GOOD SHEPHERD HOSPITAL, INC.

New Bern, North Carolina

Report On

EXAMINATION

For Fiscal Year Ended

SEPTEMBER 30, 1964

ESTABLISHED 1908

A. M. PULLEN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

ATLANTA, GA.
CHARLOTTE, N. C.
COLUMBIA, S. C.
DANVILLE, VA.
FAYETTEVILLE, N. C.
GARDEN CITY, N. Y.
GREENSBORO, N. C.
NEW BERN, N. C.
NEW YORK, N. Y.
RALEIGH, N. C.
RICHMOND, VA.
WASHINGTON, D. C.
WINSTON-SALEM, N. C.

GOOD SHEPHERD HOSPITAL, INC.

(Incorporated March 26, 1942 under
the Laws of North Carolina)

New Bern, North Carolina

Report On

E X A M I N A T I O N

For Fiscal Year Ended

SEPTEMBER 30, 1964

CONTENTS

September 30, 1964

ESTABLISHED 1908

A. M. PULLEN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

ELKS TEMPLE BUILDING

NEW BERN, N. C.

The Board of Trustees
Good Shepherd Hospital, Inc.
New Bern, North Carolina

We have examined the balance sheet of Good Shepherd Hospital, Inc. as of September 30, 1964 and the related statements of income and expense and analysis of fund balances for the year then ended. Our examination was made in accordance with generally accepted auditing standards and included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, except as noted in the following paragraph.

In accordance with the terms of our engagement, we did not follow the generally accepted auditing procedures of confirming accounts receivable by direct correspondence with debtors and the observation of the taking of inventories or tests of physical quantities. In view of the aforementioned omission of generally accepted auditing procedures and the materiality of the receivables and inventories, we are not in a position to express an independent accountants' opinion on the over-all representations in the accompanying balance sheet and statements of income and expense and analysis of fund balances.

A. M. Pullen & Co.
Certified Public Accountants.

New Bern, N. C.
October 18, 1964

FINANCIAL POSITION

The financial position of the Hospital at September 30, 1964 is presented in detail in Exhibit "A", Balance Sheet, and summarized below in comparison with a similar summary at September 30, 1963:

	9-30-64	9-30-63	Increase (Decrease)
Operating Fund:			
Assets:			
Cash	$ 462 66	$ 838 78	($ 376 12)
Accounts receivable - net	22 268 41	18 643 09	3 625 32
Inventory	11 370 54	14 929 37	(3 558 83)
Prepaid insurance	813 64	822 15	(8 51)
Total Assets	$ 34 915 25	$ 35 233 39	($ 318 14)
Liabilities and Surplus:			
Accounts payable	$ 6 388 12	$ 6 167 48	$ 220 64
Notes payable	1 000 00	-	1 000 00
Operating fund balance	27 527 13	29 065 91	(1 538 78)
Total Liabilities and Surplus	$ 34 915 25	$ 35 233 39	($ 318 14)
Plant Fund:			
Assets:			
Land	$ 10 834 50	$ 10 834 50	$ -
Buildings	156 365 39	144 217 82	12 147 47
Equipment	62 085 56	62 085 56	-
Fence	1 086 74	1 086 74	
Total Assets	$230 372 19	$218 224 62	$12 147 57
Liabilities and Surplus:			
Reserve for appreciation of assets	$ 32 500 00	$ 32 500 00	$ -
Surplus	197 872 19	185 724 62	12 147 57
Total	$230 372 19	$218 224 62	$12 147 57

The decrease in the Operating Fund Balance of $1,538.78 represents the net loss for the year.

Accounts receivable - patients, in the amount of $8,120.85 represents the part of the unpaid accounts which are considered by the Administrator to be collectible.

Insurance protection in force at September 30, 1964, as determined from policies presented for our examination, is presented in Schedule 1.

RESULTS OF OPERATIONS

The results of operations of the Operating Fund for the fiscal year ended September 30, 1964 are shown in detail in Exhibit "C", Statement of Income and Expenses - Operating Fund, supported by Schedules 2, 3 and 4. A summary of this statement is presented below in comparison with a similar summary for year ended September 30, 1963.

	9-30-64	9-30-63	Increase (Decrease)
Gross earnings from patients	$141 827 32	$172 432 80	($30 605 48)
Less: Deductions from earnings	50 365 50	61 377 96	(11 012 46)
Adjusted Gross Earnings From Patients	$ 91 461 82	$111 054 84	($19 593 02)
Departmental operating expenses	168 282 30	184 208 63	(15 926 33)
Net Loss From Operations	($ 76 820 48)	($ 73 153 79)	($ 3 666 69)
Other revenue	75 281 70	84 566 14	(9 284 44)
Net Income (Loss) Before Other Deductions	($ 1 538 78)	$ 11 412 35	($12 951 13)
Other deductions	-	12 147 57	(12 147 57)
Net Loss for Year	($ 1 538 78)	($ 735 22)	($ 803 56)

SCOPE OF EXAMINATION

The scope of our examination is contained in our opening letter. Certain features of the examination are set forth below.

Cash on hand was counted and cash on deposit was reconciled with the amounts confirmed directly to us by the depositories. Recorded cash receipts were traced to their subsequent deposit in the bank on a test basis, and disbursements were verified by examination of cancelled checks and paid invoices also on a test basis.

Accounts receivable were listed and proved with the general ledger control account; however, we did not confirm the balances beyond the office records. In the opinion of the Administrator, the allowance for doubtful and uncollectible accounts in the amount of $6,342.14 is sufficient to provide for uncollectible accounts.

The drugs and other inventories are reflected herein as submitted by the Administrator. We were not present at the physical count of inventories, nor have physical tests been made under our supervision.

Operating accounts were tested as to their general accuracy, but we did not examine all transactions.

GOOD SHEPHERD HOSPITAL, INC., NEW BERN, NORTH CAROLINA

BALANCE SHEET

September 30, 1964

EXHIBIT "A"

A S S E T S

Operating Fund:			
Cash on hand and on deposit			$ 462 66
Accounts receivable:			
Patients	$14 462 99		
Less: Allowance for uncollectible accounts	6 342 14	$ 8 120 85	
Counties		14 033 11	
State		114 45	22 268 41
Inventory - supplies			11 370 54
Prepaid insurance			813 64
Total Assets - Operating Fund			$ 34 915 25
Plant Fund:			
Land		$ 10 834 50	
Buildings		156 365 39	
Equipment		62 085 56	
Fence		1 086 74	
Total Assets - Plant Fund			230 372 19
Total Assets			$265 287 44

LIABILITIES AND FUND BALANCES

Operating Fund:		
Accounts payable		$ 5 276 94
Payroll taxes withheld		1 111 18
Notes payable		1 000 00
Total Liabilities		$ 7 388 12
Fund Balance (Exhibit "B")		27 527 13
Total Liabilities and Fund Balance - Operating Fund		$ 34 915 25
Plant Fund:		
Fund Capital and Reserves:		
Reserve for appreciation of assets	$ 32 500 00	
Capital balance (Exhibit "B")	197 872 19	
Total Fund Balance - Plant Fund		230 372 19
Total Liabilities and Fund Balances		$265 287 44

GOOD SHEPHERD HOSPITAL, INC., NEW BERN, NORTH CAROLINA

ANALYSIS OF FUND BALANCES

For Fiscal Year Ended September 30, 1964

EXHIBIT "B"

	Operating Fund	Plant Fund	Total
Fund Balances - October 1, 1963	$29 065 91	$185 724 62	$214 790 53
Add: Capital investment in plant - prior year		12 147 57	12 147 57
Deduct: Net Loss (Exhibit "C")	(1 538 78)		(1 538 78)
Fund Balances - September 30, 1964	$27 527 13	$197 872 19	$225 399 32
	(Exh. "A")	(Exh. "A")	

GOOD SHEPHERD HOSPITAL, INC., NEW BERN, NORTH CAROLINA
STATEMENT OF INCOME AND EXPENSES - OPERATING FUND
For Fiscal Year Ended September 30, 1964

EXHIBIT "C"

Income:		
Gross Earnings from Patients:		
In-patient service (Schedule 2)		$136 179 87
Out-patient service (Schedule 3)		5 647 45
Total Gross Earnings from Patients		$141 827 32
Less: Deductions from Gross Earnings:		
Adjustments - contractual	$ 9 50	
Approved charity cases	41 600 50	
	$41 610 00	
Provision for uncollectible accounts	8 755 50	50 365 50
Adjusted Gross Earnings from Patients		$ 91 461 82
Departmental Operating Expenses (Schedule 4)		168 282 30
Net Loss from Operations		($ 76 820 48)
Other Income:		
Appropriations or contributions - governmental	$51 727 52	
General contributions and donations:		
Religious organizations	8 391 00	
The Duke Endowment	5 010 00	
Organizations, individuals and others	5 140 06	
The Kate B. Reynolds Fund	2 218 74	
Medical Record Transcript Fees	28 00	
Bad debt recoveries	99 00	
Purchase discounts	25 19	
Other non-hospital income	2 642 19	75 281 70
Net Loss for Year (Exhibit "B")		($ 1 538 78)

INSURANCE IN FORCE

September 30, 1964

SCHEDULE 1

	Co-Insurance	Amount
Fire, Lighting and Extended Coverage:		
Buildings:		
Hospital	80%	$ 160 000 00
Nurses' home	80%	29 600 00
Contents of buildings:		
Hospital		40 000 00
Nurses' home		2 100 00
Automobile Liability:		
Bodily injury		50/100 000 00
Property damage		10 000 00
Medical		2 000 00
Comprehensive		A. C. V. Less $50 00
Liability:		
General liability:		
Bodily injury excluding malpractice		25/250 000 00
Property damage		5/25 000 00
Professional liability - malpractice		25/100 000 00
Power plant - boiler (Limit per accident)		100 000 00
Employees' blanket coverage		Schedule
Workmen's Compensation		Statutory

Note:
This schedule was prepared from information taken from the policies and does not purport to show all details of coverage or the adequacy thereof.

GROSS EARNINGS - IN-PATIENT SERVICE

For Fiscal Year Ended September 30, 1964

SCHEDULE 2

	Amount	Total
Room and general service		$ 59 143 15
Nursery - newborn		3 025 00
Special services:		
Operating room	$ 6 336 00	
Delivery room	3 370 00	
Anesthesia	6 865 00	
Medical and surgical supplies	4 199 65	
Pharmacy and drugs	23 198 57	
X-Ray	11 827 50	
Laboratory	18 215 00	74 011 72
Total Gross Earnings - In-Patients (Exhibit "C")		$136 179 87

GOOD EARNINGS - OUT-PATIENT SERVICE

For Fiscal Year Ended September 30, 1964

SCHEDULE 3

X-Ray	$2 514 90
Laboratory	1 229 10
Miscellaneous	1 903 45
Total Gross Earnings - Out-Patient Service (Exhibit "C")	$5 647 45

DEPARTMENTAL OPERATING FUND EXPENSES

For Fiscal Year Ended September 30, 1964

SCHEDULE 4

	Amount	Total
Administrative and General:		
Salaries	$16 551 20	
Supplies	397 31	
Insurance and bonding	2 926 62	
Social security tax	3 140 15	
Other expenses	5 931 06	$ 28 946 34
Dietary:		
Salaries	$ 5 648 33	
Food	11 881 93	
Other supplies	135 00	17 665 26
Housekeeping:		
Salaries	$ 5 475 64	
Linen replacement	3 000 00	
Other supplies	321 67	
Other expenses	276 26	9 073 57
Laundry - Outside Service		5 198 14
Plant Operations:		
Salaries	$ 3 958 85	
Fuel, power, water and ice	8 756 68	
Other supplies	800 88	
Contractual and outside service	530 19	14 046 60
Nursing Service - Salaries		28 144 09
Medical and Surgical Supplies		8 260 89
Pharmacy and Drugs:		
Supplies	$ 8 206 49	
Other expense	1 00	8 207 49
Medical Records and Library:		
Salaries	$ 1 800 00	
Supplies	278 48	2 078 48
Operating Room:		
Salaries	$ 8 880 00	
Supplies	2 000 00	10 880 00
Delivery Room:		
Salaries	$ 3 000 00	
Supplies	1 100 00	4 100 00
Anesthesia:		
Salaries	$ 5 400 00	
Supplies	964 83	
Other expense	212 50	6 577 33
(Forwarded)		$143 178 19

	Amount	Total
(Forwarded)		$143 178 19
X-Ray:		
Salaries	$ 6 161 30	
Supplies	1 743 86	
Other expenses	294 10	8 199 26
Laboratories:		
Salaries	$ 8 726 96	
Supplies	1 508 85	
Other expenses	3 069 04	13 304 85
Total In-Patient Departmental Operating Fund Expenses		$164 682 30
Out-Patient Department:		
Salaries	$ 2 200 00	
Supplies	1 400 00	
Total Out-Patient Departmental Operating Fund Expenses		3 600 00
Total Departmental Operating Fund Expenses (Exhibit "C")		$168 282 30