GOOD SHEPHERD HOSPITAL, INC.

New Bern, North Carolina

Report On

EXAMINATION

For Fiscal Year Ended

SEPTEMBER 30, 1962

ESTABLISHED 1908

A. M. PULLEN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

ATLANTA, GA.
CHARLOTTE, N. 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.
WINSTON-SALEM, N. C.

GOOD SHEPHERD HOSPITAL, INC.

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

New Bern, North Carolina

Report On

EXAMINATION

For Fiscal Year Ended

SEPTEMBER 30, 1962

BOARD OF TRUSTEES

C O N T E N T S

September 30, 1962

ESTABLISHED 1908

A. M. PULLEN & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

ELKS TEMPLE BUILDING

NEW BERN, N. C.

ATLANTA, GA.
CHARLOTTE, N. C.
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WINSTON-SALEM, 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, 1962, 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. Nothing came to our attention which would indicate that these items are not fairly stated. However, 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, North Carolina
October 12, 1962

FINANCIAL POSITION

The financial position of the Hospital at September 30, 1962 is presented in detail in Exhibit "A", Balance Sheet, and summarized below in comparison with a similar summary at September 30, 1961.

	9-30-62	9-30-61	Increase (Decrease)
Operating Fund:			
Assets:			
Cash	$ 2 769 09	$ 4 089 47	($ 1 320 38)
Accounts receivable - net	12 715 84	15 454 50	(2 738 66)
Inventory	13 558 17	13 685 76	(127 59)
Prepaid insurance	758 03	665 40	92 63
Total Assets	$ 29 801 13	$ 33 895 13	($ 4 094 00)
Surplus:			
Operating fund balance	$ 29 801 13	$ 33 895 13	($ 4 094 00)
Plant Fund:			
Assets:			
Land	$ 10 834 50	$ 10 834 50	$ -
Buildings	144 217 82	144 217 82	-
Equipment	62 085 56	62 085 56	-
Fence	1 086 74	1 086 74	-
Total Assets	$218 224 62	$218 224 62	$ -
Liabilities and Surplus:			
Reserve for appreciation of assets	$ 34 500 00	$ 32 500 00	$ -
Surplus	185 724 62	185 724 62	-
Total	$218 224 62	$218 224 62	$ -

The decrease in the Operating Fund Balance of $4,094.00 represents the net loss for the year.

Accounts receivable - patients - in the amount of $6,814.50 represents the part of the unpaid accounts which are considered by the Administrator to be collectible.

Insurance protection in force at September 30, 1962, 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, 1962, 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, 1961.

	9-30-62	9-30-61	Increase (Decrease)
Gross earnings from patients	$162 778 42	$166 849 55	($ 4 071 13)
Less: Deductions from earnings	52 013 30	59 695 86	(7 682 56)
Adjusted Gross Earnings From Patients	$110 765 12	$107 153 69	$ 3 611 43
Departmental operating expenses	173 341 00	165 308 95	8 032 05
Net Loss From Operations	($ 62 575 88)	($ 58 155 26)	$ 4 420 62
Other revenue	58 802 18	62 314 17	(3 511 99)
Net Income (Loss) Before Other Deductions	($ 3 773 70)	$ 4 158 91	($ 7 932 61)
Other deductions	320 30	5 140 61	(4 820 31)
Net Loss for Year	($ 4 094 00)	($ 981 70)	($ 3 112 30)

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 $12,274.42 is sufficient to provide for uncollectible accounts.

The drugs and other inventories are reflected therein 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, 1962

EXHIBIT "A"

ASSETS

Operating Fund:			
Cash on hand and on deposit			$ 2 769 09
Accounts receivable:			
Patients	$ 19 088 92		
Less: Allowance for uncollectible accounts	12 274 42	$ 6 814 50	
Craven County		4 917 89	
Pamlico County		211 82	
Jones County		529 55	
Onslow County		242 08	12 715 84
Inventory - supplies			13 558 17
Prepaid insurance			758 03
Total Assets - Operating Fund			$ 29 801 13
Plant Fund:			
Land		$ 10 834 50	
Buildings		144 217 82	
Equipment		62 085 56	
Fence		1 086 74	
Total Assets - Plant Fund			218 224 62
Total Assets			$248 025 75

FUND BALANCES

Operating Fund:		
Fund Balance (Exhibit "B")		$ 29 801 13
Fund Balance - Operating Fund		$ 29 801 13
Plant Fund:		
Fund Capital and Reserves:		
Reserve for Appreciation of Assets	$ 32 500 00	
Capital Balance (Exhibit "B")	185 724 62	
Total Fund Balance - Plant Fund		218 224 62
Total Fund Balances		$248 025 75

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

ANALYSIS OF FUND BALANCES

For Fiscal Year Ended September 30, 1962

EXHIBIT "B"

	Operating Fund	Plant Fund	Total
Fund Balances- October 1, 1961	$ 33 895 13	$185 724 62	$219 619 75
Deduct: Net loss (Exhibit "C")	(4 094 00)	-	(4 094 00)
Fund Balances - September 30, 1962	$ 29 801 13	$185 724 62	$215 525 75
	(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, 1962

EXHIBIT "C"

Income:		
Gross Earnings from Patients:		
In-patient service (Schedule 2)		$155 363 94
Out-patient service (Schedule 3)		7 414 48
Total Gross Earnings from Patients		$162 778 42
Less: Deductions from Gross Earnings:		
Adjustments - contractual	$ 2 50	
Approved charity cases	40 550 60	
Courtesy allowance	66 40	
	$ 40 619 50	
Provision for uncollectible accounts	11 393 80	52 013 30
Adjusted Gross Earnings From Patients		$110 765 12
Departmental Operating Expenses (Schedule 4)		173 341 00
Net Loss from Operations		($ 62 575 88)
Other Income:		
Appropriations or contributions - governmental	$ 39 981 95	
General contributions and donations:		
Religious organizations	7 103 85	
The Duke Endowment	4 640 00	
Organizations, individuals and others	1 415 54	
The Kate B. Reynolds Fund	2 700 18	
Medical Record Transcript Fees	10 00	
Bad debt recoveries	1 974 00	
Purchase discounts	442 18	
Other non-hospital income	534 48	58 802 18
		($ 3 773 70)
Other Expenses:		
Replacement of equipment		320 30
Net Loss for Year (Exhibit "B")		($ 4 094 00)

GROSS EARNINGS - IN-PATIENT SERVICE

For Fiscal Year Ended September 30, 1962

SCHEDULE 2

	Amount	Total
Room and general service		$ 61 139 00
Nursery - newborn		1 445 00
Special services:		
Operating room	$ 6 358 00	
Delivery room	3 435 00	
Anesthesia	7 619 50	
Medical and surgical supplies	6 850 40	
Pharmacy and drugs	33 648 65	
X-Ray	14 957 00	
Laboratory	19 871 50	
Telephone	39 89	92 779 94
Total Gross Earnings - In-Patient (Exhibit "C")		$155 363 94

GROSS EARNINGS - OUT-PATIENT SERVICE

For Fiscal Year Ended September 30, 1962

SCHEDULE 3

X-Ray	$ 3 608 65
Laboratory	1 144 70
Miscellaneous	2 661 13
Total Gross Earnings - Out-Patient Service (Exhibit "C")	$ 7 414 48

DEPARTMENTAL OPERATING FUND EXPENSES

For Fiscal Year Ended September 30, 1962

SCHEDULE 4

	Amount	Total
Administrative and General:		
Salaries	$ 16 315 40	
Supplies	734 61	
Insurance and bonding	2 055 11	
Social security tax	2 646 97	
Other expenses	4 442 73	$ 26 194 82
Dietary:		
Salaries	$ 5 877 87	
Food	13 583 70	
Other supplies	157 97	19 619 54
Housekeeping:		
Salaries	$ 5 197 84	
Linen replacement	3 000 00	
Other supplies	406 77	
Other expenses	310 06	8 914 67
Laundry - Outside Service		6 111 20
Plant Operation:		
Salaries	$ 3 367 14	
Fuel, power, water and ice	6 552 23	
Other supplies	1 258 45	
Contractual and outside service	2 493 44	13 671 26
Nursing Service - Salaries		29 203 89
Medical and Surgical Supplies		10 283 95
Pharmacy and Drugs:		
Supplies	$ 11 579 34	
Other expense	1 00	11 580 34
Medical Records and Library:		
Salaries	$ 1 337 50	
Supplies	467 25	1 804 75
Operating Room:		
Salaries	$ 8 440 00	
Supplies	2 000 00	10 440 00
Delivery Room:		
Salaries	$ 3 000 00	
Supplies	1 300 00	4 300 00
Anesthesia:		
Salaries	$ 5 400 00	
Supplies	1 915 16	
Other expense	237 00	7 552 16
(Forwarded)		$149 676 58

	Amount	Total
(Forwarded)		$149 676 58
X-Ray:		
Salaries	$ 8 654 80	
Supplies	2 423 12	
Other expenses	278 00	11 355 92
Laboratories:		
Salaries	$ 4 150 00	
Supplies	1 031 50	
Other expenses	2 927 00	8 108 50
Total In-Patient Departmental Operating Fund Expenses		$169 141 00
Out-Patient Department:		
Salaries	$ 2 400 00	
Supplies	1 800 00	
Total Out-Patient Departmental Operating Fund Expenses		4 200 00
Total Departmental Operating Fund Expenses (Exhibit "C")		$173 341 00