

Kalkaska Memorial Health Center

Balance Sheet

Assets	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Current Assets		
Cash and Cash Equivalents	\$ 23,147,135	\$ 26,571,541
Short-Term Investments	6,269,258	7,429,259
Accounts Receivable	11,366,640	9,912,908
Third Party Settlements	-	259,269
Due from Affiliates	32,772	10,232
Inventory	270,649	509,269
Other Current Assets	335,452	163,422
Total Current Assets	<u>41,421,906</u>	<u>44,855,900</u>
Investments	10,012,950	-
Capital Assets (net of Accumulated Depreciation)	35,455,283	35,872,717
Land	1,364,151	1,364,151
Construction In Progress	2,921,956	1,022,662
Other Assets		
Restricted Cash	15,147,207	4,565,175
Other Assets	111,432	105,412
Total Other Assets	<u>15,258,639</u>	<u>4,670,587</u>
Total Assets	<u>\$ 106,434,885</u>	<u>\$ 87,786,017</u>
Liabilities and Net Assets		
Current Liabilities		
Current Maturities - Long-Term Debt	\$ 2,213,192	\$ 1,067,359
Trade Accounts Payable	829,463	1,562,606
Accrued Compensation	3,507,086	4,251,357
Third Party Liabilities	4,757,799	3,435,719
Due to Affiliates	4,739,204	2,559,273
Other Current Liabilities	1,771,382	2,008,732
Total Current Liabilities	<u>17,818,126</u>	<u>14,885,046</u>
Long-Term Debt - Less Current Maturities	18,354,650	4,638,525
Other Long-Term Liabilities	20,000	20,000
Deferred Liabilities	13,772	8,420
Total Liabilities	<u>36,206,548</u>	<u>19,551,991</u>
Net Assets		
Invested in Capital Assets, net of Related Debt	24,802,553	38,182,651
Unrestricted	45,425,784	30,051,375
Total Net Assets	<u>70,228,337</u>	<u>68,234,026</u>
Total Liabilities and Net Assets	<u>\$ 106,434,885</u>	<u>\$ 87,786,017</u>

Kalkaska Memorial Health Center

Statement of Operations

	Month of December 2022				Year to Date Ended December 31, 2022			
	Actual	Budget	Variance	Prior Year	Actual	Budget	Variance	Prior Year
Operating Revenue								
Inpatient	\$ 188,161	\$ 132,371	\$ 55,790	\$ 138,449	\$ 718,608	\$ 783,900	\$ (65,292)	\$ 745,788
Outpatient	6,712,672	6,594,130	118,542	6,309,486	44,073,589	39,125,836	4,947,753	37,563,662
Professional	1,233,816	1,239,924	(6,108)	1,181,313	7,747,979	7,357,414	390,565	6,947,295
Long Term Care	1,055,388	1,007,902	47,486	995,782	5,917,600	5,983,062	(65,462)	5,696,474
Dialysis Center	549,923	736,707	(186,784)	682,942	3,661,207	4,371,008	(709,801)	4,264,463
Ambulance	392,353	342,558	49,795	364,336	1,964,043	2,032,122	(68,079)	1,937,655
Retail Pharmacy	159,757	126,597	33,160	115,520	788,454	751,468	36,986	728,263
Assisted Living	86,490	95,893	(9,403)	94,657	552,987	569,184	(16,197)	553,992
	10,378,560	10,276,082	102,478	9,882,485	65,424,467	60,973,994	4,450,473	58,437,592
Revenue Deductions:								
Contractual Allowances	4,216,710	4,601,815	385,105	4,018,388	28,934,372	27,309,245	(1,625,127)	25,535,435
Provision Charity Care	17,945	26,479	8,534	7,907	191,918	157,184	(34,734)	146,333
Provision for Bad Debt	133,900	204,070	70,170	185,622	1,139,797	1,211,030	71,233	883,690
	4,368,555	4,832,364	463,809	4,211,917	30,266,087	28,677,459	(1,588,628)	26,565,458
Net Patient Revenues	6,010,005	5,443,718	566,287	5,670,568	35,158,380	32,296,535	2,861,845	31,872,134
Other Operating Revenues	280,684	367,848	(87,164)	365,244	2,081,622	2,062,469	19,153	2,334,723
Total Operating Revenue	6,290,689	5,811,566	479,123	6,035,812	37,240,002	34,359,004	2,880,998	34,206,857
Operating Expenses								
Salaries and Wages	4,568,298	2,930,864	(1,637,434)	3,572,515	18,578,373	16,854,317	(1,724,056)	15,698,025
Fringe Benefits	798,640	719,935	(78,705)	737,118	4,225,007	4,319,610	94,603	3,858,821
Contract Labor	48,177	34,275	(13,902)	29,801	196,043	205,334	9,291	186,675
Physician Fees	63,121	75,074	11,953	63,981	375,597	445,482	69,885	394,069
Purchased Services	579,820	572,701	(7,119)	565,219	3,451,789	3,508,736	56,947	3,369,805
Pharmaceuticals	451,845	536,322	84,477	500,933	3,861,924	3,184,144	(677,780)	2,885,809
Supplies	423,102	342,595	(80,507)	394,034	2,707,716	2,034,521	(673,195)	1,965,632
Occupancy	125,052	114,271	(10,781)	95,225	746,567	686,724	(59,843)	648,599
Equipment, Software & Maintenance	63,697	57,448	(6,249)	69,904	421,366	395,213	(26,153)	341,106
Depreciation	261,978	262,251	273	252,208	1,555,896	1,573,376	17,480	1,437,074
Insurance	58,135	63,295	5,160	44,965	378,471	379,755	1,284	316,874
Other	52,847	39,136	(13,711)	54,929	218,612	235,656	17,044	243,095
	7,494,712	5,748,167	(1,746,545)	6,380,832	36,717,361	33,822,868	(2,894,493)	31,345,584
Less Shared Services	-	280	(280)	3,004	-	1,680	(1,680)	13,309
Total Operating Expenses	7,494,712	5,747,887	(1,746,825)	6,377,828	36,717,361	33,821,188	(2,896,173)	31,332,275
Income from Operations before Grant Revenue from COVID-19	(1,204,023)	63,679	(1,267,702)	(342,016)	522,641	537,816	(15,175)	2,874,582
Grant Revenue COVID-19	986,610	-	986,610	711,984	986,610	-	986,610	711,984
Paycheck Protection Program Loan Forgiveness	-	-	-	-	-	-	-	6,164,700
Operating Income	(217,413)	63,679	(281,092)	369,968	1,509,251	537,816	971,435	9,751,266
Non-Operating Income (Expense)								
Reserved for Bond Debt	125,230	117,428	7,802	116,724	757,337	704,568	52,769	702,064
Interest on Debt Related to Capital Assets	(61,955)	(62,563)	608	(17,169)	(327,606)	(341,212)	13,606	(103,597)
Unrealized Gain/Loss on LT Investments	78,000	-	78,000	(1,419)	74,725	-	74,725	(9,983)
Tax Levy Revenue	730	734	(4)	730	4,040	4,404	(364)	4,380
Bond Issuance Cost	-	-	-	-	(75,500)	-	(75,500)	-
Contributions	6,202	100	6,102	-	6,020	600	5,420	2,113
Other Income (Loss)	12,202	3,200	9,002	3,654	46,044	19,200	26,844	21,384
Total Non-Operating Income (Expense)	160,409	58,899	101,510	102,520	485,060	387,560	97,500	616,361
Total Increase (Decrease) in Net Assets	\$ (57,004)	\$ 122,578	\$ (179,582)	\$ 472,488	\$ 1,994,311	\$ 925,376	\$ 1,068,935	\$ 10,367,627

Statement of Cash FlowsSix Months Ending
December 31, 2022**Cash flow from operating activities**

Received from patients and third-party payors	\$	35,263,457
Payments to employees		(23,547,651)
Payments to suppliers for services and goods		(11,076,705)
Other receipts from operations		3,065,993
Net cash provided by operating activities		<u>3,705,094</u>

Cash flow from capital and related financing activities

Acquisition and construction of capital assets		(3,043,477)
Proceeds from sale of capital assets		12,000
Proceeds from county bond tax levy		757,337
Interest paid on long-term debt		(327,606)
Issuance of long-term debt		15,000,000
Issuance costs paid on long-term debt		(75,500)
Principal payments on bonds and notes payable		(138,042)
Net cash provided by capital and related financing activity		<u>12,184,712</u>

Cash flow from investing activities

Investment income		120,769
Sale of short-term investments		1,160,001
Net activity of investments internally designated for capital acquisitions		(10,012,950)
Net cash used by investing activities		<u>(8,732,180)</u>

Net increase in cash and cash equivalents		7,157,626
Cash and cash equivalents at beginning of year		31,136,716
Cash and cash equivalents at end of period	\$	<u><u>38,294,342</u></u>

Reconciliation of operating income to net cash flows from operating activities

Operating income	\$	1,509,251
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation		1,555,896
Provision for uncollectible accounts		1,139,797
Operating tax levy		4,040
Net gains and losses on sale of PPE		(6,279)
(Increase) decrease in assets:		
Patient accounts receivable		(2,616,069)
Third-party settlements		259,269
Inventory		238,620
Other current assets		(172,030)
Increase (decrease) in liabilities:		
Trade accounts payable		1,446,788
Accrued Compensation		(744,271)
Third Party Settlements		1,322,080
Other accrued liabilities		(231,998)
Net cash provided by operating activities	\$	<u><u>3,705,094</u></u>

Kalkaska Memorial Health Center

**Statement of Changes in Net Assets
Six Months Ending December 31, 2022**

	Invested in Capital Assets, net of Related Debt	Unrestricted	Total Net Assets
Net Assets at June 30, 2021	\$ 32,397,873	\$ 22,208,339	\$ 54,606,212
Acquisition and construction of capital assets	1,987,421		1,987,421
Depreciation	(2,991,509)		(2,991,509)
Sale of Capital Assets	(38,470)		(38,470)
Net Change in Debt	1,198,331		1,198,331
Increase (Decrease) in Net Assets Net of Amounts Invested in Capital Assets		13,472,041	14,762,361
Increase (Decrease) in Net Assets	155,773	13,472,041	14,918,134
Net Assets at June 30, 2022	32,553,646	35,680,380	68,234,026
Acquisition and construction of capital assets	3,031,477		3,031,477
Depreciation	(1,555,896)		(1,555,896)
Sale of Capital Assets	6,279		6,279
Capital Grants	-		-
Net Change in Debt	(14,861,958)		(14,861,958)
Increase (Decrease) in Net Assets Net of Amounts Invested in Capital Assets		15,374,409	15,374,409
Increase (Decrease) in Net Assets	(13,380,098)	15,374,409	1,994,311
Net Assets at December 31, 2022	\$ 19,173,548	\$ 51,054,789	\$ 70,228,337

Kalkaska Memorial Health Center

Statistical Report

	Month of December 2022				Year to Date Ended December 31, 2022			
	Actual	Budget	Variance	Prior Year	Actual	Budget	Variance	Prior Year
ADMISSIONS:								
Acute Care	20	16	4	19	92	94	(2)	89
Long Term Care	11	15	(4)	22	64	90	(26)	81
Extended Stays	11	8	3	14	70	46	24	165
PATIENT DAYS:								
Acute Care	70	59	11	63	322	350	(28)	333
Long Term Care-Skilled	120	283	(163)	304	724	1,680	(956)	1,280
Long Term Care-Basic	2,242	2,425	(183)	2,284	13,616	14,394	(778)	14,457
Extended Stays	11	22	(11)	14	70	128	(58)	84
AVERAGE LENGTH OF STAY:								
Acute Care	3.5	3.7	0.2	3.3	3.5	3.7	0.2	3.7
DAILY AVERAGE CENSUS:								
Acute Care	2.3	1.9	0.3	2.0	1.8	1.9	(0.2)	1.8
Long Term Care	76.2	87.4	(11.2)	83.5	77.9	87.4	(9.4)	85.5
PERCENT OF OCCUPANCY:								
Acute Care	28.2%	23.8%	4.4%	25.4%	21.9%	23.8%	-1.9%	22.6%
Long Term Care	73.3%	84.0%	-10.7%	80.3%	74.9%	84.0%	-9.1%	82.2%
ANCILLARY DEPARTMENT VOLUME:								
Emergency Room	1,376	1,191	185	1,183	8,341	7,068	1,273	7,811
Urgent Care	0	0	0	(1)	1	0	1	418
Walk-in Clinic	485	406	79	424	2,649	2,410	239	2,564
Primary Care Physician RVU's	3,846	6,481	(2,635)	5,927	36,805	38,468	(1,663)	35,013
Primary Care Physician Encounters	3,710	3,962	(252)	4,002	22,259	23,516	(1,257)	21,103
Specialty Clinics	260	381	(121)	321	2,054	2,260	(206)	2,347
KMA Clinic RVU's	7,298	7,143	155	6,679	43,310	42,396	914	39,751
Total Outpatient Visits	7,199	7,398	(199)	6,763	44,387	43,912	475	43,094
Surgical Procedures	162	117	45	99	874	694	180	663
Radiology	2,604	2,494	110	2,338	16,232	14,800	1,432	14,849
Laboratory	17,689	19,633	(1,944)	18,914	114,529	116,532	(2,003)	117,517
Physical Therapy	3,122	3,396	(274)	3,353	20,934	20,156	778	20,102
Chemo Therapy	454	426	28	437	3,443	2,530	913	2,497
Dialysis Treatments	479	628	(149)	601	3,175	3,726	(551)	3,701
Ambulance Transports	235	236	(1)	260	1,282	1,400	(118)	1,338
Assisted Living Days	841	963	(122)	961	5,350	5,716	(366)	5,603
Cost per adjusted IP and LTC day:	345.39	210.71	134.68	254.41	234.63	209.15	25	196.18
TOTAL FTE'S:	452	467	15	441	454	451	(4)	437

Kalkaska Memorial Health Center

Additional Financial Information

	December 31, 2022
MTD % increase in net revenue vs. prior year	5.99%
MTD % increase in expense vs. prior year	17.51%
	-11.53%
YTD % increase in net revenue vs. prior year	10.31%
YTD % increase in expense vs. prior year	17.19%
	-6.88%
LTC Expense per Critical Unit - MTD	\$ 401.86
LTC Expense per Critical Unit - YTD	\$ 323.41
Ambulance Days in AR YTD	124.22
Dialysis number of patients - MTD	57
Dialysis net income - MTD	\$ (87,341)
Dialysis net income - YTD	\$ (247,631)
Assisted Living net income - MTD	\$ (130,015)
Assisted Living net income - YTD	(359,577)
Average Age of Plant (as of 12/31/22)	11.59
Debt to Capitalization Ratio	0.23

Net Revenue Analysis

	Month of December 2022		
	Actual	Budget	Variance
Service Line Revenue % of Total			
Inpatient	1.8%	1.3%	0.5%
Outpatient	64.7%	64.2%	0.5%
Professional	11.9%	12.1%	-0.2%
Long-Term Care	10.2%	9.8%	0.4%
Dialysis Center	5.3%	7.2%	-1.9%
Ambulance	3.8%	3.3%	0.4%
Retail Pharmacy	1.5%	1.2%	0.3%
Assisted Living	0.8%	0.9%	-0.1%
	100.0%	100.0%	0.0%

Revenue Deductions as % of Gross Revenue			
Contractual Allowances	40.6%	44.8%	4.2%
Charity Care	0.2%	0.3%	0.1%
Bad Debt	1.3%	2.0%	0.7%
Total Revenue Deductions	42.1%	47.0%	4.9%

	Year to Date Ended December 31, 2022		
	Actual	Budget	Variance
Service Line Revenue % of Total			
Inpatient	1.1%	1.3%	-0.2%
Outpatient	67.4%	64.2%	3.2%
Professional	11.8%	12.1%	-0.2%
Long-Term Care	9.0%	9.8%	-0.8%
Dialysis Center	5.6%	7.2%	-1.6%
Ambulance	3.0%	3.3%	-0.3%
Retail Pharmacy	1.2%	1.2%	0.0%
Assisted Living	0.8%	0.9%	-0.1%
	100.0%	100.0%	0.0%

Revenue Deductions as % of Gross Revenue			
Contractual Allowances	44.2%	44.8%	0.6%
Charity Care	0.3%	0.3%	0.0%
Bad Debt	1.7%	2.0%	0.2%
Total Revenue Deductions	46.3%	47.0%	0.8%

Kalkaska Memorial Health Center

Payor Mix Schedule

YTD 2023

Revenue %

	MCare	MCareHMO	Medicaid	Medicaid Adv	BC	Comm	Priority	Private	Total
Acute including EMS	25.09%	23.29%	0.23%	20.21%	13.96%	6.21%	9.05%	1.95%	100.00%
LTC	6.17%	9.26%	59.83%	0.00%	0.15%	9.52%	0.00%	15.07%	100.00%
ER	17.69%	16.69%	0.00%	33.51%	15.18%	5.92%	7.61%	3.40%	100.00%
OR	23.66%	21.86%	0.00%	12.81%	23.46%	6.50%	10.83%	0.89%	100.00%

YTD 2022

Revenue %

	MCare	MCareHMO	Medicaid	Medicaid Adv	BC	Comm	Priority	Private	Total
Acute including EMS	26.04%	22.85%	0.10%	20.11%	13.85%	6.29%	8.83%	1.93%	100.00%
LTC	13.03%	14.23%	55.03%	0.00%	0.00%	5.07%	0.00%	12.65%	100.00%
ER	18.60%	16.15%	0.00%	32.30%	14.86%	6.58%	8.22%	3.29%	100.00%
OR	20.68%	28.47%	0.00%	15.15%	17.74%	6.79%	10.48%	0.69%	100.00%

YTD 2021

Revenue %

	MCare	MCareHMO	Medicaid	Medicaid Adv	BC	Comm	Priority	Private	Total
Acute including EMS	29.64%	22.29%	0.34%	16.97%	13.17%	6.53%	8.10%	2.96%	100.00%
LTC	11.30%	10.50%	59.94%	0.00%	0.00%	4.48%	0.00%	13.78%	100.00%
ER	20.22%	15.93%	0.00%	30.26%	14.16%	7.54%	8.00%	3.90%	100.00%
OR	23.11%	22.39%	0.00%	18.84%	15.90%	7.80%	11.60%	0.36%	100.00%

YTD 2020

Revenue %

	MCare	MCareHMO	Medicaid	Medicaid Adv	BC	Comm	Priority	Private	Total
Acute including EMS	32.78%	18.49%	0.30%	17.39%	14.81%	5.76%	7.57%	2.89%	100.00%
LTC	14.75%	9.87%	55.12%	0.00%	0.07%	6.65%	0.00%	13.54%	100.00%
ER	23.86%	12.91%	0.00%	28.30%	15.13%	6.72%	7.64%	5.43%	100.00%
OR	21.94%	18.12%	0.00%	27.92%	15.98%	6.10%	9.61%	0.33%	100.00%

YTD 2019

Revenue %

	MCare	MCareHMO	Medicaid	Medicaid Adv	BC	Comm	Priority	Private	Total
Acute including EMS	35.31%	14.95%	0.51%	17.51%	17.15%	5.26%	7.23%	2.08%	100.00%
LTC	13.43%	5.66%	64.30%	0.00%	0.06%	4.94%	0.00%	11.62%	100.00%
ER	27.44%	10.47%	0.00%	27.59%	15.95%	6.08%	6.93%	5.54%	100.00%
OR	26.38%	12.35%	0.00%	28.65%	18.96%	4.56%	8.20%	0.90%	100.00%