898,178)</u>		<u>(24,107,574)</u>	
Total	<u>\$ 14,677,859</u>		<u>\$ 13,118,905</u>	
Medicare	\$ 5,259,711	36 %	\$ 4,979,802	39 %
Medicaid	4,917,885	34	5,188,819	40
Private Pay	1,527,867	10	1,689,282	13
Other	<u>2,972,396</u>	<u>20</u>	<u>1,261,002</u>	<u>8</u>
Total	<u>\$ 14,677,859</u>	<u>100 %</u>	<u>\$ 13,118,905</u>	<u>100 %</u>

**BROADLAWNS MEDICAL CENTER
CHANGES IN CAPITAL ASSETS AND ACCUMULATED
DEPRECIATION AND AMORTIZATION
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	Capital Assets			Accumulated Depreciation and Amortization				
	June 30, 2022	Additions	Transfers and Disposals	June 30, 2023	June 30, 2022	Current Provision	Deductions	June 30, 2023
Medical Center:								
Land	\$ 2,076,909	\$ -	\$ -	\$ 2,076,909	\$ -	\$ -	\$ -	\$ -
Land Improvements	10,564,001	-	(1,435)	10,562,566	5,609,784	443,251	(1,435)	6,051,600
Buildings	55,206,703	-	(3,611,339)	51,595,364	15,326,821	1,771,525	(3,571,850)	13,526,496
Building Equipment	73,714,901	110,385	429,982	74,255,268	29,409,989	4,179,040	(1,938,921)	31,650,108
Fixed Equipment	347,288	20,488	(18,767)	349,009	246,281	11,695	(18,761)	239,215
Major Moveable Equipment	41,366,876	1,740,449	959,825	44,067,150	25,901,921	4,304,278	(2,680,386)	27,525,813
Equipment under Capital Lease	28,322	184,360	92,177	304,859	28,322	37,321	33,129	98,772
Construction in Progress	1,696,578	22,891,323	(6,771,776)	17,816,125	-	-	-	-
Total	185,001,578	24,947,005	(8,921,333)	201,027,250	76,523,118	10,747,110	(8,178,224)	79,092,004
Mental Health Facility:								
Land	20,066	-	-	20,066	-	-	-	-
Land Improvements	212,422	-	-	212,422	198,627	5,912	-	204,539
Buildings	6,868,581	-	-	6,868,581	6,250,889	66,181	-	6,317,070
Building Equipment	1,706,092	-	-	1,706,092	1,207,881	191,019	-	1,398,900
Major Moveable Equipment	586,427	-	-	586,427	586,427	-	-	586,427
Total	9,393,588	-	-	9,393,588	8,243,824	263,112	-	8,506,936
Total Medical Center	194,395,166	24,947,005	(8,921,333)	210,420,838	84,766,942	11,010,222	(8,178,224)	87,598,940
Residential Facilities:								
Vehicles	38,752	-	-	38,752	38,752	-	-	38,752
Total Residential Facilities	38,752	-	-	38,752	38,752	-	-	38,752
Positive Alternative to Hospitalization (PATH):								
Vehicles	371,767	-	-	371,767	362,305	9,462	-	371,767
Total PATH	371,767	-	-	371,767	362,305	9,462	-	371,767
Total	\$ 194,805,685	\$ 24,947,005	\$ (8,921,333)	\$ 210,831,357	\$ 85,167,999	\$ 11,019,684	\$ (8,178,224)	\$ 88,009,459

**BROADLAWNS MEDICAL CENTER
CHANGES IN CAPITAL ASSETS AND ACCUMULATED
DEPRECIATION AND AMORTIZATION
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	Capital Assets			Accumulated Depreciation and Amortization				
	June 30, 2021	Additions	Transfers and Disposals	June 30, 2022	June 30, 2021	Current Provision	Deductions	June 30, 2022
Medical Center:								
Land	\$ 2,076,909	\$ -	\$ -	\$ 2,076,909	\$ -	\$ -	\$ -	\$ -
Land Improvements	10,522,474	58,923	(17,396)	10,564,001	5,170,578	456,602	(17,396)	5,609,784
Buildings	51,163,222	4,043,481	-	55,206,703	13,554,344	1,772,477	-	15,326,821
Building Equipment	70,478,526	5,709	3,230,666	73,714,901	29,039,289	3,828,158	(3,457,458)	29,409,989
Fixed Equipment	435,940	41,915	(130,567)	347,288	354,335	21,289	(129,343)	246,281
Major Moveable Equipment	34,562,147	5,631,432	1,173,297	41,366,876	23,512,593	3,349,773	(960,445)	25,901,921
Equipment under Capital Lease	28,322	-	-	28,322	28,322	-	-	28,322
Construction in Progress	7,323,423	6,217,493	(11,844,338)	1,696,578	-	-	-	-
Total	<u>176,590,963</u>	<u>15,998,953</u>	<u>(7,588,338)</u>	<u>185,001,578</u>	<u>71,659,461</u>	<u>9,428,299</u>	<u>(4,564,642)</u>	<u>76,523,118</u>
Mental Health Facility:								
Land	20,066	-	-	20,066	-	-	-	-
Land Improvements	212,422	-	-	212,422	192,715	5,912	-	198,627
Buildings	6,868,581	-	-	6,868,581	6,184,708	66,181	-	6,250,889
Building Equipment	6,908,321	-	(5,202,229)	1,706,092	6,203,432	206,678	(5,202,229)	1,207,881
Major Moveable Equipment	586,427	-	-	586,427	586,427	-	-	586,427
Total	<u>14,595,817</u>	<u>-</u>	<u>(5,202,229)</u>	<u>9,393,588</u>	<u>13,167,282</u>	<u>278,771</u>	<u>(5,202,229)</u>	<u>8,243,824</u>
Total Medical Center	<u>191,186,780</u>	<u>15,998,953</u>	<u>(12,790,567)</u>	<u>194,395,166</u>	<u>84,826,743</u>	<u>9,707,070</u>	<u>(9,766,871)</u>	<u>84,766,942</u>
Residential Facilities:								
Vehicles	38,752	-	-	38,752	38,752	-	-	38,752
Total Residential Facilities	<u>38,752</u>	<u>-</u>	<u>-</u>	<u>38,752</u>	<u>38,752</u>	<u>-</u>	<u>-</u>	<u>38,752</u>
Positive Alternative to Hospitalization (PATH):								
Vehicles	371,767	-	-	371,767	344,637	17,668	-	362,305
Total PATH	<u>371,767</u>	<u>-</u>	<u>-</u>	<u>371,767</u>	<u>344,637</u>	<u>17,668</u>	<u>-</u>	<u>362,305</u>
Total	<u>\$ 191,597,299</u>	<u>\$ 15,998,953</u>	<u>\$ (12,790,567)</u>	<u>\$ 194,805,685</u>	<u>\$ 85,210,132</u>	<u>\$ 9,724,738</u>	<u>\$ (9,766,871)</u>	<u>\$ 85,167,999</u>

**BROADLAWNS MEDICAL CENTER
PATIENT SERVICE REVENUE
YEARS ENDED JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	2023			2022		
	Inpatients	Outpatients	Total	Inpatients	Outpatients	Total
Daily Patient Services:						
Medical, Surgical	\$ 10,796,106	\$ 9,221,338	\$ 20,017,444	\$ 10,125,496	\$ 8,772,573	\$ 18,898,069
Mental Health	23,916,419	106,112	24,022,531	22,172,883	41,294	22,214,177
Intensive Care	4,018,144	430,656	4,448,800	3,861,469	318,078	4,179,547
Family Birthing Center	5,770,628	407,754	6,178,382	5,541,855	497,981	6,039,836
Transitional Facilities	483,228	-	483,228	507,162	-	507,162
Residential Facilities	968,738	-	968,738	839,575	-	839,575
Total Daily Patient Services	45,953,263	10,165,860	56,119,123	43,048,440	9,629,926	52,678,366
Other Nursing Services:						
Surgical Services	3,488,998	59,711,834	63,200,832	4,039,969	44,827,099	48,867,068
Medical and Surgical Supplies	1,103,196	13,466,929	14,570,125	1,506,668	10,905,878	12,412,546
Ambulatory Care Services:						
Addiction Medicine	-	549,090	549,090	11,695	611,858	623,553
Crisis	-	1,913,667	1,913,667	549	1,946,623	1,947,172
Dental Clinic	-	1,245,492	1,245,492	-	1,453,416	1,453,416
Emergency	2,817,841	19,719,532	22,537,373	2,632,985	16,753,591	19,386,576
Endocrinology Clinic	-	415,426	415,426	-	439,415	439,415
Eye Clinic	-	2,293,491	2,293,491	-	2,399,207	2,399,207
Family Health Center	-	2,262,505	2,262,505	136	2,147,414	2,147,550
Geriatrics Clinic	-	455,314	455,314	-	522,711	522,711
Integrated Health Home	-	1,651,210	1,651,210	-	1,898,723	1,898,723
Internal Medicine Clinic	-	427,998	427,998	-	551,736	551,736
Neurology Clinic	-	606,948	606,948	-	569,334	569,334
Oncology Clinic	-	2,068,645	2,068,645	-	2,135,264	2,135,264
Optical Shop	-	407,470	407,470	-	398,561	398,561
Orthopedics Clinic	-	1,119,239	1,119,239	-	1,019,554	1,019,554
Outpatient Behavioral Health	712,171	8,658,019	9,370,190	819,370	7,438,102	8,257,472
Pain Management Center	-	6,699,435	6,699,435	5,709	6,496,368	6,502,077
Pediatric Clinic	-	1,024,389	1,024,389	-	722,766	722,766
Podiatry Clinic	-	2,495,428	2,495,428	-	3,088,622	3,088,622
Primary Care Clinic	-	3,718,306	3,718,306	5,448	3,507,863	3,513,311
Sleep Medicine and Allergy Clinic	-	818,236	818,236	-	893,159	893,159
Specialty Clinic	-	76,725	76,725	-	67,410	67,410
Surgery Clinic	31,585	2,097,566	2,129,151	9,570	1,661,327	1,670,897
Urology Clinic	-	3,053,334	3,053,334	-	3,173,295	3,173,295
Walk-In Clinic	20	3,442,123	3,442,143	56	3,983,562	3,983,618
Women's Health Clinic	-	2,005,816	2,005,816	422	1,745,349	1,745,771
PATH	-	1,433,464	1,433,464	-	1,633,763	1,633,763
Total Other Nursing Services	8,153,811	143,837,631	151,991,442	9,032,577	122,991,970	132,024,547

**BROADLAWNS MEDICAL CENTER
PATIENT SERVICE REVENUE (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	2023			2022		
	Inpatients	Outpatients	Total	Inpatients	Outpatients	Total
Other Physician Services:						
Anesthesiology	\$ 1,261,971	\$ 6,773,553	\$ 8,035,524	\$ 1,306,724	\$ 5,326,098	\$ 6,632,822
Cardiology	17,180	220,081	237,261	26,561	322,477	349,038
Dallas Center Clinic	-	619,670	619,670	-	723,298	723,298
Downtown Clinic	-	2,172,408	2,172,408	-	2,066,418	2,066,418
Drake University Clinic	-	33,028	33,028	-	72,931	72,931
East University Clinic	-	6,665,922	6,665,922	-	6,362,377	6,362,377
Emergency Medicine	1,205,610	8,909,848	10,115,458	1,224,514	7,953,100	9,177,614
Endocrinology	-	298,533	298,533	-	303,379	303,379
ENT	1,333	2,112,443	2,113,776	7,366	2,823,589	2,830,955
Geriatrics	-	480,953	480,953	70	487,023	487,093
Internal Medicine	82,822	4,569,822	4,652,644	41,323	3,570,367	3,611,690
Medical Education	969,340	2,457,632	3,426,972	816,022	2,547,869	3,363,891
Neurology	10,795	475,748	486,543	15,616	428,943	444,559
Obstetrics and Gynecology	3,400,245	1,725,030	5,125,275	2,753,517	1,280,811	4,034,328
Oncology	-	361,677	361,677	-	388,586	388,586
Ophthalmology	3,802	3,162,108	3,165,910	2,813	2,992,315	2,995,128
Orthopedics	239,948	3,905,153	4,145,101	212,166	2,096,379	2,308,545
Pain Management Center	-	2,408,124	2,408,124	-	2,366,554	2,366,554
Pediatrics	18,346	1,128,248	1,146,594	10,978	893,807	904,785
Podiatry	102,971	1,544,862	1,647,833	209,180	1,370,254	1,579,434
Primary Care Clinic	6,219	2,473,602	2,479,821	80,255	2,311,432	2,391,687
Psychiatry	13,509	6,297,319	6,310,828	10,816	5,828,775	5,839,591
Sleep Medicine and Allergy	-	316,072	316,072	-	768,959	768,959
Surgery	224,150	1,310,510	1,534,660	170,009	1,235,805	1,405,814
Urology	100,564	1,835,442	1,936,006	31,694	2,097,265	2,128,959
Walk-In Clinic	-	2,092,173	2,092,173	-	1,922,801	1,922,801
Other Physician Services	-	55,194	55,194	-	48,998	48,998
Total Other Physician Services	7,658,805	64,405,155	72,063,960	6,919,624	58,590,610	65,510,234
Other Professional Services:						
Laboratory	5,888,886	25,905,340	31,794,226	5,717,546	23,169,255	28,886,801
Pharmacy	2,899,231	49,236,413	52,135,644	3,262,517	44,808,405	48,070,922
Radiology	5,982,296	53,572,851	59,555,147	4,660,287	45,839,012	50,499,299
Respiratory Therapy	1,929,006	2,151,648	4,080,654	2,357,262	1,775,469	4,132,731
Diagnostic Services	18,701	915,468	934,169	651,619	2,977,538	3,629,157
Physical and Occupational Therapy	259,890	3,297,499	3,557,389	260,597	2,993,056	3,253,653
Speech and Hearing Therapy	74,835	413,782	488,617	74,149	360,567	434,716
Total Other Professional Services	17,052,845	135,493,001	152,545,846	16,983,977	121,923,302	138,907,279
Gross Charges at Established Rates	\$ 78,818,724	\$ 353,901,647	432,720,371	\$ 75,984,618	\$ 313,135,808	389,120,426
Charity Care Charges Forgone, Based on Established Rates			(11,521,490)			(11,611,111)
Total Gross Patient Service Revenue			421,198,881			377,509,315
Provisions for Contractual and Other Adjustments			(235,798,275)			(212,188,413)
Provision for Bad Debts			(14,064,216)			(11,187,319)
Total Net Patient Service Revenue			\$ 171,336,390			\$ 154,133,583

**BROADLAWNS MEDICAL CENTER
OTHER OPERATING REVENUE
YEARS ENDED JUNE 30, 2023 AND 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>2023</u>	<u>2022</u>
Grants:		
Broadlawns Medical Center:		
Women, Infants, and Children Program, State of Iowa, (IDPH)	\$ 2,828,989	\$ 2,443,341
WIC Breast Pump Program, State of Iowa, (IDPH)	38,837	32,233
Hospital Preparedness Program	19,456	-
Farmers Market Nutrition Program, State of Iowa (IDALS)	5,167	4,718
Breastfeeding Peer Counseling, State of Iowa, (IDPH)	155,537	114,929
COVID-19 Grant, State of Iowa, (Iowa Finance Authority)	-	323,666
HCBS American Rescue Plan Act Recruitment and Retention Grant, State of Iowa	276,501	-
Zero Suicide Iowa, Iowa State Department of Public Health	-	3,000
Hypertension and Cholesterol Improvement Project, Iowa State Department of Public Health	2,500	2,500
COVID-19 Grant, State of Iowa, (IA Homeland Security & Emergency Management)	-	199,908
Apprenticeship USA Expansion and Innovation, Iowa Workforce Development	-	11,353
Total Grants	<u>3,326,987</u>	<u>3,135,648</u>
Contracts:		
Polk County Health Services:		
Addiction Medicine	322,080	322,080
ISA Nurse Practitioner	-	435,340
Workforce Recruitment and Retention	-	697,130
Annual Incentive	-	52,727
Other:		
Medical and Dental Education, University of Iowa	341,080	329,686
Medicare and Medicaid Innovation	11,086	4,553
Integrated Health Home, Magellan	50,676	38,497
Total Contracts	<u>724,922</u>	<u>1,880,013</u>
Other:		
Electronic Health Records Incentive Programs	-	527,000
Family Practice Program, Iowa Methodist Medical Center	173,358	173,358
Purchase Discounts	12,752	2,254
Refunds and Rebates	556,278	391,987
Sales and Supplies, Services, and Salvage	2,750,953	2,430,975
Des Moines Consortium Contribution	65,292	49,917
Psychiatry Education Foundation	867,013	922,630
Des Moines PD Mobile Crisis	328,464	-
Miscellaneous	152,114	179,309
Total Other	<u>4,906,224</u>	<u>4,677,430</u>
Total Other Operating Revenue	<u>\$ 8,958,133</u>	<u>\$ 9,693,091</u>



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