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FINANCIAL STATEMENTS
OF THE
JENNINGS AMERICAN LEGION HOSPITAL, INC.
JENNINGS, LOUISIANA
AS OF NOVEMBER 30, 1999 AND NOVEMBER 30, 1998

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date APR 05 2000

FREDERICK, NORTON, ROBERT & SCHULTHESS
CERTIFIED PUBLIC ACCOUNTANTS
(A PROFESSIONAL CORPORATION)
345 E. Academy Avenue
Jennings, Louisiana 70546

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FREDERICK, NORTON, ROBERT & SCHULTHESS

**CERTIFIED PUBLIC ACCOUNTANTS
(A PROFESSIONAL CORPORATION)**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Jennings American Legion Hospital, Inc.
Jennings, Louisiana

Gentlemen:

We have audited the accompanying balance sheet of the Jennings American Legion Hospital, Inc., Jennings, Louisiana as of November 30, 1999 and 1998 and the related statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Jennings American Legion Hospital, Inc., Jennings, Louisiana as of November 30, 1999 and 1998, and the results of its operations, changes in net assets and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated March 3, 2000, on our consideration of the Hospital's internal control over reporting and our test of its compliance with certain provisions of laws, contracts, and grants.

Frederick, Norton, Robert & Schulthess

Frederick, Norton, Robert & Schulthess

March 3, 2000

JENNINGS AMERICAN LEGION HOSPITAL, INC.
Jennings, Louisiana

BALANCE SHEET
AS OF NOVEMBER 30, 1999 AND 1998

ASSETS

	<u>1999</u>	<u>1998</u>
CURRENT ASSETS:		
Cash	\$ 206,408	\$ 146,798
Patient Accounts Receivable (net of estimated uncollectibles of \$2,274,602 in 1999 and \$1,519,371 in 1998)	3,233,114	2,909,037
Estimated Third-Party Payor Settlements - Medicare & Medicaid	260,596	207,162
Other Receivables	270,684	157,076
Inventories	208,981	196,677
Prepaid Expenses	73,284	47,476
Total Current Assets	<u>4,253,067</u>	<u>3,664,226</u>
ASSETS WHOSE USE IS LIMITED:		
By Board of Trustees for Capital Improvements and Expansion	3,944,792	3,054,904
By Loan Agreement	70,822	58,463
	<u>4,015,614</u>	<u>3,113,367</u>
PROPERTY, PLANT AND EQUIPMENT:		
Land and Improvements	1,046,547	1,034,867
Buildings and Improvements	10,963,069	10,920,910
Moveable Equipment	6,901,619	6,707,123
Construction in Progress	372,266	23,741
Total Cost	19,283,501	18,686,641
Less: Accumulated Depreciation	(8,945,419)	(7,986,432)
Total Property, Plant and Equipment	<u>10,338,082</u>	<u>10,700,209</u>
TOTAL ASSETS	<u>\$ 18,606,763</u>	<u>\$ 17,477,802</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Current Portion of Long-Term Debt	\$ 189,583	\$ 216,169
Bank Overdraft	0	73,661
Accounts Payable	652,746	547,813
Accrued Liabilities	173,975	145,236
Estimated Third-Party Payor Settlements - Medicare & Medicaid	0	101,897
Total Current Liabilities	<u>1,016,304</u>	<u>1,084,776</u>
LONG TERM DEBT	<u>3,556,023</u>	<u>3,748,561</u>
NET ASSETS - UNRESTRICTED	<u>14,034,436</u>	<u>12,644,465</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 18,606,763</u>	<u>\$ 17,477,802</u>

The accompanying notes are an integral part of these financial statements

JENNINGS AMERICAN LEGION HOSPITAL, INC.
Jennings, Louisiana

STATEMENT OF OPERATIONS
FOR THE YEARS ENDED NOVEMBER 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
UNRESTRICTED REVENUES, GAINS and OTHER SUPPORT:		
Net Patient Service Revenue	\$ 14,387,591	\$ 13,066,463
Other Revenue	<u>1,634,902</u>	<u>1,134,320</u>
Total Revenues, Gains and Other Support	<u>16,022,493</u>	<u>14,200,783</u>
EXPENSES:		
Salaries and Wages	4,916,995	4,675,365
Employee Benefits	906,373	870,302
Supplies	1,378,764	1,344,194
Purchased Services	3,423,099	3,076,107
Physician Fees	389,928	580,180
Bad Debt Expense	1,068,087	923,546
Depreciation Expense	1,058,237	1,002,063
Interest Expense	248,327	277,656
Insurance Expense	99,775	179,142
Other Expenses	<u>1,212,365</u>	<u>1,189,262</u>
Total Expenses	<u>14,701,950</u>	<u>14,117,817</u>
Operating Income	<u>1,320,543</u>	<u>82,966</u>
OTHER INCOME (EXPENSE):		
Unrestricted Donated Income	10,083	2,030
Contributions	(100,000)	0
Loss On Sale Of Assets	(5,323)	(37,596)
Income on Investments Whose Use is Limited by Board:		
For Capital Improvements and Expansions	<u>164,668</u>	<u>178,032</u>
Non-Operating Gains	<u>69,428</u>	<u>142,466</u>
INCREASE IN UNRESTRICTED ASSETS	<u>\$ 1,389,971</u>	<u>\$ 225,432</u>

The accompanying notes are an integral part of these financial statements

JENNINGS AMERICAN LEGION HOSPITAL, INC.
Jennings, LouisianaSTATEMENT OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED NOVEMBER 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
UNRESTRICTED NET ASSETS:		
Excess of Revenues Over Expenses	\$ 1,389,971	\$ 225,432
Extraordinary Gain	<u>0</u>	<u>0</u>
INCREASE IN UNRESTRICTED NET ASSETS	1,389,971	225,432
NET ASSETS AT BEGINNING OF YEAR	<u>12,644,465</u>	<u>12,419,033</u>
NET ASSETS AT END OF YEAR	\$ <u>14,034,436</u>	\$ <u>12,644,465</u>

The accompanying notes are an integral part of these financial statements

JENNINGS AMERICAN LEGION HOSPITAL, INC.
Jennings, Louisiana

STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED NOVEMBER 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 1,389,971	\$ 225,432
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,058,237	1,002,063
Loss on Disposition of Fixed Assets	5,323	37,596
(Increase) Decrease in Patient Accounts Receivable	(324,077)	149,783
(Increase) Decrease in Net Amounts Due from Third-Party Payors	(53,434)	(379,260)
(Increase) Decrease in Inventory and Other Current Assets	(151,720)	(8,676)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	<u>(68,472)</u>	<u>(11,564)</u>
 Net Cash Provided By Operating Activities and Gains and Losses	 <u>1,855,828</u>	 <u>1,015,374</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from Sale of Fixed Assets	30,000	15,249
Purchases of Property and Equipment	(731,433)	(1,055,047)
Cash Invested in Assets Whose Use is Limited	<u>(902,247)</u>	<u>201,636</u>
 Net Cash Used by Investing Activities	 <u>(1,603,680)</u>	 <u>(838,162)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of Long-Term Debt	(192,538)	(177,415)
Proceeds From New Debt	<u>0</u>	<u>0</u>
 Net Cash Provided By Financing Activities	 <u>(192,538)</u>	 <u>(177,415)</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 59,610	 (203)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>146,798</u>	 <u>147,001</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 206,408</u>	<u>\$ 146,798</u>

SUPPLEMENTAL DISCLOSURES:

1. Accounting Policies: Cash Equivalents - the Hospital considers only unrestricted cash deposits to be cash and cash equivalents.
2. Interest Paid: During 1999 and 1998 the Hospital paid interest of \$ 248,327 and \$ 277,656 respectively.
3. Income Taxes: The Hospital is a Tax Exempt Organization under the rules of the IRC of 1954 Section 501 (c)3.
4. Acquisitions: During 1998 the Hospital received a trade in allowance of \$ 63,000 which was a non cash transaction not included above.

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

NATURE OF OPERATIONS:

Jennings American Legion Hospital, Inc. is a not for profit hospital which provides inpatient, outpatient, and emergency care services to the general public. The Hospital is located in Jennings, Louisiana and provides services primarily for residents of Southwestern Louisiana. Admitting physicians are primarily practitioners in the local area.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. **Basis of Accounting** - The records of the hospital are maintained on the accrual basis of accounting in accordance with American Hospital Association recommendations.
- B. **Allowance for uncollectibles** - Estimated uncollectible patient accounts receivable are based on the hospitals prior experience with bad debts and estimated contractual allowances and PPO discounts in account receivable balances.
- C. **Inventories** - Inventories are valued at the lower of cost or market (on the first-in, first out method).
- D. **Property, Plant and Equipment** - These assets are stated at cost. The plant and equipment are depreciated on the straight-line method over their estimated useful lives. The following is a schedule of activity in the major classifications:

	<u>11-30-98</u>		<u>Additions</u>		<u>Deletions</u>		<u>11-30-99</u>
Land	\$ 767,272	\$	0	\$	-0-	\$	767,272
Land Improvements	267,595		11,680		-0-		279,275
Buildings & Improvements	10,920,910		42,159		-0-		10,963,069
Equipment	6,707,123		313,088		118,592		6,901,619
Construction in progress	23,741		358,681		10,156		372,266

- E. **Use of estimates** - The preparation of Jennings American Legion Hospital's financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. RECEIVABLES

- A. **Patient Accounts Receivable** - Patient accounts receivable reflect total amounts due from individuals and third parties.
- B. **Estimated third-party payor settlements (Medicare and Medicaid)** - During the billing cycle Medicare and Medicaid patients are billed at normal rates. Each month an estimate is made as to the actual amounts due from the third party based on prior year cost reports and Medicare and Medicaid revenues. As payments are received patient accounts are credited and adjustments to amounts in allowance for uncollectibles are recorded. After current cost reports are completed and pay schedules updated, differences in estimates are settled. Amounts in this asset account reflect estimated settlement due to the hospital.

JENNINGS AMERICAN LEGION HOSPITAL, INC.
Jennings, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. NOTES PAYABLE

Notes payable consist of the following at November 30, 1999 and 1998:

	<u>1999</u>	<u>1998</u>
Note payable due General Electric Capital Corporation, collateralized by real estate, interest at 8.375%	\$ 93,411	\$ 114,213
Note payable due The Trust Company of Louisiana collateralized by all assets and assigned revenues at 7%	2,115,000	2,232,500
Note payable due Hargroder Living Trust of 1995 collateralized by real estate, interest at 8.25 %	155,528	175,774
Note payable due Farmer's Home Administration, collateralized by real estate, interest at 5.625%	<u>1,381,667</u>	<u>1,411,331</u>
	3,745,606	3,933,818
Less: Current portion	<u>189,583</u>	<u>185,257</u>
	<u>\$ 3,556,023</u>	<u>\$ 3,748,561</u>

Aggregate annual principal payments through November 30, 2004 are as follows:

<u>YEAR</u>	
2000	\$ 189,583
2001	205,321
2002	220,503
2003	198,232
2004	222,735

4. CAPITAL

The hospital is a non-profit corporation, organized under the laws of the State of Louisiana, without any capital stock.

5. INCOME TAXES

The hospital is exempt from Federal Income Tax under Section 501(c)3 of the 1954 Internal Revenue Code.

6. DEPOSIT AND INVESTMENT RISK

	<u>1999</u>	<u>1998</u>
Deposits insured by the FDIC	\$ 111,245	\$ 114,234
Uninsured uncollateralized deposits	\$ 187,613	\$ 221,947
Repurchase agreements which are uninsured and unregistered, with securities held by counterparty, not in hospital's name	\$ 2,003,028	\$ 2,422,615
Treasury Notes	\$ 1,919,386	\$ 500,719

Investments are carried at their cost or amortized cost when appropriate. Carrying value of investments at November 30, 1999 and 1998 approximate market value. All securities are available for sale.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. COMPENSATED ABSENCES

The hospital does not record a provision for accrued sick pay. Accordingly the financial statements do not reflect an expense or the related liability. Vested vacation time is accrued at current pay rates. The amount accrued at 11/30/99 and 11/30/98 respectively was \$ 160,199 and \$ 145,236.

8. NET PATIENT REVENUE

Patient revenues on the financial statements at 11/30/99 and 11/30/98 are stated net of estimated third party contractual adjustments.

9. EMPLOYEE BENEFITS

The hospital offers its employees a cafeteria plan under IRC section 125 and purchased annuities under reduced salary agreements under IRC section 403B.

10. ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS

MEDICARE & MEDICAID

Estimated third-party payor settlements (Medicare and Medicaid) - During the billing cycle Medicare and Medicaid patients are billed at normal rates. Each month an estimate is made as to the actual amounts due from the third party based on prior year cost reports and Medicare and Medicaid revenues. As payments are received patient accounts are credited and adjustments to amounts in allowance for uncollectibles are recorded. After current cost reports are completed and pay schedules updated, differences in estimates are settled. Amounts in this liability account reflect estimated settlement due from the hospital.

11. CONCENTRATIONS OF CREDIT RISK

The Hospital is located in Jennings, Louisiana. The Hospital grants credits without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements.

As disclosed in note 6 the Hospital had deposits in major financial institutions which exceeded Federal Depository Insurance limits. These financial institutions have a strong credit rating and management believes that credit risk related to these deposits is minimal.

12. RECLASSIFICATIONS

Certain 1998 amounts have been reclassified to conform to the 1999 presentation.

13. SCHOLARSHIPS

At November 30, 1999 the hospital projected its scholarship commitment for future years as follows:

Year Ended	
<u>November 30</u>	
2000	\$ 5,961
Total	<u>\$ 5,961</u>

JENNINGS AMERICAN LEGION HOSPITAL, INC.
Jennings, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. FUTURE INCOME GUARANTEES

As part of its physician recruiting practice, the hospital sometimes offers certain physicians incentives in the form of guaranteed minimum income for such physicians for a period of time. The amounts of such payments are not determinable because they are directly effected by the physicians medical practice receipts. The maximum amounts which may be paid in the future under such contracts was calculated at November 30, 1999 to be:

Year Ended <u>November 30</u> 2000	\$ 77,500
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15. RELATED PARTY TRANSACTIONS

The hospital purchased services from a closely held corporation whose owner is also a director of the hospital in the amount of \$ 140,854 and \$ 135,363 in 1999 and 1998 respectively. During the fiscal year ended 11/30/99 and 11/30/98 the hospital purchased insurance from two closely held corporations whose owners are members of the board of directors in the amount of \$ 705,026 and \$611,638, respectively and paid \$ 6050 during the year ended 11/30/99 and \$ 6,600 during the year ended 11/30/98 for the rent of office space from an individual who is a member of the board of directors.

16. LEASES

Operating equipment lease expense for the year ended November 30, 1999 and 1998 was \$ 132,269 and \$ 141,328. Future minimum lease payments on noncancelable equipment leases are as follows:

For the Fiscal Year Ended November 30, 1999 2000	\$ 84,860 -0-
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17. ASSETS WHOSE USE IS LIMITED:

	<u>1999</u>	<u>1998</u>
Cash Accounts	\$ 93,200	\$ 190,033
Repurchase Agreements	2,003,028	2,422,615
Treasury Notes	<u>1,919,386</u>	<u>500,719</u>
Total	<u>\$ 4,015,614</u>	<u>\$ 3,113,367</u>

18. FUNCTIONAL EXPENSES

	<u>11/30/99</u>	<u>11/30/98</u>
Health care services	\$ 8,045,615	\$ 7,810,884
General and administrative	<u>6,656,335</u>	<u>6,306,933</u>
Total	<u>\$ 14,701,950</u>	<u>\$ 14,117,817</u>

JENNINGS AMERICAN LEGION HOSPITAL, INC.
Jennings, Louisiana

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. OTHER OFF BALANCE SHEET RISK

The hospital purchases commercial insurance to reduce the risk of loss due to liability claims and loss due to physical damage to fixed assets should they occur.

20. LITIGATION

The Jennings American Legion Hospital, Inc. has been sued by an employee over an attack committed by a third person on the grounds of the hospital. This matter is covered by the hospital's liability insurance. The Hospital's general liability carrier has referred such suit to attorneys who are currently representing the Hospital on this matter. Attorneys representing the Hospital have represented that the judgment value of this claim is quite high and that the outcome of litigation is unknown.

Jennings American Legion Hospital, Inc. is involved in several malpractice claims. Management believes that these claims, if found to be valid, will fall completely under the coverage of their insurance carrier.

ADDITIONAL REPORTS

FREDERICK, NORTON, ROBERT & SCHULTHESS

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Jennings American Legion Hospital, Inc.

We have audited the financial statements of Jennings American Legion Hospital, Inc. as of and for the year ended November 30, 1999, and have issued our report thereon dated March 3, 2000, which was unqualified. We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.

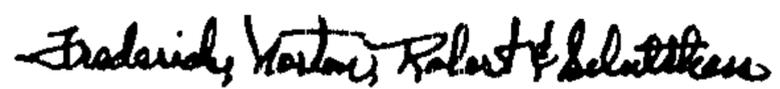
Compliance

As part of obtaining reasonable assurance about whether Jennings American Legion Hospital, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jennings American Legion Hospital, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Directors, Management and the Legislative Auditor. This restriction is not intended to limit the distribution of the report, which is a matter of public record.



Frederick, Norton, Robert & Schulthess

March 3, 2000

**FREDERICK, NORTON,
ROBERT & SCHULTHESS**

CERTIFIED PUBLIC ACCOUNTANTS
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REPORT ON ADDITIONAL INFORMATION

Board of Directors
Jennings American Legion Hospital, Inc.
Jennings, Louisiana

Our report on our audit of the basic financial statements of Jennings American Legion Hospital, Inc. for November 30, 1999 and 1998 appear on page one. The audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedure applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Frederick, Norton, Robert & Schulthess

Frederick, Norton, Robert & Schulthess

March 3, 2000

JENNINGS AMERICAN LEGION HOSPITAL, INC.
 SCHEDULE OF ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS
 FOR THE YEARS ENDED NOVEMBER 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
THIRD-PARTY PAYOR RECEIVABLES:		
Medicare	\$ 239,525	\$ 0
Medicaid	<u>21,071</u>	<u>207,162</u>
Total Third-Party Payor Receivables	<u>260,596</u>	<u>207,162</u>
 THIRD-PARTY PAYOR LIABILITIES:		
Medicare	<u>0</u>	<u>(101,897)</u>
Total Third-Party Payor Liabilities	<u>0</u>	<u>(101,897)</u>
 NET ESTIMATED THIRD-PARTY PAYOR SETTLEMENTS	 \$ <u>260,596</u>	 \$ <u>105,265</u>

JENNINGS AMERICAN LEGION HOSPITAL, INC.
 SCHEDULE OF ASSETS WHOSE USE IS LIMITED
 FOR THE YEARS ENDED NOVEMBER 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
ASSETS WHOSE USE IS LIMITED:		
Restricted by Board of Trustees For Capital Improvements and Expansions:		
Funded Depreciation - Savings	\$ 58,275	\$ 58,329
Funded Depreciation - Asset Aquisitions Account	1,052,253	68,240
Funded Depreciation - Repurchase Agreements	950,775	2,422,615
MOB Construction Checking	(35,897)	5,001
Funded Depreciation - Treasury Note	<u>1,919,386</u>	<u>500,719</u>
Total	3,944,792	3,054,904
Restricted by Loan Agreement:		
Restricted - Capital Improvements Reserve	19,934	19,499
Restricted - 1993 FMHA Reserve	25,444	19,482
Restricted - 1993 Depreciation & Contingency Reserve	<u>25,444</u>	<u>19,482</u>
TOTAL ASSETS WHOSE USE IS LIMITED	\$ <u>4,015,614</u>	\$ <u>3,113,367</u>

JENNINGS AMERICAN LEGION HOSPITAL, INC.
SCHEDULE OF PATIENT SERVICES REVENUES BY PATIENT TYPE AND PAYOR
FOR THE YEARS ENDED NOVEMBER 30, 1999 AND 1998

	1999				1998
	MEDICARE	MEDICAID	OTHER	TOTAL	TOTAL
INPATIENT:					
Room & Board - ICU	\$ 349,815	\$ 25,500	\$ 177,065	\$ 552,380	\$ 453,470
Room & Board - Med. & Surgical	1,283,365	251,379	652,515	2,187,259	1,668,783
Room & Board - OB/GYN	11,100	137,050	123,705	271,855	272,380
Room & Board - Nursery	1,015	76,075	50,035	127,125	121,650
Diabetes Education	90	0	250	340	1,060
Delivery Room	1,285	86,656	85,580	173,521	212,445
Operating Room	269,533	90,796	324,531	684,860	597,058
Recovery Room	61,980	44,400	182,067	288,447	259,733
Anesthesia	86,043	23,952	112,018	222,013	185,965
Orthopedics	229,969	6,684	186,763	423,416	528,592
Emergency Room	205,784	31,840	113,332	350,956	354,579
Materials Management	1,220,950	411,079	1,014,266	2,646,295	2,308,594
Equipment	687,695	112,429	335,397	1,135,521	977,536
Laboratory	1,087,607	192,496	566,250	1,846,353	1,645,452
EKG	132,755	7,770	57,115	197,640	149,890
Treadmill	0	0	0	0	1,100
EEG	3,225	1,250	1,975	6,450	2,550
Radiology	256,851	37,824	141,605	436,280	394,098
Nuclear Medicine	66,340	4,919	32,306	103,565	46,432
CAT Scan	194,461	23,785	121,408	339,654	267,621
Ultrasound	174,879	16,300	96,139	287,318	237,170
M.R.I.	7,350	0	8,575	15,925	23,590
Pharmacy	1,643,824	299,202	913,214	2,856,240	2,083,055
Respiratory Therapy	606,385	180,696	290,722	1,077,803	807,793
Physical Therapy	50,024	2,680	20,780	73,484	88,047
Total Inpatient	<u>8,632,325</u>	<u>2,064,762</u>	<u>5,607,613</u>	<u>16,304,700</u>	<u>13,688,643</u>
SKILLED NURSING:					
Medical/Surgical Unit	327,651	0	5,035	332,686	213,600
Surgery	5,477	0	0	5,477	2,758
Recovery Room	0	0	0	0	496
Anesthesia	1,320	0	0	1,320	825
Orthopedics	0	0	0	0	0
Emergency Room	0	0	0	0	230
Materials Management	98,148	0	2,279	100,427	60,146
Equipment	47,464	0	566	48,030	36,285
Laboratory	87,272	0	885	88,157	52,497
EKG	1,190	0	0	1,190	845
EEG	250	0	0	250	0
Radiology	14,181	0	318	14,499	9,513
Nuclear Medicine	2,532	0	0	2,532	865
CAT Scan	13,520	0	0	13,520	5,125
Ultrasound	4,375	0	382	4,757	3,035
Pharmacy	259,199	0	2,309	261,508	124,279
Respiratory Therapy	105,542	0	107	105,649	65,806
Physical Therapy	53,928	0	2,744	56,672	37,698
Total Skilled Nursing	<u>1,022,049</u>	<u>0</u>	<u>14,625</u>	<u>1,036,674</u>	<u>614,003</u>
OUTPATIENT:					
Medical/Surgical Unit	22,208	4,827	15,968	43,003	73,498
Diabetes Education	80	0	390	470	845
Delivery Room	66	2,807	1,244	4,117	2,600
Operating Room	257,267	87,267	410,068	754,602	571,249
Recovery Room	52,759	29,373	126,806	208,938	187,774
Anesthesia	70,460	30,825	139,633	240,918	177,988
Orthopedics	58,156	854	182,356	241,366	161,261
Emergency Room	160,827	160,523	491,621	812,971	822,428
Observation	19,445	3,613	16,323	39,381	115,618
Materials Management	270,286	91,432	542,028	903,746	732,973
Equipment	66,624	20,975	82,631	170,230	211,628
Laboratory	723,841	228,900	586,808	1,539,549	1,303,921

Continued

JENNINGS AMERICAN LEGION HOSPITAL, INC.
SCHEDULE OF PATIENT SERVICES REVENUES BY PATIENT TYPE AND PAYOR
FOR THE YEARS ENDED NOVEMBER 30, 1999 AND 1998

	1999			1998	
	MEDICARE	MEDICAID	OTHER	TOTAL	TOTAL
EKG	50,115	11,135	56,195	117,445	100,035
Treadmill	7,800	300	35,975	44,075	22,000
EEG	1,250	5,975	6,000	13,225	12,225
Radiology	442,847	128,665	717,803	1,289,315	1,093,299
Nuclear Medicine	100,431	6,077	116,119	222,627	127,406
CAT Scan	5,944	-572	7,629	13,001	6,320
Ultrasound	1,567	1,291	4,226	7,084	5,831
M.R.I.	0	0	0	0	277,815
Pharmacy	324,194	90,536	425,865	840,595	642,816
Respiratory Therapy	31,508	11,750	36,399	79,657	58,240
Physical Therapy	0	0	756	756	192
Dietary	0	0	770	770	1,080
Total Outpatient	<u>2,667,675</u>	<u>916,553</u>	<u>4,003,613</u>	<u>7,587,841</u>	<u>6,709,042</u>
HOME HEALTH:	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>628,772</u>
Total Patient Service Revenues	<u>\$ 12,322,049</u>	<u>\$ 2,981,315</u>	<u>\$ 9,625,851</u>	24,929,215	21,640,460
Adjustments and Allowances:					
Contractual Adjustments				(7,510,577)	(6,411,768)
Other Allowances				(3,031,047)	(2,162,229)
NET PATIENT SERVICE:				<u>\$ 14,387,591</u>	<u>\$ 13,066,463</u>

JENNINGS AMERICAN LEGION HOSPITAL, INC.
 SCHEDULE OF OTHER OPERATING REVENUE
 FOR THE YEARS ENDED NOVEMBER 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
OTHER OPERATING REVENUE:		
Sale of Medical Records	\$ 1,617	\$ 1,577
Telephone & Television	45	47
Employee Meals	27,081	24,616
Visitor Meals	13,422	7,579
Office Rental	86,733	67,945
Lab Service Revenue	111	38,648
Agency Billing	52,804	7,996
Sale of Scrap	752	5,100
Miscellaneous Revenue	0	5,218
Disproportionate Share Payment	562,016	252,266
Operating Interest Income	1,860	2,118
V. A. Clinic Revenue	676,966	527,297
Emergency Room Grants	0	0
Medical Office Building Rental	<u>211,495</u>	<u>193,913</u>
TOTAL OTHER OPERATING REVENUE	\$ <u>1,634,902</u>	\$ <u>1,134,320</u>

JENNINGS AMERICAN LEGION HOSPITAL, INC.
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT AND CATEGORY
FOR THE YEARS ENDED NOVEMBER 30, 1999 AND 1998

	-----1999-----				1998	
	SALARIES	SUPPLIES	PURCHASE SERVICE	OTHER	TOTAL.	TOTAL.
PATIENT SERVICES:						
Nursing Administration	\$ 124,207	\$ 1,445	\$ 0	\$ 9,743	\$ 135,395	\$ 117,908
Intensive Care Unit	317,471	13,735	12,429	1186	344,821	322,534
Medical/Surgical	997,862	44,715	14,519	10,204	1,067,300	858,953
OB/GYN	300,252	15,876	3,190	3,076	322,394	312,720
Nursery	98,897	7,158	0	665	106,720	112,383
Delivery Room	0	0	0	0	0	0
Operating Room	262,977	131,379	0	44,159	438,515	418,414
Recovery Room	22,182	3,979	0	0	26,161	22,190
Orthopedics	0	173,377	0	25,498	198,875	294,706
Emergency Room	423,384	32,038	320,655	4,788	780,865	986,084
Out Patient	96,744	3,714	0	18	100,476	85,090
Materials Management	0	2,712	976,906	0	979,618	915,982
Laboratory	395,361	321,504	268,018	70,980	1,055,863	831,085
EKG	0	602	0	0	602	307
Treadmill	0	3,051	0	0	3,051	2,284
EEG	0	0	14,905	0	14,905	13,435
Radiology	194,289	138,915	52,825	68,377	454,406	448,859
Nuclear Medicine	44,339	49,233	2,386	8,128	104,086	71,280
CAT Scan	338	0	138,083	0	138,421	137,695
Ultrasound	50,715	0	17,623	852	69,190	56,964
M.R.I.	-12	-4,363	20,250	0	15,875	121,874
Pharmacy	0	7,845	907,140	0	914,985	738,347
Respiratory Therapy	181,930	46,944	25	17,616	246,515	220,793
Anesthesia	0	18,618	0	6,400	25,018	20,533
Speech Therapy	0	0	125	0	125	175
Physical Therapy	0	0	104,424	0	104,424	106,103
Home Health	0	0	0	0	0	257,323
Social Services	35,865	251	2,476	784	39,376	40,576
Medical Records	167,523	6,481	29,845	11,398	215,247	192,236
V.A. Clinic	0	188	140,523	968	141,679	104,016
Quality Assurance	0	672	0	35	707	35
Total Patient Services	<u>3,714,324</u>	<u>1,020,069</u>	<u>3,026,347</u>	<u>284,875</u>	<u>8,045,615</u>	<u>7,810,884</u>
GENERAL SERVICES:						
Dietary	160,314	142,791	285	2,100	305,490	268,346
Maintenance	96,430	52,590	82,814	362,559	594,393	548,328
Environmental Services	249,666	90,965	52,034	9,255	401,920	362,342
Laundry & Linen	0	29,192	140,316	0	169,508	156,458
Total General Services	<u>506,410</u>	<u>315,538</u>	<u>275,449</u>	<u>373,914</u>	<u>1,471,311</u>	<u>1,335,474</u>
ADMINISTRATIVE SERVICES:						
Human Resources	17,507	2,393	0	112	20,012	18,052
Accounting	66,456	1,426	329	5,464	73,675	80,092
Patient Accounts	118,101	7,955	83,681	25,869	235,606	234,598
Data Processing	19,929	11,809	65,808	43,076	140,622	85,667
Admitting/PBX	145,785	18,228	0	836	164,849	131,613
Administration	328,483	1,263	361,413	346,032	1,037,191	1,041,512
Medical Office Building	0	83	0	23,450	23,533	22,502
Employee Benefits	0	0	0	906,373	906,373	870,302
Insurance	0	0	0	99,775	99,775	179,142
Depreciation	0	0	0	1,058,237	1,058,237	1,002,063
Board	0	0	0	98,226	98,226	90,083
Interest	0	0	0	248,327	248,327	277,656
Bad Debts	0	0	0	1,068,087	1,068,087	923,545
Scholarship Expenses	0	0	0	10,511	10,511	14,632
Total Administrative Services	<u>696,261</u>	<u>43,157</u>	<u>511,231</u>	<u>3,934,375</u>	<u>5,185,024</u>	<u>4,971,459</u>
TOTAL OPERATING EXPENSES	<u>\$ 4,916,995</u>	<u>\$ 1,378,764</u>	<u>\$ 3,813,027</u>	<u>\$4,593,164</u>	<u>\$14,701,950</u>	<u>\$14,117,817</u>

JENNINGS AMERICAN LEGION HOSPITAL, INC.
SCHEDULE OF OTHER OPERATING EXPENSE BY CATEGORY
FOR THE YEARS ENDED NOVEMBER 30, 1999 AND 1998

	<u>1999</u>	<u>1998</u>
OTHER OPERATING EXPENSES:		
Repairs Expense	\$ 254,518	\$ 233,499
Rental/Lease Expense	157,767	141,328
Utilities Expense	392,941	376,626
Travel Expense	26,612	44,778
Seminars Expense	54,447	66,160
Postage Expense	11,641	16,881
Freight Expense	32,489	26,807
Dues and Subscriptions	36,000	40,253
Board Expense	77,450	60,346
Licenses Expense	1,113	6,770
Promotion and Advertising	26,923	22,734
Bank Charges	3,291	2,333
Sales & Use Taxes	105,254	121,167
Miscellaneous	21,408	14,948
Scholarship Expense	<u>10,511</u>	<u>14,632</u>
TOTAL OTHER OPERATING EXPENSES	\$ <u>1,212,365</u>	\$ <u>1,189,262</u>

JENNINGS AMERICAN LEGION HOSPITAL, INC.

Schedule of Findings and Questioned Cost
As of November 30, 1999

SECTION I Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control
Material Weaknesses ___ Yes X No Other Reportable Conditions ___ Yes X No

Compliance
Compliance Material to Financial Statements ___ Yes X No

b. Federal Awards

There were no Federal Program Expenditures

c. Identification of Major Programs:

There were no Federal Program Expenditures

SECTION II Financial Statement Finding

No Findings to Report

SECTION III Federal Award Findings and Questioned Costs

There were no matters reported.

JENNINGS AMERICAN LEGION HOSPITAL, INC.

Schedule of Prior Year Findings
As of November 30, 1999

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS		
	NO FINDINGS TO REPORT	
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS		
	NO FINDINGS TO REPORT	
SECTION III MANAGEMENT LETTER		
	NO FINDINGS TO REPORT	