

**BROADLAWNS MEDICAL CENTER**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JUNE 30, 2022 AND 2021**



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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, 2022 and 2021, 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, 2022 and 2021, 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 5 – 14 and the required supplementary information as listed in the table of contents, on pages 48 – 51 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.

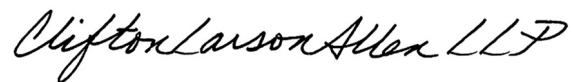
***Emphasis of Matter Regarding a Change in Accounting Principle***

As discussed in Note 1 to the financial statements, effective July 1, 2021, the Medical Center adopted new accounting guidance for leases. The guidance requires leases to recognize a right-to-use asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with terms greater than twelve months. Our opinion is not modified with respect to that matter.

Board of Trustees  
Broadlawns Medical Center

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022, 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 14, 2022

**BROADLAWNS MEDICAL CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**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, 2022 and 2021. 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, 2022, 2021, and 2020.

**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, 2022 AND 2021**

**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 Anthony B. Coleman DHA, Broadlawns Medical Center, 1801 Hickman Road, Des Moines, Iowa 50314.

**Financial Highlights**

- For the year the Medical Center's change in net position is \$19,409,701 which is an increase of \$4,198,350 from last fiscal year, which ended with a change in net position of \$15,211,351.
- Total operating expenses for the current fiscal year were \$8,710,354 more than last fiscal year.
- Total operating revenue for the year was \$163,826,674, which is an increase of \$13,384,935.
- Net nonoperating revenue, which includes revenue from the property tax levy, decreased \$201,041.
- During the fiscal year, the Medical Center made capital investments totaling \$15,998,953. Capital investments were more than depreciation expense of \$9,645,756 by \$3,329,501. The following is a list of significant purchases and improvements placed in service during the fiscal year:

Capital Investments	Vendor	Department	Amount
Surgery Remodel	Various	Surgery	\$ 9,729,152
Mako Surgical Robotic System	Mako Surgical	Surgery	1,290,000
DaVinci Surgical Robotic System	Intuitive Surgical	Surgery	1,324,500
Endoscopy System	Stryker	Surgery	702,487

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

**Net Position**

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 \$119,076,352, which is \$4,263,225 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 \$8,956,346, offset by a decrease in construction in progress and other nondepreciable capital assets of \$5,626,845.



**BROADLAWNS MEDICAL CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**Net Position (Continued)**

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 \$25,806,650 are \$2,049,132 more than last fiscal year. The change is mainly due to an increase in current maturities of long-term debt of \$458,720, 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 \$9,833,640 are \$67,397,527 less than last fiscal year. The decrease is due to an increase in long-term debt, less current maturities of \$3,025,728 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 \$236,649,934, which is \$19,409,701 more than last fiscal year.

June 30, 2021: Total current assets are \$251,550,948, which is \$41,637,407 more than last year. The difference is mainly due to an increase in cash and cash equivalents of \$27,650,342, an increase in restricted short-term investments of \$20,234,247; an increase in receivables from Federal grants of \$1,222,297; offset by a decrease in short-term investments of \$3,892,474; and a decrease in due from third-party payors of \$3,369,066. Total noncurrent assets are \$114,813,127, which is \$17,620,381, less than last year. The decrease resulted mainly from a decrease in noncurrent cash and investments of \$22,194,832; a decrease in construction in progress and other nondepreciable capital assets of \$22,355,428 and an increase in depreciable net capital assets of \$26,929,879.

Deferred outflows related to pension are \$21,433,661 which is \$1,661,233 more than last year. Deferred outflows related to postemployment benefits are \$1,198,784, which is \$1,174,342 more 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 \$23,757,518 are \$2,671,298 more than last fiscal year. The change is mainly due to an increase in accounts payable and other accrued expenses of \$1,262,190. Noncurrent liabilities of \$77,231,167 are \$16,018,504 more than last fiscal year. The increase is due to an increase in other postemployment benefits of \$1,309,395; an increase in accrued claims on self-insurance less current portion of \$727,345; and an increase in net pension liability of \$14,099,599.

Deferred inflow of resources totaled \$70,767,602, which is \$7,048,552 less than last fiscal year. The portion that relates to pension due to GASB Statement Nos. 68 and 71 described In Note 7, is \$1,704,384 which is \$6,887,272 less than last year.

Net position totaled \$217,240,233, which is \$15,211,351 more than last fiscal year.

**BROADLAWNS MEDICAL CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**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,		
	2022	(As Restated) 2021	(As Restated) 2020
Total Current Assets	\$ 264,478,816	\$ 251,550,948	\$ 209,913,541
Capital Assets, Net	109,341,503	106,012,002	101,437,551
Other Assets	9,734,849	8,801,125	30,995,957
Total Assets	<u>383,555,168</u>	<u>366,364,075</u>	<u>342,347,049</u>
Deferred Outflows	<u>15,384,275</u>	<u>22,632,445</u>	<u>19,796,870</u>
Total Assets and Deferred Outflows	<u>\$ 398,939,443</u>	<u>\$ 388,996,520</u>	<u>\$ 362,143,919</u>
Current Liabilities	\$ 25,806,650	\$ 23,757,518	\$ 21,086,220
Long-Term Debt Outstanding and Other Long-Term Liabilities	<u>9,833,640</u>	<u>77,231,167</u>	<u>61,212,663</u>
Total Liabilities	<u>35,640,290</u>	<u>100,988,685</u>	<u>82,298,883</u>
Deferred Inflows:			
Related to Pension	53,456,351	1,704,384	8,591,656
Related to Postemployment Benefits	761,884	544,169	593,049
Revenue for Succeeding Year Property Taxes	<u>72,430,984</u>	<u>68,519,049</u>	<u>68,631,449</u>
Total Deferred Inflows	<u>126,649,219</u>	<u>70,767,602</u>	<u>77,816,154</u>
Net Investment in Capital Assets	105,178,423	105,437,268	100,070,090
Restricted	215,542	190,702	5,814,845
Unrestricted	<u>131,255,969</u>	<u>111,612,263</u>	<u>96,143,947</u>
Total Net Position	<u>236,649,934</u>	<u>217,240,233</u>	<u>202,028,882</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 398,939,443</u>	<u>\$ 388,996,520</u>	<u>\$ 362,143,919</u>

**BROADLAWNS MEDICAL CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**Summary of Revenue, Expenses, and Changes in Net Position**

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 6). 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 \$11,532,748 or 18.1% 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.

Year Ended June 30, 2021: Net patient revenue is \$142,435,816, which is \$16,272,812 or 12.9% more than last fiscal year. Grants and contract revenue is \$4,252,356 which is \$521,482 more than last fiscal year. Other revenue is \$3,753,567, which is \$378,092 less than last year. Salaries increased \$2,988,274 or 3.2% due mainly to the annual cost of living rate increase. Pension expense increased \$361,042 or 2.8% (see Note 6). Employee benefits excluding pension expense increased \$2,582,445 or 15.0% due mainly to an increase in health insurance claims. Physician fees and outside services increased \$1,150,367 or 20.7% due to increased procedures and services provided. Supplies and other expenses increased \$7,308,619 or 13.0% due mainly to the increase in procedures and services provided. Property tax revenue is \$73,224,440, which is \$3,931,557 more than last fiscal year. Noncapital grants and contributions are \$1,150,801, which is \$1,545,932 less than last fiscal year.

**BROADLAWNS MEDICAL CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**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, 2022, 2021 and 2020.

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

	Year Ended June 30,		
	2022	(As Restated) 2021	(As Restated) 2020
Revenue:			
Net Patient Service Revenue	\$ 154,133,583	\$ 142,435,816	\$ 126,163,004
Grants and Contracts	5,015,661	4,252,356	3,730,874
Other	4,677,430	3,753,567	4,131,659
Total Operating Revenue	<u>163,826,674</u>	<u>150,441,739</u>	<u>134,025,537</u>
Expenses:			
Salaries and Employee Benefits	125,706,941	129,519,747	123,587,986
Supplies and Other Expenses	75,101,622	63,568,874	56,325,522
Physician Fees and Outside Services	6,661,706	6,713,896	5,563,529
Depreciation and Amortization	9,645,756	8,603,154	7,386,173
Operating Expenses	<u>217,116,025</u>	<u>208,405,671</u>	<u>192,863,210</u>
Operating Loss	(53,289,351)	(57,963,932)	(58,837,673)
Nonoperating Revenue, Net	72,257,452	72,458,493	71,942,976
Capital Contributions	441,600	716,790	108,609
Increase in Net Position	<u>\$ 19,409,701</u>	<u>\$ 15,211,351</u>	<u>\$ 13,213,912</u>
Total Revenue	<u>\$ 236,568,195</u>	<u>\$ 226,445,355</u>	<u>\$ 208,874,485</u>
Total Expenses	<u>\$ 217,158,494</u>	<u>\$ 208,434,004</u>	<u>\$ 192,866,421</u>

**Patient and Medical Center Statistical Data**

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.

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.

Year Ended June 30, 2021: Acute admissions of 2,992 patients for the current fiscal year are 266 more than last fiscal year. Average length of stay for acute patients is 4.8 days, which is 0.5 days more than last fiscal year. Average length of stay for mental health patients is 13.8 days, which is 1.0 day less than last fiscal year. Acute patient days of 24,032 days for the current fiscal year is 1,530 days more than last fiscal year.

**BROADLAWNS MEDICAL CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**Patient and Medical Center Statistical Data (Continued)**

Emergency department visits of 19,606 for the current year is 2,501 visits less than last fiscal year. Clinic visits of 242,931 for current year is 17,369 visits more than last fiscal year.

**Table 3: Patient and Medical Center Statistical Data**

	Year Ended June 30,		
	2022	2021	2020
Acute Patient Days	24,763	24,032	22,502
Acute Admissions	2,887	2,992	2,726
Acute Discharges	2,833	3,009	2,714
Residential Patient Days	6,692	6,351	7,722
Residential Admissions	123	76	139
Residential Discharges	122	78	132
Average Length of Stay (Days):			
Acute	4.9	4.8	4.3
Mental Health	16.6	13.8	14.8
Outpatient Visits:			
Emergency Room	22,784	19,606	22,107
Main Campus Urgent Care	22,040	17,953	18,193
Off Campus Urgent Care	27,182	15,972	14,941
Main Campus Primary Care	43,598	41,452	41,222
Off Campus Primary Care	20,405	21,549	19,348
Women's Health Clinic	12,330	9,689	8,216
Specialty Clinics	81,154	76,577	66,618
Oral Medicine	9,708	8,569	11,830
Mental Health	44,107	49,470	43,144
Addiction Medicine	2,575	1,700	2,050
Total Outpatient Visits	285,883	262,537	247,669

**Sources of Revenue**

**Net Patient Revenue**

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.

**BROADLAWNS MEDICAL CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**Sources of Revenue (Continued)**

**Net Patient Revenue (Continued)**

Year Ended June 30, 2021: 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 2021, the Medical Center recorded \$142,435,816 in net patient revenue representing 62.9% of total revenue. The \$142,435,816 in net patient revenue represents 38.8% of gross patient charges compared to 39.6% 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,		
	2022	2021	2020
Medicare	30 %	31 %	31 %
Medicaid	38	39 %	42
Commercial	17	13	12
Wellmark	12	14	10
Self Pay, Including Charity Care and Bad Debts	3	3	5
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

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.

Year Ended June 30, 2021: Deductions from revenue consist of charity care totaling \$14,859,091, contractual adjustments totaling \$198,072,222 and bad debts totaling \$12,071,273. As a percentage of gross patient charges, charity care decreased 1.2% to 4.0%, contractual adjustments increased 2.4% to 53.9% and bad debts decreased 0.5% to 3.3%, resulting in a decrease of 0.8% for net patient revenue as compared to gross patient charges.

**Grant/Contract Revenue**

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.

Year Ended June 30, 2021: Grant and contract revenue for the year ended June 30, 2021 totaled \$3,535,639 and \$716,717, respectively, for a total of \$4,252,356, which represents 1.9% of total revenue compared to a total of \$3,730,874 in 2020.

**BROADLAWNS MEDICAL CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**Other Revenue**

Other revenue consists of sales of services provided to other entities, refunds and reimbursements. Other revenue totals \$4,677,430 and \$3,753,567, which represent 2.0% and 1.7% of total revenue for the years ended June 30, 2022 and 2021, respectively.

**Tax 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.

Year Ended June 30, 2021: Broadlawns Medical Center has the taxing authority under the Code of Iowa to support its operations. For the year ended June 30, 2021, the Medical Center's tax revenue totaled \$73,224,440, which is an increase of \$3,931,557 or 5.7% more than the prior year. The tax revenue represented 32.3% of total revenue.

**Table 5: Tax Receipts**

	2022	2021	2020	Increase (Decrease)	Levied Taxes June 30, 2023
Improvement and Maintenance	\$ 57,508,777	\$ 56,135,801	\$ 51,186,914	\$ 1,372,976	\$ 57,613,831
FICA Fund	-	-	-	-	-
IPERS Fund	6,664,285	6,254,081	6,393,637	410,204	6,673,087
Unemployment	-	-	-	-	-
Tort (Insurance) Fund	8,130,900	10,834,558	11,712,332	(2,703,658)	8,144,066
Total Taxes	<u>\$ 72,303,962</u>	<u>\$ 73,224,440</u>	<u>\$ 69,292,883</u>	<u>\$ (920,478)</u>	<u>\$ 72,430,984</u>

In addition to receiving the Levied Taxes of \$72,430,984 in the fiscal year ending June 30, 2023, the Medical Center expects to receive the Utility Tax Replacement Excise Tax and State Backfill Tax of \$3,898,201. The total tax receipts for 2023 is expected to be \$76,329,185.

**Capital Assets**

June 30, 2022: As of June 30, 2022, the Medical Center had \$109,341,503 invested in capital assets. Capital expenditures in 2022 were more than the 2022 depreciation expense, resulting in an increase of \$3,329,501 in net capital assets from 2021 to 2022.

June 30, 2021: As of June 30, 2021, the Medical Center had \$106,012,002 invested in capital assets. Capital expenditures in 2021 were more than the 2021 depreciation expense, resulting in an increase of \$4,574,451 in net capital assets from 2020 to 2021.

**BROADLAWNS MEDICAL CENTER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**Capital Assets (Continued)**

**Table 6: Capital Assets**

	June 30,		
	2022	2021	2020
Capital Assets Not Being Depreciated:			
Land	\$ 2,096,975	\$ 2,096,975	\$ 2,096,975
Construction in Progress	1,696,578	7,323,423	29,678,851
Capital Assets Net of Depreciation			
Land Improvements	4,968,012	5,371,603	5,318,586
Buildings	40,497,574	38,292,751	26,028,442
Building Equipment	44,803,123	42,144,126	27,588,176
Fixed Equipment	101,007	81,605	62,439
Vehicles	9,462	27,130	48,609
Major Movable Equipment	15,168,772	10,674,389	10,615,473
Total Capital Assets, Net	<u>\$ 109,341,503</u>	<u>\$ 106,012,002</u>	<u>\$ 101,437,551</u>

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

**Fiscal Year 2023 Outlook**

The Board of Trustees has approved and set the budget for the 2023 fiscal year. The budget projects an increase in net position of \$3,793,664.

The fiscal year 2023 budget reflects Management's conservative approach to the financial stewardship of the Medical Center. The health care industry and Broadlawns is facing a number of challenges such as potential reductions to Disproportionate Share payments, reductions to the 340 B program, and funding shortfalls for behavioral health services. In addition, the Covid-19 pandemic has created additional challenges resulting in staffing shortages and increased demand for services that will put expense pressure on the health care industry. According to Kaufman Hall's 2022 State of Healthcare Performance report, "2022 is proving to be the most difficult year financially for healthcare providers since the COVID-19 pandemic began in 2020. Staffing shortages, skyrocketing labor costs, continuing supply chain disruptions, inflation, rising interest rates, and volatile markets are pressuring both revenue and expenses." Management believes its conservative approach to the operations of the Medical Center will ensure that the health care needs of Polk County residents will continue to be met and that the organization will remain financially viable far into the future.

The Budget also highlights Management's emphasis on growth in volume and breadth of services. The 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.

**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 Anthony B. Coleman, DHA (President & CEO), Broadlawns Medical Center, 1801 Hickman Road, Des Moines, Iowa 50314.



**BROADLAWNS MEDICAL CENTER  
STATEMENTS OF NET POSITION  
JUNE 30, 2022 AND 2021**

	Medical Center		Component Unit (Foundation)	
	2022	(As Restated) 2021	2022	2021
<b>ASSETS AND DEFERRED OUTFLOWS</b>				
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	\$ 59,400,041	\$ 46,389,563	\$ 170,793	\$ 174,134
Restricted Cash and Cash Equivalents	7,749,801	12,406,684	949,256	442,743
Pledges Receivable, Net	-	-	194,847	80,042
Short-Term Investments	68,636,674	69,142,260	-	-
Restricted Short-Term Investments	34,048,140	34,234,247	2,271,077	2,265,258
Receivables:				
Patients, Less Estimated Allowances for Uncollectibles, Charity and Contractuals 2022 \$35,324,574; 2021 \$37,470,282	13,118,905	13,012,167	-	-
Property Taxes	243,541	492,185	-	-
Succeeding Year Property Taxes	72,430,984	68,519,049	-	-
Federal Grants	486,779	1,675,651	-	-
Nonfederal Grants	469,747	234,415	-	-
Other	1,844,319	583,981	272	3,521
Due from Third-Party Payors	723,357	742,634	-	-
Inventories	2,693,372	2,518,241	-	-
Prepaid Expenses and Other Assets	2,633,156	1,599,871	-	-
Total Current Assets	<u>264,478,816</u>	<u>251,550,948</u>	<u>3,586,245</u>	<u>2,965,698</u>
<b>NONCURRENT ASSETS</b>				
Noncurrent Cash and Investments, Net of Current Portion:				
Cash and Cash Equivalents	6,759,825	5,829,367	-	-
Investments	2,975,024	2,971,758	-	-
Total Noncurrent Cash and Investments	9,734,849	8,801,125	-	-
Pledges Receivable, Net of Current Portion	-	-	157,491	125,441
Other Assets	-	-	44,036	49,021
Total Noncurrent Assets	<u>9,734,849</u>	<u>8,801,125</u>	<u>201,527</u>	<u>174,462</u>
Capital Assets:				
Nondepreciable	3,793,553	9,420,398	-	-
Depreciable, Net	105,547,950	96,591,604	-	-
Total Capital Assets	<u>109,341,503</u>	<u>106,012,002</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>119,076,352</u>	<u>114,813,127</u>	<u>201,527</u>	<u>174,462</u>
Total Assets	383,555,168	366,364,075	3,787,772	3,140,160
<b>DEFERRED OUTFLOWS</b>				
Related to Pension	14,250,138	21,433,661	-	-
Related to Postemployment Benefits	1,134,137	1,198,784	-	-
Total Deferred Outflows	<u>15,384,275</u>	<u>22,632,445</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>\$ 398,939,443</u>	<u>\$ 388,996,520</u>	<u>\$ 3,787,772</u>	<u>\$ 3,140,160</u>

See accompanying Notes to Basic Financial Statements.

**BROADLAWNS MEDICAL CENTER  
STATEMENTS OF NET POSITION  
JUNE 30, 2022 AND 2021**

	Medical Center		Component Unit (Foundation)	
	2022	(As Restated) 2021	2022	2021
<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>				
<b>CURRENT LIABILITIES</b>				
Current Maturities of Long-Term Debt	\$ 564,490	\$ 105,770	\$ -	\$ -
Accounts Payable and Other Accrued Expenses	6,510,911	5,752,839	453,184	1,767
Accrued Employee Compensation and Payroll Taxes	16,191,214	14,552,975	-	-
Deferred Revenue	301,093	-	-	-
Due to Third-Party Payors	167,765	1,371,545	-	-
Current Portion of Accrued Claims on Self-Insurance	2,071,177	1,974,389	-	-
Total Current Liabilities	<u>25,806,650</u>	<u>23,757,518</u>	<u>453,184</u>	<u>1,767</u>
<b>NONCURRENT LIABILITIES</b>				
Other Postemployment Benefits	2,092,817	2,053,490	-	-
Accrued Claims on Self-Insurance, Less Current Portion	2,967,251	2,970,643	-	-
Long-Term Debt, Less Current Maturities	3,334,895	309,167	-	-
Net Pension Liability	1,438,677	71,897,867	-	-
Total Noncurrent Liabilities	<u>9,833,640</u>	<u>77,231,167</u>	<u>-</u>	<u>-</u>
Total Liabilities	35,640,290	100,988,685	453,184	1,767
<b>DEFERRED INFLOWS</b>				
Related to Pension	53,456,351	1,704,384	-	-
Related to Postemployment Benefits	761,884	544,169	-	-
Revenue for Succeeding Year Property Taxes	72,430,984	68,519,049	-	-
Total Deferred Inflows	<u>126,649,219</u>	<u>70,767,602</u>	<u>-</u>	<u>-</u>
<b>COMMITMENTS AND CONTINGENCIES</b>				
<b>NET POSITION</b>				
Net Investment in Capital Assets	105,178,423	105,437,268	-	-
Restricted:				
For Enabling Legislation	101,263	117,646	-	-
For Specific Activities	114,279	73,056	3,163,795	2,964,259
Unrestricted	131,255,969	111,612,263	170,793	174,134
Total Net Position	<u>236,649,934</u>	<u>217,240,233</u>	<u>3,334,588</u>	<u>3,138,393</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 398,939,443</u>	<u>\$ 388,996,520</u>	<u>\$ 3,787,772</u>	<u>\$ 3,140,160</u>

See accompanying Notes to Basic Financial Statements.

**BROADLAWNS MEDICAL CENTER**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	Medical Center		Component Unit (Foundation)	
	2022	(As Restated) 2021	2022	2021
<b>OPERATING REVENUE</b>				
Net Patient Service Revenue	\$ 154,133,583	\$ 142,435,816	\$ -	\$ -
Contracts	1,880,013	716,717	-	-
Operating Grants	3,135,648	3,535,639	-	-
Other	4,677,430	3,753,567	-	-
Total Operating Revenue	<u>163,826,674</u>	<u>150,441,739</u>	<u>-</u>	<u>-</u>
<b>OPERATING EXPENSES</b>				
Salaries and Wages	105,117,943	96,242,913	-	-
Employee Benefits:				
Pension	(2,853,790)	13,459,915	-	-
All Others	23,442,788	19,816,919	-	-
Physician Fees and Outside Services	6,661,706	6,713,896	-	-
Supplies and Other Expenses	75,101,622	63,568,874	757,834	868,661
Depreciation and Amortization	9,645,756	8,603,154	-	-
Total Operating Expenses	<u>217,116,025</u>	<u>208,405,671</u>	<u>757,834</u>	<u>868,661</u>
<b>OPERATING LOSS</b>	(53,289,351)	(57,963,932)	(757,834)	(868,661)
<b>NONOPERATING REVENUE (EXPENSE)</b>				
Property Taxes Revenue	72,303,962	73,224,440	-	-
Property Taxes Expense	-	(2,800,000)	-	-
Noncapital Grants and Contributions	81,290	1,150,801	953,229	798,242
Investment Earnings	391,885	882,387	800	21,758
Interest Expense	(42,469)	(28,333)	-	-
Other, Net	(477,216)	29,198	-	-
Total Nonoperating Revenue, Net	<u>72,257,452</u>	<u>72,458,493</u>	<u>954,029</u>	<u>820,000</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>441,600</u>	<u>716,790</u>	<u>-</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	19,409,701	15,211,351	196,195	(48,661)
Net Position - Beginning of Year - As Previously Stated	217,240,233	202,031,897	3,138,393	3,187,054
<b>PRIOR PERIOD ADJUSTMENT - GASB 87 ADOPTION</b>	<u>-</u>	<u>(3,015)</u>	<u>-</u>	<u>3,187,054</u>
Net Position - Beginning of Year - As Restated	<u>217,240,233</u>	<u>202,028,882</u>	<u>-</u>	<u>3,187,054</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 236,649,934</u>	<u>\$ 217,240,233</u>	<u>\$ 3,334,588</u>	<u>\$ 3,138,393</u>

See accompanying Notes to Basic Financial Statements.

**BROADLAWNS MEDICAL CENTER  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2022 AND 2021**

	Medical Center		Component Unit (Foundation)	
	2022	(As Restated) 2021	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from and on Behalf of Patients	\$ 152,842,342	\$ 144,944,502	\$ -	\$ -
Payments to Suppliers and Contractors	(80,887,928)	(68,265,236)	-	-
Payments to Employees	(123,935,979)	(126,178,198)	-	-
Other Receipts and Payments, Net	<u>(2,210,983)</u>	<u>11,630,119</u>	<u>(445,038)</u>	<u>(1,049,604)</u>
Net Cash Used by Operating Activities	(54,192,548)	(37,868,813)	(445,038)	(1,049,604)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Property Taxes	72,552,606	70,380,854	-	-
Noncapital Grants and Contributions	81,290	1,150,801	953,229	798,242
Other	<u>(477,216)</u>	<u>29,198</u>	<u>-</u>	<u>-</u>
Net Cash Provided by Noncapital Financing Activities	72,156,680	71,560,853	953,229	798,242
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal Payments on Long-Term Debt	(559,034)	(104,242)	-	-
Purchase of Capital Assets	(9,642,957)	(13,896,150)	-	-
Capital Contributions	<u>441,600</u>	<u>716,790</u>	<u>-</u>	<u>-</u>
Net Cash Used by Capital and Related Financing Activities	(9,760,391)	(13,283,602)	-	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Income	391,885	882,387	800	21,758
Sales (Purchases) of Investments	<u>688,427</u>	<u>4,305,866</u>	<u>(5,819)</u>	<u>(9,626)</u>
Net Cash Provided (Used) by Investing Activities	<u>1,080,312</u>	<u>5,188,253</u>	<u>(5,019)</u>	<u>12,132</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,284,053	25,596,691	503,172	(239,230)
Cash and Cash Equivalents - Beginning of Year	<u>64,625,614</u>	<u>39,028,923</u>	<u>616,877</u>	<u>856,107</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 73,909,667</u>	<u>\$ 64,625,614</u>	<u>\$ 1,120,049</u>	<u>\$ 616,877</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION</b>				
Cash and Cash Equivalents in Current Assets	\$ 59,400,041	\$ 46,389,563	\$ 170,793	\$ 174,134
Restricted Cash and Cash Equivalents	7,749,801	12,406,684	949,256	442,743
Noncurrent Cash and Cash Equivalents	<u>6,759,825</u>	<u>5,829,367</u>	<u>-</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>\$ 73,909,667</u>	<u>\$ 64,625,614</u>	<u>\$ 1,120,049</u>	<u>\$ 616,877</u>

See accompanying Notes to Basic Financial Statements.

**BROADLAWNS MEDICAL CENTER  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED JUNE 30, 2022 AND 2021**

	Medical Center		Component Unit (Foundation)	
	2022	(As Restated) 2021	2022	2021
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>				
Operating Loss	\$ (53,289,351)	\$ (57,963,932)	\$ (757,834)	\$ (868,661)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:				
Depreciation and Amortization	9,645,756	8,603,154	-	-
Provisions for Bad Debts	11,187,319	12,071,273	-	-
Loss on Disposal of Capital Assets	551,385	27,045	-	-
Changes in Assets and Liabilities:				
Patient Receivables	(11,294,057)	(12,930,182)	-	-
Pledges Receivable	-	-	(146,855)	(166,971)
Inventories, Prepaid Expenses, Other Assets, and Other Receivables	(1,515,214)	(730,721)	8,234	(15,303)
Due from/to Third-Party Payors	(1,184,503)	3,367,595	-	-
Accounts Payable and Accrued Expenses	2,947,455	5,359,083	451,417	1,331
Net Pension Liability	(70,459,190)	14,099,599	-	-
Deferred Outflows of Resources	7,248,170	(2,835,575)	-	-
Deferred Inflows of Resources	51,969,682	(6,936,152)	-	-
Net Cash Used by Operating Activities	<u>\$ (54,192,548)</u>	<u>\$ (37,868,813)</u>	<u>\$ (445,038)</u>	<u>\$ (1,049,604)</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Change in Accounts Payable Related to Construction in Progress	<u>\$ 263,695</u>	<u>\$ 159,797</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**BROADLAWNS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**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, 2022 AND 2021**

**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, 2022 and 2021 is \$5,703,000 and \$5,246,000, 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, 2022 AND 2021**

**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 2022 fiscal year. The succeeding year property tax levy receivable represents taxes certified by the Board of Supervisors to be collected in the 2023 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. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets and is depreciated over the estimated useful lives of the constructed assets.

**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, 2022 AND 2021**

**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, 2022 AND 2021**

**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, 2022 and 2021 were \$3,135,648 and \$3,535,639, 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 a gain of approximately \$527,000 related to the Medicare and Medicaid EHR incentive programs during the year ended June 30, 2022 and no revenue related to the Medicare and Medicaid EHR incentive programs during the year ended June 30, 2021.

**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, 2022 AND 2021**

**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 \$523,574 and \$1,152,593 during the years ended June 30, 2022 and 2021, respectively. The grant funds are subject to certain restrictions on eligible expenses or uses, and reporting requirements. Of the total amount received, \$523,574 and \$1,152,593 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, 2022 and 2021, 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, 2022 and 2021, 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 \$101,263 and \$117,646 for unemployment funds as of June 30, 2022 and 2021, 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, 2022 AND 2021**

**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 \$11,611,111 and \$14,859,091 for the years ended June 30, 2022 and 2021, respectively.

The cost of charity care provided was approximately \$4,871,000 and \$6,479,000 for the years ended June 30, 2022 and 2021, 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, 2020, the Medical Center entered into an agreement which covered the period from July 1, 2019 to June 30, 2022. This agreement provided for a DSH payment of \$6,133,078 and \$6,525,673, respectively, for the years ended June 30, 2022 and 2021 to the Medical Center in exchange for the Medical Center paying \$2,251,224 and \$2,100,390, 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, 2022 AND 2021**

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

**Adoption of New Accounting Standard**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflow of resources or outflows of resources recognized based on the payment provisions of the contracts. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Medical Center adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the earliest comparative period presented. The impact of adopting GASB Statement No. 87 on the statement of net position and statement of revenues, expenses, and changed in net position as of June 30, 2021 was as follows:

	<u>As Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
<b>Statement of Net Position</b>			
Noncurrent Assets			
Capital Assets			
Depreciable, Net	\$ 96,183,111	\$ 408,493	\$ 96,591,604
Current Liabilities			
Current Maturities of Long-Term Debt	-	105,770	105,770
Noncurrent Liabilities			
Long-Term Debt, Less Current Maturities	-	309,167	309,167
Net Position			
Net Investment in Capital Assets	105,443,712	(6,444)	105,437,268
<b>Statement of Revenues, Expenses, and Changes in Net Position</b>			
Operating Expenses			
Supplies and Other Expenses	\$ 63,679,583	\$ (110,709)	\$ 63,568,874
Depreciation and Amortization	8,495,483	107,671	8,603,154
Nonoperating Revenues (Expense)			
Interest Expense	(21,866)	(6,467)	(28,333)

**Subsequent Events**

In preparing the financial statements, the Medical Center has considered events and transactions that have occurred through November 14, 2022, the date in which the financial statements were available to be issued.

**BROADLAWNS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**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, 2018.

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 67% and 69% of the Medical Center's net patient service revenue for the years ended June 30, 2022 and 2021, 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, 2022 AND 2021**

**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, 2022 and 2021, 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>2022</u>	<u>2021</u>
Gross Patient Service Revenue:		
Inpatient	\$ 75,984,618	\$ 73,653,773
Outpatient	313,135,808	293,784,629
Total	<u>389,120,426</u>	<u>367,438,402</u>
Less: Charity Care	<u>(11,611,111)</u>	<u>(14,859,091)</u>
Gross Patient Service Revenue	<u>377,509,315</u>	352,579,311
Less: Provisions for Bad Debts	(11,187,319)	(12,071,273)
Less Contractual and Other Adjustments:		
Contractual Adjustments under Third-Party Reimbursement Programs:		
Medicare	(69,383,895)	(72,700,775)
Medicaid/MCO	(84,542,804)	(73,507,586)
Wellmark	(20,791,443)	(17,579,842)
Other Commercial Insurance	(12,425,364)	(14,413,414)
Other	<u>(25,044,907)</u>	<u>(19,870,605)</u>
Total	<u>(212,188,413)</u>	<u>(198,072,222)</u>
Net Patient Service Revenue	<u>\$ 154,133,583</u>	<u>\$ 142,435,816</u>

**BROADLAWNS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**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, 2022 and 2021, the Medical Center held cash and cash equivalents, certificates of deposits, and money market investments of \$179,569,505 and \$170,973,879, 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)
<b><u>2022</u></b>				
Investments:				
Municipal Bonds	\$ 500,000	\$ -	\$ 500,000	\$ -
<b><u>2021</u></b>				
Investments:				
Municipal Bonds	\$ 2,053,620	\$ -	\$ 2,053,620	\$ -

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, 2022 compared to June 30, 2021.

**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, 2022 AND 2021**

**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.

As of June 30, 2022, the Medical Center's investments were rated as follows:

<u>Investment Type</u>	<u>Moody's Investor Services</u>	<u>Standard &amp; Poor's</u>
Federal Farm Credit Bank	Aaa	AA+
Federal Home Loan Bank	Aaa	AA+
Federal Home Loan Mortgage Corp.	Aaa	AA+
Federal National Mortgage Association	Aaa	AA+
United States Treasury Notes	Aaa	AA+

**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, 2022 and 2021. 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, 2022, the Medical Center and Foundation's deposits and investments were not exposed to custodial credit risk.

**BROADLAWNS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**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.

Board designated cash and investments as of June 30, 2022 and 2021 were designated as follows:

	<u>2022</u>	<u>2021</u>
Board Designed for:		
Building Projects	\$ 2,975,024	\$ 2,971,758
Construction Projects	34,048,140	34,234,247
Bond Retirement	3,592,087	3,590,430
Self-Insured Retention Funds:		
Medical Malpractice	3,144,659	2,293,507
Workers' Compensation	1,032,182	862,865
Health Insurance Trust	5,983,764	10,444,987
Dental	640,597	971,206
Patient Trust Fund	62,051	17,855
Alumni Fund	54,286	55,201
Total	<u>\$ 51,532,790</u>	<u>\$ 55,442,056</u>

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

	<u>2022</u>	<u>2021</u>
Restricted Cash and Cash Equivalents	\$ 7,749,801	\$ 12,406,684
Restricted Short-Term Investments	34,048,140	34,234,247
Noncurrent Cash and Investments	9,734,849	8,801,125
Total	<u>\$ 51,532,790</u>	<u>\$ 55,442,056</u>

Board designated cash and investments for the Foundation as of June 30, 2022 and 2021 of \$3,163,795 and \$2,964,259, 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, 2022 AND 2021**

**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, 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	34,753,663	5,631,432	1,173,297	41,558,392
Equipment Under Capital Lease	28,322	-	-	28,322
Total Capital Assets Being Depreciated	181,781,990	9,781,460	(946,229)	190,617,221
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	24,079,274	3,270,791	(960,445)	26,389,620
Equipment Under Capital Lease	28,322	-	-	28,322
Total Accumulated Depreciation	85,190,386	9,645,756	(9,766,871)	85,069,271
Total Capital Assets, Being Depreciated, Net	96,591,604	135,704	8,820,642	105,547,950
Capital Assets, Net	<u>\$ 106,012,002</u>	<u>\$ 6,353,197</u>	<u>\$ (3,023,696)</u>	<u>\$ 109,341,503</u>

**BROADLAWNS MEDICAL CENTER  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

	Medical Center			
	June 30, 2020	Additions	Transfers and Disposals	June 30, 2021
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 2,096,975	\$ -	\$ -	\$ 2,096,975
Construction in Progress	29,678,851	11,696,181	(34,051,609)	7,323,423
Total Capital Assets Not Being Depreciated	31,775,826	11,696,181	(34,051,609)	9,420,398
<b>Capital Assets Being Depreciated:</b>				
Land Improvements	10,198,563	-	536,333	10,734,896
Buildings	44,535,314	-	13,496,489	58,031,803
Building Improvements	59,421,257	13,861	17,951,729	77,386,847
Fixed Equipment	428,584	-	7,356	435,940
Vans	432,410	-	(21,891)	410,519
Major Moveable Equipment	33,050,183	1,619,105	84,375	34,753,663
Equipment Under Capital Lease	28,322	-	-	28,322
Total Capital Assets Being Depreciated	148,094,633	1,632,966	32,054,391	181,781,990
<b>Less Accumulated Depreciation for:</b>				
Land Improvements	4,879,977	483,316	-	5,363,293
Buildings	18,506,872	1,314,067	(81,887)	19,739,052
Building Improvements	31,833,081	3,783,041	(373,401)	35,242,721
Fixed Equipment	366,145	27,524	(39,334)	354,335
Vans	383,801	21,479	(21,891)	383,389
Major Moveable Equipment	22,434,710	2,973,726	(1,329,162)	24,079,274
Equipment Under Capital Lease	28,322	-	-	28,322
Total Accumulated Depreciation	78,432,908	8,603,153	(1,845,675)	85,190,386
Total Capital Assets, Being Depreciated, Net	69,661,725	(6,970,187)	33,900,066	96,591,604
Capital Assets, Net	<u>\$ 101,437,551</u>	<u>\$ 4,725,994</u>	<u>\$ (151,543)</u>	<u>\$ 106,012,002</u>

During the year ended June 30, 2022, the surgery project was completed and capitalized for \$9,729,152.

At June 30, 2022, construction in progress consists mainly of the surgery project and Drake Clinic project. Remaining cost of surgery project is approximately \$600,000 and the estimated total cost of the Drake Clinic project is approximately \$12,500,000. Funding will come from the Medical Center's operations and current and noncurrent cash and investments restricted for building projects. The surgery project is expected to be completed in July 2022 and the Drake Clinic project is expected to be completed in August 2023.

**BROADLAWNS MEDICAL CENTER  
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**NOTE 5 CAPITAL ASSETS (CONTINUED)**

Finance lease assets are for building space and equipment and the original cost and accumulated depreciation is shown below:

	<u>2022</u>	<u>2021</u>
Buildings	\$ 4,511,494	\$ 468,012
Major Moveable Equipment	92,177	92,177
Total Finance Lease Assets	<u>4,603,671</u>	<u>560,189</u>
Less: Accumulated Amortization	<u>(720,332)</u>	<u>(151,697)</u>
Total Finance Lease Assets, Net	<u><u>\$ 3,883,339</u></u>	<u><u>\$ 408,492</u></u>

Depreciation expense related to finance lease assets total \$568,636 and \$107,671 for the years ended June 30, 2022 and 2021, 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, 2022 and 2021:

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2022</u>
Finance Leases	\$ 414,937	\$ 4,043,482	\$ (559,034)	\$ 3,899,385
Less: Current Maturities				<u>(564,490)</u>
Total Long-Term Debt, Net of Current Maturities				<u><u>\$ 3,334,895</u></u>
	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>
Finance Leases	\$ 427,001	\$ 92,178	\$ (104,242)	\$ 414,937
Less: Current Maturities				<u>(105,770)</u>
Total Long-Term Debt, Net of Current Maturities				<u><u>\$ 309,167</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 2.07%.

**BROADLAWNS MEDICAL CENTER  
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**NOTE 6 LONG-TERM DEBT (CONTINUED)**

**Finance Leases (Continued)**

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

<u>Year Ending June 30</u>	<u>Long-Term Debt</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 564,490	\$ 55,116
2024	549,642	49,797
2025	489,507	44,484
2026	463,714	39,974
2027	32,604	37,329
Thereafter	1,799,428	838,737
Total	<u>\$ 3,899,385</u>	<u>\$ 1,065,437</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](http://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  
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**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  
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**NOTE 7 PENSION PLAN (CONTINUED)**

**Contributions (Continued)**

In fiscal year 2022 and 2021, 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, 2022 and 2021 were \$8,669,911 and \$7,908,821, respectively.

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

At June 30, 2022 and 2021, the Medical Center reported a liability of approximately \$1,439,000 and \$71,898,000, respectively, for its proportionate share of the net pension liability. The Medical Center's net pension liability was measured as of June 30, 2021 and 2020, 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, 2021, the Medical Center's collective proportion was 1.0262260%, which was a decrease of 0.0044570% from its proportion measured as of June 30, 2020.

For the years ended June 30, 2022 and 2021, the Medical Center recognized pension expense of approximately (\$2,854,000) and \$13,460,000, respectively. At June 30, 2022 and 2021, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>June 30, 2022</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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>



**BROADLAWNS MEDICAL CENTER  
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**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, 2021	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 79,426	\$ 1,704,384
Changes in Assumptions	3,690,494	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,041,803	-
Changes in Proportion and Differences Between Medical Center Contributions and Proportionate Share of Contributions	5,713,117	-
Medical Center Contributions Subsequent to the Measurement Date	7,908,821	-
Total	<u>\$ 21,433,661</u>	<u>\$ 1,704,384</u>

Deferred outflows of resources related to pensions resulting from the Medical Center's contributions subsequent to the measurement date of \$8,669,911 and \$7,908,821 will be recognized as a reduction of the net pension liability in the years ending June 30, 2023 and June 30, 2022, 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>	2022 Amount	2021 Amount
2022	\$ -	\$ 3,163,463
2023	(10,960,940)	3,191,442
2024	(11,787,989)	2,364,080
2025	(11,242,662)	2,913,484
2026	(13,957,823)	187,987
2027	73,290	-
Total	<u>\$ (47,876,124)</u>	<u>\$ 11,820,456</u>

There were no nonemployer contributing entities at IPERS.

**Actuarial Assumptions**

The total pension liability in the June 30, 2021 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  
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**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, 2021 valuation were based on the results of actuarial experience studies dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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 %	4.43 %
International Equity	17.5	6.01
Global Smart Beta Equity	6.0	5.10
Core-plus Fixed Income	26.0	0.29
Public Credit	4.0	2.08
Cash	1.0	(0.25)
Private Equity	13.0	9.51
Private Real Assets	7.5	4.63
Private Credit	3.0	2.87
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  
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**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, 2022 and 2021, 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, 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>
June 30, 2021			
Medical Center's Proportionate Share of the Net Pension Liability	<u>\$ 119,883,661</u>	<u>\$ 71,897,867</u>	<u>\$ 31,662,551</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](http://www.ipers.org).

**Payables to the Pension Plan**

At June 30, 2022 and 2021, the Medical Center reported payables to IPERS of approximately \$1,116,000 and \$973,000, respectively, for legally required employer contributions and approximately \$466,000 and \$419,000, 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  
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**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 2022 and 2021. The undiscounted liability as of June 30, 2022 and 2021 is approximately \$3,266,000 and \$3,211,000, respectively.

The Medical Center has accrued liabilities of \$7,131,245 and \$6,998,522 for self-insured losses as of June 30, 2022 and 2021, 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  
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**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:

	<u>2022</u>	<u>2021</u>
Medicare	39 %	44 %
Medicaid/MCO	40	37
Private Pay	13	12
Other	8	7
Total	<u>100 %</u>	<u>100 %</u>

**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  
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**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 2022 and 2021, the Medical Center contributed \$187,889 and \$-0-, respectively. Retirees receiving benefits contributed \$82,856 and \$113,691, respectively, through their required contributions.

**Net OPEB Liability (Asset)**

The components of the net OPEB liability (asset) of the Medical Center at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Total OPEB Liability	\$ 1,273,812	\$ 1,234,485
Plan Fiduciary Net Position	-	-
District's Net OPEB Liability (Asset)	<u>\$ 1,273,812</u>	<u>\$ 1,234,485</u>
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:

	<u>Total OPEB Liability</u>
Balances at June 30, 2021	\$ 1,234,485
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	<u>39,327</u>
Balances at June 30, 2022	<u>\$ 1,273,812</u>

**BROADLAWNS MEDICAL CENTER  
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**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Net OPEB Liability (Asset) (Continued)**

	Total OPEB Liability
Balances at June 30, 2020	\$ (74,910)
Changes for the Year:	
Service Cost	123,972
Interest Cost	18,389
Differences Between Expected and Actual Experience	797,032
Changes in Assumptions or Other Inputs	441,957
Contributions-Employer	-
Net Investment income	-
Benefit Payments	(71,955)
Administrative Expense	-
Net Changes	<u>1,309,395</u>
Balances at June 30, 2021	<u>\$ 1,234,485</u>

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 (2.54%)	Discount Rate (3.54%)	One Percent Increase (4.54%)
<u>June 30, 2022</u>			
Net OPEB Liability (Asset)	<u>\$ 2,292,000</u>	<u>\$ 2,092,817</u>	<u>\$ 1,915,000</u>
	One Percent Decrease (1.16%)	Discount Rate (2.16%)	One Percent Increase (3.16%)
<u>June 30, 2021</u>			
Net OPEB Liability (Asset)	<u>\$ 2,248,000</u>	<u>\$ 2,053,490</u>	<u>\$ 1,878,000</u>

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 (5.75%)	Trend Rate (6.75%)	One Percent Increase (7.75%)
<u>June 30, 2022</u>			
Net OPEB Liability (Asset)	<u>\$ 1,801,000</u>	<u>\$ 2,092,817</u>	<u>\$ 2,457,000</u>
	One Percent Decrease (5.50%)	Trend Rate (6.50%)	One Percent Increase (7.50%)
<u>June 30, 2021</u>			
Net OPEB Liability (Asset)	<u>\$ 1,767,000</u>	<u>\$ 2,053,490</u>	<u>\$ 2,410,000</u>

**BROADLAWNS MEDICAL CENTER  
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**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**Net OPEB Liability (Asset) (Continued)**

For the years ended June 30, 2022 and 2021, the Medical Center recognized OPEB expenses of \$403,444 and \$158,128, respectively. At June 30, 2022 and 2021, 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, 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>
	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>June 30, 2021</u>		
Difference Between Expected and Actual Liability	\$ 756,708	\$ 376,071
Change of Assumptions	442,076	168,098
Net Difference Between Projected and Actual Investment Earnings	-	-
Total	<u>\$ 1,198,784</u>	<u>\$ 544,169</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
2023	\$ 1,560
2024	1,560
2025	1,560
2026	1,560
2027	1,560
Thereafter	364,453
Total	<u>\$ 372,253</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  
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**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, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary Increases	3.00%
Discount Rate	3.54%
Health Care Trend Rates	7.00%
	Decreasing to 4.50% Over 10 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, 2022 and 2021, the most recent valuation date, the plan was 0% funded. As of June 30, 2022 and 2021, the actuarial accrued liability for benefits was \$2,092,817 and \$2,053,490, respectively, and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$2,092,817 and \$2,053,490, respectively. The covered payroll was \$90,285,414 and \$87,655,742, respectively, and the ratio of the UAAL to the covered payroll was 2.32% and 2.34%, 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, 2022  
 (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, 2022:

<u>GAAP Expenses</u>	<u>Adjustments to Budgetary Basis</u>	<u>Budgetary Basis</u>	<u>Adopted Budget</u>	<u>Budget to Actual Variance Over (Under) Budget</u>
\$ 217,116,025	\$ 598,704	\$ 217,714,729	\$ 232,184,111	\$ (14,469,382)

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

	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>						
Service Cost	\$ 350,834	\$ 123,972	\$ 151,224	\$ 146,110	\$ 146,110	\$ 140,666
Interest	51,050	18,389	28,689	42,219	36,766	32,540
Changes of Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	797,032	-	(474,592)	-	-
Changes of Assumptions	(280,801)	441,957	(92,139)	28,368	(20,573)	(114,991)
Benefit Payments	(81,756)	(71,955)	(24,285)	(12,646)	(30,161)	(14,489)
<b>Net Change in Total OPEB Liability</b>	<u>39,327</u>	<u>1,309,395</u>	<u>63,489</u>	<u>(270,541)</u>	<u>132,142</u>	<u>43,726</u>
<b>Total OPEB Liability - Beginning</b>	<u>1,234,485</u>	<u>(74,910)</u>	<u>(138,399)</u>	<u>132,142</u>	<u>-</u>	<u>775,279</u>
<b>Total OPEB Liability - Ending (a)</b>	<u><u>\$ 1,273,812</u></u>	<u><u>\$ 1,234,485</u></u>	<u><u>\$ (74,910)</u></u>	<u><u>\$ (138,399)</u></u>	<u><u>\$ 132,142</u></u>	<u><u>\$ 819,005</u></u>
<b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Investment Income	-	-	-	-	-	-
Benefit Payments	-	-	-	-	-	-
Administrative Expense	-	-	-	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<b>District's Net OPEB Liability - Ending (a) - (b)</b>	<u><u>\$ 1,273,812</u></u>	<u><u>\$ 1,234,485</u></u>	<u><u>\$ (74,910)</u></u>	<u><u>\$ (138,399)</u></u>	<u><u>\$ 132,142</u></u>	<u><u>\$ 819,005</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	<u><u>\$ 90,285,414</u></u>	<u><u>\$ 87,655,742</u></u>	<u><u>\$ 78,369,000</u></u>	<u><u>\$ 75,718,967</u></u>	<u><u>\$ 75,565,000</u></u>	<u><u>\$ 73,009,785</u></u>
District's Net OPEB Liability as a Percentage of Covered Payroll	1.41%	1.41%	-0.10%	-0.18%	0.17%	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, 2022, 2021, 2020, 2019, 2018, 2017, 2016, AND 2015  
(SEE INDEPENDENT AUDITORS' REPORT)**

Iowa Public Employees' Retirement System Last Fiscal Year\*

	2022	2021	2020	2019	2018	2017	2016	2015
Medical Center's Proportion of the Net Pension Liability	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	\$ 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	\$ 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	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	99.65 %	84.38 %	84.38 %	82.57 %	81.99%	0.82 %	0.85 %	0.88 %

\*The amounts presented for the fiscal years ended June 30, 2022 and 2021 were determined as of June 30, 2021 and 2020, 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, 2022  
(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)
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
2013	4,195,017	4,195,017	-	47,992,511	8.74

**BROADLAWNS MEDICAL CENTER**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, PENSION LIABILITY (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2022**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

**NOTE 1 PENSION LIABILITY**

**Changes of Benefit Terms**

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

**Changes of Assumptions**

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.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

**BROADLAWNS MEDICAL CENTER**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, OPEB LIABILITY (UNAUDITED)**  
**YEAR ENDED JUNE 30, 2022**  
**(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 implemented the following changes of assumptions:

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

The 2021 valuation implemented the following changes of assumptions:

- The discount rate was updated from 2.21% to 2.16%.
- The mortality assumption was updated from RP-2014 mortality table with generational scale MP-2018 to Pub-2010 mortality table with generational scale MP-2020 to reflect the Society of Actuaries' recent mortality study.
- The retirement rates and termination tables were updated to the rates from the IPERS 2018 valuation to the IPERS 2020 valuation. This resulted in no change to retirement or termination rates.

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

ASSETS AND DEFERRED OUTFLOWS	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
<b>CURRENT ASSETS</b>					
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>
<b>NONCURRENT ASSETS</b>					
Noncurrent Cash and Investments, Net of Current Portion:					
Cash and Cash Equivalents	6,759,825	-	-	-	6,759,825
Investments	2,975,024	-	-	-	2,975,024
Total Noncurrent Cash and Investments	<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	105,538,488	-	9,462	-	105,547,950
Total Capital Assets	<u>109,332,041</u>	<u>-</u>	<u>9,462</u>	<u>-</u>	<u>109,341,503</u>
Total Noncurrent Assets	<u>119,066,890</u>	<u>-</u>	<u>9,462</u>	<u>-</u>	<u>119,076,352</u>
Total Assets	382,768,172	394,674	2,613,614	2,221,292	383,555,168
<b>DEFERRED OUTFLOWS</b>					
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 and Deferred Outflows	<u>\$ 398,152,447</u>	<u>\$ 394,674</u>	<u>\$ 2,613,614</u>	<u>\$ 2,221,292</u>	<u>\$ 398,939,443</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
<b>CURRENT LIABILITIES</b>					
Current Maturities of Long-Term Debt	\$ 564,490	\$ -	\$ -	\$ -	\$ 564,490
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	<u>2,071,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,071,177</u>
Total Current Liabilities	<u>25,702,711</u>	<u>791,564</u>	<u>1,533,667</u>	<u>2,221,292</u>	<u>25,806,650</u>
<b>NONCURRENT LIABILITIES</b>					
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	3,334,895	-	-	-	3,334,895
Net Pension Liability	<u>1,438,677</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,438,677</u>
Total Noncurrent Liabilities	<u>9,833,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,833,640</u>
Total Liabilities	35,536,351	791,564	1,533,667	2,221,292	35,640,290
<b>DEFERRED INFLOWS</b>					
Related to Pension	53,456,351	-	-	-	53,456,351
Related to Postemployment Benefits	761,884	-	-	-	761,884
Revenue for Succeeding Year Property Taxes	<u>72,430,984</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,430,984</u>
Total Deferred Inflows	<u>126,649,219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,649,219</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	105,168,961	-	9,462	-	105,178,423
Restricted:					
For Enabling Legislation	101,263	-	-	-	101,263
For Specific Activities	54,286	59,993	-	-	114,279
Unrestricted	<u>130,642,367</u>	<u>(456,883)</u>	<u>1,070,485</u>	<u>-</u>	<u>131,255,969</u>
Total Net Position	<u>235,966,877</u>	<u>(396,890)</u>	<u>1,079,947</u>	<u>-</u>	<u>236,649,934</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 398,152,447</u>	<u>\$ 394,674</u>	<u>\$ 2,613,614</u>	<u>\$ 2,221,292</u>	<u>\$ 398,939,443</u>

**BROADLAWNS MEDICAL CENTER**  
**COMBINING STATEMENT OF NET POSITION – BY DEPARTMENT (CONTINUED)**  
**JUNE 30, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS AND DEFERRED OUTFLOWS	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	\$ 45,342,233	\$ 2,701	\$ 1,044,629	\$ -	\$ 46,389,563
Restricted Cash and Cash Equivalents	12,388,829	17,855	-	-	12,406,684
Short-Term Investments	69,142,260	-	-	-	69,142,260
Restricted Short-Term Investments	34,234,247	-	-	-	34,234,247
Receivables:					
Patients, Net	12,729,713	251,396	31,058	-	13,012,167
Property Taxes	492,185	-	-	-	492,185
Succeeding Year Property Taxes	68,519,049	-	-	-	68,519,049
Federal Grants	1,675,651	-	-	-	1,675,651
Nonfederal Grants	234,415	-	-	-	234,415
Other	2,299,915	-	-	1,715,934 (1)	583,981
Due from Third-Party Payors	742,634	-	-	-	742,634
Inventories	2,518,241	-	-	-	2,518,241
Prepaid Expenses and Other Assets	1,592,363	1,057	6,451	-	1,599,871
Total Current Assets	<u>251,911,735</u>	<u>273,009</u>	<u>1,082,138</u>	<u>1,715,934</u>	<u>251,550,948</u>
<b>NONCURRENT ASSETS</b>					
Assets Limited as to Use or Restricted, Net of Current Portion:					
Cash and Cash Equivalents	5,829,367	-	-	-	5,829,367
Investments	2,971,758	-	-	-	2,971,758
Total Assets Limited as to Use or Restricted	<u>8,801,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,801,125</u>
Capital Assets:					
Nondepreciable	9,420,398	-	-	-	9,420,398
Depreciable, Net	96,564,474	-	27,130	-	96,591,604
Total Capital Assets	<u>105,984,872</u>	<u>-</u>	<u>27,130</u>	<u>-</u>	<u>106,012,002</u>
Total Noncurrent Assets	<u>114,785,997</u>	<u>-</u>	<u>27,130</u>	<u>-</u>	<u>114,813,127</u>
Total Assets	366,697,732	273,009	1,109,268	1,715,934	366,364,075
<b>DEFERRED OUTFLOWS</b>					
Related to Pension	21,433,661	-	-	-	21,433,661
Related to Postemployment Benefits	1,198,784	-	-	-	1,198,784
Total Deferred Outflows	<u>22,632,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,632,445</u>
Total Assets	<u>\$ 389,330,177</u>	<u>\$ 273,009</u>	<u>\$ 1,109,268</u>	<u>\$ 1,715,934</u>	<u>\$ 388,996,520</u>

(1) To eliminate interdepartmental receivables and payables.

**BROADLAWNS MEDICAL CENTER**  
**COMBINING STATEMENT OF NET POSITION – BY DEPARTMENT (CONTINUED)**  
**JUNE 30, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>	<u>Medical Center</u>	<u>Residential Facilities</u>	<u>Positive Alternatives to Hospitalization (PATH)</u>	<u>Eliminations</u>	<u>Total Medical Center</u>
<b>CURRENT LIABILITIES</b>					
Current Maturities of Long-Term Debt	\$ 105,770	\$ -	\$ -	\$ -	\$ 105,770
Accounts Payable and Other Accrued Expenses	5,745,816	1,255,486	467,471	1,715,934 (1)	5,752,839
Accrued Employee Compensation and Payroll Taxes	14,443,780	30,373	78,822	-	14,552,975
Due to Third-Party Payors	1,371,545	-	-	-	1,371,545
Current Portion of Accrued Claims on Self-Insurance	1,974,389	-	-	-	1,974,389
Total Current Liabilities	<u>23,641,300</u>	<u>1,285,859</u>	<u>546,293</u>	<u>1,715,934</u>	<u>23,757,518</u>
<b>NONCURRENT LIABILITIES</b>					
Other Postemployment Benefits	2,053,490	-	-	-	2,053,490
Accrued Claims on Self-Insurance, Less Current Portion	2,970,643	-	-	-	2,970,643
Long-Term Debt, Less Current Maturities	309,167	-	-	-	309,167
Net Pension Liability	71,897,867	-	-	-	71,897,867
Total Noncurrent Liabilities	<u>77,231,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,231,167</u>
Total Liabilities	100,872,467	1,285,859	546,293	1,715,934	100,988,685
<b>DEFERRED INFLOWS</b>					
Related to Pension	1,704,384	-	-	-	1,704,384
Related to Postemployment Benefits	544,169	-	-	-	544,169
Revenue for Succeeding Year Property Taxes	68,519,049	-	-	-	68,519,049
Total Deferred Inflows	<u>70,767,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,767,602</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	105,410,138	-	27,130	-	105,437,268
Restricted:					
For Enabling Legislation	117,646	-	-	-	117,646
For Specific Activities	55,201	17,855	-	-	73,056
Unrestricted	112,107,123	(1,030,705)	535,845	-	111,612,263
Total Net Position	<u>217,690,108</u>	<u>(1,012,850)</u>	<u>562,975</u>	<u>-</u>	<u>217,240,233</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 389,330,177</u>	<u>\$ 273,009</u>	<u>\$ 1,109,268</u>	<u>\$ 1,715,934</u>	<u>\$ 388,996,520</u>

**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
<b>OPERATING REVENUE</b>					
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>
<b>OPERATING EXPENSES</b>					
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	74,760,188	123,726	303,339	85,631 (1)	75,101,622
Depreciation and Amortization	9,605,394	-	40,362	-	9,645,756
Total Operating Expenses	<u>214,763,491</u>	<u>892,828</u>	<u>1,545,337</u>	<u>85,631</u>	<u>217,116,025</u>
<b>OPERATING LOSS</b>	(53,188,523)	(617,800)	516,972	-	(53,289,351)
<b>NONOPERATING REVENUE (EXPENSE)</b>					
Property Taxes Revenue	72,303,962	-	-	-	72,303,962
Property Taxes Expense	-	-	-	-	-
Noncapital Grants and Contributions	81,290	-	-	-	81,290
Investment Earnings	391,885	-	-	-	391,885
Interest Expense	(42,469)	-	-	-	(42,469)
Other, Net	(477,216)	-	-	-	(477,216)
Total Nonoperating Revenue, Net	<u>72,257,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,257,452</u>
<b>EQUITY TRANSFER</b>	(1,233,760)	1,233,760	-	-	-
<b>CAPITAL CONTRIBUTIONS</b>	441,600	-	-	-	441,600
<b>CHANGE IN NET POSITION</b>	18,276,769	615,960	516,972	-	19,409,701
Net Position - Beginning of Year	<u>217,690,108</u>	<u>(1,012,850)</u>	<u>562,975</u>	<u>-</u>	<u>217,240,233</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 235,966,877</u>	<u>\$ (396,890)</u>	<u>\$ 1,079,947</u>	<u>\$ -</u>	<u>\$ 236,649,934</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, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
<b>OPERATING REVENUE</b>					
Net Patient Service Revenue	\$ 141,069,232	\$ 39,536	\$ 1,327,048	\$ -	\$ 142,435,816
Contracts	650,322	-	66,395	-	716,717
Operating Grants	3,535,639	-	-	-	3,535,639
Other	3,834,444	-	-	80,877 (1)	3,753,567
Total Operating Revenue	<u>149,089,637</u>	<u>39,536</u>	<u>1,393,443</u>	<u>80,877</u>	<u>150,441,739</u>
<b>OPERATING EXPENSES</b>					
Salaries and Wages	94,775,676	580,843	886,394	-	96,242,913
Employee Benefits:					
Pension	13,242,473	85,048	132,394	-	13,459,915
All Others	19,358,213	198,005	260,701	-	19,816,919
Physician Fees and Outside Services	6,713,896	-	-	-	6,713,896
Supplies and Other Expenses	63,196,225	150,129	303,397	80,877 (1)	63,568,874
Depreciation and Amortization	8,581,674	807	20,673	-	8,603,154
Total Operating Expenses	<u>205,868,157</u>	<u>1,014,832</u>	<u>1,603,559</u>	<u>80,877</u>	<u>208,405,671</u>
<b>OPERATING LOSS</b>	(56,778,520)	(975,296)	(210,116)	-	(57,963,932)
<b>NONOPERATING REVENUE (EXPENSE)</b>					
Property Taxes Revenue	73,224,440	-	-	-	73,224,440
Property Taxes Expense	(2,800,000)	-	-	-	(2,800,000)
Noncapital Grants and Contributions	1,150,801	-	-	-	1,150,801
Investment Earnings	882,387	-	-	-	882,387
Interest Expense	(28,333)	-	-	-	(28,333)
Other, Net	28,760	438	-	-	29,198
Total Nonoperating Revenue, Net	<u>72,458,055</u>	<u>438</u>	<u>-</u>	<u>-</u>	<u>72,458,493</u>
<b>EQUITY TRANSFER</b>	(749,179)	749,179	-	-	-
<b>CAPITAL CONTRIBUTIONS</b>	716,790	-	-	-	716,790
<b>CHANGE IN NET POSITION</b>	15,647,146	(225,679)	(210,116)	-	15,211,351
Net Position - Beginning of Year - As Previously Stated	202,045,977	(787,171)	773,091	-	202,031,897
<b>PRIOR PERIOD ADJUSTMENT - GASB 87 ADOPTION</b>	(3,015)	-	-	-	(3,015)
Net Position - Beginning of Year - As Restated	<u>202,042,962</u>	<u>(787,171)</u>	<u>773,091</u>	<u>-</u>	<u>202,028,882</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 217,690,108</u>	<u>\$ (1,012,850)</u>	<u>\$ 562,975</u>	<u>\$ -</u>	<u>\$ 217,240,233</u>

(1) To eliminate interdepartmental transactions.

**BROADLAWNS MEDICAL CENTER  
ANALYSIS OF NET PATIENT RECEIVABLES  
JUNE 30, 2022 AND 2021  
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>2022</u>		<u>2021</u>	
	<u>Amounts</u>	<u>Percent to Total</u>	<u>Amounts</u>	<u>Percent to Total</u>
0 - 30 (In-House and Unbilled)	\$ 27,791,313	57 %	\$ 26,564,196	52 %
31 - 60	5,977,867	13	8,950,447	18
61 - 90	3,473,521	7	4,046,137	8
91 - 120	1,991,733	4	2,397,547	5
121 - 150	1,640,131	3	1,586,488	3
151 and over	7,568,914	16	6,937,634	14
	<u>48,443,479</u>	<u>100 %</u>	<u>50,482,449</u>	<u>100 %</u>
Allowance for Doubtful Accounts	(5,651,000)		(6,104,000)	
Allowance for Charity Care	(5,566,000)		(4,593,000)	
Allowance for Contractual and Other Adjustments	<u>(24,107,574)</u>		<u>(26,773,282)</u>	
 Total	 <u>\$ 13,118,905</u>		 <u>\$ 13,012,167</u>	
Medicare	\$ 4,979,802	39 %	\$ 5,804,183	44 %
Medicaid	5,188,819	40	4,825,659	37
Private Pay	1,689,282	13	1,514,991	12
Other	1,261,002	8	867,334	7
 Total	 <u>\$ 13,118,905</u>	 <u>100 %</u>	 <u>\$ 13,012,167</u>	 <u>100 %</u>

**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	34,167,236	5,631,432	1,173,297	40,971,965	23,492,847	3,270,791	(960,445)	25,803,193
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	176,196,052	15,998,953	(7,588,338)	184,606,667	71,639,715	9,349,317	(4,564,642)	76,424,390
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	14,595,817	-	(5,202,229)	9,393,588	13,167,282	278,771	(5,202,229)	8,243,824
Total Medical Center	190,791,869	15,998,953	(12,790,567)	194,000,255	84,806,997	9,628,088	(9,766,871)	84,668,214
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	344,637	17,668	-	362,305
Total PATH	371,767	-	-	371,767	344,637	17,668	-	362,305
Total	\$ 191,202,388	\$ 15,998,953	\$ (12,790,567)	\$ 194,410,774	\$ 85,190,386	\$ 9,645,756	\$ (9,766,871)	\$ 85,069,271

**BROADLAWNS MEDICAL CENTER  
CHANGES IN CAPITAL ASSETS AND ACCUMULATED  
DEPRECIATION AND AMORTIZATION  
YEAR ENDED JUNE 30, 2021  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Capital Assets			Accumulated Depreciation and Amortization				
	June 30, 2020	Additions	Transfers and Disposals	June 30, 2021	June 30, 2020	Current Provision	Deductions	June 30, 2021
Medical Center:								
Land	\$ 2,076,909	\$ -	\$ -	\$ 2,076,909	\$ -	\$ -	\$ -	\$ -
Land Improvements	10,012,417	-	510,057	10,522,474	4,693,831	476,747	-	5,170,578
Buildings	37,575,213	-	13,588,009	51,163,222	12,318,881	1,244,516	(9,053)	13,554,344
Building Equipment	53,279,188	13,861	17,185,477	70,478,526	25,846,190	3,565,565	(372,466)	29,039,289
Fixed Equipment	428,584	-	7,356	435,940	366,145	27,524	(39,334)	354,335
Major Moveable Equipment	32,363,509	1,619,105	184,622	34,167,236	21,748,036	2,973,726	(1,228,915)	23,492,847
Equipment under Capital Lease	28,322	-	-	28,322	28,322	-	-	28,322
Construction in Progress	29,678,851	11,696,181	(34,051,609)	7,323,423	-	-	-	-
Total	165,442,993	13,329,147	(2,576,088)	176,196,052	65,001,405	8,288,078	(1,649,768)	71,639,715
Mental Health Facility:								
Land	20,066	-	-	20,066	-	-	-	-
Land Improvements	186,146	-	26,276	212,422	186,146	6,569	-	192,715
Buildings	6,960,101	-	(91,520)	6,868,581	6,187,991	69,551	(72,834)	6,184,708
Building Equipment	6,141,134	-	767,187	6,908,321	5,985,956	217,476	-	6,203,432
Major Moveable Equipment	586,427	-	-	586,427	586,427	-	-	586,427
Total	13,893,874	-	701,943	14,595,817	12,946,520	293,596	(72,834)	13,167,282
Total Medical Center	179,336,867	13,329,147	(1,874,145)	190,791,869	77,947,925	8,581,674	(1,722,602)	84,806,997
Residential Facilities:								
Major Moveable Equipment	6,919	-	(6,919)	-	6,919	-	(6,919)	-
Vehicles	60,643	-	(21,891)	38,752	59,837	806	(21,891)	38,752
Total Residential Facilities	67,562	-	(28,810)	38,752	66,756	806	(28,810)	38,752
Positive Alternative to Hospitalization (PATH):								
Building Equipment	935	-	(935)	-	935	-	(935)	-
Vehicles	371,767	-	-	371,767	323,964	20,673	-	344,637
Major Moveable Equipment	93,328	-	(93,328)	-	93,328	-	(93,328)	-
Total PATH	466,030	-	(94,263)	371,767	418,227	20,673	(94,263)	344,637
Total	\$ 179,870,459	\$ 13,329,147	\$ (1,997,218)	\$ 191,202,388	\$ 78,432,908	\$ 8,603,153	\$ (1,845,675)	\$ 85,190,386



**BROADLAWNS MEDICAL CENTER  
PATIENT SERVICE REVENUE  
YEARS ENDED JUNE 30, 2022 AND 2021  
(SEE INDEPENDENT AUDITORS' REPORT)**

	2022			2021		
	Inpatients	Outpatients	Total	Inpatients	Outpatients	Total
<b>Daily Patient Services:</b>						
Medical, Surgical	\$ 10,125,496	\$ 8,772,573	\$ 18,898,069	\$ 10,344,930	\$ 6,726,421	\$ 17,071,351
Mental Health	22,172,883	41,294	22,214,177	20,617,911	1,268	20,619,179
Intensive Care	3,861,469	318,078	4,179,547	3,492,616	223,478	3,716,094
Family Birthing Center	5,541,855	497,981	6,039,836	4,292,504	307,624	4,600,128
Transitional Facilities	507,162	-	507,162	542,944	-	542,944
Residential Facilities	839,575	-	839,575	785,734	-	785,734
<b>Total Daily Patient Services</b>	<b>43,048,440</b>	<b>9,629,926</b>	<b>52,678,366</b>	<b>40,076,639</b>	<b>7,258,791</b>	<b>47,335,430</b>
<b>Other Nursing Services:</b>						
Surgical Services	4,039,969	44,827,099	48,867,068	4,853,690	51,214,741	56,068,431
Medical and Surgical Supplies	1,506,668	10,905,878	12,412,546	2,347,724	13,096,287	15,444,011
<b>Ambulatory Care Services:</b>						
Addiction Medicine	11,695	611,858	623,553	-	505,048	505,048
Crisis	549	1,946,623	1,947,172	816	2,260,825	2,261,641
Dental Clinic	-	1,453,416	1,453,416	-	1,140,311	1,140,311
Emergency	2,632,985	16,753,591	19,386,576	2,538,232	13,679,351	16,217,583
Endocrinology Clinic	-	439,415	439,415	-	460,401	460,401
Eye Clinic	-	2,399,207	2,399,207	-	2,204,425	2,204,425
Family Health Center	136	2,147,414	2,147,550	408	2,184,820	2,185,228
Geriatrics Clinic	-	522,711	522,711	-	486,370	486,370
Integrated Health Home	-	1,898,723	1,898,723	-	2,129,367	2,129,367
Internal Medicine Clinic	-	551,736	551,736	18	609,871	609,889
Neurology Clinic	-	569,334	569,334	-	581,061	581,061
Oncology Clinic	-	2,135,264	2,135,264	-	1,735,819	1,735,819
Optical Shop	-	398,561	398,561	-	410,270	410,270
Orthopedics Clinic	-	1,019,554	1,019,554	18	1,017,467	1,017,485
Outpatient Behavioral Health	819,370	7,438,102	8,257,472	639,878	8,432,243	9,072,121
Pain Management Center	5,709	6,496,368	6,502,077	1,420	7,147,117	7,148,537
Pediatric Clinic	-	722,766	722,766	-	615,209	615,209
Podiatry Clinic	-	3,088,622	3,088,622	1,500	2,677,294	2,678,794
Primary Care Clinic	5,448	3,507,863	3,513,311	180	3,624,053	3,624,233
Sleep Medicine and Allergy Clinic	-	893,159	893,159	-	965,627	965,627
Specialty Clinic	-	67,410	67,410	-	142,460	142,460
Surgery Clinic	9,570	1,661,327	1,670,897	23,394	1,292,034	1,315,428
Urology Clinic	-	3,173,295	3,173,295	-	3,141,022	3,141,022
Walk-In Clinic	56	3,983,562	3,983,618	824	3,002,667	3,003,491
Women's Health Clinic	422	1,745,349	1,745,771	443	1,130,232	1,130,675
PATH	-	1,633,763	1,633,763	-	1,343,042	1,343,042
<b>Total Other Nursing Services</b>	<b>9,032,577</b>	<b>122,991,970</b>	<b>132,024,547</b>	<b>10,408,545</b>	<b>127,229,434</b>	<b>137,637,979</b>

**BROADLAWNS MEDICAL CENTER  
PATIENT SERVICE REVENUE (CONTINUED)  
YEARS ENDED JUNE 30, 2022 AND 2021  
(SEE INDEPENDENT AUDITORS' REPORT)**

	2022			2021		
	Inpatients	Outpatients	Total	Inpatients	Outpatients	Total
Other Physician Services:						
Anesthesiology	\$ 1,306,724	\$ 5,326,098	\$ 6,632,822	\$ 1,420,715	\$ 5,806,871	\$ 7,227,586
Cardiology	26,561	322,477	349,038	47,171	548,400	595,571
Dallas Center Clinic	-	723,298	723,298	-	872,128	872,128
Downtown Clinic	-	2,066,418	2,066,418	-	1,348,768	1,348,768
Drake University Clinic	-	72,931	72,931	-	11,850	11,850
East University Clinic	-	6,362,377	6,362,377	171	4,389,868	4,390,039
Emergency Medicine	1,224,514	7,953,100	9,177,614	1,327,757	6,812,228	8,139,985
Endocrinology	-	303,379	303,379	-	283,937	283,937
ENT	7,366	2,823,589	2,830,955	9,635	1,574,317	1,583,952
Gastroenterology	-	-	-	-	-	-
Geriatrics	70	487,023	487,093	-	452,319	452,319
Internal Medicine	41,323	3,570,367	3,611,690	38,484	2,622,914	2,661,398
Medical Education	816,022	2,547,869	3,363,891	102,328	2,203,789	2,306,117
Neurology	15,616	428,943	444,559	13,823	447,770	461,593
Obstetrics and Gynecology	2,753,517	1,280,811	4,034,328	2,576,939	1,034,694	3,611,633
Oncology	-	388,586	388,586	32	331,340	331,372
Ophthalmology	2,813	2,992,315	2,995,128	1,835	3,070,668	3,072,503
Orthopedics	212,166	2,096,379	2,308,545	343,933	2,530,053	2,873,986
Pain Management Center	-	2,366,554	2,366,554	58	2,350,639	2,350,697
Pediatrics	10,978	893,807	904,785	-	526,011	526,011
Podiatry	209,180	1,370,254	1,579,434	219,463	1,194,179	1,413,642
Primary Care Clinic	80,255	2,311,432	2,391,687	32,364	2,236,155	2,268,519
Psychiatry	10,816	5,828,775	5,839,591	20,182	5,840,001	5,860,183
Sleep Medicine and Allergy	-	768,959	768,959	-	965,604	965,604
Surgery	170,009	1,235,805	1,405,814	266,386	1,024,629	1,291,015
Urology	31,694	2,097,265	2,128,959	49,293	2,453,627	2,502,920
Walk-In Clinic	-	1,922,801	1,922,801	-	1,391,151	1,391,151
Other Physician Services	-	48,998	48,998	-	51,708	51,708
Total Other Physician Services	6,919,624	58,590,610	65,510,234	6,470,569	52,375,618	58,846,187
Other Professional Services:						
Laboratory	5,717,546	23,169,255	28,886,801	5,246,099	18,858,873	24,104,972
Pharmacy	3,262,517	44,808,405	48,070,922	3,388,136	38,702,516	42,090,652
Radiology	4,660,287	45,839,012	50,499,299	4,941,509	41,757,399	46,698,908
Respiratory Therapy	2,357,262	1,775,469	4,132,731	2,216,442	1,457,351	3,673,793
Diagnostic Services	651,619	2,977,538	3,629,157	585,855	2,925,380	3,511,235
Physical and Occupational Therapy	260,597	2,993,056	3,253,653	272,741	2,941,466	3,214,207
Speech and Hearing Therapy	74,149	360,567	434,716	47,238	277,801	325,039
Total Other Professional Services	16,983,977	121,923,302	138,907,279	16,698,020	106,920,786	123,618,806
Gross Charges at Established Rates	\$ 75,984,618	\$ 313,135,808	389,120,426	\$ 73,653,773	\$ 293,784,629	367,438,402
Charity Care Charges Forgone, Based on Established Rates			(11,611,111)			(14,859,091)
Total Gross Patient Service Revenue			377,509,315			352,579,311
Provisions for Contractual and Other Adjustments			(212,188,413)			(198,072,222)
Provision for Bad Debts			(11,187,319)			(12,071,273)
Total Net Patient Service Revenue			\$ 154,133,583			\$ 142,435,816

**BROADLAWNS MEDICAL CENTER  
OTHER OPERATING REVENUE  
YEARS ENDED JUNE 30, 2022 AND 2021  
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>2022</u>	<u>2021</u>
Grants:		
Broadlawns Medical Center:		
Women, Infants, and Children Program, State of Iowa, (IDPH)	\$ 2,443,341	\$ 2,553,442
WIC Breast Pump Program, State of Iowa, (IDPH)	32,233	20,501
Hospital Preparedness Program	-	20,882
Farmers Market Nutrition Program, State of Iowa (IDALS)	4,718	4,657
Merit/Magellan, Iowa Plan, Iowa State Department of Public Health	-	17,992
Breastfeeding Peer Counseling, State of Iowa, (IDPH)	114,929	86,337
COVID-19 Grant, State of Iowa, (Iowa Finance Authority)	323,666	399,285
Community Grant, Polk County	-	78,000
Zero Suicide Iowa, Iowa State Department of Public Health	3,000	15,000
Hypertension and Cholesterol Improvement Project, Iowa State Department of Public Health	2,500	100,500
COVID-19 Preparedness Grant, Iowa Hospital Association	-	50,641
COVID-19 Grant, State of Iowa, (IA Homeland Security & Emergency Management)	199,908	-
Apprenticeship USA Expansion and Innovation, Iowa Workforce Development	11,353	188,402
Total Grants	<u>3,135,648</u>	<u>3,535,639</u>
Contracts:		
Polk County Health Services:		
Addiction Medicine	322,080	322,080
ISA Nurse Practitioner	435,340	66,395
Workforce Recruitment and Retention	697,130	-
Annual Incentive	52,727	-
Other:		
Medical and Dental Education, University of Iowa	329,686	236,162
Medicare and Medicaid Innovation	4,553	24,834
Integrated Health Home, Magellan	38,497	67,246
Total Contracts	<u>1,880,013</u>	<u>716,717</u>
Other:		
Electronic Health Records Incentive Programs	527,000	-
Family Practice Program, Iowa Methodist Medical Center	173,358	173,358
Purchase Discounts	2,254	880
Refunds and Rebates	391,987	381,185
Sales and Supplies, Services, and Salvage	2,430,975	2,277,522
Des Moines Consortium Contribution	49,917	57,167
Psychiatry Education Foundation	922,630	699,331
Miscellaneous	179,309	164,124
Total Other	<u>4,677,430</u>	<u>3,753,567</u>
Total Other Operating Revenue	<u>\$ 9,693,091</u>	<u>\$ 8,005,923</u>



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