

Financial Reporting Package

FY2023

YTD: JUL 22 – DEC 22

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**PETERSON HEALTH
REPORTING PACKAGE
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PETERSON HEALTH FOUNDATION

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Peterson Regional Medical Center

Financial Report – December 2022

Admissions-Key Statistics-Line 1

- Acute care admissions were 408; (19) or (4.4%) lower than budget.

Length of Stay-Key Statistics-Line 6

- Acute care length of stay was 3.4; (0.4) or (10.5%) lower than budget.

Adjusted Patient Days (APD)-Key Statistics-Line 9

- APD were 6,148; (451) or (6.8%) lower than budget.

Total Patient Days-Key Statistics-Line 31

- Patient days were 1,804; (310) or (14.7%) lower than budget. This variance is due to lower Hospital patient days of (272) and ARU days of (38).

Bad Debt (BD) & Charity Care (CC)-Lines 7A and 7B and as % of Gross Revenue-Key Statistics-Line 26

- BD & CC as % of Gross Revenue was 6.1% compared to a budget of 8.2%. Under the revenue recognition standard, bad debt recognized at the time of write-off/recovery.
- **Lines 7A and 7B:** Combined Bad Debt and Charity Care is lower than budget by (\$1,634k), primarily due to accounting for bad debt expense under the revenue recognition standard which requires bad debt to be recognized at the time of write-off/recovery. Moreover, under this accounting standard, implicit (*i.e., portion of the patient's bill the hospital never expects to collect*) and explicit (*i.e., price agreed upon with the insurance company*) price concessions are recognized as deductions from revenue.

Total Deductions from Revenue-Line 9

- Deductions from revenue were (\$3,673k) or (7.5%) lower than budget due to Gross Revenue being lower than budget by (\$4,415k) or (7.0%). In December 2022, we received \$112k from Heart of Texas for Uniform Hospital Rate Increase Program (“UHRIP”) refund. UHRIP was put into place to increase Medicaid funding for Hospitals from May 2018 – August 2019 in Texas, and Heart of Texas was our UHRIP IGT partner.

Net Patient Revenue, prior to UC & DSCRIP-Statement of Operations-Line 10, Column C

- Net patient revenue was lower than budget by (\$742k) with negative variances of (\$1,063k) due to lower adjusted patient days offset by higher revenue per adjusted patient days of \$321k.

UC/DSRIP, NET OF EXPENSES-Line 11, Column C

- UC/DSRIP is lower than budget by (\$97k) due to a correction of \$63k for the IGT partner share of the UC DY11 final payment recorded in November 2022.

Other Operating Revenue-Line 13, Column C

- Other Operating Revenue was lower than budget by (\$59k).

Operating Expenses

Salaries and Wages-Statement of Operations-Line 16 and 17 combined, Column C

- Salaries, wages, and contract labor were lower than budget by (\$212k).

Salaries and Wages-Statement of Operations-Line 16, Column C

- Salaries and wages were lower than budget by (\$569k), primarily in the following departments: 2W of (\$67k), 3W of (\$117k), ICU of (\$30k), Women’s Services of (\$72k), Radiology MRI of (\$37k), Radiology-MRI of (\$35k), Peterson Home Care of (\$38k), and Ambulatory Surgery of (\$36k). Unfavorable variances were noted in Clinical Decision Unit (CDU) of \$96k, Radiology of \$25k, and Cardiac Cath Lab of \$45k.

Contract Labor-Statement of Operations-Line 17, Column C

- Contract labor was higher than budget by \$357k. Departments with unfavorable variances were 2W of \$33k, Acute Rehab of \$45k, 3W of \$83k, CDU \$27k, Surgery Services of \$64k, PACU of \$40k, Sterile Processing of \$31k, Clinical Lab of \$21k, and Radiology of \$44k. Departments with favorable variances were Women’s Services of (\$15k), Respiratory of (\$17k), and Ambulatory Surgery of (\$16k).
 - Contract labor includes the following in the current month: agency nurses, therapists and lab medical technologists and assistants; Dietary & Environmental Services Management (*Sodexo*); Medical Records remote coding; and Security Guards (*J Bowling Security*).

Benefits-Statement of Operations-Line 18, Column C

- Benefits were lower than budget by (\$203k) primarily due to favorable variances in Employee Health Benefits of (\$61k), Employee Benefits Wellness Program of (\$148k), and FICA of (\$58k) offset by an unfavorable variance in Employee Benefits Allocation (*i.e., Employee Benefits Allocation is budgeted based on % of payroll for Peterson Medical Associates and Foundation*) of \$111k. The favorable variance in the Wellness Program is due to the reversal of a \$151k accrual for the Employee Bonus Rewards Program, since employees did not earn all of the reward monies as of December 31, 2022.

Chargeable Supplies, Non Chargeable Supplies–Statement of Operations-Lines 20 and 22 Combined, Column C

- Chargeable and non-chargeable supplies were lower than budget by (\$77k). Departments with favorable variances were in Surgery Services Billable Supplies of (\$99k), Surgery Services Implants of (\$40k), Cardiac Cath Lab Billable supplies of (\$28k), and Pharmacy–ACC Blood and Plasma of (\$60k). These favorable variances were offset by unfavorable variances in Cardiac Cath Lab Implants of \$32k, Ambulatory Surgery Implants of \$64k, and Clinical Lab Reagents of \$74k.

Pharmaceuticals–Statement of Operations–Line 21, Column C

- Pharmaceuticals were higher than budget by \$45k primarily due to specialty drugs of \$54k, offset by lower than budget in regular drugs of (\$30k).

Purchased Services–Statement of Operations–Line 23, Column C

- Purchased Services were lower than budget by (\$191k) due to favorable variances in Accounting Legal Fees of (\$78k) due to the reversal of contingent legal fees to another income statement category, Business Office Collection Fees of (\$27k), IT Software Support of (\$19k), Administration Consultant Fees of (\$26k) and (\$13k) refund received from our Health Benefits administrator. The favorable variances partially offset the unfavorable variances in Quality Risk Management Software Support Fees of \$17k, Clinical Lab Contracted Services of \$17k, and Compliance Consultant Fees of \$21k.

Physicians Professional Fees–Statement of Operations–Line 24, Column C

- Physicians Professional Fees were lower than budget by (\$56k). Favorable variances were recorded in 2W Professional Fees of (\$18k), 3W Professional Fees of (\$21k), ICU Professional Fees of (\$17k), and Surgery Services of (\$23k). These favorable variances were partially offset by unfavorable variances recorded in Cardiac Cath Lab of \$33k and Anesthesia ASC of \$26k. The nursing unit favorable variances are primarily due to a \$68k net reversal of a \$171k reserve for Q3-2022 USAC performance incentive bonus compared to actual payment of \$103k (i.e., USAC provides Emergency Department, Hospitalist and Critical Care services).

Insurance & Taxes –Statement of Operations – Line 25, Column C

- Insurance & Taxes were lower than budget by (\$5k).

Repairs, Maintenance & Service Agreements–Statement of Operations–Line 26, Column C

- Repairs, Maintenance & Service Agreements were lower than budget by (\$27k) primarily due to favorable variances in Radiology Equipment Maintenance Contracts of (\$14k) and Hospital Building Plumbing Repairs of (\$11k).

Utilities–Statement of Operations-Line 27, Column C

- Utilities were lower than budget by (\$9k).

Depreciation & Amortization-Statement of Operations-Line 29, Column C

- Depreciation & Amortization were lower than budget by (\$202k) primarily due to favorable variances in Major Equipment of (\$35k), Computer Software of (\$125k) and Computer Hardware of (\$18k).

Other Expense-Statement of Operations-Line 30, Column C

- Other Expenses were lower than budget by (\$12k) primarily due to favorable variances in Nursing Administration Magnet Readiness of (\$14k), Community Relations Public Relations of (\$11k), Community Relations Advertising of (\$14k), and Equipment Supply Rental of (\$20k). These favorable variances partially offset the unfavorable variances in Hospice Nursing Home Fees of \$34k and Administration Physician Recruitment of \$36k.

NON-OPERATING REVENUE (EXPENSES)**Income from Investments-Statement of Operations-Line 37, Column C**

- Income from Investments of \$318k was lower than budget by (\$138k). The \$318k is comprised of the following: (1) favorable realized gains from Oppenheimer of \$53k; (2) dividends received from Oppenheimer of \$70k, Happy Trust of \$62k, Luther King of \$111k, and Broadway Bank of \$23k and (3) interest income from Broadway Bank depository accounts of \$13k. Investment fees of (\$14k) offset the income from investments.

Unrealized Gain (Loss)-Statement of Operations-Line 39, Column C

- The Unrealized Loss of (\$4,513k) is comprised of realized losses with Luther King of (\$2,201k), Broadway Bank of (\$372k), Oppenheimer of (\$1,865k), and Happy Trust of (\$75k).

Peterson Regional Medical Center
Statement of Operations
December 31, 2022

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
1 Patient Service Revenue				
2 IP Revenue	\$ 17,270,194	\$ 20,267,860	(\$2,997,666)	\$ 17,890,558
3 OP Revenue	40,602,278	42,038,038	(1,435,760)	37,320,068
4 Hospice and Home Health	987,912	969,076	18,836	843,298
5 Total Gross Patient Revenue	58,860,384	63,274,974	(4,414,590)	56,053,924
6 Deductions From Revenue				
7A Bad Debt	2,018,693	3,457,977	1,439,284	1,904,863
7B Charity	1,538,848	1,733,459	194,611	1,811,856
8 Contractuals & Discounts	40,506,395	42,545,643	2,039,248	37,140,924
9 Total Deductions from Revenue	44,063,936	47,737,079	3,673,143	40,857,643
10 Net Patient Revenue, prior to UC & DSRIP	14,796,448	15,537,895	(741,447) ▼	15,196,281
<i>NPR as % of Gross Revenue</i>	25.14%	24.56%		27.11%
11 UC/DSRIP - Net of expense	(63,171)	33,584	(96,755)	-
12 Net Patient Revenue	14,733,277	15,571,479	(838,202)	15,196,281
13 Other Operating Revenue	20,738	79,447	(58,709)	544,147
14 Total Operating Revenue	14,754,015	15,650,926	(896,911) ▼	15,740,428
15 Operating Expenses				
16 Salaries and Wages	5,569,334	6,138,556	569,222	5,101,428
17 Contract Labor	1,147,336	790,049	(357,287)	1,141,233
18 Benefits and Employer Taxes	1,297,327	1,500,002	202,675	1,654,121
19 Total Wages & Benefits	8,013,997	8,428,607	414,610	7,896,782
20 Chargeable Medical Supplies	892,749	997,861	105,112	895,611
21 Pharmaceuticals	744,121	698,679	(45,442)	693,538
22 Non Chargeable Supplies	1,139,158	1,110,901	(28,257)	1,118,573
23 Purchased Services	775,594	966,243	190,649	1,043,037
24 Physicians Professional Fees	412,960	469,596	56,636	579,736
25 Insurance & Taxes	33,124	37,644	4,520	40,911
26 Repairs, Maintenance & Service Agreements	407,268	434,138	26,870	376,854
27 Utilities	165,801	175,085	9,284	158,803
28 Interest	165,525	165,525	-	175,992
29 Depreciation & Amortization	689,343	891,654	202,311	803,922
29A Loss (gain) on disposal of fixed assets	(45)	0	45	2,053
30 Other	377,173	389,444	12,271	431,488
31 UC/DSRIP (expense netted with revenue)	-	-	-	-
32 Total Supplies & Other	5,802,771	6,336,770	533,999	6,320,518
33 Total Operating Expenses	13,816,768	14,765,377	948,609 ▲	14,217,300
34 Operating Income (Loss)	937,247	885,549	51,698 ▲	1,523,128
Margin (Lines 34/14)	6.35%	5.66%		9.68%
35 Non Operating Revenue (Expense)				
36 Contributions	-	-	-	-
37 Income (loss) from Investments	318,089	456,417	(138,328)	555,705
38 Management Fees & Rent	137,115	132,993	4,122	126,119
39 Unrealized Gain (Loss)	(4,512,502)	-	(4,512,502)	3,090,513
40	(4,057,298)	589,410	(4,646,708)	3,772,337
41 Net Income (Loss)	(\$3,120,051)	\$1,474,959	(\$4,595,010) ▼	\$5,295,465

▲ Favorable

▼ Unfavorable

PETERSON REGIONAL MEDICAL CENTER
KEY STATISTICS
For the Month of December 2022

	ACTUAL	BUDGET	VARIANCE Fav (Unfav)
1 ADMISSIONS-HOSPITAL	408	427	(19)
2 ADMISSIONS-ARU	42	32	10
3 INPATIENT DAYS-HOSPITAL	1,350	1,622	(272)
4 INPATIENT DAYS-ARU	454	492	(38)
5 TOTAL INPATIENT DAYS	1,804	2,114	(310)
6 LENGTH OF STAY-HOSPITAL	3.4	3.8	(0.4)
7 LENGTH OF STAY-ARU	10.3	13.0	(2.7)
8 ADJUSTED PATIENT DAYS ⁽¹⁾	6,148	6,600	(451)
9 NET REVENUE PER ADJUSTED PATIENT DAY			
10 Net Patient Revenue, prior to UC & DSRIP	\$ 14,796,448	\$ 15,537,895	(\$741,447)
11 /Adjusted Patient Days	6,148	6,600	(451)
12 = Net Revenue per Adjusted Patient Day	\$ 2,407	\$ 2,354	\$52
13 SURGERIES	343	420	(77)
14 EMERGENCY ROOM VISITS	3,010	2,668	342
15 <u>FULL TIME EQUIVALENT (FTE's)</u>			
16 EMPLOYEES PAID	900.2	962.9	62.7
16A CONTRACT LABOR	50.8	52.9	2.1
	951.0	1,015.8	64.8
17 DAYS CASH ON HAND	305	<i>not budgeted</i>	
18 <u>PAYOR MIX - Based on Gross Revenue</u>			
19 Medicare	58.4%	58.5%	(0.1%)
20 Medicaid	7.8%	6.4%	1.4%
21 Blue Cross	13.3%	13.7%	(0.4%)
22 Managed Care	6.5%	6.4%	0.1%
23 Commercial	3.2%	3.1%	0.1%
24 Other	3.7%	4.6%	(0.9%)
25 Self Pay	7.1%	7.3%	(0.2%)
26 Bad Debt & Charity Care as % of Gross Revenue	6.1%	8.2%	(2.1%)
27 ⁽¹⁾ <u>Adjusted Patient Days Calculation:</u>			
28 Gross Patient Revenue	\$ 58,860,384	\$ 63,274,974	(\$4,414,590)
29 Inpatient Revenue	\$ 17,270,194	\$ 20,267,860	(\$2,997,666)
30 Outpatient Factor	3.41	3.12	0.29
31 Total Patient Days	1,804	2,114	(310)
32 Adjusted Patient Days (ratio times Patient Days)	6,148	6,600	(451)

Peterson Regional Medical Center

Financial Report – YTD December 2022

Admissions-Key Statistics-Line 1

- Acute care admissions were 2,242; (161) or (6.7%) lower than budget.

Length of Stay-Key Statistics-Line 6

- Acute care length of stay was 3.4; (0.9) or (20.9%) lower than budget.

Adjusted Patient Days (APD)-Key Statistics-Line 9

- APD were 36,144; (3,372) or (8.5%) lower than budget.

Total Patient Days-Key Statistics-Line 31

- Patient days were 10,245; (2,213) or (17.8%) lower than budget. This variance is due to lower Hospital patient days of (2,689) offset by higher ARU days of 476.

Bad Debt (BD) & Charity Care (CC)-Lines 7A and 7B and as % of Gross Revenue-Key Statistics-Line 26

- BD & CC as % of Gross Revenue was 7.2% compared to a budget of 8.2%. Under the revenue recognition standard, bad debt is recognized at the time of write-off/recovery.
- **Lines 7A and 7B:** Combined Bad Debt and Charity Care is lower than budget by (\$6,646k), primarily due to accounting for bad debt expense under the revenue recognition standard which requires bad debt to be recognized at the time of write-off/recovery. Moreover, under this accounting standard, implicit (*i.e., portion of the patient's bill the hospital never expects to collect*) and explicit (*i.e., price agreed upon with the insurance company*) price concessions are recognized as deductions from revenue.

Total Deductions from Revenue-Line 9

- Deductions from revenue were (\$28,714k) or (9.9%) lower than budget due to Gross Revenue being lower than budget by (\$35,924k) or (9.4%). In December 2022, we received \$112k from Heart of Texas for Uniform Hospital Rate Increase Program (“UHRIP”) refund. UHRIP was put into place to increase Medicaid funding for Hospitals from May 2018 – August 2019 in Texas, and Heart of Texas was our UHRIP IGT partner.

Net Patient Revenue, prior to UC & DSCRIP-Statement of Operations-Line 10, Column C

- Net patient revenue was lower than budget by (\$7,210k) with negative variances due to lower adjusted patient days of (\$7,896k) offset by positive variances of \$685k due to higher revenue per adjusted patient days. In November 2022, favorable cost report settlements totaling \$681,105 were received. These settlements were for the reopening of FY2020 and FY2021 cost reports in connection with the Medicare Group Appeal: Section 1115 Uncompensated Care Pool Days Litigation. Legal fees totaling \$180,493 were recorded based on King & Spaulding & Texas Hospital Association’s contingency fee of 25% and 1.5%, respectively. The contingency fee is based on additional Medicare reimbursement received as a result of favorable Appeal outcomes.

UC/DSRIP, NET OF EXPENSES-Line 11, Column C

- UC/DSRIP is higher than budget by \$1,386k due to “net” receipt of \$1,587k for DY11 UC Final Payment in October 2022 (*i.e., receipt of \$2,492k offset by amount due to IGT partner of (\$905k)*).

Other Operating Revenue-Line 13, Column C

- Other Operating Revenue was higher than budget by \$65k. The favorable variance is mainly due to: (1) the receipt in November 2022 of \$197k from the insurance carrier for water damage to the MRI; and (2) the receipts from our Group Purchasing Organization (GPO) shareback program in August 2022 of \$73k and in November 2022 of \$69k.

Operating Expenses

Salaries and Wages-Statement of Operations-Line 16 and 17 combined, Column C

- Salaries, wages, and contract labor were lower than budget by (\$662k).

Salaries and Wages-Statement of Operations-Line 16, Column C

- Salaries and wages were lower than budget by (\$2,295k), primarily in the following departments: Nursing Administration of (\$98k), 2W of (\$256k), 3W of (\$482k), ICU of (\$265k), Women's Services of (\$181k), Surgery Services of (\$86k), PACU of (\$172k), Emergency Department of (\$189k), Clinical Lab of (\$92k), Radiology MRI of (\$204k), Radiology CT of (\$137k), PT-ACC of (\$143k), Peterson Home Care of (\$275k), Private Duty of (\$102k), Ambulatory Surgery of (\$183k), and Human resources of (\$93k). Unfavorable variances were noted in Clinical Decision Unit of \$279k, Radiology of \$154k, and Cardiac Cath Lab of \$292k.

Contract Labor-Statement of Operations-Line 17, Column C

- Contract labor was higher than budget by \$1,634k. Departments with unfavorable variances were 3W of \$305k, Surgery Services of \$406k, PACU of \$206k, Emergency Department of \$278k, Clinical Lab of \$137k, Radiology of \$124k, Radiology-CT of \$45k, and Cardiac Cath Lab of \$164k. Departments with favorable variances were ICU of (\$189k), Radiology-ACC of (\$69k), and Ambulatory Surgery of (\$82k).
 - Contract labor includes the following in the current month: agency nurses, therapists and lab medical technologists and assistants; Dietary & Environmental Services Management (*Sodexo*); Medical Records remote coding; and Security Guards (*J Bowling Security*).

Benefits-Statement of Operations-Line 18, Column C

- Benefits were lower than budget by (\$388k) primarily due to favorable variances in FICA Taxes of (\$325k), Employee Retirement Plan of (\$36k), Other Benefits of (\$95k), Workers Comp of (\$26k), Employee Wellness Program of (\$119k). These favorable variances were partially offset by unfavorable variances in Employee Long Term Disability of \$21k and Employee Benefits Allocation of \$213k (*i.e., Employee Benefits Allocation is budgeted based on % of payroll for Peterson Medical Associates and Foundation*).
- Further explanation of favorable variances are as follows: (1) July and September 2022, received \$46k and \$126k, respectively, pharmacy third party administrator rebates; (2) September 2022, recorded \$123k expense offset based on payment received from our stop loss insurance carrier for a high dollar claim exceeding the \$370k stop loss deductible (*i.e., \$217k of monies received less \$94k receivable recorded in FY22*); and (3) December 2022 reversal of \$151k accrual in connection with the Wellness Program since employees did not earn all of the reward monies by the end of the calendar year.

Chargeable Supplies, Non Chargeable Supplies-Statement of Operations-Lines 20 and 22 Combined, Column C

- Chargeable and non-chargeable supplies were lower than budget by (\$1,331k). Departments with favorable variances were in Surgery Billable Supplies of (\$386k), Surgery Services Implants (\$283), Cardiac Cath Lab Billable Supplies of (\$120k), Cardiac Cath Lab Implants of (\$111k), ICU Non-billable Supplies of (\$107k), Surgery Services Non-billable supplies of (\$99k), Clinical Lab Non-billable Supplies of (\$172k), Clinical Lab Blood & Plasma of (\$26k), and Pharmacy Blood & Plasma of (\$206k). These favorable variances were offset by unfavorable variances in

Ambulatory Surgery Implants of \$90k, Clinical Lab Reagents \$152k, Radiology Reagents of \$107k, Respiratory Oxygen Supplies of \$45k, and Disaster Response Non-billable Supplies of \$45k.

Pharmaceuticals–Statement of Operations–Line 21, Column C

- Pharmaceuticals were higher than budget by \$256k primarily due to specialty drugs of \$354k, oncology drugs of \$82k, and Disaster Response drugs of \$155k offset by favorable variances in regular drugs of (\$66k), vaccines of (\$120k), and Cardiovascular drugs of (\$116k).

Purchased Services–Statement of Operations–Line 23, Column C

- Purchased Services were lower than budget by (\$148k) due to favorable variances in Nursing Administration Software Support of (\$41k), Patient Accounts Software Support of (\$32k), Business Office Collection Fees of (\$91k), Business Office Software Support of (\$76k), IT Software Support of (\$107k), Administration Consultant Fees of (\$128k), and Patient Experience Consultant Fees of (\$53k). Unfavorable variances were recorded in Clinical Lab Contracted Services of \$137k, Environmental Services Contracted Services of \$46k, Accounting UC Reporting Fees of \$44k, Accounting Consultant Fees of \$57k, Revenue Cycle Consultant Fees of \$56k, Human Resources Legal Fees of \$107k, and Employee Benefits Contracted Services of \$182k.

Physicians Professional Fees–Statement of Operations–Line 24, Column C

- Physicians Professional Fees were lower than budget by (\$370k). The favorable variance is primarily due to the following: (1) a \$109k net reversal of a \$171k reserve for Q1-2022 performance incentive bonus compared actual payment of \$62k; (2) a net reversal of \$108k for Q2-2022 for a reserve of \$171k compared to actual payment of \$63k; and (3) a \$68k net reversal of a reserve of \$171k for Q3-2022 performance incentive bonus compared actual payment of \$103k. These incentive bonuses are in connection with our USAC contract (*i.e.*, USAC provides *Emergency Department, Hospitalist and Critical Care services*).

Insurance & Taxes –Statement of Operations – Line 25, Column C

- Insurance & Taxes were lower than budget by (\$8k).

Repairs, Maintenance & Service Agreements–Statement of Operations–Line 26, Column C

- Repairs, Maintenance & Service Agreements were higher than budget by \$51k primarily due to unfavorable variances in Information Technology Equipment Maintenance Contracts of \$129k, Hospital Building AC Repair of \$153k, and Hospital Building Safety Expense of \$55k. Favorable variances were recorded in Radiology-ACC Equipment Maintenance Contracts of (\$46k) and Hospital Building Plumbing Repairs of (\$56k).

Utilities–Statement of Operations-Line 27, Column C

- Utilities were higher than budget by \$6k.

Depreciation & Amortization-Statement of Operations-Line 29, Column C

- Depreciation & Amortization were lower than budget by (\$925k) primarily due to favorable variances in Major Equipment of (\$197k), Computer Software of (\$479k) and Computer Hardware of (\$97k).

Loss (Gain) on Disposal of Fixed Assets-Statement of Operations-Line 29A, Column C

- The Gain on Disposal of fixed assets is higher than budget by \$4k primarily due to the trade-in value of a balloon pump being less than the remaining net book value.

Other Expense-Statement of Operations-Line 30, Column C

- Other Expenses were higher than budget by \$74k primarily due to unfavorable variances in Nursing Home Fees of \$128k, PHO Expense of \$43k, Administration Physician Recruitment of \$62, Community Relations Advertising of \$77k, and Personnel Recruiting of \$80k. These unfavorable variances partially offset the favorable variances in Nursing Administration Magnet Readiness of (\$86k), Community Relations Community Education of (\$33k), Administration Board Relations of (\$13k), Community Relations Internal Promotions of (\$35k), Equipment Supply and Rental of (\$110k), Conference Fees of (\$43k), and Minor Equipment of (\$28k).

NON-OPERATING REVENUE (EXPENSES)

Income from Investments-Statement of Operations-Line 37, Column C

- Income from Investments of \$1,471k was lower than budget by (\$1,268k). The \$1,471k is comprised of the following: (1) favorable realized gains from Oppenheimer of \$158k and Luther King of \$555k offset by unfavorable realized losses with Broadway Bank of (\$502k); (2) dividends received from Oppenheimer of \$358k, Happy Trust of \$303k, Luther King of \$323k, and Broadway Bank of \$409k; (3) interest on CD redemption of \$102k and Broadway Bank depository accounts of \$48k. Investment fees of (\$283k) offset the income from investments.

Unrealized Gain (Loss)-Statement of Operations-Line 39, Column C

- The Unrealized Gain of \$105k is comprised of unrealized gains with Broadway Bank of \$206k and Luther King of \$612k offset by unrealized losses with Happy Trust of (\$558k) and Oppenheimer of (\$155k).

BALANCE SHEET: Total Assets and Liabilities / Net Assets decreased (\$45.3 million) in December 2022 compared to December 2021

- **Cash and cash equivalents** decreased (\$23.4 million) due to the following: (1) Bond principal and interest payment in August 2022 of (\$3.5 million); (2) Bond interest payment in February 2022 of (\$1.0 million); (3) capital spend of (\$9.1 million); (4) (\$1.4 million) for the payment of the deferred payroll taxes in December 2022; (5) transfer of (\$2.0 million) in February 2022 from operating cash to be invested by two of our investment managers; (6) (\$17.6 million) recoupment by CMS for Advanced Payments (refer to below) and (7) (\$5.8million) CD redemption in October 2022 to invest in US Treasuries which are categorized in Investments (refer to below). The aforementioned decreases were offset by the following: (1) \$250k Texas Rural Hospital Grant received in April 2022; (2) \$24.8 million CD redemptions into operating cash from March 2022 – October 2022; and (3) \$3.1 million net UC/DSRIP monies received from January 1, 2022 through December 31, 2022.
- **Net Patients Accounts Receivable** increased \$1,321k.
- **Other Receivables** decreased (\$239k).
- **Inventories** increased \$30k mainly in Pharmacy inventories of \$116k and Cath Lab inventory of \$181k offset by decreases in General Store Room of (\$269k).
- **Assets Limited to Use** decreased (\$66k) primarily due to the SERP payout of (\$28k) in July 2022 and the decline in the market value of SERP Trust Fund.
- **Investments** decreased (\$23.1 million) primarily due to the following: (1) realized investment income of \$4.8 million; (2) unrealized investment losses of (\$27.9 million); (3) transfer of \$2.0 million in February 2022 from operating cash to be invested by two of our investment fund managers; (4) (\$12.3 million) re-class in June 2022 of CD's with maturities less than one year to cash and cash equivalents; and (5) a \$5.8 million investment in US Treasuries from CD redemption in October 2022.
- **Net property, plant & equipment** decreased (\$609k) primarily due to increase in Accumulated Depreciation of (\$8.7 million) offset by capital purchases of \$9.1 million.
- **Accounts payable – trade** increased \$37k.

- **Accrued payroll** increased \$1,045k due to combination of payroll payment timing date and increase in salary and wages from prior year (i.e., merit adjustments and market increases).
- **Estimated amounts due to third-party payers** decreased (\$1,123k) due to payments made for interim/final Cost Report settlements.
- **CMS Advanced Payment Liability** decreased (\$15,120k) due to Medicare recouping the Advanced Payment starting April 2021. Final payment of this liability occurred in October 2022.
- **Accrued expenses and other liabilities** increased \$399k primarily due to combined increase of \$284k in manual accruals for invoices not received, and increase in health claims accrual of \$350k offset by a decreases in accrual to IGT partners of (\$95k), Deferred Compensation (SERP) of (\$46k) , and Accrued Bond Interest of (\$46k).
- **Deferred payroll taxes due to CARES Act** decreased (\$1,544k). The CARES Act (Section 2302) allowed employers to defer paying the employer's share of Social Security taxes (i.e., 6.2%) incurred with respect to wages paid between March 27, 2020 and December 31, 2020. Peterson Health paid 50% of the deferred amount in December 2021 approximating \$1.4 million, and paid the remaining 50% by December 31, 2022.
- **Long-term Debt, including Bond Premium & Deferred Financing Costs** decreased (\$2.8 million) primarily due to principal payment of \$2.5 million made in August 2022, and amortization of deferred financing costs of \$230k.
- **Net Assets** decreased (\$26.3 million) due to FYTD23 unfavorable operating results and unrealized investment losses.

Peterson Regional Medical Center
Statement of Operations
Year to Date as o December 31, 2022

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
1 Patient Service Revenue				
2 IP Revenue	\$ 97,754,962	\$ 120,053,636	(\$22,298,674)	\$ 112,150,543
3 OP Revenue	241,588,598	254,850,806	(13,262,208)	223,865,080
4 Hospice and Home Health	5,529,451	5,892,645	(363,194)	4,917,072
5 Total Gross Patient Revenue	344,873,011	380,797,087	(35,924,076)	340,932,695
6 Deductions From Revenue				
7A Bad Debt	14,835,867	20,807,197	5,971,330	10,194,202
7B Charity	9,756,209	10,430,865	674,656	9,510,593
8 Contractuals & Discounts	234,956,562	257,024,516	22,067,954	236,845,442
9 Total Deductions from Revenue	259,548,638	288,262,578	28,713,940	256,550,237
10 Net Patient Revenue, prior to UC & DSRIP	85,324,373	92,534,509	(7,210,136) ▼	84,382,458
<i>NPR as % of Gross Revenue</i>	24.74%	24.30%		24.75%
11 UC/DSRIP - Net of expense	1,587,645	201,503	1,386,142	689,934
12 Net Patient Revenue	86,912,018	92,736,012	(5,823,994) ▼	85,072,392
13 Other Operating Revenue	541,539	476,680	64,859	5,102,121
14 Total Operating Revenue	87,453,557	93,212,692	(5,759,135) ▼	90,174,513
15 Operating Expenses				
16 Salaries and Wages	33,504,929	35,800,348	2,295,419	30,143,997
17 Contract Labor	6,374,000	4,740,308	(1,633,692)	5,498,569
18 Benefits and Employer Taxes	8,653,313	9,041,302	387,989	7,957,315
19 Total Wages & Benefits	48,532,242	49,581,958	1,049,716 ▲	43,599,881
20 Chargeable Medical Supplies	5,108,115	6,063,532	955,417	4,930,676
21 Pharmaceuticals	4,448,478	4,192,072	(256,406)	5,015,187
22 Non Chargeable Supplies	6,362,790	6,737,905	375,115	6,921,167
23 Purchased Services	5,967,791	6,115,875	148,084	5,371,631
24 Physicians Professional Fees	2,448,931	2,818,802	369,871	3,226,047
25 Insurance & Taxes	218,358	225,861	7,503	219,762
26 Repairs, Maintenance & Service Agreements	2,656,639	2,605,512	(51,127)	2,301,552
27 Utilities	1,056,079	1,049,685	(6,394)	963,302
28 Interest	1,002,332	1,002,332	-	1,063,952
29 Depreciation & Amortization	4,425,377	5,349,925	924,548	5,007,077
29A Loss (gain) on disposal of fixed assets	3,657	0	(3,657)	(447)
30 Other	2,419,976	2,345,827	(74,149)	2,172,031
31 UC/DSRIP	-	-	-	-
32 Total Supplies & Other	36,118,523	38,507,328	2,388,805	37,191,937
33 Total Operating Expenses	84,650,765	88,089,286	3,438,521 ▲	80,791,818
34 Operating Income (Loss)	2,802,792	5,123,406	(2,320,614) ▼	9,382,695
Margin (Lines 34/14)	3.20%	5.50%		10.41%
35 Non Operating Revenue (Expense)				
36 Contributions	-	-	-	-
37 Income (loss) from Investments	1,470,776	2,738,500	(1,267,724)	2,658,242
38 Management Fees & Rent	787,710	797,961	(10,251)	755,544
39 Unrealized Gain (Loss)	104,870	-	104,870	3,009,047
40	2,363,356	3,536,461	(1,173,105)	6,422,833
41 Net Income (Loss)	\$5,166,148	\$ 8,659,867	(\$3,493,719) ▼	\$ 15,805,528

▲ Favorable

▼ Unfavorable

PETERSON REGIONAL MEDICAL CENTER
KEY STATISTICS
Year to Date as of December 31, 2022

	ACTUAL	BUDGET	VARIANCE Fav (Unfav)
1 ADMISSIONS-HOSPITAL	2,242	2,403	(161)
2 ADMISSIONS-ARU	208	159	49
3 INPATIENT DAYS-HOSPITAL	7,687	10,376	(2,689)
4 INPATIENT DAYS-ARU	2,558	2,082	476
5 TOTAL INPATIENT DAYS	10,245	12,458	(2,213)
6 LENGTH OF STAY-ACUTE	3.4	4.3	(0.9)
7 LENGTH OF STAY-ARU	12.4	13.2	(0.8)
8 ADJUSTED PATIENT DAYS ⁽¹⁾	36,144	39,515	(3,372)
9 NET REVENUE PER ADJUSTED PATIENT DAY			
10 Net Patient Revenue, prior to UC & DSRIP	\$ 85,324,373	\$ 92,534,509	(\$7,210,136)
11 /Adjusted Patient Days	36,144	39,515	(3,372)
12 = Net Revenue per Adjusted Patient Day	\$ 2,361	\$ 2,342	\$19
13 SURGERIES	2,179	2,556	(377)
14 EMERGENCY ROOM VISITS	16,579	16,266	313
15 <u>FULL TIME EQUIVALENT (FTE's)</u>			
16 EMPLOYEES PAID	902.2	959.3	57.1
16A CONTRACT LABOR	63.2	52.9	(10.3)
	965.4	1,012.2	46.8
17 DAYS CASH ON HAND	305	<i>not budgeted</i>	
18 <u>PAYOR MIX - Based on Gross Revenue</u>			
19 Medicare	57.8%	57.0%	0.8%
20 Medicaid	7.5%	7.9%	(0.4%)
21 Blue Cross	13.2%	11.8%	1.4%
22 Managed Care	6.2%	6.4%	(0.2%)
23 Commercial	3.0%	3.2%	(0.2%)
24 Other	4.4%	6.2%	(1.8%)
25 Self Pay	7.9%	7.5%	0.4%
26 Bad Debt & Charity Care as % of Gross Revenue	7.2%	8.2%	(1.0%)
27 ⁽¹⁾ <u>Adjusted Patient Days Calculation:</u>			
28 Gross Patient Revenue	\$ 344,873,011	\$ 380,797,087	(\$35,924,076)
29 Inpatient Revenue	\$ 97,754,962	\$ 120,053,636	(\$22,298,674)
30 Outpatient Factor	3.53	3.17	0.36
31 Total Patient Days	10,245	12,458	(2,213)
32 Adjusted Patient Days (ratio times Patient Days)	36,144	39,515	(3,372)

Peterson Regional Medical Center
Comparative Balance Sheets
December 31, 2022

	December 2022	December 2021
ASSETS		
Current Assets		
Cash & cash equivalents	\$ 14,238,892	\$ 37,662,789
Patient Accounts Receivable, net of allowance	16,786,633	15,465,443
Other receivables	1,885,326	2,124,757
Due from affiliates	7,018,883	5,704,734
Inventories	5,007,535	4,977,094
Prepaid expense/other	2,917,346	3,295,143
Total Current Assets	47,854,615	69,229,960
Assets Limited as to Use	335,029	400,938
Investments	140,396,806	163,535,844
Right of Use Assets	234,318	312,917
Property and Equipment		
Land	6,990,029	6,980,041
Buildings	114,019,046	113,401,025
Equipment	90,283,079	87,434,023
Construction in progress	6,102,981	1,532,532
Subtotal	217,395,135	209,347,621
Accumulated depreciation	(132,149,525)	(123,492,687)
Net Property Plant & Equipment	85,245,610	85,854,934
TOTAL ASSETS	\$ 274,066,378	\$ 319,334,593
LIABILITIES and NET ASSETS		
Current Liabilities		
Current maturities of long-term debt	\$ 2,605,000	\$ 2,485,000
Accounts payable	4,528,640	4,491,361
Accrued payroll and related taxes	7,123,530	6,078,133
Estimated amounts due to third-party payers	366,854	1,489,644
CMS Advanced Payment liability	-	15,119,646
Accrued expenses and other liabilities	5,882,001	5,483,415
Total Current Liabilities	20,506,025	35,147,199
Long-term Liabilities		
Right of Use Liabilities	156,023	162,318
Deferred payroll taxes due to CARES Act	-	1,544,123
Estimated Self-insured Professional Liability Costs	609,366	609,366
Long-term Debt, including Bond Premium & Deferred Financing Costs	39,407,278	42,188,663
Total Long-term Liabilities	40,172,667	44,504,470
TOTAL LIABILITIES	60,678,692	79,651,669
NET ASSETS		
Without Donor Restrictions	206,886,917	223,287,059
With Donor Restrictions	272,803	263,734
	207,159,720	223,550,793
Change in Net Assets	6,227,966	16,132,131
Total Net Assets	213,387,686	239,682,924
TOTAL LIABILITIES & NET ASSETS	\$ 274,066,378	\$ 319,334,593

CONSOLIDATED										
	S & P		FITCH		FY2020	AUDITED FY2021	FY2022	UNAUDITED FY2023	COMPARED TO:	
	AA	A	AA	A					AA	A
Operating Cash <i>excludes Foundation and Medicare Advanced Payments</i>					\$ 19,576,497	\$ 22,855,261	\$ 19,053,078	\$ 14,506,776		
Days Cash on Hand <i>includes unrestricted investments and excludes remaining Medicare Advanced Payments Liability invested in CD's</i>	423.9	308.7	380.3	247.5	338.4	404.7	324.8	305.1	▲	▲
Operating Margin	5.1%	3.8%	5.4%	2.8%	0.8%	(0.4%)	1.2%	(2.7%)	▼	▼
Operating Margin <i>excludes Provider Relief Funds of \$9.5M in FY20, \$172K in FY21 and \$5.7M in FY22</i>	5.1%	3.8%	5.4%	2.8%	(5.2%)	(0.5%)	(1.9%)	(2.7%)	▼	▼
Operating EBIDA Margin	11.0%	9.3%	10.9%	8.6%	7.8%	7.1%	7.5%	2.9%	▼	▼
Daily Cash Collections per Day					\$ 424,122	\$ 453,257	\$ 488,123	\$ 516,858		
Daily Cash Expense per Day					\$ 439,451	\$ 454,446	\$ 522,715	\$ 534,700		
Variance: Daily Cash Collections & Cash Expense					(\$15,328)	(\$1,189)	(\$34,592)	(\$17,842)		
Variance: Daily Cash Collections & Cash Expense without Capital Projects					(\$8,786)	\$744	(\$16,750)	(\$4,096)		
Capital: Cash Spend					\$ 7,482,523	\$ 4,831,209	\$ 10,505,415	\$ 3,954,872		
Capital: Routine					\$ 5,087,909	\$ 4,125,666	\$ 3,993,099	\$ 1,425,579		
Capital: Project					\$ 2,394,614	\$ 705,543	\$ 6,512,316	\$ 2,529,293		
Average Payment Period					35	39	32	35		

**Peterson Health Foundation's "Today.Tomorrow. Always Campaign" raised \$15.1M for the Ambulatory Surgical Center (ASC) Project. Donor restricted monies were released to reimburse the Hospital as follows:
FY22 - \$3,987,554 and FYTD23 - \$1,031,593.**

(1) S&P: "U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios" Standard & Poor's August 24, 2022

(2) Fitch: "2021 Median Ratios for Nonprofit Hospitals and Healthcare Systems" Fitch Ratings August 18, 2022

PRMC										
	S & P		FITCH		FY2020	AUDITED FY2021	FY2022	UNAUDITED FY2023	COMPARED TO:	
	AA	A	AA	A					AA	A
Operating Margin	5.1%	3.8%	5.4%	2.8%	7.1%	5.5%	6.2%	3.2%	▼	▲
Operating Margin <i>excludes Provider Relief Funds of \$9.2M in FY20 and \$5.1M in FY22</i>	5.1%	3.8%	5.4%	2.8%	1.1%	5.5%	3.4%	3.2%	▼	▲
Operating EBIDA Margin	11.0%	9.3%	10.9%	8.6%	15.3%	13.7%	13.1%	9.4%	▼	▲
Bad Debt & Charity Care as % of Gross Patient Revenue					6.8%	7.9%	7.4%	7.2%		
Salaries & Benefits to Net Patient Revenue <i>(exclude DSRIP/UC)</i>	59.4%	54.5%	54.0%	55.1%	53.2%	50.9%	54.1%	56.9%	▼	▲
Salaries & Benefits to Net Patient Revenue <i>(include DSRIP/UC)</i>	59.4%	54.5%	54.0%	55.1%	52.4%	49.8%	53.0%	55.3%	▼	▲
Operating Expense per Adjusted Patient Day					\$ 2,579	\$ 2,385	\$ 2,328	\$ 2,342		
Net Patient Revenue per Adjusted Patient Day					\$ 2,556	\$ 2,452	\$ 2,371	\$ 2,361		
(1) S&P: "U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios" Standard & Poor's August 24, 2022										
(2) Fitch: "2021 Median Ratios for Nonprofit Hospitals and Healthcare Systems" Fitch Ratings August 18, 2022										

Peterson Medical Associates
Statement of Operations
December 31, 2022

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
BILLABLE ENCOUNTERS	9,860	11,347	(1,487)	9,790
Patient Service Revenue				
1 Outpatient Revenue	\$ 3,879,143	\$ 4,590,010	(\$710,867)	\$ 3,717,392
Total Gross Patient Revenue	3,879,143	4,590,010	(710,867)	3,717,392
Deductions From Revenue				
2 Bad Debt	40,849	27,915	(12,934)	33,697
3 Contractuals & Discounts	2,323,074	2,763,598	440,524	2,230,270
Total Deductions from Revenue	2,363,923	2,791,513	427,590	2,263,967
4 Net Patient Revenue	1,515,220	1,798,497	(283,277) ▼	1,453,425
NPR as % of Gross Revenue	39.06%	39.18%		39.10%
5 Other Operating Revenue	19,400	21,600	(2,200)	21,556
6 Total Operating Revenue	1,534,620	1,820,097	(285,477)	1,474,981
Operating Expenses				
7 Salaries and Wages:				
7A Provider: Physician's	897,921	909,061	11,140	655,468
7B Provider: Midlevels	190,832	160,250	(30,582)	103,838
7C Supporting Staff	526,074	591,669	65,595	501,581
	1,614,827	1,660,980	46,153	1,260,887
7D Contract Labor				
8 Benefits and Employer Taxes	221,648	343,244	121,596	351,219
9 Total Wages & Benefits	1,836,475	2,004,224	167,749	1,612,106
10 Pharmaceuticals	75,451	23,756	(51,695)	33,148
11 Supplies	115,940	80,929	(35,011)	129,203
12 Purchased Services	107,206	123,275	16,069	91,229
13 Management Fees	42,335	44,467	2,132	40,617
14 Physicians Professional Fees	5,877	5,500	(377)	4,100
15 Rent	142,804	116,428	(26,376)	104,106
16 Insurance	32,172	26,086	(6,086)	21,078
17 Repairs, Maintenance & Service Agreements	1,136	1,630	494	5,374
18 Utilities	2,504	5,127	2,623	3,757
19 Other	28,212	40,540	12,328	39,386
20 Total Supplies & Other	553,637	467,738	(85,899)	471,998
21 Total Operating Expenses	2,390,112	2,471,962	81,850 ▼	2,084,104
22 Operating Loss	(\$855,492)	(\$651,865)	(\$203,627) ▼	(\$609,123)
Provider (Physician & Advanced Practice) FTE's	47.3	47.3		44.6
Investment per Provider w/o PRMC management fees	\$ (17,191)	\$ (12,841)		\$ (12,747)
Physician FTE's - ONLY	31.2	32.2		29.6

Peterson Medical Associates

Financial Report – YTD December 2022

Net Patient Revenue - Line 4

- Net Patient revenue was lower than budget by (\$2,214K) due to lower rate per billed encounters of (\$412k) and lower billed encounters of (\$1,802k).

Other Operating Revenue

- Other Operating Revenue was higher than budget by \$488k due to the receipt of the CMS ACO 2021 Shared Savings of \$476k in October 2022.

Total Wages & Benefits - Line 9

- Wages and Benefits were lower than budget by (\$132k) primarily due to a favorable variance in Benefits of (\$260k) offset by unfavorable variances in Wages of \$128k. Areas with unfavorable Wage variances were as follows: Cardio-Vascular of \$374k, Pain Management of \$25k, Primary Care-Bandera of \$29k, and Pulmonology \$20k. These unfavorable variances partially offset by the favorable variances in Endocrinology of (\$129k), Kerrville Medical Plaza Primary Care (KMP) of (\$189k), and Gastroenterology of (\$81k).

Pharmaceuticals - Line 10

- Pharmaceuticals were higher than budget by \$281k mainly due to the unfavorable variances at Peterson Women's Associates (PWA) of \$86k, Urology of \$116k, Pain Management of \$31k, and KMP vaccines of \$110k.

Supplies - Line 11

- Supplies were lower than budget by (\$6k).

Purchased Services - Line 12

- Purchased Services were higher than budget by \$25k primarily due to the unfavorable variance in ACO Contracted Services of \$154k. This variance is due to a liability recorded for the ACO 2021 Shared Savings Distribution to PMA providers of \$150k in October 2022. The unfavorable variance was offset by favorable variances in Compliance Contracted Services of (\$63k) and Collection Fees of (\$43k).

Management Fees - Line 13

- Management Fees were lower than budget by (\$33k). The management fees are based on 3% of actual collections and the budget was based on estimated net patient revenue.

Rent – Line 15

- Rent was higher than budget by \$85k mainly due to unfavorable variances in Urgent Care of \$29k, Urology Group of \$31k, and General Surgery of \$27k.

Insurance – Line 16

- Insurance was lower than budget by \$27k mainly due to timing of insurance invoices received. The monthly budget allocation was based on straight-line method over twelve-months.

Other - Line 19

- Other expenses are higher than budget by \$25k mainly due to unfavorable variances in Advertising & Marketing of \$33k and Membership Dues of \$16k offset by favorable variances in Minor Equipment of (\$28k).

Peterson Medical Associates
Statement of Operations
Year to Date December 31, 2022

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
BILLABLE ENCOUNTERS	55,678	67,429	(11,751)	57,080
Patient Service Revenue				
1 Outpatient Revenue	\$ 21,334,754	\$ 26,667,314	(\$5,332,560)	\$ 21,736,545
Total Gross Patient Revenue	21,334,754	26,667,314	(5,332,560)	21,736,545
Deductions From Revenue				
2 Bad Debt	283,210	163,278	(119,932)	220,347
3 Contractuals & Discounts	12,926,139	16,164,494	3,238,355	13,716,045
Total Deductions from Revenue	13,209,349	16,327,772	3,118,423	13,936,392
4 Net Patient Revenue	8,125,405	10,339,542	(2,214,137) ▼	7,800,153
NPR as % of Gross Revenue	38.09%	38.77%		35.88%
5 Other Operating Revenue	574,170	86,400	487,770	408,713
6 Total Operating Revenue	8,699,575	10,425,942	(1,726,367) ▼	8,208,866
Operating Expenses				
7 Salaries and Wages				
7A Provider: Physician's	5,442,629	5,236,922	(205,707)	4,553,491
7B Provider: Midlevels	1,032,801	944,995	(87,806)	766,124
7C Supporting Staff	3,251,763	3,417,213	165,450	2,852,817
	9,727,193	9,599,130	(128,063)	8,172,432
7D Contract Labor		-	-	-
8 Benefits and Employer Taxes	1,822,546	2,083,038	260,492	1,696,611
9 Total Wages & Benefits	11,549,739	11,682,168	132,429	9,869,043
10 Pharmaceuticals	416,326	135,317	(281,009)	183,994
11 Supplies	464,256	470,408	6,152	606,654
12 Purchased Services	741,846	716,647	(25,199)	550,600
13 Management Fees	233,983	266,733	32,750	229,161
14 Physicians Professional Fees	43,803	33,000	(10,803)	22,590
15 Rent	766,637	681,357	(85,280)	603,196
16 Insurance	128,970	155,688	26,718	125,517
17 Repairs, Maintenance & Service Agreements	5,587	9,779	4,192	14,950
18 Utilities	19,716	29,921	10,205	24,892
19 Other	266,293	253,765	(12,528)	301,442
20 Total Supplies & Other	3,087,417	2,752,615	(334,802)	2,662,996
21 Total Operating Expenses	14,637,156	14,434,783	(202,373) ▼	12,532,039
22 Operating Loss	(\$5,937,581)	(\$4,008,841)	(\$1,928,740) ▼	(\$4,323,173)
Provider (Physician & Advanced Practice) FTE's	47.3	47.3		42.1
Investment per Provider w/o PRMC management fees	\$ (120,583)	\$ (79,114)		\$ (97,245)
Physician FTE's - ONLY	31.2	32.2		27.9

**Peterson Medical Associates
Comparative Balance Sheets
December 31, 2022**

		December 2022	December 2021
ASSETS			
Current Assets			
1	Cash	\$ 267,884	\$ 244,422
2	Patient Accounts Receivable, net of allowance	1,839,042	1,347,458
3	Prepaid expense and other	277,319	28,600
4	Total Current Assets	2,384,245	1,620,480
5	Right of Use Assets	1,315,674	127,101
6	TOTAL ASSETS	\$ 3,699,919	\$ 1,747,581
LIABILITIES and NET ASSETS			
Current Liabilities			
7	Accounts payable	\$ 2,702	\$ 45,424
8	Accrued payroll and related taxes	78,939	216,998
9	Due to PRMC	6,776,611	5,337,851
10	CMS Advanced Payment liability	-	151,061
11	Accrued expenses	542,706	279,778
12	Total Current Liabilities	7,400,958	6,031,112
13	Right of Use Assets	1,128,020	17,976
14	TOTAL LIABILITIES	8,528,978	6,049,088
15	Nets Assets Without Restrictions	1,108,522	21,666
16	Net Loss	(5,937,581)	(4,323,173)
17	Total Net Assets (Deficiency)	(4,829,059)	(4,301,507)
18	TOTAL LIABILITIES & NET ASSETS	\$ 3,699,919	\$ 1,747,581

Peterson Health Foundation
Statement of Operations and Changes in Net Assets
December 31, 2022

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Operating Expenses				
1	\$ 18,092	\$ 22,958	\$4,866	\$ 40,118
2	9,141	5,142	(3,999)	6,795
3	27,233	28,100	867	46,913
4	340	247	(93)	625
5	1,031	1,446	415	5,369
6	1,193	1,333	140	1,144
7	2,564	3,026	462	7,138
8	29,797	31,126	1,329	54,051
9	(\$29,797)	(\$31,126)	\$1,329 ▲	(\$54,051)
Other Income without Donor Restrictions				
10	(27,809)	15,300	(43,109)	42,544
11	57,556	-	57,556	43,368
12	29,747	15,300	14,447	85,912
13	(50)	(15,826)	15,776 ▲	31,861
14	(\$50)	(\$15,826)	\$15,776	\$31,861
Net Assets with Donor Restrictions				
15	107,122	0	107,122	784,534
16	87,015	0	87,015	112,790
17		0	0	0
18	194,137	(\$15,826)	\$194,137	897,324
19	194,087		209,913	929,185
20	14,395,076		14,395,076	16,367,656
21	\$ 14,589,163		\$14,604,989	\$17,296,841

Peterson Health Foundation
Statement of Operations and Changes in Net Assets
Year to Date: July 1, 2022 - December 31, 2022

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR	
Operating Expenses					
1	Salaries and Wages	\$ 87,485	\$ 134,275	\$46,790	\$ 134,918
2	Benefits and Employer Taxes	26,502	32,821	6,319	39,924
3	Total Wages & Benefits	113,987	167,096	53,109	174,842
4	Supplies	3,395	1,468	(1,927)	2,383
5	Purchased Services	156,967	8,641	(148,326)	32,585
6	Other	10,680	117,615	106,935	4,192
7	Total Supplies & Other	171,042	127,724	(43,318)	39,160
8	Total Operating Expenses	285,029	294,820	9,791	214,002
9	Operating Loss	(\$285,029)	(\$294,820)	\$9,791 ▲	(\$214,002)
Other Income without Donor Restrictions					
10	Investment return, change in unrealized gain (loss)	69,605	91,800	(22,195)	36,223
11	Contributions	74,994	-	74,994	76,246
12	Total Other Income without Donor Restrictions	144,599	91,800	52,799	112,469
13	(Deficiency) excess of Revenues Over Expenses	(140,430)	(203,020)	62,590 ▲	(101,533)
14	Increase (decrease) Net Assets without Donor Restrictions	(\$140,430)	(\$203,020)	\$62,590	(\$101,533)
Net Assets with Donor Restrictions					
15	Contributions	684,564	0	684,564	8,556,753
16	Investment return, change in unrealized gain (loss)	265,757	0	265,757	171,763
17	Net Assets released from restrictions	(1,118,605)	0	(1,118,605)	(349,608)
18	Increase (decrease) Net Assets without Donor Restrictions	(168,284)	(\$203,020)	(\$168,284)	8,378,908
19	Change in Net Assets	(308,714)		(105,694)	8,277,375
20	Net Assets, Beginning of Year	14,897,877		14,897,877	9,019,466
20	Net Assets, End of Year	\$ 14,589,163		\$14,792,183	\$ 17,296,841

**Peterson Health Foundation
Comparative Balance Sheets
December 31, 2022**

		December 2022	December 2021
ASSETS			
1	Cash	\$ 2,104,012	\$ 2,420,496
	Temporarily Restricted Investments		
2	Kitch Nursing School Fund	626,985	676,339
3	Hope Fund	64,220	128,030
4	Endowed Scholarships	89,794	97,604
5	Today.Tomorrow.Always	2,159,061	3,392,987
6	Special Projects	1,012,653	1,055,362
7	Hospice	1,094,260	1,152,412
8	Education	315,933	337,411
9	Total Restricted Investments	5,362,906	6,840,145
10	Unrestricted Investments	1,663,373	1,688,927
11	Total Cash & Investments	9,130,291	10,949,568
12	Prepaid Expenses	-	34,922
	Pledges Receivable:		
13	Today.Tomorrow.Always.	6,482,163	7,169,135
14	Total Pledges Receivable	6,482,163	7,169,135
15	Allowance for Uncollectible Pledges	(167,417)	(63,513)
16	Present Value Estimate	(613,602)	(367,716)
17	Total Net Pledge Receivables	5,701,144	6,737,906
18	Total assets	\$ 14,831,435	\$ 17,722,396
LIABILITIES & NET ASSETS			
Current Liabilities			
19	Due to PRMC	\$ 242,272	\$ 366,883
20	Accounts Payable	-	11,247
21	Total Current Liabilities	242,272	378,130
22	Deferred Revenue-Gala	-	47,425
Net Assets			
23	Without Donor Restrictions	1,575,451	1,356,669
24	With Donor Restrictions	13,013,712	15,940,172
25	Total net assets	14,589,163	17,296,841
26	Total liabilities and net assets	\$ 14,831,435	\$ 17,722,396

Peterson Health
Statement of Operations - Consolidating Schedule
December 31, 2022

	PRMC	PMA	Foundation	Eliminations	Consolidated
Unrestricted Revenues, Gains and Other Support					
Patient Service Revenue					
IP Revenue	\$ 17,270,194				
OP Revenue	40,602,278	\$ 3,879,143			
Hospice and Home Health	987,912				
Total Gross Patient Revenue	58,860,384	3,879,143.00			\$ 62,739,527
Total Deductions from Revenue	44,063,936	2,363,923			46,427,859
Net Patient Revenue, prior to UC & DSRIP	14,796,448	1,515,220			16,311,668
UC & DSRIP - Net of expense	(63,171)				(63,171)
Net Patient Revenue	14,733,277	1,515,220			16,248,497
Other Operating Revenue	20,738	19,400			40,138
Total Operating Revenue	14,754,015	1,534,620			16,288,635
Operating Expenses					
Salaries and Wages	5,569,334	1,614,827	\$ 18,092		7,202,253
Contract Labor	1,147,336	-			1,147,336
Benefits and Employer Taxes	1,297,327	221,648	9,141		1,528,116
Total Wages & Benefits	8,013,997	1,836,475	27,233		9,877,705
Chargeable Medical Supplies	892,749				892,749
Pharmaceuticals	744,121	75,451			819,572
Non Chargeable Supplies	1,139,158	115,940	340		1,255,438
Purchased Services	775,594	107,206	1,031		883,831
Physicians Professional Fees	412,960	5,877			418,837
Insurance & Taxes	33,124	32,172			65,296
Repairs, Maintenance & Service Agreements	407,268	1,136			408,404
Utilities	165,801	2,504			168,305
Interest	165,525				165,525
Depreciation & Amortization	689,343				689,343
Loss (Gain) on Disposal of Fixed Assets	(45)				(45)
Other	377,173	213,351	1,193	(\$124,923)	466,794
Total Supplies & Other	5,802,771	553,637	2,564	(124,923)	6,234,049
Total Operating Expenses	13,816,768	2,390,112	29,797	(124,923)	16,111,754
Operating Income (Loss)	937,247	(855,492)	(29,797)	124,923	176,881
Other Income (Expense)					
Contributions	-		57,556		57,556
Income from Investments	318,089				318,089
Management Fees & Rent	137,115			(124,923)	12,192
Unrealized Gain (Loss)	(4,512,502)		(27,809)		(4,540,311)
Total other income (expense)	(4,057,298)	-	29,747	(124,923)	(4,152,474)
Excess (Deficiency) of Revenues Over Expenses	(\$3,120,051)	(\$855,492)	(\$50)	\$0	(\$3,975,593)
Net assets released from restrictions used for purchase of property and equipment					-
Transfer (to) from affiliates	-	-	-		-
Increase (decrease) in net assets without donor restrictions	(3,120,051)	(855,492)	(50)	0	(3,975,593)
Net Assets with Donor Restrictions					
Contributions received			107,122		107,122
Investment return, change in unrealized gains (losses)			87,015		87,015
Net Assets released from restriction			0		-
Increase (decrease) in net assets with donor restrictions	0	-	194,137	-	194,137
Change in Net Assets	(3,120,051)	(855,492)	194,087	0	(3,781,456)
Net Assets, Beginning of Month	216,507,737	(3,973,567)	14,395,076	0	220,291,757
Net Assets, End of Month	\$213,387,686	(\$4,829,059)	\$14,589,163	\$0	\$216,510,301

Peterson Health
Statement of Operations and Changes in Net Assets Information - Consolidating Schedule
Year to Date as of December 31, 2022

	PRMC	PMA	Foundation	Eliminations	Consolidated
Unrestricted Revenues, Gains and Other Support					
Patient Service Revenue					
IP Revenue	\$ 97,754,962				
OP Revenue	241,588,598	\$ 21,334,754			
Hospice and Home Health	5,529,451				
Total Gross Patient Revenue	344,873,011	21,334,754.00			\$ 366,207,765
Total Deductions from Revenue	259,548,638	13,209,349			272,757,987
Net Patient Revenue, prior to UC & DSRIP	85,324,373	8,125,405			93,449,778
UC & DSRIP - Net of expense	1,587,645				1,587,645
Net Patient Revenue	86,912,018	8,125,405			95,037,423
Other Operating Revenue	541,539	574,170			1,115,709
Total Operating Revenue	87,453,557	8,699,575			96,153,132
Operating Expenses					
Salaries and Wages	33,504,929	9,727,193	\$ 87,485		43,319,607
Contract Labor	6,374,000	-			6,374,000
Benefits and Employer Taxes	8,653,313	1,822,546	26,502		10,502,361
Total Wages & Benefits	48,532,242	11,549,739	113,987		60,195,968
Chargeable Medical Supplies	5,108,115				5,108,115
Pharmaceuticals	4,448,478	416,326			4,864,804
Non Chargeable Supplies	6,362,790	464,256	3,395		6,830,441
Purchased Services	5,967,791	741,846	156,967		6,866,604
Physicians Professional Fees	2,448,931	43,803			2,492,734
Insurance & Taxes	218,358	128,970			347,328
Repairs, Maintenance & Service Agreements	2,656,639	5,587			2,662,226
Utilities	1,056,079	19,716			1,075,795
Interest	1,002,332				1,002,332
Depreciation & Amortization	4,425,377				4,425,377
Loss (Gain) on Disposal of Fixed Assets	3,657				3,657
Other	2,419,976	1,266,913	10,680	(\$714,070)	2,983,499
Total Supplies & Other	36,118,523	3,087,417	171,042	(714,070)	38,662,912
Total Operating Expenses	84,650,765	14,637,156	285,029	(714,070)	98,858,880
Operating Income (Loss)	2,802,792	(5,937,581)	(285,029)	714,070	(2,705,748)
Other Income (Expense)					
Contributions	-		74,994		74,994
Income from Investments	1,470,776				1,470,776
Management Fees & Rent	787,710			(714,070)	73,640
Unrealized Gain (Loss)	104,870		69,605		174,475
Total other income (expense)	2,363,356	-	144,599	(714,070)	1,793,885
Excess (Deficiency) of Revenues Over Expenses	\$5,166,148	(\$5,937,581)	(\$140,430)	\$0	(\$911,863)
Net assets released from restrictions used for purchase of property and equipment	1,061,818		(1,061,818)		-
Transfer (to) from affiliates	-	-	-		-
Increase (decrease) in net assets without donor restrictions	6,227,966	(5,937,581)	(1,202,248)	0	(911,863)
Net Assets with Donor Restrictions					
Contributions received			684,564		684,564
Investment return, change in unrealized gains (losses)			265,757		265,757
Net Assets released from restriction			(56,787)		(56,787)
Increase (decrease) in net assets with donor restrictions	0	-	893,534	-	893,534
Change in Net Assets	6,227,966	(5,937,581)	(308,714)	0	(18,329)
Net Assets, Beginning of Year	207,159,720	1,108,522	14,897,877		223,166,119
Net Assets, End of Year	\$213,387,686	(\$4,829,059)	\$14,589,163	\$0	\$223,147,790

Peterson Health
Balance Sheets: Consolidating Schedule
December 31, 2022

	PRMC	PMA	Foundation	Eliminations	Consolidated
ASSETS					
Current Assets					
Cash & cash equivalents	\$ 14,238,892	\$ 267,884	\$ 2,104,012		\$ 16,610,788
Patient Accounts Receivable, net of allowance	16,786,633	1,839,042			18,625,675
Pledges receivable, net of allowance			5,701,144		5,701,144
Other receivables	1,885,326	-			1,885,326
Inventories	5,007,535				5,007,535
Due from Affiliates	7,018,883			(\$7,018,883)	-
Prepaid expense/other	2,917,346	277,319	-		3,194,665
Total Current Assets	47,854,615	2,384,245	7,805,156	(7,018,883)	51,025,133
Assets Limited as to Use	335,029		5,362,906		5,697,935
Investments	140,396,806		1,663,373		142,060,179
Right of Use Assets	234,318	1,315,674			1,549,992
Property and Equipment					
Land	6,990,029				6,990,029
Buildings	114,019,046				114,019,046
Equipment	90,283,079				90,283,079
Construction in progress	6,102,981				6,102,981
	217,395,135	-	-	-	217,395,135
Accumulated depreciation	(132,149,525)				(132,149,525)
Net Property Plant & Equipment	85,245,610	-	-	-	85,245,610
TOTAL ASSETS	\$ 274,066,378	\$ 3,699,919	\$ 14,831,435	(7,018,883)	\$ 285,578,849
LIABILITIES and NET ASSETS					
Current Liabilities					
Current maturities of long-term debt	\$ 2,605,000				2,605,000
Accounts payable	4,528,640	\$ 2,702			4,531,342
Accrued payroll and related taxes	7,123,530	78,939			7,202,469
Estimated amounts due to third-party payers	366,854				366,854
Due to PRMC		6,776,611	\$ 242,272	(\$7,018,883)	-
CMS Advanced Payment liability	-	-			-
Accrued expenses and other liabilities	5,882,001	542,706	-		6,424,707
Total Current Liabilities	20,506,025	7,400,958	242,272	(7,018,883)	21,130,372
Long-term Liabilities					
Right of Use Liabilities	156,023	1,128,020			1,284,043
Deferred payroll taxes due to CARES Act	-				-
Estimated Self-insured Professional Liability Costs	609,366				609,366
Deferred Revenue-Gala			-		-
Long-term Debt	39,407,278				39,407,278
TOTAL LIABILITIES	60,678,692	8,528,978	242,272	(7,018,883)	62,431,059
NET ASSETS					
Without Donor Restrictions	213,114,883	(4,829,059)	1,575,451		209,861,275
With Donor Restrictions	272,803		13,013,712		13,286,515
Total Net Assets	213,387,686	(4,829,059)	14,589,163	-	223,147,790
TOTAL LIABILITIES & NET ASSETS	\$ 274,066,378	\$ 3,699,919	\$ 14,831,435	(7,018,883)	\$ 285,578,849