

BROADLAWNS MEDICAL CENTER
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2025 AND 2024



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**BROADLAWNS MEDICAL CENTER
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Broadlawns Medical Center
Des Moines, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Broadlawns Medical Center (Medical Center), and Broadlawns Medical Center Foundation (Foundation), a discretely presented component unit, as of and for the years ended June 30, 2025 and 2024, 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, 2025 and 2024, 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 – 15 and the required supplementary information as listed in the table of contents, on pages 50 – 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information, except for that portion marked "unaudited," has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it. In our opinion, except for that portion marked "unaudited", the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2026, 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

Des Moines, Iowa
January 26, 2026

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

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, 2025 and 2024. 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, 2025, 2024, and 2023.

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, 2025 AND 2024**

Organization (Continued)

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

Financial Highlights

- For the year the Medical Center's change in net position is \$57,258,771, which is an increase of \$23,209,660 from last fiscal year, which ended with a change in net position of \$34,049,111.
- Fiscal year 2025 Net Patient Service Revenue exceeded fiscal year 2024 by \$37,273,757 specifically due to supplemental revenues from the Medicaid Directed Payment Program (DPP) which exceeded budget expectations and prior year amounts. Additionally, the Medical Center experienced strong patient volumes resulting in strong gross revenues.
- The Medical Center was required to recognize an additional \$14,839,832 in Net Revenues based on the unanticipated favorable outcome from the fiscal year 2024 Iowa Medicaid reconciliation of Directed Payments, in accordance with accounting standards.
- The Medical Center also was unexpectedly awarded \$8,987,038 in FEMA grant funds related to fiscal years 2021, 2022, and 2023.
- Total operating revenue for the year was \$272,396,622, which is an increase of \$47,714,498 compared to fiscal year 2024.
- At the time of the creation of the fiscal year 2025 budget, the three significant revenue enhancements above were not known. Management therefore submitted the fiscal year 2025 budget with a 9.3% reduction to the total tax levy rate in alignment with anticipated revenue and expense outcomes.
- Total operating expenses for the current fiscal year were \$20,194,940 more than last fiscal year. Fiscal year 2025 total operating expenses include \$8,898,343 related to the Medicaid Directed Payment Program referenced above.
- Net nonoperating revenue, which includes revenue from the property tax levy, decreased \$3,740,495.
- Total Assets on June 30, 2025, increased by \$57,259,468 over the prior year and \$107,309,762 over June 30, 2023.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Financial Highlights (Continued)

- In addition to strong Patient Service Revenues, the increase in Total Assets is primarily due to the fiscal year 2024 implementation of the Iowa Medicaid Directed Payment Program and the subsequent payments to the Medical Center in excess of budgeted expectations. Additionally, the Medical Center has had lower than average cash outflows for Capital Investments over the past two years. The result is larger than average cash and investment holdings. These funds are held in cash and conservative investments in accordance with Iowa State Code. These cash and investment holdings will be used to fund deferred infrastructure replacement and deferred capital maintenance of the Medical Center, as well as funding expanded patient access in the community.
- During the fiscal year, the Medical Center made capital investments totaling \$13,080,959. Capital investments were greater than depreciation expense of \$12,948,078 by \$132,881. The following is a list of significant purchases and improvements placed in service during the fiscal year:

Capital Investments	Vendor	Department	Amount
HR Information System	Workday & Strada US Professional Svc	Human Resources	\$ 2,148,243
Laboratory Testing System	Beckman Coulter & Graham Construction	Lab	1,853,040
Nurse Call Lights	Communication Engineering Company	Nursing	904,078
Dallas County WIC Office	Various	WIC	632,204
IT Data Storage	Teknicor	Information Systems	459,549

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

Net Position

June 30, 2025: Total current assets are \$336,123,451, which is \$6,848,025 more than last year. The difference is mainly due to an increase in short-term investments of \$41,264,029, which was offset by a decrease in due from third-party payors and restricted short-term investments of \$24,442,806 and \$10,000,005, respectively. Total noncurrent assets are \$179,402,436, which is \$50,411,443 more than last year. The increase is driven by an increase in noncurrent cash and investments of \$59,992,616 and offset by a decrease in capital assets of \$9,581,173.

Deferred outflows related to pension are \$20,751,647 which is \$2,122,175 less than last year. Deferred outflows related to postemployment benefits are \$975,700, which is \$29,144 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 \$51,743,811 are \$236,110 more than last fiscal year. Noncurrent liabilities of \$53,842,951 are \$4,730,606 less than last fiscal year. The decrease is due to a decrease in net pension liability of \$6,158,670 offset by an increase in long-term debt, less current maturities of \$1,403,755.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Net Position (Continued)

Deferred inflow of resources totaled \$78,558,816, which is \$2,343,874 more than last fiscal year. The increase in deferred inflow of resources is mainly due to an increase in succeeding year property taxes of approximately \$2,413,000.

Net position totaled \$353,107,656, which is \$57,258,771 more than last fiscal year.

June 30, 2024: Total current assets are \$329,275,426, which is \$53,822,710 more than last year. The difference is mainly due to an increase in cash and cash equivalents of \$35,627,826 and an increase in amounts due from Third-Party Payors of \$26,365,272. Total noncurrent assets are \$128,990,993, which is \$3,772,416 less than last year. The decrease in nondepreciable capital assets of \$11,213,568 is offset by an increase in net depreciable capital assets of \$7,569,981.

Deferred outflows related to pension are \$22,873,822 which is \$7,712,296 more than last year. Deferred outflows related to postemployment benefits are \$1,004,844, which is \$64,646 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 \$51,507,701 are \$21,757,948 more than last fiscal year. The change is mainly due to an increase in accounts payable and other accrued expenses of \$4,827,570, an increase in accrued employee compensation and payroll taxes of \$2,196,777, and an increase in due to third-party payors of \$14,073,388. Noncurrent liabilities of \$58,573,557 are \$8,340,572 more than last fiscal year. The increase is due to an increase in net pension liability of \$7,932,058.

Deferred inflow of resources totaled \$76,214,942, which is \$6,449,687 less than last fiscal year. The portion that relates to pension due to GASB Statement Nos. 68 and 71 described In Note 7, is \$334,861 which is \$5,003,203 less than last year. Revenue for succeeding year property taxes decreased \$1,365,795.

Net position totaled \$295,848,885, which is \$34,049,111 more than last fiscal year.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

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,		
	2025	2024	2023
Total Current Assets	\$ 336,123,451	\$ 329,275,426	\$ 275,452,716
Capital Assets, Net	109,597,138	119,178,311	122,821,898
Other Assets	69,805,298	9,812,682	9,941,511
Total Assets	515,525,887	458,266,419	408,216,125
Deferred Outflows	21,727,347	23,878,666	16,231,016
Total Assets and Deferred Outflows	<u>\$ 537,253,234</u>	<u>\$ 482,145,085</u>	<u>\$ 424,447,141</u>
Current Liabilities	\$ 51,743,811	\$ 51,507,701	\$ 29,749,753
Long-Term Debt Outstanding and Other			
Long-Term Liabilities	53,842,951	58,573,557	50,232,985
Total Liabilities	105,586,762	110,081,258	79,982,738
Deferred Inflows:			
Related to Pension	102,999	334,861	5,338,064
Related to Postemployment Benefits	1,723,009	1,559,972	1,640,661
Revenue for Succeeding Year Property Taxes	76,732,808	74,320,109	75,685,904
Total Deferred Inflows	78,558,816	76,214,942	82,664,629
Net Investment in Capital Assets	103,675,520	114,462,075	118,327,113
Restricted	54,363	132,816	217,264
Unrestricted	249,377,773	181,253,994	143,255,397
Total Net Position	<u>353,107,656</u>	<u>295,848,885</u>	<u>261,799,774</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 537,253,234</u>	<u>\$ 482,145,085</u>	<u>\$ 424,447,141</u>

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Summary of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2025: Net patient revenue is \$252,767,282, which is \$37,273,757 or 17.3% more than last fiscal year. Grants and contract revenue is \$14,006,402, which is \$9,813,103 more than last fiscal year. Other revenue is \$5,622,938, which is \$627,638 more than last year. Salaries increased \$9,117,113 or 7.2% due to cost of regular market wage rate increases and an increase of approximately 3.0% in FTEs. Pension expense increased \$1,220,582 or 20.5% (see Note 7). Employee benefits excluding pension expense increased \$4,427,107 or 17.1%. Physician fees and outside services increased \$744,727 or 9.0%. Supplies and other expenses increased \$4,040,298 or 4.1% due mainly to the increase in repair, maintenance, supply, and Medicaid Direct Payment assessment. Property tax revenue is \$78,157,406, which is \$1,950,379 less than last fiscal year. Nonoperating loss on disposal of assets increased \$4,806,233 due to the disposal of property referred to as the Northwest Clinic. Nonoperating investment earnings increased \$3,031,799 or 50.8% due to a pause in equipment purchases and capital projects. Capital contributions are \$30,151, which is \$569,403 less than last fiscal year, due to a decrease in capital projects funded by contributions.

Year Ended June 30, 2024: Net patient revenue is \$215,493,525, which is \$44,157,135 or 25.8% more than last fiscal year. Grants and contract revenue is \$4,193,299, which is \$141,390 more than last fiscal year. Other revenue is \$4,995,300, which is \$89,076 more than last year. Salaries increased \$14,754,401 or 13.2% due to cost of regular market wage rate increases and an increase of approximately 5.1% in FTEs. Pension expense increased \$4,351,251 or 273.2% (see Note 7). Employee benefits excluding pension expense increased \$2,746,509 or 11.9%, which is mainly driven by the increase in FTE's. Physician fees and outside services increased \$982,781 or 13.4%. Supplies and other expenses increased \$18,314,529 or 22.9% due mainly to the increase in drug costs, supply costs, and Medicaid Direct Payment assessment. Property tax revenue is \$80,107,785, which is \$3,982,814 more than last fiscal year. Noncapital grants and contributions are \$51,548, which is \$9,215 less than last fiscal year.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

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, 2025, 2024 and 2023.

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

	Year Ended June 30,		
	2025	2024	2023
Revenue:			
Net Patient Service Revenue	\$ 252,767,282	\$ 215,493,525	\$ 171,336,390
Grants and Contracts	14,006,402	4,193,299	4,051,909
Other	5,622,938	4,995,300	4,906,224
Total Operating Revenue	272,396,622	224,682,124	180,294,523
Expenses:			
Salaries and Employee Benefits	172,858,348	158,093,546	136,241,385
Supplies and Other Expenses	102,470,639	98,430,341	80,115,812
Physician Fees and Outside Services	9,060,003	8,315,276	7,332,495
Depreciation and Amortization	12,948,078	12,302,965	11,019,684
Operating Expenses	297,337,068	277,142,128	234,709,376
Operating Loss	(24,940,446)	(52,460,004)	(54,414,853)
Nonoperating Revenue, Net	82,169,066	85,909,561	79,524,517
Capital Contributions	30,151	599,554	30,648
Increase in Net Position	\$ 57,258,771	\$ 34,049,111	\$ 25,140,312
Total Revenue	\$ 354,762,968	\$ 311,464,937	\$ 260,425,265
Total Expenses	\$ 297,504,197	\$ 277,415,826	\$ 235,284,953

Patient and Medical Center Statistical Data

Year Ended June 30, 2025: Acute admissions of 3,448 patients for the current fiscal year are 360 more than last fiscal year. The average length of stay for acute patients is 4.4 days, which is 0.2 days less than last fiscal year. Average length of stay for mental health patients is 16.0 days, which is 5.8 days less than last fiscal year. Acute patient days of 26,156 days for the current fiscal year is 420 days or 1.6% less than last fiscal year.

Emergency department visits of 25,684 for the current year are 258 more visits than last fiscal year. Clinic visits of 287,838 for the current year are 10,246 more visits than last fiscal year.

Year Ended June 30, 2024: Acute admissions of 3,088 patients for the current fiscal year are 244 more than last fiscal year. The average length of stay for acute patients is 4.6 days, which is 0.2 days less than last fiscal year. Average length of stay for mental health patients is 21.8 days, which is 4.1 days more than last fiscal year. Acute patient days of 26,576 days for the current fiscal year is 1,477 days or 5.9% more than last fiscal year.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Patient and Medical Center Statistical Data (Continued)

Emergency department visits of 25,426 for the current year are 1,075 more visits than last fiscal year. Clinic visits of 277,592 for the current year are 3,575 more visits than last fiscal year.

Table 3: Patient and Medical Center Statistical Data

	Year Ended June 30,		
	2025	2024	2023
Acute Patient Days	\$ 26,156	\$ 26,576	\$ 25,099
Acute Admissions	3,448	3,088	2,844
Acute Discharges	3,413	3,057	2,824
Residential Patient Days	6,542	5,808	6,118
Residential Admissions	221	228	110
Residential Discharges	220	228	113
Average Length of Stay (Days):			
Acute	4.4	4.6	4.8
Mental Health	16.0	21.8	17.7
Outpatient Visits:			
Emergency Room	25,684	25,426	24,351
Main Campus Urgent Care	24,036	23,114	23,291
Off Campus Urgent Care	33,879	33,272	31,305
Main Campus Primary Care	49,997	47,553	45,800
Off Campus Primary Care	31,483	26,648	19,000
Women's Health Clinic	18,776	17,276	14,844
Specialty Clinics	73,148	73,012	79,396
Oral Medicine	10,129	9,234	8,402
Mental Health	43,235	44,788	49,648
Addiction Medicine	3,155	2,695	2,331
Total Outpatient Visits	<u>313,522</u>	<u>303,018</u>	<u>298,368</u>

Sources of Revenue

Net Patient Revenue

Year Ended June 30, 2025: 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 2025, the Medical Center recorded \$252,767,282 in net patient revenue representing 71.2% of total revenue. The \$252,767,282 in net patient revenue represents 52.0% of gross patient charges, which is an increase from 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, 2025 AND 2024**

Sources of Revenue (Continued)

Net Patient Revenue (Continued)

Year Ended June 30, 2024: During fiscal year 2024, the Medical Center recorded \$215,493,525 in net patient revenue representing 69.2% of total revenue. The \$215,493,525 in net patient revenue represents 46.2% of gross patient charges, which is an increase from 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: Net Revenue Payor Mix by Percentages

	Year Ended June 30,		
	2025	2024	2023
Medicare	23 %	26 %	29 %
Medicaid	51	47	39
Commercial	10	9	15
Wellmark	10	10	14
Self Pay, Including Charity Care and Bad Debts	6	8	3
Total	100 %	100 %	100 %

Year Ended June 30, 2025: Deductions from revenue consist of charity care totaling \$12,391,894, contractual adjustments totaling \$199,415,038 and bad debts totaling \$21,192,716. As a percentage of gross patient charges, charity care remained consistent at 2.6%, contractual adjustments decreased by 5.3% to 41.1%, and bad debts decreased 0.4% to 4.4%, resulting in an increase of 5.8% for net patient revenue as compared to gross patient charges.

Year Ended June 30, 2024: Deductions from revenue consist of charity care totaling \$12,297,015, contractual adjustments totaling \$216,055,561 and bad debts totaling \$22,476,096. As a percentage of gross patient charges, charity care decreased 0.1% to 2.6%, contractual adjustments decreased by 8.2% to 46.3%, and bad debts increased 1.5% to 4.8%, resulting in an increase of 6.6% for net patient revenue as compared to gross patient charges.

Grant/Contract Revenue

Year Ended June 30, 2025: Grant and contract revenue for the year ended June 30, 2025, totaled \$13,336,657 and \$669,745, respectively, for a total of \$14,006,402, which represents 3.9% of total revenue compared to a total of \$4,193,299 in 2024.

Year Ended June 30, 2024: Grant and contract revenue for the year ended June 30, 2024, totaled \$3,449,202 and \$744,097, respectively, for a total of \$4,193,299, which represents 1.3% of total revenue compared to a total of \$4,051,909 in 2023.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Other Revenue

Other revenue consists of sales of services provided to other entities, refunds and reimbursements. Other revenue totals \$5,622,938 and \$4,995,300, which represents 1.6% of total revenue for the years ended June 30, 2025 and 2024.

Tax Revenue

Year Ended June 30, 2025: Broadlawns Medical Center has the taxing authority under the Code of Iowa to support its operations. For the year ended June 30, 2025, the Medical Center's tax revenue totaled \$78,157,406, which is a decrease of \$1,950,379 or 2.4% less than the prior year. The tax revenue represented 21.7% of total revenue. In fiscal year 2025 the Medical Center reduced the total Tax Levy rate from all categories by 9.3% when compared to the prior year, this reduction is somewhat offset by an increase in total assessed property values in Polk County. In fiscal year 2025 the Medical Center levied approximately 64% of the total maximum potential Tax Levy

Year Ended June 30, 2024: For the year ended June 30, 2024, the Medical Center's tax revenue totaled \$80,107,785, which is an increase of \$3,982,814 or 5.2% more than the prior year. The tax revenue represented 25.7% of total revenue. The fiscal year 2024 Medical Center Tax Levy utilization percentage remained consistent with fiscal year 2023 at approximately 77% of the total maximum potential Tax Levy from all categories, while the absolute dollar amount of the levy has increased due to an increase in total assessed property values in Polk County.

Table 5: Tax Receipts

	2025	2024	2023	Increase (Decrease)	Levied Taxes June 30, 2025
Improvement and Maintenance	\$ 66,936,834	\$ 62,217,873	\$ 60,552,144	\$ 4,718,961	\$ 65,850,457
IPERS Fund	-	7,383,592	7,013,413	(7,383,592)	-
Tort (Insurance) Fund	11,220,572	10,506,320	8,559,414	714,252	10,882,351
Total Taxes	<u>\$ 78,157,406</u>	<u>\$ 80,107,785</u>	<u>\$ 76,124,971</u>	<u>\$ (1,950,379)</u>	<u>\$ 76,732,808</u>

In addition to receiving the Levied Taxes of \$76,732,808 in the fiscal year ending June 30, 2026, the Medical Center expects to receive the Utility Tax Replacement Excise Tax and State Backfill Tax of \$1,127,449. The total tax receipts for 2026 are expected to be \$77,860,257.

Capital Assets

June 30, 2025: As of June 30, 2025, the Medical Center had \$109,597,138 invested in capital assets, which is a decrease of approximately \$9,581,000 compared to 2024. The decrease is mainly due to disposal of land following sale.

June 30, 2024: As of June 30, 2024, the Medical Center had \$119,178,311 invested in capital assets. Capital expenditures in 2024 were less than the 2024 depreciation expense, resulting in a decrease of \$3,643,587 in net capital assets from 2023 to 2024.

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Capital Assets (Continued)

Table 6: Capital Assets

	June 30,		
	2025	2024	2023
Capital Assets Not Being Depreciated:			
Land	\$ 2,096,975	\$ 2,096,975	\$ 2,096,975
Construction in Progress	708,924	6,602,558	17,816,126
Capital Assets Net of Depreciation			
Land Improvements	5,229,793	6,163,434	4,518,849
Buildings	38,739,737	40,261,790	38,620,379
Building Equipment	43,943,908	46,859,653	42,912,351
Fixed Equipment	1,023,526	99,427	109,794
Vehicles	101,265	43,399	-
Major Movable Equipment	17,753,010	17,051,075	16,747,424
Total Capital Assets, Net	<u>\$ 109,597,138</u>	<u>\$ 119,178,311</u>	<u>\$ 122,821,898</u>

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

Fiscal Year 2026 Outlook

The Board of Trustees approved and set the budget for the 2026 fiscal year in March 2025. The budget projects an increase in net position of \$11,594,862. With anticipation of legislative restructuring and reductions to the statewide property tax in the spring of 2025, this FY26 budget includes a Tax Levy rate that is unchanged from FY25. This rate, estimated to be approximately 62% of the total Tax Levy maximum potential based on actual expenses, was viewed as conservative in the face of pending legislation.

Subsequent to the approval of the budget, the 2025 Iowa legislative session concluded without passing any of the property tax bills introduced. As of this writing, The Governor's Office stated its intention to make changes in 2026 but the certainty of that action or the impact of any changes to the Medical Center is unknown. Also, in July of 2025 the federal legislation known as HR 1 was passed. There are multiple provisions that will impact the healthcare industry, including the Medical Center. Most notably, provisions in the bill are expected to ultimately reduce the Medicaid Directed Payment revenue to the Medical Center by an estimated \$28M annually. These reductions in revenues are anticipated to be reduced in stages over multiple years, beginning in 2028. The amounts and timing of the reductions discussed herein are estimates until such time as CMS issues clarification.

The health care industry and Broadlawns Medical Center are facing a number of other regulatory and legislative challenges that can impact revenue, such as potential reductions to Disproportionate Share payments, reductions to 340B program, changes to Medicaid eligibility rules, elimination of subsidies for marketplace health plans, and funding shortfalls for behavioral health and other services. In addition, the industry and Broadlawns Medical Center are expected to face continued inflationary pressure on expenses.

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

**BROADLAWNS MEDICAL CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Under the leadership of a new CEO, Management is focused on reinvestment in the community, sustainability, and stewardship of taxpayer funds. Management anticipates substantial investment in the coming years in deferred maintenance, and the modernization and replacement of aging facilities and technology to meet the needs of the people of Polk County in the future. As such, Management is reserving a percentage of current cash flows to fund both future and near-term capital expenditures while maintaining a percentage of cash reserves to be available to sustain operations through the coming period of Medicaid revenue reductions. As of June 30, 2025, the Board of Trustees has restricted a total of \$63.4 million for infrastructure repair, replacement, and improvement of Broadlawns Medical Center facilities equipment and technology. Management believes this conservative long-term approach to the operations of the Medical Center will ensure the organization will remain financially viable far into the future.

Contacting the Medical Center's Financial Management

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

**BROADLAWNS MEDICAL CENTER
STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024**

	Medical Center		Component Unit (Foundation)	
	2025	2024	2025	2024
ASSETS AND DEFERRED OUTFLOWS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 110,725,890	\$ 97,711,099	\$ 323,958	\$ 282,840
Restricted Cash and Cash Equivalents	6,723,703	33,263,825	744,023	498,775
Pledges Receivable, Net	-	-	4,965	80,751
Short-Term Investments	100,735,049	59,471,020	-	-
Restricted Short-Term Investments	-	10,000,005	2,473,959	2,402,791
Receivables:				
Patients, Less Estimated Allowances for Uncollectibles, Charity and Contractuals				
2025 \$47,185,140; 2024 \$48,379,580	19,887,411	19,660,243	-	-
Property Taxes	379,010	350,843	-	-
Succeeding Year Property Taxes	76,732,808	74,320,109	-	-
Federal Grants	9,302,144	501,744	-	-
Nonfederal Grants	678,634	295,086	-	-
Other	989,915	846,206	2,538	3,598
Due from Third-Party Payors	3,114,434	27,557,240	-	-
Inventories	3,390,570	3,137,967	-	-
Prepaid Expenses and Other Assets	3,463,883	2,160,039	-	-
Total Current Assets	336,123,451	329,275,426	3,549,443	3,268,755
NONCURRENT ASSETS				
Noncurrent Cash and Investments,				
Net of Current Portion:				
Cash and Cash Equivalents	6,317,436	6,573,205	-	-
Investments	63,487,862	3,239,477	-	-
Total Noncurrent Cash and Investments	69,805,298	9,812,682	-	-
Pledges Receivable, Net of Current Portion	-	-	-	15,288
Other Assets	-	-	61,341	54,762
Total Noncurrent Assets	69,805,298	9,812,682	61,341	70,050
Capital Assets:				
Nondepreciable	2,805,899	8,699,533	-	-
Depreciable, Net	106,791,239	110,478,778	-	-
Total Capital Assets	109,597,138	119,178,311	-	-
Total Capital and Other Noncurrent Assets	179,402,436	128,990,993	61,341	70,050
Total Assets	515,525,887	458,266,419	3,610,784	3,338,805
DEFERRED OUTFLOWS				
Related to Pension	20,751,647	22,873,822	-	-
Related to Postemployment Benefits	975,700	1,004,844	-	-
Total Deferred Outflows	21,727,347	23,878,666	-	-
Total Assets and Deferred Outflows	\$ 537,253,234	\$ 482,145,085	\$ 3,610,784	\$ 3,338,805

See accompanying Notes to Basic Financial Statements.

BROADLAWNS MEDICAL CENTER
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2025 AND 2024

	Medical Center		Component Unit (Foundation)	
	2025	2024	2025	2024
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION				
CURRENT LIABILITIES				
Current Maturities of Long-Term Debt	\$ 1,267,194	\$ 862,281	\$ -	\$ -
Accounts Payable and Other Accrued Expenses	9,863,025	13,914,367	37,805	29,140
Accrued Employee Compensation and Payroll Taxes	22,989,595	19,914,976	-	-
Due to Third-Party Payors	14,759,526	14,126,725	-	-
Current Portion of Accrued Claims on Self-Insurance	2,864,471	2,689,352	-	-
Total Current Liabilities	51,743,811	51,507,701	37,805	29,140
NONCURRENT LIABILITIES				
Other Postemployment Benefits	1,431,470	1,480,816	-	-
Accrued Claims on Self-Insurance, Less Current Portion	3,711,971	3,638,316	-	-
Long-Term Debt, Less Current Maturities	4,205,318	2,801,563	-	-
Net Pension Liability	44,494,192	50,652,862	-	-
Total Noncurrent Liabilities	53,842,951	58,573,557	-	-
Total Liabilities	105,586,762	110,081,258	37,805	29,140
DEFERRED INFLOWS				
Related to Pension	102,999	334,861	-	-
Related to Postemployment Benefits	1,723,009	1,559,972	-	-
Revenue for Succeeding Year Property Taxes	76,732,808	74,320,109	-	-
Total Deferred Inflows	78,558,816	76,214,942	-	-
COMMITMENTS AND CONTINGENCIES				
NET POSITION				
Net Investment in Capital Assets	103,675,520	114,462,075	-	-
Restricted:				
For Enabling Legislation	-	79,444	-	-
For Specific Activities	54,363	53,372	3,249,021	3,026,825
Unrestricted	249,377,773	181,253,994	323,958	282,840
Total Net Position	353,107,656	295,848,885	3,572,979	3,309,665
Total Liabilities, Deferred Inflows, and Net Position	\$ 537,253,234	\$ 482,145,085	\$ 3,610,784	\$ 3,338,805

See accompanying Notes to Basic Financial Statements.

BROADLAWNS MEDICAL CENTER
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024

	Medical Center		Component Unit (Foundation)	
	2025	2024	2025	2024
OPERATING REVENUE				
Net Patient Service Revenue	\$ 252,767,282	\$ 215,493,525	\$ -	\$ -
Contracts	669,745	744,097	-	-
Operating Grants	13,336,657	3,449,202	-	-
Other	5,622,938	4,995,300	-	-
Total Operating Revenue	272,396,622	224,682,124	-	-
OPERATING EXPENSES				
Salaries and Wages	135,433,244	126,316,131	-	-
Employee Benefits:				
Pension	7,164,509	5,943,927	-	-
All Others	30,260,595	25,833,488	-	-
Physician Fees and Outside Services	9,060,003	8,315,276	-	-
Supplies and Other Expenses	102,470,639	98,430,341	306,320	910,839
Depreciation and Amortization	12,948,078	12,302,965	-	-
Total Operating Expenses	297,337,068	277,142,128	306,320	910,839
OPERATING LOSS	(24,940,446)	(52,460,004)	(306,320)	(910,839)
NONOPERATING REVENUE (EXPENSE)				
Property Taxes Revenue	78,157,406	80,107,785	-	-
Loss on Disposal of Assets	(4,939,957)	(133,724)	-	-
Noncapital Grants and Contributions	44,131	51,548	473,263	410,888
Investment Earnings	9,002,240	5,970,441	96,371	119,412
Interest Expense	(167,129)	(139,974)	-	-
Other, Net	72,375	53,485	-	-
Total Nonoperating Revenue, Net	82,169,066	85,909,561	569,634	530,300
CAPITAL CONTRIBUTIONS	30,151	599,554	-	-
CHANGE IN NET POSITION	57,258,771	34,049,111	263,314	(380,539)
Net Position - Beginning of Year	295,848,885	261,799,774	3,309,665	3,690,204
NET POSITION - END OF YEAR	<u>\$ 353,107,656</u>	<u>\$ 295,848,885</u>	<u>\$ 3,572,979</u>	<u>\$ 3,309,665</u>

See accompanying Notes to Financial Statements.

**BROADLAWNS MEDICAL CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	Medical Center		Component Unit (Foundation)	
	2025	2024	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from and on Behalf of Patients	\$ 277,615,721	\$ 198,219,257	\$ -	\$ -
Payments to Suppliers and Contractors	(117,754,666)	(103,110,413)	-	-
Payments to Employees	(169,584,301)	(154,427,587)	-	-
Other Receipts and Payments, Net	11,165,464	6,691,418	(212,100)	(788,988)
Net Cash Provided (Used)				
by Operating Activities	1,442,218	(52,627,325)	(212,100)	(788,988)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Property Taxes	78,129,239	80,033,053	-	-
Noncapital Grants and Contributions	44,131	51,548	473,263	410,888
Other	-	(80,239)	-	-
Net Cash Provided by Noncapital Financing Activities	78,173,370	80,004,362	473,263	410,888
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Sale of Capital Assets	3,816,400	107,024	-	-
Principal Payments on Long-Term Debt	(1,652,111)	(929,495)	-	-
Purchase of Capital Assets	(13,080,959)	(7,318,694)	-	-
Capital Contributions	30,151	599,554	-	-
Net Cash Used by Capital and Related Financing Activities	(10,886,519)	(7,541,611)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income	9,002,240	5,970,441	96,371	119,412
Sales (Purchases) of Investments, Net	(91,512,409)	34,895,455	(71,168)	(82,845)
Net Cash Provided (Used) by Investing Activities	(82,510,169)	40,865,896	25,203	36,567
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(13,781,100)	60,701,322	286,366	(341,533)
Cash and Cash Equivalents - Beginning of Year	137,548,129	76,846,807	781,615	1,123,148
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 123,767,029</u>	<u>\$ 137,548,129</u>	<u>\$ 1,067,981</u>	<u>\$ 781,615</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION				
Cash and Cash Equivalents in Current Assets	\$ 110,725,890	\$ 97,711,099	\$ 323,958	\$ 282,840
Restricted Cash and Cash Equivalents	6,723,703	33,263,825	744,023	498,775
Noncurrent Cash and Cash Equivalents	6,317,436	6,573,205	-	-
Total Cash and Cash Equivalents	<u>\$ 123,767,029</u>	<u>\$ 137,548,129</u>	<u>\$ 1,067,981</u>	<u>\$ 781,615</u>

See accompanying Notes to Financial Statements.

BROADLAWNS MEDICAL CENTER
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

	Medical Center		Component Unit (Foundation)	
	2025	2024	2025	2024
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Loss	\$ (24,940,446)	\$ (52,460,004)	\$ (306,320)	\$ (910,839)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	12,948,078	12,302,965	-	-
Provisions for Bad Debts	21,193,981	22,446,980	-	-
Loss on Disposal of Capital Assets	4,939,957	133,724	-	-
Changes in Assets and Liabilities:				
Patient Receivables	(21,421,149)	(27,429,364)	-	-
Pledges Receivable	-	-	91,074	107,884
Inventories, Prepaid Expenses, Other Assets, and Other Receivables	(10,884,104)	2,168,579	(5,519)	(7,349)
Due from/to Third-Party Payors	25,075,607	(12,291,884)	-	-
Accounts Payable and Accrued Expenses	(1,393,530)	7,301,163	8,665	21,316
Net Pension Liability	(6,158,670)	7,932,058	-	-
Deferred Outflows of Resources	2,151,319	(7,647,650)	-	-
Deferred Inflows of Resources	(68,825)	(5,083,892)	-	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,442,218</u>	<u>\$ (52,627,325)</u>	<u>\$ (212,100)</u>	<u>\$ (788,988)</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Change in Accounts Payable Related to Construction in Progress	<u>\$ 449,106</u>	<u>\$ 1,052,392</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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 (U.S. GAAP) 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, 2025 AND 2024**

**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, 2025 and 2024 is \$8,845,000 and \$10,568,000, 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, 2025 AND 2024**

**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 fiscal year 2025. The succeeding year property tax levy receivable represents taxes certified by the Board of Supervisors to be collected in fiscal year 2026 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 April 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

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

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

Capital Assets

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

Deferred Outflows of Resources

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

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

**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, 2025 AND 2024**

**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, 2025 and 2024 were \$13,336,657 and \$3,449,202, respectively.

Contracts and Other Operating Revenue

The basic financial statements include contracts and other operating revenue which primarily represent contracts with Unity Point Health, University of Iowa, Polk County and miscellaneous sales.

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.

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 not recorded a liability on the accompanying statements of net position as of June 30, 2025 and 2024, as a reserve for the RAC program. RAC audit results are recognized as a reduction to net patient service revenue when finalized. RAC audit results recognized in fiscal years ending June 30, 2025 and 2024 are \$0.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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

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 \$-0- and \$79,444 for unemployment funds as of June 30, 2025 and 2024, 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.

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 \$12,391,894 and \$12,297,015 for the years ended June 30, 2025 and 2024, respectively.

The cost of charity care provided was approximately \$5,559,000 and \$5,357,000 for the years ended June 30, 2025 and 2024, 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 MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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

Charity Care (Continued)

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, 2024, the Medical Center shifted from the DSH program to the Medicaid Directed Payment program (DPP) that impacts hospitals in the State of Iowa. DPP allows the State to obtain additional federal dollars for Iowa Medicaid managed care members in exchange for contributing additional State dollars. To fund the additional State contributions to the Medicaid program, hospitals are assessed a tax based on their patient volume. DPP funds are then distributed to hospitals based on their proportionate share of the overall state Medicaid managed care patient volume as well as meeting certain quality metrics. A 2% administrative fee is also charged on the assessment amount to fund the program with an additional 1% charged by the Iowa Hospital Association (IHA) for administration. Proceeds are received on a quarterly basis net of the tax amount. A final settlement process occurs after the contract year based on final Medicaid and quality data.

During the year ended June 30, 2025, the Medical Center recognized approximately \$71,864,178 in revenue related to this program and approximately \$8,367,000 in corresponding fee assessments. During the year ended June 30, 2024, the Medical Center recognized approximately \$47,455,000 in revenue related to this program and approximately \$7,364,000 in corresponding fee assessments. The revenue and fee assessments are recognized in net patient revenue and supplies and other expenses, respectively, in the statements of revenues, expenses, and changes in net position. Net proceeds receivable total \$2,976,023 and \$26,660,784 at June 30, 2025 and 2024, respectively, which are included in due from third-party payors in the accompanying statements of net position. Any estimated reserve for final settlement on the DPP proceeds is included in due from third-party payors in the accompanying statements of net position. The reserve in fiscal year 2025 and 2024 is \$14,256,086 and \$11,863,809, 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, 2025 AND 2024**

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

Adoption of Accounting Standard

Effective July 1, 2024, the Medical Center implemented GASB 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary related payments and amended certain previously required disclosures.

There was no material impact on the statement of net position and statement of revenues, expenses, and changes in net position as a result of adopting GASB Statement No. 101.

Subsequent Events

In preparing the financial statements, the Medical Center has considered events and transactions that have occurred through January 26, 2026, the date in which the financial statements were available to be issued.

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, 2022.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 NET PATIENT SERVICE REVENUE (CONTINUED)

Medicaid

Inpatient and outpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates. During the year ended June 30, 2024, the Medical Center shifted from the DSH program to the Medicaid Directed Payment Program (DPP). DPP establishes uniform increases in payment rates for inpatient and outpatient services provided to Medicaid Managed Care beneficiaries. During the years ending June 30, 2025, and 2024, Iowa Medicaid is managed under managed care organizations (MCO's) including: Wellpoint (formerly known as Amerigroup), Iowa Total Care, and Molina Healthcare.

The Medicare and Medicaid programs accounted for approximately 74% and 73% of the Medical Center's net patient service revenue for the years ended June 30, 2025 and 2024, 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.

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, 2025 and 2024, which is included in other operating expenses.

Additionally, as part of the participation in the DPP program the Medical Center is assessed a tax as well as administrative fees, which are detailed in note 1 above.

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.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 NET PATIENT SERVICE REVENUE (CONTINUED)

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

	<u>2025</u>	<u>2024</u>
Gross Patient Service Revenue:		
Inpatient	\$ 99,361,201	\$ 93,772,369
Outpatient	386,405,729	372,549,828
Total	<u>485,766,930</u>	<u>466,322,197</u>
Less: Charity Care	<u>(12,391,894)</u>	<u>(12,297,015)</u>
Gross Patient Service Revenue	<u>473,375,036</u>	<u>454,025,182</u>
Less: Provisions for Bad Debts	(21,192,716)	(22,476,096)
Less Contractual and Other Adjustments:		
Contractual Adjustments under Third-Party Reimbursement Programs:		
Medicare	(92,193,120)	(85,342,390)
Medicaid/MCO	(22,332,849)	(52,423,545)
Wellmark	(32,157,745)	(30,564,968)
Other Commercial Insurance	(23,145,784)	(20,782,449)
Other	<u>(29,585,540)</u>	<u>(26,942,209)</u>
Total	<u>(199,415,038)</u>	<u>(216,055,561)</u>
Net Patient Service Revenue	<u><u>\$ 252,767,282</u></u>	<u><u>\$ 215,493,525</u></u>

NOTE 3 CASH AND INVESTMENTS

The Medical Center uses the fair value hierarchy established by U.S. GAAP 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.

The following tables present the fair value hierarchy for the balances of the assets and liabilities of the Medical Center measured at fair value on a recurring basis as of June 30:

<u>2025</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
US Treasury Securities	<u>\$ 60,082,445</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 60,082,445
Cash Equivalents Included in Investments				104,140,466
Total Investments				<u><u>\$ 164,222,911</u></u>
 <u>2024</u>	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
US Treasury Securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	\$ -
Cash Equivalents Included in Investments				72,710,502
Total Investments				<u><u>\$ 72,710,502</u></u>

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

As of June 30, 2025 and 2024, the Medical Center held cash and cash equivalents, certificates of deposits, and money market investments of \$227,907,495 and \$210,258,631, respectively, which are not measured at fair value and are deposits held at cost. Additionally, as of June 30, 2025 and 2024, the Medical Center held US Treasury Securities of \$60,082,445 and \$-0-, respectively, which are included in noncurrent investments in the statement of net position.

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, 2025 compared to June 30, 2024.

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.

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.

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, 2025 AND 2024**

NOTE 3 CASH AND INVESTMENTS (CONTINUED)

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, 2025 and 2024. 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, 2025, the Medical Center and Foundation's deposits and investments were not exposed to custodial credit risk.

NOTE 4 BOARD-DESIGNATED CASH AND INVESTMENTS

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

Board-designated cash and investments as of June 30, 2025 and 2024 were designated as follows:

	<u>2025</u>	<u>2024</u>
Board-Designated for:		
Building Projects	\$ 63,487,862	\$ 37,239,482
Bond Retirement	4,075,357	3,896,963
Self-Insured Retention Funds:		
Medical Malpractice	3,364,070	3,283,152
Workers' Compensation	240,501	570,810
Health Insurance Trust	4,902,392	7,522,121
Dental	404,456	510,612
Patient Trust Fund	968	385
Alumni Fund	53,395	52,987
Total	<u>\$ 76,529,001</u>	<u>\$ 53,076,512</u>

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 4 BOARD-DESIGNATED INVESTMENTS (CONTINUED)

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

	<u>2025</u>	<u>2024</u>
Restricted Cash and Cash Equivalents	\$ 6,723,703	\$ 33,263,825
Restricted Short-Term Investments	-	10,000,005
Noncurrent Cash and Investments	<u>69,805,298</u>	<u>9,812,682</u>
Total	<u>\$ 76,529,001</u>	<u>\$ 53,076,512</u>

Board-designated cash and investments for the Foundation as of June 30, 2025 and 2024 of \$3,603,281 and \$3,239,168, respectively, are designated primarily for departments of the Medical Center and specific health care related causes.

Investment income for the Medical Center for the years ended June 30 consist of the following:

	<u>2025</u>	<u>2024</u>
Interest Income	\$ 8,295,947	\$ 5,970,441
Unrealized Gains	750,482	-
Realized Losses	<u>(44,189)</u>	<u>-</u>
	<u>\$ 9,002,240</u>	<u>\$ 5,970,441</u>

Investment income for the Foundation for the years ended June 30 consist of the following:

	<u>2025</u>	<u>2024</u>
Interest Income	<u>\$ 96,371</u>	<u>\$ 119,412</u>

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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, 2024	Additions	Transfers and Disposals	June 30, 2025
Capital Assets Not Being Depreciated:				
Land	\$ 2,096,975	\$ -	\$ -	\$ 2,096,975
Construction in Progress	6,602,558	8,137,679	(14,031,313)	708,924
Total Capital Assets Not Being Depreciated	8,699,533	8,137,679	(14,031,313)	2,805,899
Capital Assets Being Depreciated:				
Land Improvements	12,954,703	-	(388,620)	12,566,083
Buildings	61,805,734	416,000	(301,445)	61,920,289
Building Improvements	83,353,803	2,034,554	(329,117)	85,059,240
Fixed Equipment	347,915	948,975	-	1,296,890
Vans	404,628	78,861	(18,582)	464,907
Major Moveable Equipment	49,464,876	6,300,886	(787,659)	54,978,103
Total Capital Assets Being Depreciated	208,331,659	9,779,276	(1,825,423)	216,285,512
Less Accumulated Depreciation for:				
Land Improvements	6,791,269	545,021	-	7,336,290
Buildings	21,543,944	1,938,053	(301,445)	23,180,552
Building Improvements	36,494,150	4,920,857	(299,675)	41,115,332
Fixed Equipment	248,488	24,876	-	273,364
Vans	361,229	20,995	(18,582)	363,642
Major Moveable Equipment	32,413,801	5,498,276	(686,984)	37,225,093
Total Accumulated Depreciation	97,852,881	12,948,078	(1,306,686)	109,494,273
Total Capital Assets, Being Depreciated, Net	110,478,778	(3,168,802)	(518,737)	106,791,239
Capital Assets, Net	<u>\$ 119,178,311</u>	<u>\$ 4,968,877</u>	<u>\$ (14,550,050)</u>	<u>\$ 109,597,138</u>

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 5 CAPITAL ASSETS (CONTINUED)

	Medical Center		
	June 30, 2023	Additions	Transfers and Disposals
Capital Assets Not Being Depreciated:			
Land	\$ 2,096,975	\$ -	\$ -
Construction in Progress	17,816,126	7,136,664	(18,350,232)
Total Capital Assets Not Being Depreciated	19,913,101	7,136,664	(18,350,232)
Capital Assets Being Depreciated:			
Land Improvements	10,774,988	-	2,179,715
Buildings	58,463,946	350,612	2,991,176
Building Improvements	75,961,359	209,153	7,183,291
Fixed Equipment	349,010	-	(1,095)
Vans	410,519	44,323	(50,214)
Major Moveable Equipment	44,958,434	2,725,219	1,781,223
Total Capital Assets Being Depreciated	190,918,256	3,329,307	14,084,096
Less Accumulated Depreciation for:			
Land Improvements	6,256,139	535,130	-
Buildings	19,843,567	1,953,863	(253,486)
Building Improvements	33,049,008	4,870,725	(1,425,583)
Fixed Equipment	239,216	10,366	(1,094)
Vans	410,519	924	(50,214)
Major Moveable Equipment	28,211,010	4,931,957	(729,166)
Equipment Under Capital Lease			
Total Accumulated Depreciation	88,009,459	12,302,965	(2,459,543)
Total Capital Assets, Being Depreciated, Net	102,908,797	(8,973,658)	16,543,639
Capital Assets, Net	<u>\$ 122,821,898</u>	<u>\$ (1,836,994)</u>	<u>\$ (1,806,593)</u>

The Medical Center capitalized multiple projects during the year ending June 30, 2025, with the largest two being related to a nurse call upgrade and the purchase of AMSCO sterilizers totaling approximately \$900,000 and \$800,000, respectively.

At June 30, 2025, construction in progress consists of several projects. The imaging department and total health experience projects are expected to be the largest projects that are currently in progress. The imaging department project is expected to cost approximately \$17 million, and the total health experience project is expected to cost approximately \$13 million. Both projects are planned to be funded internally through operations.

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

	2025	2024
Buildings	\$ 4,702,874	\$ 4,588,319
Major Moveable Equipment	4,235,042	1,326,284
Total Finance Lease Assets	8,937,916	5,914,603
Less: Accumulated Amortization	(3,221,908)	(2,254,318)
Total Finance Lease Assets, Net	<u>\$ 5,716,008</u>	<u>\$ 3,660,285</u>

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Depreciation expense related to finance lease assets and SBITAs total \$1,405,056 and \$903,311 for the years ended June 30, 2025 and 2024, 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:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
Finance Leases	\$ 3,176,086	\$ 1,898,454	\$ (715,452)	\$ 4,359,088
SBITAs	487,758	1,562,325	(936,659)	1,113,424
Total Long-Term Debt	3,663,844	3,460,779	(1,652,111)	5,472,512
Less: Current Maturities				(1,267,194)
Total Long-Term Debt, Net of Current Maturities				<u>\$ 4,205,318</u>
	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Finance Leases	\$ 3,514,214	\$ 244,518	\$ (582,646)	\$ 3,176,086
SBITAs	550,085	284,520	(346,847)	487,758
Total Long-Term Debt	4,064,299	529,038	(929,493)	3,663,844
Less: Current Maturities				(862,281)
Total Long-Term Debt, Net of Current Maturities				<u>\$ 2,801,563</u>

Finance Leases

The Medical Center leases buildings and equipment for various terms under long-term, noncancelable 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 0.89% to 7.60%.

Subscription-Based Information Technology Arrangements (SBITAs)

The Medical Center entered into subscription-based information technology arrangements (SBITAs). The SBITAs expire at various dates through December 2027 and provide for varying renewal options. Interest rates on the SBITAs range from 0.38% to 4.40%.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 6 LONG-TERM DEBT (CONTINUED)

Subscription-Based Information Technology Arrangements (SBITAs) (Continued)

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

<u>Year Ending June 30.</u>	Finance Leases		SBITAs		Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 778,822	\$ 105,351	\$ 488,372	\$ 37,839	\$ 1,267,194	\$ 143,190
2027	360,159	91,352	302,568	20,846	662,727	112,198
2028	374,924	78,877	322,484	7,095	697,408	85,972
2029	390,325	65,808	-	-	390,325	65,808
2030	350,766	52,460	-	-	350,766	52,460
Thereafter	2,104,092	739,296	-	-	2,104,092	739,296
Total	<u>\$ 4,359,088</u>	<u>\$ 1,133,144</u>	<u>\$ 1,113,424</u>	<u>\$ 65,780</u>	<u>\$ 5,472,512</u>	<u>\$ 1,198,924</u>

NOTE 7 PENSION PLAN

Plan Description

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

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

Pension Benefits

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

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

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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 one percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate to be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability based on a 30-year amortization period. The payment to amortize the unfunded actuarial is determined as a level percentage of your payroll based on the Actuarial Amortization Method adopted by the Investment Board.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 7 PENSION PLAN (CONTINUED)

Contributions (Continued)

In fiscal year 2025 and 2024, 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, 2025 and 2024 were \$11,399,889 and \$10,727,368 respectively.

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

At June 30, 2025 and 2024, the Medical Center reported a liability of approximately \$44,494,000 and \$50,653,000, respectively, for its proportionate share of the net pension liability. The Medical Center's net pension liability was measured as of June 30, 2025 and 2024, 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, 2025, the Medical Center's collective proportion was 1.204889%, which was an increase of 0.107136% from its proportion measured as of June 30, 2024.

For the years ended June 30, 2025 and 2024, the Medical Center recognized pension expense of approximately \$7,165,000 and \$5,944,000, respectively. At June 30, 2025 and 2024, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>June 30, 2025</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 3,540,442	\$ 27,640
Changes in Assumptions	-	622
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	556,474	-
Changes in Proportion and Differences Between		
Medical Center Contributions and Proportionate		
Share of Contributions	5,254,842	74,737
Medical Center Contributions Subsequent to the		
Measurement Date	11,399,889	-
Total	<u>\$ 20,751,647</u>	<u>\$ 102,999</u>

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 7 PENSION PLAN (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
June 30, 2024		
Differences Between Expected and Actual Experience	\$ 4,285,301	\$ 208,201
Changes in Assumptions	-	803
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,691,068	-
Changes in Proportion and Differences Between Medical Center Contributions and Proportionate Share of Contributions	3,170,085	125,857
Medical Center Contributions Subsequent to the Measurement Date	10,727,368	-
Total	<u>\$ 22,873,822</u>	<u>\$ 334,861</u>

Deferred outflows of resources related to pensions resulting from the Medical Center's contributions subsequent to the measurement date of \$11,399,889 and \$10,727,368 will be recognized as a reduction of the net pension liability in the years ending June 30, 2025 and June 30, 2024, 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>	2025	2024
2025	\$ (4,258,164)	\$ (2,926,387)
2026	12,246,899	12,095,162
2027	1,594,393	2,366,251
2028	(615,214)	276,567
2029	280,845	-
Total	<u>\$ 9,248,759</u>	<u>\$ 11,811,593</u>

There were no nonemployer contributing entities at IPERS.

Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rate of salary increase (effective June 30, 2017)	3.25% to 16.25%, average, including inflation. Rates vary by membership group.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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, 2024 valuation were based on the results of quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2024 valuation were based on the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	21.0 %	3.52 %
International Equity	13.0	5.18
Global Smart Beta Equity	5.0	4.12
Core-plus Fixed Income	25.5	3.04
Public Credit	3.0	4.53
Cash	1.0	1.69
Private Equity	17.0	8.89
Private Real Assets	9.0	4.25
Private Credit	5.5	6.62
Total	<u>100.0 %</u>	

Discount Rate

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

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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, 2025 and 2024, 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, 2025			
Medical Center's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 109,187,913</u>	<u>\$ 44,494,192</u>	<u>\$ (9,687,167)</u>
June 30, 2024			
Medical Center's Proportionate Share of the Net Pension Liability	<u>\$ 107,699,227</u>	<u>\$ 50,652,862</u>	<u>\$ 2,847,028</u>

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2025 and 2024, the Medical Center reported payables to IPERS of approximately \$1,487,000 and \$1,390,000, respectively, for legally required employer contributions and approximately \$569,000 and \$554,000, respectively, for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS. These amounts are included in accrued employee compensation and payroll taxes on the statements of net position.

NOTE 8 RISK MANAGEMENT, SELF-INSURANCE, AND COMMITMENTS

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

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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 limit of \$30,000,000. The Medical Center also carries workers' compensation insurance with a self-insured retention of \$700,000 per claim and an annual aggregate retention of \$3,000,000. The Medical Center carries insurance coverage for general liability, auto liability, and employers' liability with primary limits of \$1,000,000 and excess limits of \$40,000,000. The excess limits are shared with the professional liability coverage. The Medical Center is self-insured for dental insurance with a limit of \$1,750 per covered person per year. Within the dental plan orthodontics coverage has a lifetime limit of \$1,250 per covered person. The Medical Center is self-insured for health insurance with a specific stop loss deductible of \$300,000 per covered person. The Center maintains aggregate coverage on the entire covered group.

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 2.5% in both 2025 and 2024. The undiscounted liability as of June 30, 2025 and 2024 is approximately \$4,066,000 and \$3,786,000, respectively.

The Medical Center has accrued liabilities of \$6,576,442 and \$6,327,668 for self-insured losses as of June 30, 2025 and 2024, 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.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

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

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.

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:

	2025	2024
Medicare	31 %	26 %
Medicaid/MCO	25	28
Private Pay	13	18
Other	31	28
Total	100 %	100 %

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

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

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

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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 2025 and 2024, the Medical Center contributed approximately \$7,000 and \$-0-, respectively. Retirees receiving benefits contributed \$117,538 and \$138,104, respectively, through their required contributions.

Net OPEB Liability (Asset)

The components of the net OPEB liability (asset) of the Medical Center at June 30, 2025 and 2024 are as follows:

	2025	2024
Total OPEB Liability	\$ 1,431,470	\$ 1,480,816
Plan Fiduciary Net Position	-	-
District's Net OPEB Liability (Asset)	<u>\$ 1,431,470</u>	<u>\$ 1,480,816</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:

	Total OPEB Liability
Balances at June 30, 2024	<u>\$ 1,480,816</u>
Changes for the Year:	
Service Cost	216,910
Interest Cost	65,267
Differences Between Expected and Actual Experience	(294,945)
Changes in Assumptions or Other Inputs	37,390
Contributions-Employer	-
Net Investment income	-
Benefit Payments	(73,968)
Administrative Expense	-
Net Changes	<u>(49,346)</u>
Balances at June 30, 2025	<u>\$ 1,431,470</u>

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Net OPEB Liability (Asset) (Continued)

	Total OPEB Liability
Balances at June 30, 2023	\$ 1,373,960
Changes for the Year:	
Service Cost	216,903
Interest Cost	55,705
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	(36,336)
Contributions-Employer	-
Net Investment Income	-
Benefit Payments	(129,416)
Administrative Expense	-
Net Changes	<u>106,856</u>
Balances at June 30, 2024	<u>\$ 1,480,816</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 (4.2%)	Discount Rate (5.2%)	One Percent Increase (6.2%)
<u>June 30, 2025</u>			
Net OPEB Liability	<u>\$ 1,559,000</u>	<u>\$ 1,431,470</u>	<u>\$ 1,317,000</u>
<u>June 30, 2024</u>			
Net OPEB Liability	<u>\$ 1,608,000</u>	<u>\$ 1,480,816</u>	<u>\$ 1,366,000</u>

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Net OPEB Liability (Asset) (Continued)

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 (7.50%)	Trend Rate (8.50%)	One Percent Increase (9.50%)
June 30, 2025			
Net OPEB Liability	<u>\$ 1,266,000</u>	<u>\$ 1,431,470</u>	<u>\$ 1,632,000</u>
June 30, 2024			
Net OPEB Liability	<u>\$ 1,309,000</u>	<u>\$ 1,480,816</u>	<u>\$ 1,690,000</u>

For the years ended June 30, 2025 and 2024, the Medical Center recognized OPEB expenses of approximately \$217,000 and \$220,000, respectively. At June 30, 2025 and 2024, 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
June 30, 2025		
Difference Between Expected and Actual Liability	\$ 595,412	\$ 1,266,140
Change of Assumptions	380,288	456,869
Net Difference Between Projected and Actual Investment Earnings	-	-
Total	<u>\$ 975,700</u>	<u>\$ 1,723,009</u>
June 30, 2024		
Difference Between Expected and Actual Liability	\$ 635,736	\$ 1,064,965
Change of Assumptions	369,108	495,007
Net Difference Between Projected and Actual Investment Earnings	-	-
Total	<u>\$ 1,004,844</u>	<u>\$ 1,559,972</u>

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Net OPEB Liability (Asset) (Continued)

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>	<u>Future Recognition</u>
2026	\$ (65,374)
2027	(65,374)
2028	(65,374)
2029	(65,374)
2030	(65,374)
Thereafter	(420,439)
Total	<u>\$ (747,309)</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.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60%
Salary Increases	3.00%
Discount Rate	3.93%
Health Care Trend Rates	8.50%
	Decreasing to
	4.00% Over
	11 Years

Mortality rates are from the SOA Public Plan 2010 and projected forward using SOA scale MP-2021. 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 19.8 years starting in the current fiscal year, equal to the average remaining service of active and inactive plan members.

**BROADLAWNS MEDICAL CENTER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Funded Status and Funding Progress

As of June 30, 2025 and 2024, the most recent valuation date, the plan was 0% funded. As of June 30, 2025 and 2024, the actuarial accrued liability for benefits was approximately \$1,431,000 and \$1,481,000, respectively, and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of \$1,431,000 and \$1,481,000, respectively. The covered payroll was \$107,561,031 and \$96,085,000, respectively, and the ratio of the UAAL to the covered payroll was 1.33% and 1.54%, 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 are 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, 2025
(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, 2025:

<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>
\$ 297,337,068	\$ 1,952,121	\$ 299,289,189	\$ 311,336,517	\$ (12,047,328)

BROADLAWNS MEDICAL CENTER
OTHER POSTEMPLOYMENT BENEFIT PLAN (UNAUDITED)
YEARS ENDED JUNE 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, AND 2017
(SEE INDEPENDENT AUDITORS' REPORT)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service Cost	\$ 216,910	\$ 216,903	\$ 295,544	\$ 350,834	\$ 123,972	\$ 151,224	\$ 146,110	\$ 146,110	\$ 140,666
Interest	65,267	55,705	82,721	51,050	18,389	28,689	42,219	36,766	32,540
Changes of Benefit Terms	-	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(294,945)	-	(879,510)	-	797,032	-	(474,592)	-	-
Changes of Assumptions	37,390	(36,336)	(114,391)	(280,801)	441,957	(92,139)	28,368	(20,573)	(114,991)
Benefit Payments	(73,968)	(129,416)	(103,221)	(81,756)	(71,955)	(24,285)	(12,646)	(30,161)	(14,489)
Net Change in Total OPEB Liability	(49,346)	106,856	(718,857)	39,327	1,309,395	63,489	(270,541)	132,142	43,726
Total OPEB Liability - Beginning	1,480,816	1,373,960	2,092,817	2,053,490	744,095	680,606	951,147	819,005	775,279
Total OPEB Liability - Ending (a)	\$ 1,431,470	\$ 1,480,816	\$ 1,373,960	\$ 2,092,817	\$ 2,053,490	\$ 744,095	\$ 680,606	\$ 951,147	\$ 819,005
Plan Fiduciary Net Position									
Contributions - Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Investment Income	-	-	-	-	-	-	-	-	-
Benefit Payments	-	-	-	-	-	-	-	-	-
Administrative Expense	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Net OPEB Liability - Ending (a) - (b)	\$ 1,431,470	\$ 1,480,816	\$ 1,373,960	\$ 2,092,817	\$ 2,053,490	\$ 744,095	\$ 680,606	\$ 951,147	\$ 819,005
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	\$ 107,561,031	\$ 96,085,000	\$ 93,286,158	\$ 90,285,414	\$ 87,655,742	\$ 78,369,000	\$ 75,718,967	\$ 75,565,000	\$ 73,009,785
District's Net OPEB Liability as a Percentage of Covered Payroll	1.33%	1.54%	1.47%	2.32%	2.34%	0.95%	0.90%	1.26%	1.12%

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

BROADLAWNS MEDICAL CENTER
SCHEDULE OF THE MEDICAL CENTER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (UNAUDITED)
YEARS ENDED JUNE 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, AND 2016
(SEE INDEPENDENT AUDITORS' REPORT)

Iowa Public Employees' Retirement System Last Fiscal Year*

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Medical Center's Proportion of the Net Pension Liability	1.204889%	1.097753%	1.076336%	1.026226%	1.030683%	0.991486%	0.959746%	0.881642%	0.825597%	0.819028%
Medical Center's Proportionate Share of the Net Pension Liability	\$ 44,494,192	\$ 50,652,862	\$ 42,720,804	\$ 1,438,677	\$ 71,897,867	\$ 57,798,268	\$ 60,715,017	\$ 58,203,903	\$ 51,486,901	\$ 40,463,961
Medical Center's Covered Payroll	\$ 120,761,536	\$ 113,637,373	\$ 98,943,051	\$ 91,842,263	\$ 83,296,289	\$ 81,339,399	\$ 76,026,901	\$ 72,234,982	\$ 65,288,646	\$ 58,774,222
Medical Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	36.84%	44.57%	43.18%	1.57%	86.32%	71.06%	79.86%	80.58%	78.86%	68.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.60 %	89.18 %	90.34 %	99.65 %	84.38 %	8438.00%	8257.00%	81.99%	81.82%	85.19%

*The amounts presented for the fiscal years ended June 30, 2025 and 2024 were determined as of June 30, 2024 and 2023, respectively.

**BROADLAWNS MEDICAL CENTER
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM,
SCHEDULE OF MEDICAL CENTER CONTRIBUTIONS (UNAUDITED)
YEAR ENDED JUNE 30, 2025
(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)
2025	\$ 11,399,889	\$ 11,399,889	\$ -	\$ 120,761,536	9.44 %
2024	10,727,368	10,727,368	-	113,637,373	9.44
2023	9,340,224	9,340,224	-	98,943,051	9.44
2022	8,669,910	8,669,910	-	91,842,263	9.44
2021	7,863,170	7,863,170	-	83,296,289	9.44
2020	7,678,440	7,678,440	-	81,339,399	9.44
2019	7,176,940	7,176,940	-	76,026,901	8.93
2018	6,450,584	6,450,584	-	72,234,982	9.43
2017	6,154,297	6,154,297	-	65,288,646	8.99
2016	5,284,871	5,284,871	-	58,774,222	8.65

BROADLAWNS MEDICAL CENTER
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, PENSION LIABILITY (UNAUDITED)
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 1 PENSION LIABILITY

Changes of Benefit Terms

There were no significant changes in benefit terms.

Changes of Assumptions

There were no significant changes of assumptions during the 2024 valuation.

BROADLAWNS MEDICAL CENTER
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION, OPEB LIABILITY (UNAUDITED)
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 1 OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY

Changes of Benefit Terms

There were no significant changes in benefit terms.

Changes of Assumptions

The 2024 valuation implemented the following changes of assumptions.

- The discount rate was updated from 3.93% to 5.20%.
- The trend rates were updated to an initial rate of 8.50% (7.50% for Post-65) grading down to an ultimate rate of 4.00%. The Select trend rates are updated to reflect the higher than anticipated rising healthcare costs environment.
- The marriage assumption was changed to 25% for future retirees.
- The retirement and termination rates were updated to the Iowa Public Employee Retirement System as of June 30, 2024

BROADLAWNS MEDICAL CENTER
COMBINING STATEMENT OF NET POSITION – BY DEPARTMENT
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
ASSETS AND DEFERRED OUTFLOWS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 106,820,468	\$ 2,653,462	\$ 1,251,960	\$ -	\$ 110,725,890
Restricted Cash and Cash Equivalents	6,722,735	968	-	-	6,723,703
Short-Term Investments	100,735,049	-	-	-	100,735,049
Restricted Short-Term Investments	-	-	-	-	-
Receivables:					
Patients, Net	19,055,392	778,960	53,059	-	19,887,411
Property Taxes	379,010	-	-	-	379,010
Succeeding Year Property Taxes	76,732,808	-	-	-	76,732,808
Federal Grants	9,302,144	-	-	-	9,302,144
Nonfederal Grants	678,634	-	-	-	678,634
Other	1,606,061	-	-	616,146 (1)	989,915
Due from Third-Party Payors	3,114,434	-	-	-	3,114,434
Inventories	3,390,570	-	-	-	3,390,570
Prepaid Expenses and Other Assets	3,460,106	1,089	2,688	-	3,463,883
Total Current Assets	331,997,411	3,434,479	1,307,707	616,146	336,123,451
NONCURRENT ASSETS					
Noncurrent Cash and Investments,					
Net of Current Portion:					
Cash and Cash Equivalents	6,317,436	-	-	-	6,317,436
Investments	63,487,862	-	-	-	63,487,862
Total Noncurrent Cash and					
Investments	69,805,298	-	-	-	69,805,298
Capital Assets:					
Nondepreciable	2,805,899	-	-	-	2,805,899
Depreciable, Net	106,689,974	39,884	61,381	-	106,791,239
Total Capital Assets	109,495,873	39,884	61,381	-	109,597,138
Total Noncurrent Assets	179,301,171	39,884	61,381	-	179,402,436
Total Assets	511,298,582	3,474,363	1,369,088	616,146	515,525,887
DEFERRED OUTFLOWS					
Related to Pension	20,751,647	-	-	-	20,751,647
Related to Postemployment Benefits	975,700	-	-	-	975,700
Total Deferred Outflows	21,727,347	-	-	-	21,727,347
Total Assets and Deferred Outflows	\$ 533,025,929	\$ 3,474,363	\$ 1,369,088	\$ 616,146	\$ 537,253,234

(1) To eliminate interdepartmental receivables and payables.

BROADLAWNS MEDICAL CENTER
COMBINING STATEMENT OF NET POSITION – BY DEPARTMENT (CONTINUED)
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION					
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ 1,267,194	\$ -	\$ -	\$ -	\$ 1,267,194
Accounts Payable and Other Accrued Expenses	10,078,835	117,690	282,646	616,146 (1)	9,863,025
Accrued Employee Compensation and Payroll Taxes	22,855,083	57,491	77,021	-	22,989,595
Due to Third-Party Payors	14,759,526	-	-	-	14,759,526
Current Portion of Accrued Claims on Self-Insurance	2,864,471	-	-	-	2,864,471
Total Current Liabilities	51,825,109	175,181	359,667	616,146	51,743,811
NONCURRENT LIABILITIES					
Other Postemployment Benefits	1,431,470	-	-	-	1,431,470
Accrued Claims on Self-Insurance, Less Current Portion	3,711,971	-	-	-	3,711,971
Long-Term Debt, Less Current Maturities	4,205,318	-	-	-	4,205,318
Net Pension Liability	44,494,192	-	-	-	44,494,192
Total Noncurrent Liabilities	53,842,951	-	-	-	53,842,951
Total Liabilities	105,668,060	175,181	359,667	616,146	105,586,762
DEFERRED INFLOWS					
Related to Pension	102,999	-	-	-	102,999
Related to Postemployment Benefits	1,723,009	-	-	-	1,723,009
Revenue for Succeeding Year Property Taxes	76,732,808	-	-	-	76,732,808
Total Deferred Inflows	78,558,816	-	-	-	78,558,816
NET POSITION					
Net Investment in Capital Assets	103,574,255	39,884	61,381	-	103,675,520
Restricted:					
For Enabling Legislation	-	-	-	-	-
For Specific Activities	53,395	968	-	-	54,363
Unrestricted	245,171,403	3,258,330	948,040	-	249,377,773
Total Net Position	348,799,053	3,299,182	1,009,421	-	353,107,656
Total Liabilities, Deferred Inflows, and Net Position	\$ 533,025,929	\$ 3,474,363	\$ 1,369,088	\$ 616,146	\$ 537,253,234

BROADLAWNS MEDICAL CENTER
COMBINING STATEMENT OF NET POSITION – BY DEPARTMENT
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
ASSETS AND DEFERRED OUTFLOWS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 94,651,898	\$ 1,940,483	\$ 1,118,718	\$ -	\$ 97,711,099
Restricted Cash and Cash Equivalents	33,263,440	385	-	-	33,263,825
Short-Term Investments	59,471,020	-	-	-	59,471,020
Restricted Short-Term Investments	10,000,005	-	-	-	10,000,005
Receivables:					
Patients, Net	18,885,782	738,272	36,189	-	19,660,243
Property Taxes	350,843	-	-	-	350,843
Succeeding Year Property Taxes	74,320,109	-	-	-	74,320,109
Federal Grants	501,744	-	-	-	501,744
Nonfederal Grants	295,086	-	-	-	295,086
Other	2,574,824	-	-	1,728,618 (1)	846,206
Due from Third-Party Payors	27,557,240	-	-	-	27,557,240
Inventories	3,137,967	-	-	-	3,137,967
Prepaid Expenses and Other Assets	2,158,188	1,851	-	-	2,160,039
Total Current Assets	327,168,146	2,680,991	1,154,907	1,728,618	329,275,426
NONCURRENT ASSETS					
Assets Limited as to Use or Restricted, Net of Current Portion:					
Cash and Cash Equivalents	6,573,205	-	-	-	6,573,205
Investments	3,239,477	-	-	-	3,239,477
Total Assets Limited as to Use or Restricted	9,812,682	-	-	-	9,812,682
Capital Assets:					
Nondepreciable	8,699,533	-	-	-	8,699,533
Depreciable, Net	110,435,379	-	43,399	-	110,478,778
Total Capital Assets	119,134,912	-	43,399	-	119,178,311
Total Noncurrent Assets	128,947,594	-	43,399	-	128,990,993
Total Assets	456,115,740	2,680,991	1,198,306	1,728,618	458,266,419
DEFERRED OUTFLOWS					
Related to Pension	22,873,822	-	-	-	22,873,822
Related to Postemployment Benefits	1,004,844	-	-	-	1,004,844
Total Deferred Outflows	23,878,666	-	-	-	23,878,666
Total Assets	\$ 479,994,406	\$ 2,680,991	\$ 1,198,306	\$ 1,728,618	\$ 482,145,085

(1) To eliminate interdepartmental receivables and payables.

BROADLAWNS MEDICAL CENTER
COMBINING STATEMENT OF NET POSITION – BY DEPARTMENT (CONTINUED)
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION					
CURRENT LIABILITIES					
Current Maturities of Long-Term Debt	\$ 862,281	\$ -	\$ -	\$ -	\$ 862,281
Accounts Payable and Other Accrued Expenses	13,929,755	1,448,675	264,555	1,728,618 (1)	13,914,367
Accrued Employee Compensation and Payroll Taxes	19,783,187	61,580	70,209	-	19,914,976
Deferred Revenue	-	-	-	-	-
Due to Third-Party Payors	14,126,725	-	-	-	14,126,725
Current Portion of Accrued Claims on Self-Insurance	2,689,352	-	-	-	2,689,352
Total Current Liabilities	51,391,300	1,510,255	334,764	1,728,618	51,507,701
NONCURRENT LIABILITIES					
Other Postemployment Benefits	1,480,816	-	-	-	1,480,816
Accrued Claims on Self-Insurance, Less Current Portion	3,638,316	-	-	-	3,638,316
Long-Term Debt, Less Current Maturities	2,801,563	-	-	-	2,801,563
Net Pension Liability	50,652,862	-	-	-	50,652,862
Total Noncurrent Liabilities	58,573,557	-	-	-	58,573,557
Total Liabilities	109,964,857	1,510,255	334,764	1,728,618	110,081,258
DEFERRED INFLOWS					
Related to Pension	334,861	-	-	-	334,861
Related to Postemployment Benefits	1,559,972	-	-	-	1,559,972
Revenue for Succeeding Year Property Taxes	74,320,109	-	-	-	74,320,109
Total Deferred Inflows	76,214,942	-	-	-	76,214,942
NET POSITION					
Net Investment in Capital Assets	114,418,676	-	43,399	-	114,462,075
Restricted:					
For Enabling Legislation	79,444	-	-	-	79,444
For Specific Activities	52,987	385	-	-	53,372
Unrestricted	179,263,500	1,170,351	820,143	-	181,253,994
Total Net Position	293,814,607	1,170,736	863,542	-	295,848,885
Total Liabilities, Deferred Inflows, and Net Position	\$ 479,994,406	\$ 2,680,991	\$ 1,198,306	\$ 1,728,618	\$ 482,145,085

BROADLAWNS MEDICAL CENTER
COMBINING STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION – BY DEPARTMENT
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
OPERATING REVENUE					
Net Patient Service Revenue	\$ 248,911,135	\$ 2,373,157	\$ 1,482,990	\$ -	\$ 252,767,282
Contracts	669,745	-	-	-	669,745
Operating Grants	13,336,657	-	-	-	13,336,657
Other	5,750,350	-	-	127,412 (1)	5,622,938
Total Operating Revenue	268,667,887	2,373,157	1,482,990	127,412	272,396,622
OPERATING EXPENSES					
Salaries and Wages	133,278,141	1,173,277	981,826	-	135,433,244
Employee Benefits:					
Pension	6,993,901	75,395	95,213	-	7,164,509
All Others	29,738,336	226,434	295,825	-	30,260,595
Physician Fees and Outside Services	9,060,003	-	-	-	9,060,003
Supplies and Other Expenses	102,013,280	349,726	235,045	127,412 (1)	102,470,639
Depreciation and Amortization	12,927,083	7,977	13,018	-	12,948,078
Total Operating Expenses	294,010,744	1,832,809	1,620,927	127,412	297,337,068
OPERATING GAIN (LOSS)	(25,342,857)	540,348	(137,937)	-	(24,940,446)
NONOPERATING REVENUE (EXPENSE)					
Property Taxes Revenue	78,157,406	-	-	-	78,157,406
Loss on Disposal of Assets	(4,939,957)	-	-	-	(4,939,957)
Noncapital Grants and Contributions	44,131	-	-	-	44,131
Investment Earnings	8,911,402	54,498	36,340	-	9,002,240
Interest Expense	(167,129)	-	-	-	(167,129)
Other, Net	72,375	-	-	-	72,375
Total Nonoperating Revenue, Net	82,078,228	54,498	36,340	-	82,169,066
EQUITY TRANSFER	(1,781,076)	1,533,600	247,476	-	-
CAPITAL CONTRIBUTIONS	30,151	-	-	-	30,151
CHANGE IN NET POSITION	54,984,446	2,128,446	145,879	-	57,258,771
Net Position - Beginning of Year	293,814,607	1,170,736	863,542	-	295,848,885
NET POSITION - END OF YEAR	<u>\$ 348,799,053</u>	<u>\$ 3,299,182</u>	<u>\$ 1,009,421</u>	<u>\$ -</u>	<u>\$ 353,107,656</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, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Medical Center	Residential Facilities	Positive Alternatives to Hospitalization (PATH)	Eliminations	Total Medical Center
OPERATING REVENUE					
Net Patient Service Revenue	\$ 212,023,228	\$ 1,875,679	\$ 1,594,618	\$ -	\$ 215,493,525
Contracts	744,097	-	-	-	744,097
Operating Grants	3,449,202	-	-	-	3,449,202
Other	5,082,978	-	-	87,678 (1)	4,995,300
Total Operating Revenue	221,299,505	1,875,679	1,594,618	87,678	224,682,124
OPERATING EXPENSES					
Salaries and Wages	124,027,588	1,269,574	1,018,969	-	126,316,131
Employee Benefits:					
Pension	5,779,358	77,898	86,671	-	5,943,927
All Others	25,311,138	219,301	303,049	-	25,833,488
Physician Fees and Outside Services	8,315,276	-	-	-	8,315,276
Supplies and Other Expenses	97,995,227	284,881	237,911	87,678 (1)	98,430,341
Depreciation and Amortization	12,302,042	-	923	-	12,302,965
Total Operating Expenses	273,730,629	1,851,654	1,647,523	87,678	277,142,128
OPERATING GAIN (LOSS)	(52,431,124)	24,025	(52,905)	-	(52,460,004)
NONOPERATING REVENUE (EXPENSE)					
Property Taxes Revenue	80,107,785	-	-	-	80,107,785
Gain (Loss) on Disposal of Assets	(138,024)	-	4,300	-	(133,724)
Noncapital Grants and Contributions	51,548	-	-	-	51,548
Investment Earnings	5,970,441	-	-	-	5,970,441
Interest Expense	(139,974)	-	-	-	(139,974)
Other, Net	53,485	-	-	-	53,485
Total Nonoperating Revenue, Net	85,905,261	-	4,300	-	85,909,561
EQUITY TRANSFER	(842,301)	842,301	-	-	-
CAPITAL CONTRIBUTIONS	599,554	-	-	-	599,554
CHANGE IN NET POSITION	33,231,390	866,326	(48,605)	-	34,049,111
Net Position - Beginning of Year	260,583,217	304,410	912,147	-	261,799,774
NET POSITION - END OF YEAR	<u>\$ 293,814,607</u>	<u>\$ 1,170,736</u>	<u>\$ 863,542</u>	<u>\$ -</u>	<u>\$ 295,848,885</u>

(1) To eliminate interdepartmental transactions.

BROADLAWNS MEDICAL CENTER
ANALYSIS OF NET PATIENT RECEIVABLES
JUNE 30, 2025 AND 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	2025		2024	
	Amounts	Percent to Total	Amounts	Percent to Total
0 - 30 (In-House and Unbilled)	\$ 36,917,876	55.0 %	\$ 34,381,005	50.5 %
31 - 60	7,649,446	11.4	11,366,660	16.7
61 - 90	6,419,031	9.6	6,165,920	9.1
91 - 120	3,626,688	5.4	3,176,678	4.7
121 - 150	2,211,652	3.3	3,290,615	4.8
151 and over	10,247,858	15.3	9,658,945	14.2
	<u>67,072,551</u>	<u>100.0 %</u>	<u>68,039,823</u>	<u>100.0 %</u>
Allowance for Doubtful Accounts	(8,845,000)		(10,568,000)	
Allowance for Charity Care	(5,596,000)		(6,383,000)	
Allowance for Contractual and Other Adjustments	<u>(32,744,140)</u>		<u>(31,428,580)</u>	
Total	<u>\$ 19,887,411</u>		<u>\$ 19,660,243</u>	
Medicare	\$ 6,057,234	30.5 %	\$ 5,176,353	26.3 %
Medicaid	5,024,391	25.3	5,401,699	27.5
Private Pay	2,519,996	12.7	3,611,152	18.4
Other	<u>6,285,790</u>	<u>31.5</u>	<u>5,471,039</u>	<u>27.8</u>
Total	<u>\$ 19,887,411</u>	<u>100 %</u>	<u>\$ 19,660,243</u>	<u>100 %</u>

BROADLAWNS MEDICAL CENTER
CHANGES IN CAPITAL ASSETS AND ACCUMULATED
DEPRECIATION AND AMORTIZATION
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Capital Assets				Accumulated Depreciation and Amortization			
	June 30, 2024	Additions	Transfers and Disposals	June 30, 2025	June 30, 2024	Current Provision	Deductions	June 30, 2025
Medical Center:								
Land	\$ 2,096,975	\$ -	\$ -	\$ 2,096,975	\$ -	\$ -	\$ -	\$ -
Land Improvements	12,954,703	-	(388,620)	12,566,083	6,791,269	545,021	-	7,336,290
Buildings	61,805,734	416,000	(301,445)	61,920,289	21,543,944	1,938,053	(301,445)	23,180,552
Building Equipment	83,353,803	2,034,554	(329,117)	85,059,240	36,494,150	4,920,857	(299,675)	41,115,332
Fixed Equipment	347,915	948,975	-	1,296,890	248,488	24,876	-	273,364
Major Moveable Equipment	49,464,876	6,300,886	(787,659)	54,978,103	32,413,801	5,498,276	(686,984)	37,225,093
Construction in Progress	6,602,558	8,137,679	(14,031,313)	708,924	-	-	-	-
Total	216,626,564	17,838,094	(15,838,154)	218,626,504	97,491,652	12,927,083	(1,288,104)	109,130,631
Residential Facilities:								
Vehicles	38,752	47,860	-	86,612	38,752	7,976	-	46,728
Total Residential Facilities	38,752	47,860	-	86,612	38,752	7,976	-	46,728
Positive Alternative to Hospitalization (PATH):								
Vehicles	365,876	31,001	(18,582)	378,295	322,477	13,019	(18,582)	316,914
Total PATH	365,876	31,001	(18,582)	378,295	322,477	13,019	(18,582)	316,914
Total	<u>\$ 217,031,192</u>	<u>\$ 17,916,955</u>	<u>\$ (15,856,736)</u>	<u>\$ 219,091,411</u>	<u>\$ 97,852,881</u>	<u>\$ 12,948,078</u>	<u>\$ (1,306,686)</u>	<u>\$ 109,494,273</u>

BROADLAWNS MEDICAL CENTER
CHANGES IN CAPITAL ASSETS AND ACCUMULATED
DEPRECIATION AND AMORTIZATION
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Capital Assets				Accumulated Depreciation and Amortization			
	June 30, 2023	Additions	Transfers and Disposals	June 30, 2024	June 30, 2023	Current Provision	Deductions	June 30, 2024
Medical Center:								
Land	\$ 2,096,975	\$ -	\$ -	\$ 2,096,975	\$ -	\$ -	\$ -	\$ -
Land Improvements	10,774,988	-	2,179,715	12,954,703	6,256,139	535,130	-	6,791,269
Buildings	58,463,946	350,612	2,991,176	61,805,734	19,843,567	1,953,863	(253,486)	21,543,944
Building Equipment	75,961,359	209,153	7,183,291	83,353,803	33,049,008	4,870,725	(1,425,583)	36,494,150
Fixed Equipment	349,010	-	(1,095)	347,915	239,216	10,366	(1,094)	248,488
Major Moveable Equipment	44,958,434	2,725,219	1,781,223	49,464,876	28,211,010	4,931,957	(729,166)	32,413,801
Construction in Progress	17,816,126	7,136,664	(18,350,232)	6,602,558	-	-	-	-
Total	210,420,838	10,421,648	(4,215,922)	216,626,564	87,598,940	12,302,041	(2,409,329)	97,491,652
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	44,323	(50,214)	365,876	371,767	924	(50,214)	322,477
Total PATH	371,767	44,323	(50,214)	365,876	371,767	924	(50,214)	322,477
Total	<u>\$ 210,831,357</u>	<u>\$ 10,465,971</u>	<u>\$ (4,266,136)</u>	<u>\$ 217,031,192</u>	<u>\$ 88,009,459</u>	<u>\$ 12,302,965</u>	<u>\$ (2,459,543)</u>	<u>\$ 97,852,881</u>

BROADLAWNS MEDICAL CENTER
PATIENT SERVICE REVENUE
YEARS ENDED JUNE 30, 2025 AND 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	2025			2024		
	Inpatients	Outpatients	Total	Inpatients	Outpatients	Total
Daily Patient Services:						
Medical, Surgical	\$ 13,612,252	\$ 7,318,144	\$ 20,930,396	\$ 12,766,763	\$ 9,217,990	\$ 21,984,753
Mental Health	24,912,895	160,906	25,073,801	24,681,148	138,709	24,819,857
Intensive Care	3,737,665	331,600	4,069,265	3,495,793	299,061	3,794,854
Family Birthing Center	7,008,655	309,673	7,318,328	6,720,049	397,772	7,117,821
Transitional Facilities	304,546	-	304,546	293,765	-	293,765
Residential Facilities	2,667,784	-	2,667,784	1,968,442	-	1,968,442
Total Daily Patient Services	52,243,797	8,120,323	60,364,120	49,925,960	10,053,532	59,979,492
Other Nursing Services:						
Surgical Services	9,835,819	69,130,067	78,965,886	8,822,048	66,714,988	75,537,036
Medical and Surgical Supplies	2,780,677	16,422,360	19,203,037	3,135,950	16,219,829	19,355,779
Ambulatory Care Services:						
Addiction Medicine	-	736,581	736,581	-	662,338	662,338
Crisis	-	1,709,766	1,709,766	183	1,509,243	1,509,426
Dental Clinic	-	2,766,178	2,766,178	-	2,360,522	2,360,522
Emergency	3,686,552	21,278,311	24,964,863	3,060,368	21,435,183	24,495,551
Endocrinology Clinic	-	224,238	224,238	-	213,395	213,395
Eye Clinic	-	2,502,625	2,502,625	6,963	2,301,815	2,308,778
Family Health Center	-	2,524,400	2,524,400	20	2,282,093	2,282,113
Geriatrics Clinic	-	483,209	483,209	-	373,278	373,278
Integrated Health Home	-	1,442,662	1,442,662	-	1,464,388	1,464,388
Internal Medicine Clinic	-	452,305	452,305	-	401,605	401,605
Neurology Clinic	-	698,443	698,443	-	688,549	688,549
Oncology Clinic	-	2,045,275	2,045,275	-	2,142,985	2,142,985
Optical Shop	-	455,562	455,562	-	427,570	427,570
Orthopedics Clinic	-	1,463,877	1,463,877	-	1,251,523	1,251,523
Outpatient Behavioral Health	-	8,390,190	8,390,190	1	8,639,879	8,639,880
Pain Management Center	-	5,139,134	5,139,134	-	5,673,914	5,673,914
Pediatric Clinic	-	993,981	993,981	-	985,997	985,997
Podiatry Clinic	-	3,212,759	3,212,759	-	2,886,953	2,886,953
Primary Care Clinic	-	3,853,148	3,853,148	20	3,762,754	3,762,774
Sleep Medicine and Allergy Clinic	-	649,464	649,464	-	592,387	592,387
Specialty Clinic	-	77,963	77,963	-	72,029	72,029
Nutrition Clinic	-	4,820	4,820	-	-	-
Surgery Clinic	22,901	2,400,804	2,423,705	24,944	2,122,904	2,147,848
Urology Clinic	-	3,058,920	3,058,920	-	2,712,771	2,712,771
Walk-In Clinic	-	3,547,505	3,547,505	20	3,314,451	3,314,471
Women's Health Clinic	-	2,547,456	2,547,456	-	2,102,451	2,102,451
PATH	-	1,496,163	1,496,163	-	1,596,706	1,596,706
Total Other Nursing Services	16,325,949	159,708,166	176,034,115	15,050,517	154,912,500	169,963,017

BROADLAWNS MEDICAL CENTER
PATIENT SERVICE REVENUE (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	2025			2024		
	Inpatients	Outpatients	Total	Inpatients	Outpatients	Total
Other Physician Services:						
Anesthesiology	\$ 1,784,846	\$ 8,259,212	\$ 10,044,058	\$ 1,663,121	\$ 6,981,578	\$ 8,644,699
Cardiology	-	175,967	175,967	-	175,664	175,664
Downtown Clinic	-	2,649,314	2,649,314	-	2,374,692	2,374,692
Drake University Clinic	35,308	2,114,070	2,149,378	67,757	1,097,736	1,165,493
East University Clinic	-	7,232,379	7,232,379	-	6,933,935	6,933,935
Emergency Medicine	1,610,690	9,793,608	11,404,298	1,314,506	9,975,650	11,290,156
Endocrinology	-	203,765	203,765	-	161,897	161,897
ENT	754	1,560,171	1,560,925	1,418	1,652,744	1,654,162
Geriatrics	-	479,590	479,590	-	358,535	358,535
Internal Medicine	37,686	5,115,491	5,153,177	46,972	4,742,148	4,789,120
Medical Education	673,520	2,080,822	2,754,342	1,404,893	2,191,378	3,596,271
Neurology	24,385	414,712	439,097	12,509	445,064	457,573
Obstetrics and Gynecology	4,888,538	2,025,500	6,914,038	4,280,583	1,447,943	5,728,526
Oncology	-	362,702	362,702	-	365,714	365,714
Ophthalmology	15,823	3,319,418	3,335,241	4,687	3,353,692	3,358,379
Orthopedics	254,942	2,559,029	2,813,971	345,404	3,376,154	3,721,558
Pain Management Center	-	1,845,071	1,845,071	527	1,982,363	1,982,890
Pediatrics	27,672	1,327,955	1,355,627	27,623	1,172,552	1,200,175
Podiatry	153,120	1,745,566	1,898,686	207,453	1,718,558	1,926,011
Primary Care Clinic	23,463	2,616,353	2,639,816	2,202	2,620,206	2,622,408
Psychiatry	83,782	7,707,881	7,791,663	49,323	6,409,958	6,459,281
Surgery	307,115	1,721,994	2,029,109	208,386	1,360,658	1,569,044
Urology	90,544	2,405,445	2,495,989	118,055	2,122,211	2,240,266
Walk-In Clinic	-	1,698,118	1,698,118	-	1,823,736	1,823,736
Other Physician Services	-	55,036	55,036	-	55,992	55,992
Total Other Physician Services	10,012,188	69,469,169	79,481,357	9,755,419	64,900,758	74,656,177
Other Professional Services:						
Laboratory	7,235,156	27,510,525	34,745,681	6,413,351	26,778,892	33,192,243
Pharmacy	3,370,179	56,437,720	59,807,899	3,216,494	51,176,740	54,393,234
Radiology	7,256,687	58,385,387	65,642,074	6,888,583	58,215,270	65,103,853
Respiratory Therapy	2,524,512	2,405,615	4,930,127	2,165,899	2,216,307	4,382,206
Diagnostic Services	-	334,973	334,973	2,295	469,832	472,127
Physical and Occupational Therapy	318,759	3,606,798	3,925,557	283,995	3,418,662	3,702,657
Speech and Hearing Therapy	73,974	427,053	501,027	69,856	407,335	477,191
Total Other Professional Services	20,779,267	149,108,071	169,887,338	19,040,473	142,683,038	161,723,511
Gross Charges at Established Rates	\$ 99,361,201	\$ 386,405,729	485,766,930	\$ 93,772,369	\$ 372,549,828	466,322,197
Charity Care Charges Forgone, Based on Established Rates			(12,391,894)			(12,297,015)
Total Gross Patient Service Revenue			473,375,036			454,025,182
Provisions for Contractual and Other Adjustments			(199,415,038)			(216,055,561)
Provision for Bad Debts			(21,192,716)			(22,476,096)
Total Net Patient Service Revenue			\$ 252,767,282			\$ 215,493,525

**BROADLAWNS MEDICAL CENTER
OTHER OPERATING REVENUE
YEARS ENDED JUNE 30, 2025 AND 2024
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>2025</u>	<u>2024</u>
Grants:		
Broadlawns Medical Center:		
CARES Funds	\$ 8,987,038	\$ -
Women, Infants, and Children Program, State of Iowa, (IDPH)	3,344,016	3,166,034
WIC Infrastructure	637,960	-
WIC Breast Pump Program, State of Iowa, (IDPH)	59,273	46,450
Hospital Preparedness Program	7,015	2,300
Farmers Market Nutrition Program, State of Iowa (IDALS)	5,911	6,603
Breastfeeding Peer Counseling, State of Iowa, (IDPH)	184,623	158,773
HCBS American Rescue Plan Act Recruitment and Retention Grant, State of Iowa	21,952	-
Hypertension and Cholesterol Improvement Project, Iowa State Department of Public Health	-	5,000
Apprenticeship USA Expansion and Innovation, Iowa Workforce Development	88,869	64,042
Total Grants	<u>13,336,657</u>	<u>3,449,202</u>
Contracts:		
Polk County:		
Addiction Medicine	268,400	322,080
Annual Incentive	79,613	75,475
Other:		
Medical and Dental Education, University of Iowa	296,080	296,080
Medicare and Medicaid Innovation	25,652	-
Integrated Health Home	-	50,462
Total Contracts	<u>669,745</u>	<u>744,097</u>
Other:		
Family Practice Program, UnityPoint	184,920	29,436
Purchase Discounts	-	19,851
Refunds and Rebates	642,990	712,416
Sales and Supplies, Services, and Salvage	3,335,415	2,862,638
Des Moines Consortium Contribution	75,792	52,708
Psychiatry Education Foundation	842,504	786,982
Des Moines PD Mobile Crisis	328,464	328,466
Miscellaneous	212,853	202,803
Total Other	<u>5,622,938</u>	<u>4,995,300</u>
Total Other Operating Revenue	<u>\$ 19,629,340</u>	<u>\$ 9,188,599</u>



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