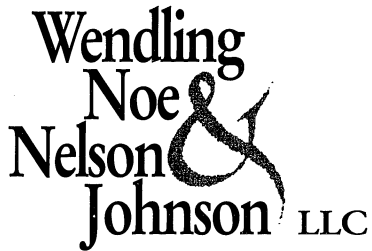


FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
SEDAN CITY HOSPITAL  
SEPTEMBER 30, 2012 AND 2011

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees  
Sedan City Hospital

We have audited the accompanying financial statements of the business-type activity of Sedan City Hospital ("Hospital"), as of and for the years ended September 30, 2012 and 2011, which collectively comprise the Hospital's financial statements as listed in the table of contents. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit Guide. These 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we express no such opinion. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the business-type activity of Sedan City Hospital as of September 30, 2012 and 2011, and the results of its operations, changes in net assets, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The Hospital has not presented a management's discussion and analysis as required by accounting principles generally accepted in the United States of America to supplement, although not required to be part of, the financial statements.

*Wendling Noe Nelson & Johnson LLC*

Topeka, Kansas  
February 28, 2013

FINANCIAL STATEMENTS

# LIABILITIES AND NET ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT LIABILITIES		
Current maturities of capital leases payable	\$ 96,891	\$ 92,175
Accounts payable	351,638	343,241
Accrued expenses		
Salaries and related benefits	79,825	77,217
Vacation	68,245	62,506
Other	12,219	18,005
	<u>608,818</u>	<u>593,144</u>
Total current liabilities		
CAPITAL LEASE PAYABLE, net of current maturities	<u>289,297</u>	<u>386,188</u>
	<u>898,115</u>	<u>979,332</u>
Total liabilities		
NET ASSETS		
Invested in capital assets - net of related debt	317,384	288,635
Unrestricted	<u>603,873</u>	<u>499,875</u>
	<u>921,257</u>	<u>788,510</u>
Total net assets		
	<u>\$ 1,819,372</u>	<u>\$ 1,767,842</u>

SEDAN CITY HOSPITAL  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
Year ended September 30,

	<u>2012</u>	<u>2011</u>
Operating revenues		
Net patient service revenue	\$ 3,465,770	\$ 3,480,458
Other	<u>28,467</u>	<u>28,102</u>
Total operating revenues	<u>3,494,237</u>	<u>3,508,560</u>
Operating expenses		
Salaries and wages	1,711,065	1,573,002
Employee benefits	418,218	377,769
Supplies and other	1,169,730	1,127,656
Depreciation and amortization	<u>189,642</u>	<u>119,069</u>
Total operating expenses	<u>3,488,655</u>	<u>3,197,496</u>
Operating income	<u>5,582</u>	<u>311,064</u>
Nonoperating revenues (expenses)		
Sales tax revenue	139,122	126,879
Noncapital grants and contributions	5,512	42,728
Investment income	4,934	1,080
Interest expense	<u>(22,403)</u>	<u>(8,225)</u>
Total nonoperating revenues, net	<u>127,165</u>	<u>162,462</u>
Increase in net assets	132,747	473,526
Net assets at beginning of year	<u>788,510</u>	<u>314,984</u>
Net assets at end of year	<u>\$ 921,257</u>	<u>\$ 788,510</u>

The accompanying notes are an integral part of these statements.

SEDAN CITY HOSPITAL  
STATEMENTS OF CASH FLOWS  
Year ended September 30,

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities		
Receipts from and on behalf of patients	\$ 3,427,517	\$ 3,012,614
Payments to or on behalf of employees	(2,126,722)	(1,902,270)
Payments to suppliers	(1,170,631)	(1,165,551)
Other receipts and payments	<u>27,762</u>	<u>30,623</u>
Net cash provided (used) by operating activities	<u>157,926</u>	<u>(24,584)</u>
Cash flows from noncapital financing activities		
Noncapital grants and contributions	5,512	42,728
Proceeds from sales tax	<u>139,122</u>	<u>126,879</u>
Net cash provided by noncapital financing activities	<u>144,634</u>	<u>169,607</u>
Cash flows from capital and related financing activities		
Interest paid	(22,403)	(8,225)
Principal and capital lease payments	(92,175)	(49,289)
Purchase of capital assets	<u>(126,216)</u>	<u>(31,146)</u>
Net cash used by capital and related financing activities	<u>(240,794)</u>	<u>(88,660)</u>
Cash flows from investing activities		
Increase in assets limited as to use	(111)	(474)
Investment income received	<u>4,934</u>	<u>1,080</u>
Net cash provided by investing activities	<u>4,823</u>	<u>606</u>
Increase in cash and cash equivalents	66,589	56,969
Cash and cash equivalents at beginning of year	<u>177,938</u>	<u>120,969</u>
Cash and cash equivalents at end of year	<u>\$ 244,527</u>	<u>\$ 177,938</u>
Noncash transactions		
Capital lease obligation incurred	<u>\$ -</u>	<u>\$ 504,551</u>

The accompanying notes are an integral part of these statements.

SEDAN CITY HOSPITAL  
STATEMENTS OF CASH FLOWS - CONTINUED  
Year ended September 30,

	<u>2012</u>	<u>2011</u>
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income	\$ 5,582	\$ 311,064
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization	189,642	119,069
Provision for bad debts	318,830	194,351
Changes in		
Patient accounts receivable	(183,480)	(447,962)
Inventory and prepaid expenses	(9,298)	(11,190)
Other assets	(705)	2,521
Accounts payable and accrued expenses	10,958	21,796
Estimated third-party payor settlements	<u>(173,603)</u>	<u>(214,233)</u>
Net cash provided (used) by operating activities	<u>\$ 157,926</u>	<u>\$ (24,584)</u>

The accompanying notes are an integral part of these statements.



SEDAN CITY HOSPITAL  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2012 and 2011

NOTE A - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES

A summary of the significant accounting policies of Sedan City Hospital consistently applied in the preparation of the accompanying financial statements follows.

1. Reporting entity

Sedan City Hospital (Hospital) is a not-for-profit critical access hospital located in Sedan, Kansas. The Hospital was organized to provide acute care services for the benefit of the community and is owned by Sedan, Kansas, and is governed by a Board of Trustees appointed by the governing body of the City of Sedan, Kansas. The Hospital primarily earns revenue by providing inpatient acute and outpatient services to patients in Southeast Kansas.

2. Basis of accounting

The Hospital utilizes the enterprise fund method of accounting whereby revenue and expenses are recognized on the accrual basis using the economic resources measurement focus. The Hospital is accounted for similar to an enterprise fund in conformity with applicable pronouncements of the Governmental Accounting Standards Board (GASB). The intent of an enterprise fund is to finance or recover, primarily through user charges, the costs (expenses, including depreciation) of providing goods and services to its users. An enterprise fund prepares operating statements using as its measurement focus the flow of economic resources. Such operating statements are designed to report events and transactions that increase or decrease an entity's economic resources (i.e., all assets and liabilities). Enterprise fund transactions are accounted for using the accrual basis, under which revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred.

Balances classified as operating revenues and expenses are those that comprise the Hospital's principal ongoing operations. Since the Hospital's operations are similar to those of any health care provider, most revenues and expenses are considered operating.

3. Use of estimates

The preparation of 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 these estimates.

4. Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less excluding any such amounts included with assets limited as to use.

SEDAN CITY HOSPITAL  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2012 and 2011

NOTE A - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES - Continued

5. Patient receivables

Patient receivables are uncollateralized customer and third-party payor obligations. Unpaid patient receivables, excluding amounts due from third-party payors, are turned over to a collection agency. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying value of patient receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write-off and recovery information in determining the estimated bad debt provision.

6. Inventories

Inventories are stated at lower of cost (first-in, first-out) or market.

7. Assets limited as to use

Assets limited as to use include assets set aside by the Board of Trustees for future capital improvements and medical scholarships over which the Board retains control and may, at its discretion, subsequently use for other purposes.

8. Capital assets

Capital asset acquisitions in excess of \$5,000 (including assets recorded as capital leases) are stated at cost. Depreciation and amortization of capital assets are provided on the straight-line method over the estimated useful lives of the assets. The estimated lives used are generally in accordance with the guidelines established by the American Hospital Association.

The costs of maintenance and repairs are charged to operating expenses as incurred. The costs of significant additions, renewals, and betterments to depreciable properties are capitalized and depreciated over the remaining or extended estimated useful lives of the item or the properties. Gains and losses on disposition of capital assets are included in nonoperating gains and losses.

9. Grants and contributions

From time to time, the Hospital receives grants and contributions from individuals and private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for 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. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

SEDAN CITY HOSPITAL  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2012 and 2011

NOTE A - DESCRIPTION OF REPORTING ENTITY AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES - Continued

10. Restricted resources

When the Hospital has both restricted and unrestricted resources available to finance a particular program, it is the Hospital's policy to use restricted resources before unrestricted resources.

11. Net assets

Net assets of the Hospital are presented in the following two components:

Net assets invested in capital assets net of related debt consists of capital assets, net of accumulated depreciation and reduced by the current balances of any outstanding balances used to finance the purchase or construction of those assets.

Unrestricted net assets - Unrestricted net assets are remaining net assets that do not meet the definition of "invested in capital assets net of related debt" or "restricted."

12. Operating revenues and expenses

The Hospital's statement of revenues, expenses, and changes in net assets distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the Hospital's principal activity. Nonexchange revenues, including grants and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

13. Charity care

The Hospital 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 Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The amount of charity care provided by the Hospital is disclosed in Note B.

14. Income taxes

The Hospital is classified as a political subdivision and is exempt under Section 115 of the Internal Revenue Code and is exempt from federal taxes on related income pursuant to Section 115 of the Code and is not required to file federal income tax returns.

SEDAN CITY HOSPITAL  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2012 and 2011

NOTE B - NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established charge rates. The amounts reported on the balance sheet as estimated third-party payor settlements consist of management's best estimate of the differences between the contractual amounts for providing covered services and the interim payments received for those services. A summary of the payment arrangements with major third-party payors follows:

Medicare - Services rendered to Medicare program beneficiaries are paid under the provisions applicable to critical access hospitals. Payments to the Hospital under the critical access provisions for inpatient, outpatient, and swing-bed patient services are determined on the basis of allowable costs. The Hospital is paid for cost reimbursable and other services at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits or reviews thereof by the Medicare contractor. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization. The Hospital's Medicare cost reports have been audited or reviewed by the Medicare contractor through September 30, 2010.

Medicaid - Services rendered to Medicaid program beneficiaries, other than those covered by managed care plans, are paid under provisions applicable to critical access hospitals. Payments to the Hospital under the critical access hospital provisions are based on cost reimbursement methodologies used by the Medicare program. Medicaid has final-settled these cost reports through September 30, 2009.

Blue Cross and Blue Shield - All services rendered to patients who are insured by Blue Cross and Blue Shield are paid on the basis of prospectively determined rates per discharge or discounts from established charges.

A summary of Hospital gross and net patient service revenue is as follows:

	<u>2012</u>	<u>2011</u>
Gross patient service revenue	\$ 4,898,248	\$ 3,658,637
Deductions from patient service revenue		
Medicare and Medicaid contractual adjustments	(753,656)	207,827
Other contractals	(245,440)	(119,765)
Provision for bad debts	(318,830)	(194,351)
Charity care	(114,552)	(71,890)
Net patient service revenue	<u>\$ 3,465,770</u>	<u>\$ 3,480,458</u>

SEDAN CITY HOSPITAL  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2012 and 2011

NOTE B - NET PATIENT SERVICE REVENUE - Continued

Revenue from the Medicare and Medicaid programs accounted for approximately 78 percent and 5 percent, respectively, of the Hospital's net patient service revenue during 2012, and 74 and 11 percent, respectively, of the Hospital's net patient service revenue during 2011. 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 could change in the near term. Net patient service revenue for 2011 was increased by approximately \$375,000 due to changes in previously recorded estimates of settlements related to years prior to 2011.

NOTE C - CAPITAL ASSETS

Capital assets consist of the following:

	Balance September 30, 2011	Additions	Disposals	Balance September 30, 2012
Land	\$ 2,100	\$ -	\$ -	\$ 2,100
Land improvements	58,618			58,618
Buildings	987,650			987,650
Fixed equipment	720,874			720,874
Equipment	1,312,691	126,216		1,438,907
	<u>3,081,933</u>	<u>126,216</u>	<u>-</u>	<u>3,208,149</u>
Less accumulated depreciation and amortization	<u>2,314,935</u>	<u>189,642</u>	<u>-</u>	<u>2,504,577</u>
Capital assets, net	<u>\$ 766,998</u>	<u>\$ (63,426)</u>	<u>\$ -</u>	<u>\$ 703,572</u>

	Balance September 30, 2010	Additions	Disposals	Balance September 30, 2011
Land	\$ 2,100	\$ -	\$ -	\$ 2,100
Land improvements	58,618			58,618
Buildings	961,505	26,145		987,650
Fixed equipment	720,874			720,874
Equipment	803,140	509,551		1,312,691
	<u>2,546,237</u>	<u>535,696</u>	<u>-</u>	<u>3,081,933</u>
Less accumulated depreciation and amortization	<u>2,195,867</u>	<u>119,068</u>	<u>-</u>	<u>2,314,935</u>
Capital assets, net	<u>\$ 350,370</u>	<u>\$ 416,628</u>	<u>\$ -</u>	<u>\$ 766,998</u>

SEDAN CITY HOSPITAL  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2012 and 2011

NOTE D - CASH AND DEPOSITS

Kansas statutes authorize the Hospital, with certain restrictions, to deposit or invest in open accounts, time deposits, certificates of deposit, repurchase agreements, the State Treasurer's municipal investment pool, and U.S. Treasury bills and notes. Also, statutes require that financial institutions pledge securities with a market value equal to total deposits in excess of FDIC coverage at any given time, and the securities pledged be deposited with a Kansas state or national bank or trust company, the Federal Reserve Bank, the Federal Home Loan Bank, or the Kansas State Treasurer.

At September 30, 2012, the carrying amount and book value of the Hospital's deposits with financial institutions was \$316,109 and the bank balances were \$348,567. Of the bank balances, all amounts were covered by FDIC insurance.

NOTE E - LEASES

The Hospital leases certain equipment under long-term lease agreements. Certain leases have been recorded as operating leases. Total lease expense for the years ended September 30, 2012 and 2011, for operating leases was \$51,913 and \$46,763, respectively.

NOTE F - CAPITAL LEASE PAYABLE

Capital lease payables are summarized as follows:

	<u>2012</u>	<u>2011</u>
Capital lease payable; implied interest rate of 5.00%; payable in monthly installments of \$9,500 through June 2016	\$ 386,188	\$ 478,363
Less current portion	<u>96,891</u>	<u>92,175</u>
Noncurrent portion	<u>\$ 289,297</u>	<u>\$ 386,188</u>

The following is a summary of changes in capital lease obligations:

	Balance September 30, 2010	Additions	Reductions	Balance September 30, 2011
Capital leases	\$ 3,101	\$ 504,551	\$ 29,289	\$ 478,363
	Balance September 30, 2011	Additions	Reductions	Balance September 30, 2012
Capital leases	\$ 478,363	\$ -	\$ 92,175	\$ 386,188

SEDAN CITY HOSPITAL  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2012 and 2011

NOTE F - CAPITAL LEASE PAYABLE - Continued

Scheduled capital lease payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 96,891	\$ 17,109	\$ 114,000
2014	101,848	12,152	114,000
2015	107,059	6,941	114,000
2016	<u>80,390</u>	<u>1,626</u>	<u>82,016</u>
	<u>\$ 386,188</u>	<u>\$ 37,828</u>	<u>\$ 424,016</u>

NOTE G - RETIREMENT PLAN

The Hospital offers a 403(b) tax sheltered annuity plan to employees. Currently, the Hospital does not make contributions on behalf of the employee. Employees are allowed to make elective or after-tax contributions to the plan. There are certain limitations imposed by the IRS for the total amount of annual contributions that may be made to an employee's 403(b) account and limits on the amount of elective deferrals that employees may make to a 403(b) plan. Distributions may generally be made because of the employee's death, disability, severance from employment, attainment of age 59-1/2 or, in the case of salary reduction contributions, financial hardship.

NOTE H - CONCENTRATION OF CREDIT RISK

The Hospital is located in Sedan, Kansas. The Hospital grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors is as follows:

	<u>2012</u>	<u>2011</u>
Medicare and Medicaid	36%	44%
Other third-party payors	26	28
Patients	<u>38</u>	<u>28</u>
	<u>100%</u>	<u>100%</u>

NOTE I - OTHER RELATED PARTY TRANSACTION

The Hospital has entered into a management agreement with Jane Phillips Medical Center. The Hospital incurred expenses of \$170,899 and \$169,114 for these services for the years ended September 30, 2012 and 2011, respectively. At September 30, 2012 and 2011, the Hospital owed \$263,166 and \$260,454, respectively, to Jane Phillips Medical Center. The amounts owed are included in accounts payable on the balance sheet.

SEDAN CITY HOSPITAL  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
September 30, 2012 and 2011

NOTE J - RISK MANAGEMENT

For the years ended September 30, 2012 and 2011, the Hospital was insured for hospital professional liability under a comprehensive hospital liability policy provided by an independent insurance carrier with limits of \$200,000 per occurrence up to an annual aggregate of \$600,000 for all claims made during the policy year. The Hospital is further covered by the Kansas Health Care Stabilization Fund for claims in excess of its comprehensive hospital liability policy up to \$800,000 pursuant to any one judgment or settlement against the Hospital for any one party, subject to an aggregate limitation for all judgments or settlements arising from all claims made in the policy year in the amount of \$2,400,000. All coverage is on a claims-made basis. The above policies were renewed on January 1, 2012, for the policy period from January 1, 2012 to January 1, 2013.

In addition to the risk disclosed elsewhere in these financial statements and notes thereto, the Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. The Hospital purchases commercial insurance for these risks. Settled claims have not exceeded this commercial coverage in any of the past three years.

NOTE K - COMMITMENTS AND CONTINGENCIES

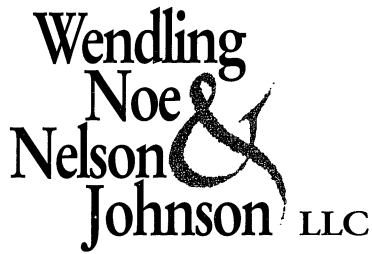
The Hospital purchases professional and general liability insurance to cover medical malpractice and other liability claims (see Note J). There have been claims asserted; however, management believes that any claims asserted will be resolved without cost to the Hospital, therefore, no accrual for loss contingencies has been made.

NOTE L - SUBSEQUENT EVENTS

Management has evaluated all subsequent events through the date of the independent accountants' report, which is the date the financial statements were available to be issued.



SUPPLEMENTARY INFORMATION



Certified Public Accountants  
and Management Consultants

Brian J. Florea, CPA  
Derek H. Hart, CPA  
John R. Helms, CPA  
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Aaron L. Kuehn, CPA

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
ON SUPPLEMENTARY INFORMATION

Board of Trustees  
Sedan City Hospital

We have audited the financial statements of Sedan City Hospital for the years ended September 30, 2012 and 2011, and issued our report thereon dated February 28, 2013, which expressed an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information presented on pages 16 through 18 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 has been subjected to the auditing procedures applied in the audit 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 statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Wendling Noe Nelson & Johnson LLC*

Topeka, Kansas  
February 28, 2013

SEDAN CITY HOSPITAL  
PATIENT SERVICE REVENUE  
Year ended September 30,

	2012			2011		
	<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>	<u>Inpatient</u>	<u>Outpatient</u>	<u>Total</u>
Daily patient services						
Emergency room	\$ -	\$ 812,419	\$ 812,419	\$ -	\$ 640,449	\$ 640,449
Routine care	<u>507,919</u>	<u>199,723</u>	<u>707,642</u>	<u>492,212</u>	<u>131,042</u>	<u>623,254</u>
	<u>507,919</u>	<u>1,012,142</u>	<u>1,520,061</u>	<u>492,212</u>	<u>771,491</u>	<u>1,263,703</u>
Other professional services						
Central supply	49,076	27,123	76,199	46,945	26,978	73,923
Laboratory	387,252	717,899	1,105,151	372,141	606,576	978,717
Pharmacy	185,774	134,469	320,243	160,131	105,364	265,495
Therapy services	14,403	1,617	16,020	17,352	4,095	21,447
Radiology	190,141	990,290	1,180,431	109,820	429,030	538,850
Respiratory therapy	105,200	8,312	113,512	130,773	14,977	145,750
Wellness center		225	225		325	325
Wound care	<u>15,981</u>	<u>550,425</u>	<u>566,406</u>	<u>4,517</u>	<u>365,910</u>	<u>370,427</u>
	<u>947,827</u>	<u>2,430,360</u>	<u>3,378,187</u>	<u>841,679</u>	<u>1,553,255</u>	<u>2,394,934</u>
Gross patient services revenue	<u>\$ 1,570,298</u>	<u>\$ 3,442,502</u>	<u>4,898,248</u>	<u>\$ 1,405,781</u>	<u>\$ 2,324,746</u>	<u>3,658,637</u>
Less adjustments						
Third-party contractual allowances			999,096			(88,062)
Charity care			114,552			71,890
Provision for bad debts			<u>318,830</u>			<u>194,351</u>
Total contractual adjustments			<u>1,432,478</u>			<u>178,179</u>
Net patient service revenue			<u>\$ 3,465,770</u>			<u>\$ 3,480,458</u>

SEDAN CITY HOSPITAL  
OTHER REVENUE  
Year ended September 30,

	<u>2012</u>	<u>2011</u>
Other revenue		
Cafeteria	\$ 3,592	\$ 3,329
Medical records	747	934
Rental income	18,625	18,500
Vending	<u>5,503</u>	<u>5,339</u>
Total other revenue	<u>\$ 28,467</u>	<u>\$ 28,102</u>

SEDAN CITY HOSPITAL  
EXPENSES BY FUNCTIONAL DIVISION  
Year ended September 30,

	2012			2011		
	<u>Salaries</u>	<u>Supplies and expenses</u>	<u>Total</u>	<u>Salaries</u>	<u>Supplies and expenses</u>	<u>Total</u>
Daily patient services						
Emergency room	\$ 469,481	\$ 49,992	\$ 519,473	\$ 436,437	\$ 102,390	\$ 538,827
Routine care	514,760	85,641	600,401	484,896	87,024	571,920
	<u>984,241</u>	<u>135,633</u>	<u>1,119,874</u>	<u>921,333</u>	<u>189,414</u>	<u>1,110,747</u>
Other professional services						
Central supply	42,430	15,051	57,481	40,530	20,307	60,837
Laboratory	163,434	215,029	378,463	151,424	192,911	344,335
Pharmacy	3,797	68,068	71,865	3,898	59,973	63,871
Physical therapy	6,918		6,918	7,326		7,326
Radiology	135,012	55,281	190,293	76,614	54,356	130,970
Wound care	7,965	185,950	193,915	8,726	152,075	160,801
	<u>359,556</u>	<u>539,379</u>	<u>898,935</u>	<u>288,518</u>	<u>479,622</u>	<u>768,140</u>
General services						
Dietary	57,818	25,470	83,288	52,855	24,567	77,422
Housekeeping	40,631	14,976	55,607	42,093	10,676	52,769
Laundry and linen		14,675	14,675		13,024	13,024
Medical records	54,526	26,536	81,062	56,492	33,156	89,648
Operation of plant	26,816	154,350	181,166	29,709	126,244	155,953
	<u>179,791</u>	<u>236,007</u>	<u>415,798</u>	<u>181,149</u>	<u>207,667</u>	<u>388,816</u>
Administrative services						
Administrative	187,477	258,711	446,188	182,002	250,953	432,955
Employee benefits		418,218	418,218		377,769	377,769
	<u>187,477</u>	<u>676,929</u>	<u>864,406</u>	<u>182,002</u>	<u>628,722</u>	<u>810,724</u>
Depreciation	-	189,642	189,642	-	119,069	119,069
Total expenses	<u>\$1,711,065</u>	<u>\$1,777,590</u>	<u>\$3,488,655</u>	<u>\$1,573,002</u>	<u>\$1,624,494</u>	<u>\$3,197,496</u>