

**FNS**

**FRONTIER NURSING SERVICE**

Volume 78

Number 1 Summer/September 2002



SEVENTY-SEVENTH ANNUAL REPORT



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## TABLE OF CONTENTS

Introduction to FNS	1
Courier News - <i>Barb Gibson</i>	2
Wendover News - <i>Barb Gibson</i>	4
Mary Breckinridge Healthcare News - <i>Malle Noble</i>	8
FSMFN News - <i>Dr. Susan Stone</i>	12
Website Information	13
Audit Report - <i>Potter &amp; Company</i>	14
In Memoriam	39
Christmas Needs - <i>Barb Gibson</i>	46

Cover: Left to right - Betty Lester, FNS Nurse and Mary Breckinridge, Founder of FNS.

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### Frontier Nursing Service Quarterly Bulletin

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## Frontier Nursing Service

*If you have never been introduced to the Frontier Nursing Service we would like to take this opportunity to brief you on the history and the on-going work of the Service. Please share this information with a friend.*

Born in 1881 into a prominent American family, Mary Breckinridge spent her early years in many parts of the world - Russia, France, Switzerland and the British Isles. After the death of her two children, she abandoned the homebound life expected of women of her class to devote herself to the service of others, particularly children.

Mrs. Breckinridge established the Frontier Nursing Service (FNS) in Leslie County, Kentucky in 1925, then one of the poorest and most inaccessible areas in the United States. Mrs. Breckinridge introduced the first nurse-midwives in this country. Riding their horses up mountains and across streams in blizzard, fog or flood, the FNS nurses brought modern healthcare to families throughout an area of 700 square miles.

Until her death in 1965, Mary Breckinridge was the driving force behind the work of the Service whose influence today extends far beyond eastern Kentucky. Through the Frontier School of Midwifery and Family Nursing, hundreds of nurses have been trained and this important concept of family healthcare has been carried throughout the world.

Today, FNS, Inc., is organized as a parent holding company for Mary Breckinridge Healthcare, Inc., Frontier Nursing Healthcare, Inc., which includes four rural healthcare clinics (Community Health Center, Beech Fork Clinic, Kate Ireland Healthcare Center # 1 and Kate Ireland Healthcare Center # 2) and for the Frontier School of Midwifery and Family Nursing - the largest midwifery program in the United States.

Remarkably, the purpose and philosophy of the FNS has remained constant since 1925.

### Courier Program News

-Barb Gibson

Kelly Short, who arrived during June, left August 10 to pursue her plans for becoming a nurse. Kelly wrote the following comments regarding her experience:

"Throughout my experience, I have felt supported and challenged by FNS. I have been humbled and strengthened by the opportunities the Courier Program has provided me to both serve and be served."

While here Kelly worked with the Patient Assistance Program designed to make prescription medicines available to low income individuals, delivered lab specimens for analysis, transported supplies and worked on patient education projects. Wendoover and clinics staff held a "going away" dinner for Kelly at the Big House (pictured below).



*Back row left to right: Kelly Short, Lynn Wilkening, Heidi Froemke/Second row - Debi Karsnitz, Pat Caudle, Vivien Jutsum, Beverly May/Front row - Carolyn Wells, Tracy Pennington, Phyllis Couch, Heather Asher, and Angela Mitchell*

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*Former Courier News*

*Winter '98 Couriers* (Karen Thomisee, Mariah Mottley, Susan Mathew, Catherine Thompson and Jennifer Swisher) wrote that they got together in Helen, Georgia, for their 2002 reunion. They reported that Jennifer graduated from medical school during June and is going to Terre Haute, Indiana, for family practice residency; Catherine is a nurse at Mt. Sinai in New York City; Mariah is back in New York with her dog, Juno, and is about to graduate from college; Susan finished her masters in London in September and is working in Washington, DC, and Karen is a writer and photographer at a newspaper in North Carolina.

*Gretchen Landwehr ('91)* - Barb Gibson saw Gretchen at a National Health Service Corp. Conference in Arlington, Virginia, during June. Gretchen graduated from Yale School of Nursing for Nurse-Midwifery.

*Rebecca Lesser ('01)*, Berkeley, California, wrote that she was accepted to Yale School of Nursing for Nurse-Midwifery.

*Tom Doran ('94)*, Providence, Rhode Island, wrote that he is a "swamp yankee," a Rhode Islander. He said that he has rediscovered a call to "plant seeds of light" in his community and will be working with Americorps. Tom said his experience at FNS will be a great help in his work.

*Krista Nickerson ('95)*, Albuquerque, New Mexico, stopped by Wendover during August. She will be attending nurse-midwifery school at the University of New Mexico. She has worked in Vermont as an RN for two years. Krista reported that *David Randall ('95)* is living in Vermont and will be getting married this fall.

*Heidi Hoffman ('93)*, Palo Alto, California, wrote that she is a radiologist now and just finished five years of residency at Emory University in Atlanta, Georgia. Heidi is at Stanford University for a year doing a fellowship in "abdominal imaging".

### Wendover News

by Barb Gibson

The summer has been long and hot and we anxiously await cooler temperatures! Housekeeping and maintenance staff are beginning work on "fall" projects including painting and giving things a fresh look. We look forward to the annual Mary Breckinridge Festival October 5 with "open house" at Wendover following the Festival. We are also looking forward to CNEP graduation on October 19 in conjunction with the FNS Board of Governors fall meeting. Fall is a beautiful time to visit Wendover. Call for your reservations!



We entertained/hosted the following guests and functions since the last report:

- |             |  |
|-------------|--|
| May 16      | University of Cincinnati Nurse Midwifery students (10 students/faculty). |
| May 17      | Team Management Meeting (16).  |
| June 4      | Mary Breckinridge Festival Committee meeting (7).                        |
|             | Joanne Schoenbachler and friends, Louisville, Kentucky (3).              |
| June 7      | Venita Caldwell & family, Hyden, Kentucky (5).                           |
| June 11     | Mr. & Mrs. Clay Hinkle, Busy, Kentucky.                                  |
| June 12     | Team Management Meeting (16).  |
| June 24 -27 | Loren Crawford & daughter, Chicago, Illionis.                            |

- June 27 - 29 Mary Lou Bradbury, Spokane, Washington, FNP interview.
- July 8 Mary Breckinridge Festival Committee meeting (7).
- July 10 Marc Cobane & James Fereday, Lexington, Kentucky.
- July 15 Karen Duquette, Okemos, Michigan.
- July 16 - 17 Martin Joplin, Cleveland, Ohio. FNP position interview.
- July 17 Heidi Froemke, FNP Coordinator, and six guests for dinner.
- July 21 Anne O'Connell, Chicago, Illinois.

Christine & Darlene Palmer, Cooperspound, New York. Christine was a Courier in 1963.



*Darlene and Christine Palmer*

- July 22 Emily Wright, Midland, Texas.  
Becky Fletcher, Lexington, Kentucky.  
Mary Breckinridge Festival Committee meeting (10).
- July 23 CNEP & FNP Level III dinner (20 students/faculty).
- July 27 Becky Fletcher, Lexington, Kentucky.
- July 31 Allied Health Tech, Medina, New York (10).
- August 1-2 Osborne Brothers Hometown Festival group (5).  
John & Ruth Thomas, Jamestown, Ohio.  
Donna Prewitt, Dayton, Ohio.
- August 2 - 3 Bernice Pruitt, Huber Heights, Ohio.  
Steve Owen & Brenda Slater, Huber Heights, Ohio.  
Quinton Howard, N. Alex, Ohio.  
Noel Fernandez, Pomona, New York.  
Ronnie & Erma Kemble, Lexington, Kentucky.
- August 5 Krista Nickerson & Kim Feltovic, Baltimore, Maryland. Krista was a Courier in 1995.
- August 7 Kelly Short (Courier) - "going away" dinner (13).



- August 9 Patty Stewart, Lexington, Kentucky.
- August 12 - 13 James Maddeningly, Fernandina Beach, Florida.  
Bill Maddeningly, Louisville, Kentucky.
- August 13 Wayne & Betty Besaw, Annville, Connecticut.
- August 14 Dick & Colette Lallier, Meriden, Connecticut.
- August 17 Berea College Faculty, Berea, Kentucky (15)
- August 20 Mary Halley, Lexington, Kentucky.  
Jeanna R. Conder, Winchester, Kentucky.
- August 23 Frontier Bound (50 students/faculty).

### Tours

- July 31 Allied Tech Prep, Medina, New York (10 students/faculty).
- August 17 Berea College, Berea, Kentucky (13 faculty).

**Mary Breckinridge Healthcare, Inc. News**  
*by Mallie Noble, Administrator*

***Annual Health Fair***

Mary Breckinridge Healthcare, Inc., conducted the Seventh Annual Health Fair at the Richard M. Nixon Center on July 26, 2002. The Quality Improvement Department organizes this event each year. This year's theme was "Caring is our Business." The health fair is an event to increase community awareness of the available healthcare services in the community and in eastern Kentucky. Information was available for prevention of heart disease, strokes, diabetes, nutrition and Alcoholics Anonymous. Sixty-two vendors participated and 400 guests attended the event. Thanks to the Quality Improvement and Care Committee employees for their hard work.



***Sympathy***

We extend heartfelt sympathy for the following employees during the loss of loved ones: Patty Smith - father; Vanessa Melton - grandmother; Mona Howard - grandmother; Martha Williams - husband; April Bowling - uncle; and Lena Bishop - aunt.

***Nurse Aide Week***

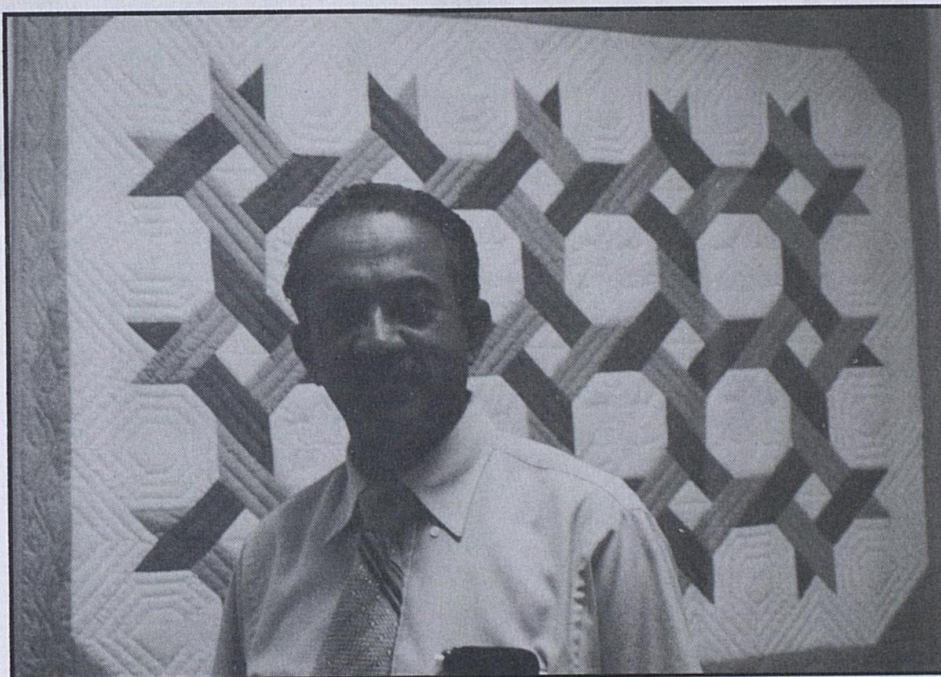
The week of August 5 - 9, we celebrated Nurse Aide Week. All nurse aides received a gift and free lunch certificates were provided. A scavenger hunt and surprise circle contest were held. Thanks to our nurse aides for their hard work and caring.

***Dr. Roy Varghese - Irreplaceable***

Roy Varghese joined the FNS, Mary Breckinridge Healthcare, Inc., staff March 16, 1992, and is referred to by staff and community members as "irreplaceable". Dr. Varghese is board certified in Internal Medicine, has a fellowship in Infectious Diseases, is an ACLS Instructor and HIV-AIDS Education Trainor. He is

an asset to our hospital and community. He is a very kind and compassionate person who has always been willing to help patients and employees. He goes above and beyond his normal call of duty and is respected by all.

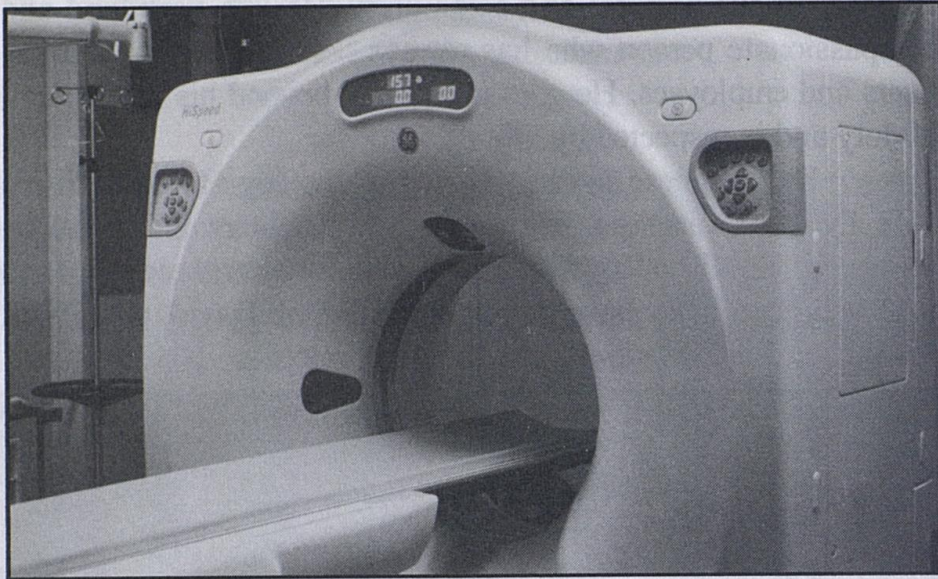
Dr. Varghese lives in Hyden at the Joy House with his wife, Dr. Lilly Varghese. They have four daughters: Dr. Liza Roy Varghese; Dr. Nisha Roy Varghese; Linda Roy Varghese and Asha Roy Varghese. They have three grandchildren: David, Grace and Sarah Elizabeth. We love you, Dr. Varghese!



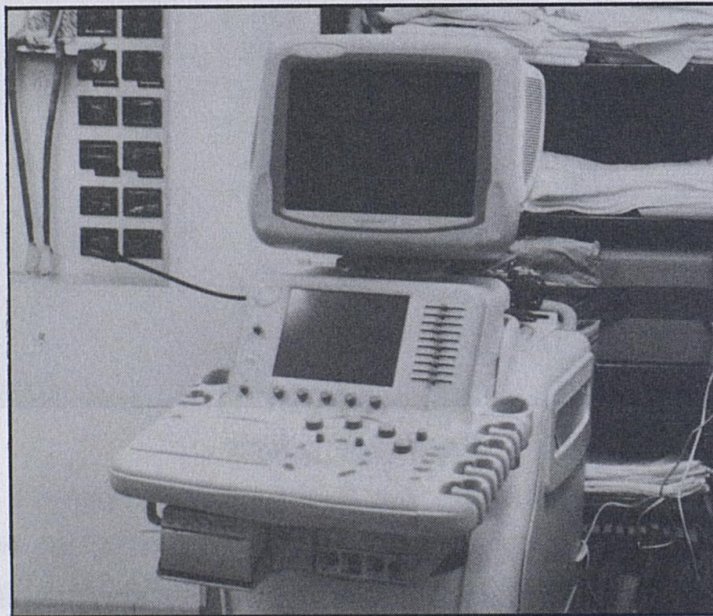
*Dr. Roy Varghese*

### *Equipment Upgrades*

Our goal at Mary Breckinridge Healthcare, Inc., is to provide the best healthcare possible. We recently were able to purchase/lease a new ultrasound machine and a CT scanner. The CT scanner is a high speed scanner with Auto Smart mA which reduces the amount of radiation patients receive during scanning. The ultrasound machine performs 3D imaging including harmonic imaging and cardiac, abdomen, OB and vascular imaging. See photos on next page.



*CT Scanner*



*Ultrasound Machine*

We extend a special "thank you" to Mrs. Philip Vaughan, San Marino, California, for making a donation toward a supply cart for the Purchasing Department.

### ***Teen Pregnancy Prevention Lock-In***

In 1999, Debi Karsnitz, CNM and Karen Sallee, Social Worker, decided they wanted to make an impact on teen pregnancy in Leslie County. They became the coordinators for the annual Teen Pregnancy Prevention Lock-In where teens age 12-16 enjoy a night of food, music, dancing, games, sports, door prizes and teaching sessions on pregnancy and STD prevention, peer pressure and date rape. This year there were 320 participants. The Lock-In is supported through donations from local businesses. We are very thankful to Walmart in Hazard, Kentucky, for their gift this year of \$1,000.00.



***Left to right - Mike Huber, Walmart Manager and Karen Sallee, Social Worker. In background on right - Marbeth Joseph, Human Resources Director.***

## Frontier School of Midwifery and Family Nursing News

*by Dr. Susan Stone, CEO & President*

Fall is here again and brings with it thoughts of the October graduation ceremonies. Although FSMFN allows students to actually graduate at the time they take their comprehensive exam, our graduation is held once each year in October in Hyden, Kentucky. Last year, due to the generosity of our many donors, we were able to award over \$30,000 to our graduates in scholarships.



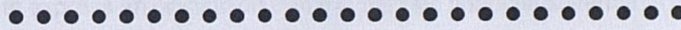
These awards at the time of graduation are most appreciated. More than 80% of the FSMFN students participate in the federal financial aide program. The average age of an FSMFN student is 35 years old. They are adults with the typical adult responsibilities of jobs and families. When they return to school, they obtain loans for tuition, books, travel, computers and living expenses. The result is that they graduate with large student loans.

Awards last year included scholarships from the following Funds: Arronson; Daughters of Colonial War; Kate Ireland; Kitty Ernst Award and Scholarship; Lisa Scherer; Mardi Perry; Margaret Ferguson; Nancy B. Taylor; and the May Scaife Scholarship. The Betty Lou Johnson Scholarship was awarded earlier in the year. We will soon have two new scholarship awards including the Dr. Anne Wasson Scholarship and the Suzanne Preston Wilson Memorial Scholarship. I want to express my deepest gratitude to the donors who support our students and graduates as they pursue graduate nursing education.

Other big news includes the fact that we will have three CFNP graduates attending the ceremony this year. We are thrilled to see the results of our hard work to develop an excellent Family Nurse Practitioner Program based on the CNEP model. It is very rewarding to finally have Family Nurse Practitioner graduates join the festivities this year. The first graduates of the CFNP include Karen Orberon, Vickie Delluryue, Barbra Keller, Cecelia Watson

and Christine Larson. To help us to celebrate our first group of CFNP graduates, our graduation speaker this year will be a national educator and FNP, Dr. Michael Carter. Dr. Carter is the former Dean of Nursing at the University of Tennessee Health Science Center.

To add to our excitement this fall, we are awaiting the birth of Dr. Julie Marfell's second baby. Julie is the Chairperson of the Department of Family Nursing at FSMFN. Baby Rose is due to arrive just about the time of graduation. More news and hopefully a picture in our next *Quarterly Bulletin*.



#### WEBSITES

Frontier Nursing Service - [www.frontiernursing.org](http://www.frontiernursing.org)

FSMFN Community Based Nurse-Midwifery Education Program (CNEP) - [www.midwives.org](http://www.midwives.org)

FSMFN Community Based Nurse-Practitioner Program (CFNP) - [www.frontierfnp.org](http://www.frontierfnp.org)

**SEVENTY-SEVENTH ANNUAL REPORT  
OF  
THE  
FRONTIER NURSING SERVICE**

**For the Fiscal Year  
May 1, 2001 to April 30, 2002**

**Preface**

As has been our custom since we were one year old, we present our annual report of the fiscal affairs of the field operations of the Frontier Nursing, Incorporated.

We have, as in previous years, divided our report into two sections. One section is about money, and one is about work.

**Fiscal Report**

The figures that follow are taken from the Balance Sheet, the Exhibits and schedules of the Audit for the fiscal year which ended April 30, 2002.



FNS, INC. AND AFFILIATES  
COMBINED STATEMENTS OF FINANCIAL POSITION  
April 30, 2002 and 2001

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Governors  
FNS, Inc. and Affiliates  
Lexington, Kentucky

We have audited the accompanying combined statements of financial position of FNS, Inc. (a non-profit organization) and affiliates as of April 30, 2002 and 2001, and the related combined statements of activities and changes in net assets and cash flows for the years then ended. These combined financial statements are the responsibility of the Service's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of FNS, Inc. and affiliates as of April 30, 2002 and 2001, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Potter & Company, LLP*

POTTER & COMPANY, LLP  
July 25, 2002

**FNS, INC. AND AFFILIATES**  
**COMBINED STATEMENTS OF FINANCIAL POSITION**  
 April 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 772,319	\$ 1,240,195
Receivables:		
Patient, less allowances for uncollectible accounts of approximately \$842,000 and \$963,000 in 2002 and 2001, respectively	2,685,411	2,824,773
Student tuition, less allowances for uncollectible accounts of approximately \$18,372 and \$15,000 in 2002 and 2001, respectively	187,986	170,450
Bequest receivable	500,000	0
Other	96,383	900
Investments	21,940,777	25,396,202
Inventories	254,188	260,116
Prepaid expenses and other assets	431,463	331,750
Total current assets	<u>26,868,527</u>	<u>30,224,386</u>
Property and equipment, net	<u>2,648,925</u>	<u>2,470,509</u>
Other assets:		
Beneficial interest in outside trusts	1,772,000	1,899,853
Investments held in perpetuity	3,969,022	3,919,022
Total other assets	<u>5,741,022</u>	<u>5,818,875</u>
Total assets	<u>\$ 35,258,474</u>	<u>\$ 38,513,770</u>

See accompanying notes.

COMBINED STATEMENTS OF FINANCIAL POSITION  
 Years ended 2002, 2001 and 2000

	<u>2002</u>	<u>2001</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 837,945	\$ 1,010,246
Accrued salaries and withholdings	305,257	381,087
Accrued vacation expense	352,409	385,129
Deferred tuition, students	518,273	513,413
Self-insured reserve	99,798	321,845
Estimated third-party payor settlements	450,000	458,639
Capital lease payable - current portion	0	94,712
Notes payable - current portion	207,287	15,879
Bond payable - current portion	122,330	106,919
Other liabilities	593,390	628,568
<b>Total current liabilities</b>	<u>3,486,689</u>	<u>3,916,437</u>
<b>Commitments and contingencies</b>		
<b>Long term liabilities:</b>		
Notes payable, net of current portion	37,322	54,606
Bond payable, net of current portion	89,589	211,395
<b>Total long term liabilities</b>	<u>126,911</u>	<u>266,001</u>
<b>Total liabilities</b>	<u>3,613,600</u>	<u>4,182,438</u>
<b>Net Assets:</b>		
<b>Unrestricted:</b>		
Board designated	16,897,018	19,425,154
Undesignated	4,945,294	4,908,796
Temporarily restricted	4,061,540	4,178,507
Permanently restricted	5,741,022	5,818,875
<b>Total net assets</b>	<u>31,644,874</u>	<u>34,331,332</u>
<b>Total liabilities and net assets</b>	<u>\$ 35,258,474</u>	<u>\$ 38,513,770</u>

**FNS, INC. AND AFFILIATES**  
**COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
Years ended April 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Change in unrestricted net assets:		
Revenues and gains:		
Net patient service revenue	\$ 13,188,196	\$ 14,250,646
Contributions	592,297	689,148
Education revenues:		
Tuition and educational fees	1,475,710	1,562,281
Federal grants	112,225	113,786
Other grant revenue	45,836	79,944
Other revenue:		
Investment return	(1,472,291)	(3,096,388)
Other revenue	199,152	269,933
Net assets released from restriction due to satisfaction of program requirements	250,428	67,501
Total revenues and gains	<u>14,391,553</u>	<u>13,936,851</u>
Expenses:		
Salaries and wages	7,565,146	7,988,893
Fringe benefits	1,278,084	1,429,429
Medical services, supplies, and other expenses	5,385,675	6,924,364
Facility costs	1,234,232	1,718,572
Provider taxes	196,619	181,398
Provision for bad debts	1,223,435	1,113,242
Total expenses	<u>16,883,191</u>	<u>19,355,898</u>
Change in unrestricted net assets	<u>(2,491,638)</u>	<u>(5,419,047)</u>
Change in temporarily restricted net assets:		
Contributions	590,692	85,852
Investment return	(523,552)	(288,327)
Change in annuity payable	66,321	34,165
Net assets released from restriction due to satisfaction of program requirements	(250,428)	(67,501)
Change in temporarily restricted net assets	<u>(116,967)</u>	<u>(235,811)</u>
Change in permanently restricted net assets:		
Contributions	50,000	2,212,500
Beneficial interests in outside trusts	(127,853)	(205,817)
Change in permanently restricted net assets	<u>(77,853)</u>	<u>2,006,683</u>

See accompanying notes.

**FNS, INC. AND AFFILIATES**  
**COMBINED STATEMENTS OF ACTIVITIES AND CHANGES**  
**IN NET ASSETS (CONTINUED)**  
 Years ended April 30, 2002 and 2001

2002	2001
Change in net assets	(2,686,458)
Net assets, beginning of year	34,331,332
Net assets, end of year	\$ 31,644,874
<p><i>(The following table provides a detailed breakdown of the changes in net assets for 2002 and 2001. The values are presented in thousands of dollars.)</i></p>	
Net cash provided by financing activities:	23,917
Investment subject to long-term restrictions	(100,314)
Payments on bond payable	(108,388)
Payments on capital leases	(94,112)
Payments on notes payable	(11,878)
Borrowings from notes payable	190,000
Cash flows from financing activities:	(100,314)
Net cash provided by investing activities:	53,082
Net cash provided by (used in) investing activities	(2,686,458)
Purchase of property and equipment	(471,883)
Net proceeds (purchase) of investments	484,772
Cash flows from investing activities:	(130,733)
Net cash used in operating activities:	(1,453,788)
Other liabilities	(1,453,788)
Estimated third-party payor settlements	(9,938)
Self-insurance reserve	(232,847)
Deferred tuition, students	4,880
Accounts payable	(1,172,307)
Increase (decrease) in:	(99,713)
Other assets	(228,452)
Inventories	6,928
Other receivables	(95,483)
Bad debt receivables	(200,000)
Student tuition receivables	(28,880)
Patient receivables	(881,073)
Increase (decrease) in:	(1,884,442)
Permanently restricted contributions	(2,112,800)
Unrealized losses on investments	7,128,511
Change in net assets	(2,686,458)

See accompanying notes.

See accompanying notes.

**FNS, INC. AND AFFILIATES**  
**COMBINED STATEMENTS OF CASH FLOWS**  
Years ended April 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Change in net assets	\$ (2,686,458)	\$ (3,648,175)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Present value of beneficial interest in outside trusts	127,853	205,817
Provision for bad debts	1,223,435	1,113,242
Depreciation	293,264	739,166
Realized (gains) losses on sales of investments	610,272	(2,608,270)
Unrealized losses on investments	2,111,435	7,128,911
Permanently restricted contributions	(50,000)	(2,212,500)
(Increase) decrease in:		
Patient receivables	(884,073)	(1,884,442)
Student tuition receivables	(28,590)	225,645
Bequest receivable	(500,000)	0
Other receivables	(95,483)	874,821
Inventories	5,928	93,187
Other assets	(99,713)	(226,452)
Increase (decrease) in:		
Accounts payable	(172,301)	237,520
Deferred tuition, students	4,860	(158,575)
Self-insurance reserve	(222,047)	(99,540)
Estimated third-party payor settlements	(8,639)	(110,896)
Other liabilities	(143,728)	193,808
Net cash used in operating activities	<u>(513,985)</u>	<u>(136,733)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(471,680)	(286,272)
Net proceeds (purchase) of investments	494,772	(2,619,957)
Net cash provided by (used in) investing activities	<u>23,092</u>	<u>(2,906,229)</u>
Cash flows from financing activities:		
Borrowings from notes payable	190,000	40,472
Payments on notes payable	(15,876)	(11,679)
Payments on capital leases	(94,712)	(132,373)
Payments on bond payable	(106,395)	(100,314)
Investment subject to long-term restrictions	50,000	2,212,500
Net cash provided by financing activities	<u>23,017</u>	<u>2,008,606</u>

See accompanying notes.

**FNS, INC. AND AFFILIATES**  
**COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**Years ended April 30, 2002 and 2001**

	<u>2002</u>	<u>2001</u>
Net decrease in cash and cash equivalents	(467,876)	(1,034,356)
Cash and cash equivalents, beginning of year	<u>1,240,195</u>	<u>2,274,551</u>
Cash and cash equivalents, end of year	<u>\$ 772,319</u>	<u>\$ 1,240,195</u>
Supplemental cash flow information:		
Cash payments for interest	<u>\$ 37,156</u>	<u>\$ 47,547</u>

See accompanying notes.

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
April 30, 2002 and 2001

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of FNS, Inc. and Affiliates (the Service) is presented to assist in understanding the Service's financial statements. The financial statements and notes are representations of the Service's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Organization:**

Mary Breckinridge established Frontier Nursing Service in Leslie County, Kentucky, as the Kentucky Committee for Mothers and Babies in 1925. The name later changed to Frontier Nursing Service in 1928. The Service's original purpose was to provide needed health services in the Appalachian area, introducing the first nurse-midwives in the United States. During its early years, the Service was the only provider of health services in the area and it remains the largest provider of health services in Leslie County and the portion of surrounding counties comprising its service area. In 1939, the Service established a midwifery school. As established today, FNS, Inc. currently operates as a holding company for an accredited midwifery and family nursing school, a home health agency, and a hospital, and provides primary care services through the Hyden Clinic, the Kate Ireland Women's Health Care Center, and District Nursing Clinics. The Service has historically been dependent on charitable contributions to fund a significant portion of the costs of service and programs.

**Principles of Combination:**

The Service consists of the following nonprofit entities:

FNS, Inc. - Parent holding company of the Service.

Mary Breckinridge Health Care, Inc. - Entity responsible for operating the hospital, home health agency, and clinics.

Frontier School of Midwifery and Family Nursing, Inc. - Entity responsible for operating the midwifery and family nursing school.

Frontier Nursing Service Foundation, Inc. - Entity responsible for maintaining the investment portfolio of the Service and contributions from donors.

FNS Real Estate, Inc. - Entity responsible for holding and managing the real estate and fixed assets owned by the Service.

The combined financial statements include the accounts and transactions of the above entities. Intercompany transactions and accounts have been eliminated in combination.



**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
April 30, 2002 and 2001

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation:**

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America.

The Service reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Contributions and donations that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Use of Estimates:**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash and Cash Equivalents:**

Cash and cash equivalents consists of cash and highly liquid investments having an original maturity of three months or less. The carrying amount of cash equivalents approximates fair value.

**Accounts Receivable, Students and Deferred Tuition, Students:**

The Service provides a midwifery and family nurse practitioner education program to eligible students. The program generally takes 24 months to complete. The tuition for the programs is due ratably every six months. The School's policy is to recognize tuition revenue ratably over 24 months.

**Allowance for Doubtful Accounts:**

The Service provides an allowance for doubtful accounts receivable based upon prior experience and management's assessment of the collectibility of existing accounts.

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
April 30, 2002 and 2001

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Investments:**

The Service carries investments in marketable securities with readily determinable fair values and all investment in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in unrestricted net assets in the accompanying statement of activities, unless the donor temporarily or permanently restricts their use.

Investments represent amounts which are unrestricted, temporarily restricted, and permanently restricted. The Board of Governors designates unrestricted assets for special uses. The Board of Governors has designated the following unrestricted funds to accumulate monies for the indicated purposes:

The Consolidated Fund accumulates funds for such operating and general purposes as the Board may determine.

The David D. Knox Fund accumulates funds for such uses as the Board may determine.

The Education Fund includes all donations specified by the donor for this fund and unrestricted legacies and bequests received from May 1981 through April 1985. It accumulates funds until such time as they are needed for programs for activities that benefit nursing education.

The Mary Breckinridge Chair Fund provides income to fund the salary of a faculty member of the midwifery and family nursing school.

The Whitman Library Fund provides income to fund the library of the midwifery and family nursing school.

Income from the Consolidated, David Knox, Education, Mary Breckinridge and Whitman Library funds are retained with the funds until expended for the designated purposes.

**Inventories:**

Medical supply and pharmaceutical inventories are stated at cost (first-in, first-out method), which is not in excess of market value.

**Prepaid Expenses:**

Prepaid expenses consist of insurance premiums to be expensed in the subsequent period.

**Beneficial Interest in Outside Trusts:**

The Service is a beneficiary of trust funds held by others. The Service has recorded as an asset the fair value of the trusts, which represents an estimate of the net present value of the estimated income to be received from the outside trusts and the remaining value of the trusts to be transferred.

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
April 30, 2002 and 2001

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Gift Annuity Reserve:**

Contributions received by the Service under gift annuity agreements are recorded at fair value at the date of contribution. Under the terms of the annuity agreement, the Service holds the assets contributed and makes periodic payments of a fixed amount to the annuitant for the remainder of the annuitant's lifetime. Assets held under the gift annuity agreement at April 30, 2002 and 2001 totaled \$194,000 and \$212,000, respectively. The net present value of the annuity obligation, calculated using the applicable federal rates and life expectancy tables totaled approximately \$17,000 and \$75,000 at April 30, 2002 and 2001.

**Property and Equipment:**

Property and equipment is stated at cost. Depreciation is provided using straight-line and accelerated methods over the estimated useful lives of the assets. Total depreciation expense was approximately \$293,000 and \$739,000 for the years ended April 30, 2002 and 2001, respectively.

**Preceptor Fees:**

During the time that students are enrolled in their clinical study, they are assisted by a preceptor. The Service accrues preceptor fees for each student as the student becomes eligible for the clinical study.

**Accrued Malpractice Reserve:**

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for reported claims.

**Statements of Activities:**

The statements of activities include revenues over expenses. Changes in unrestricted net assets which are excluded from revenues over expenses include contributions from affiliates and permanent transfers to and from affiliates for other than goods and services.

**Grant Revenues:**

Grant revenues used for operating expenses are recorded as revenue in the period the expenditures are incurred.

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
 April 30, 2002 and 2001

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Patient Service Revenue:**

The Service has agreements with third-party payors that provide for payments to the Hospital at amounts different from established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Net patient service revenue rendered consists of the following:

	<u>2002</u>	<u>2001</u>
Gross patient revenue	\$ 19,346,917	\$ 21,969,550
Less charity and contractual adjustments	<u>6,158,721</u>	<u>7,718,904</u>
Net patient service revenue	\$ <u>13,188,196</u>	\$ <u>14,250,646</u>

**Charity Care:**

The Service 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 Service does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charges foregone based on established rates for charity care, determined at or near the time of service rendered by the Service were approximately \$753,000 and \$944,000 in 2002 and 2001, respectively.

**Advertising:**

The Service expenses advertising costs as they are incurred. Advertising expense for the years ended April 30, 2002 and 2001 was approximately \$35,000 and \$30,000, respectively.

**Income Taxes:**

All entities comprising the Service are a not-for-profit corporation and have been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code, except for REI, which is a not-for-profit corporation recognized under Section 501(c)(2) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the financial statements.

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
 April 30, 2002 and 2001

**NOTE 3 - INVESTMENTS**

The fair values of the Service's investments are as follows at April 30:

	2002		2001	
	Cost	Market	Cost	Market
Cash management funds	\$ 1,537,047	\$ 1,537,047	\$ 4,190,997	\$ 4,190,997
Corporate bonds	5,135,271	5,292,696	5,182,824	5,335,589
Common trust fund bonds	1,610,429	1,687,885	1,664,443	1,748,251
Common Stock	13,920,317	15,806,121	12,268,751	16,273,318
Common trust fund equities	1,554,668	1,586,050	1,792,025	1,767,069
Total investments	<u>\$ 23,757,732</u>	<u>\$ 25,909,799</u>	<u>\$ 25,099,040</u>	<u>\$ 29,315,224</u>

Investment return is summarized as follows:

	2002			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 593,829	\$ 132,035	\$	\$ 725,864
Realized losses	(544,882)	(65,390)		(610,272)
Unrealized losses	(1,521,238)	(590,197)		(2,111,435)
Total	<u>\$ (1,472,291)</u>	<u>\$ (523,552)</u>	<u>\$ 0</u>	<u>\$ (1,995,843)</u>

	2001			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 800,500	\$ 335,426	\$	\$ 1,135,926
Realized gains	1,982,285	625,985		2,608,270
Unrealized losses	(5,879,173)	(1,249,738)		(7,128,911)
Total	<u>\$ (3,096,388)</u>	<u>\$ (288,327)</u>	<u>\$ 0</u>	<u>\$ (3,384,715)</u>

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
 April 30, 2002 and 2001

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment held by the Service includes the following at April 30:

	<u>2002</u>	<u>2001</u>
Land	\$ 251,382	\$ 231,427
Buildings	4,516,549	4,518,078
Equipment	7,630,182	7,421,174
Construction in progress	244,247	0
	<u>12,642,360</u>	<u>12,170,679</u>
Less accumulated depreciation	9,993,435	9,700,170
Property and equipment, net	<u>\$ 2,648,925</u>	<u>\$ 2,470,509</u>

**NOTE 5 - BENEFICIAL INTEREST IN OUTSIDE TRUSTS**

The composition of the Service's beneficial interest in outside trusts held by third parties at April 30 consists of the following:

	<u>2002</u>	<u>2001</u>
Ballard trust	\$ 310,152	\$ 337,637
Gage trust	985,063	1,098,025
Jones trust	48,304	49,471
Patterson trust	201,363	207,557
Ross trust	70,634	76,284
Schoff trust	69,281	38,081
Stebbins trust	87,203	92,798
	<u>\$ 1,772,000</u>	<u>\$ 1,899,853</u>

**NOTE 6 - ACCRUED MALPRACTICE RESERVE**

The Service purchases professional and general liability insurance to cover medical malpractice claims. There are known claims and incidents that may result in the assertion of additional claims, as well as claims from unknown incidents that may be asserted arising from services provided to patients. In the opinion of the Service, such insurance and estimated reserves for deductibles are adequate to cover significant losses, if any. Should the claims-made policies not be renewed or replaced with equivalent insurance, claims based upon occurrences during their terms but reported subsequently will be uninsured. The Service intends to continue carrying such insurance.

Liabilities for incurred but not reported losses at April 30, 2002 are not determinable; however, in management's opinion such liabilities, if any, would not have a material adverse impact on the Service's financial statements. Accordingly, no provision for adverse loss contingencies had been made in the accompanying financial statements.

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
 April 30, 2002 and 2001

**NOTE 7 - OPERATING LEASES**

The Service leases various equipment and facilities, such as the property leased from FNS Real Estate, Inc. Total rental expense for all operating leases was approximately \$727,000 and \$723,000 in 2002 and 2001, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of April 30, 2002 are:

Year ending April 30:	
2003	\$ 94,324
2004	95,784
2005	97,245
2006	98,705
2007	41,381
	<u>\$ 427,439</u>

The Service also contracts with certain professionals, including those who provide anesthesia, laboratory, x-ray, physical therapy, and pharmacy services.

**NOTE 8 - NOTES PAYABLE**

Notes payable consists of the following at April 30:

	<u>2002</u>	<u>2001</u>
Note payable to bank: due September 16, 2004; interest at 7.65%; due in monthly installments of \$931, including interest, collateralized by two 1999 Nissan Pathfinders	\$ 24,557	\$ 33,454
Note payable to bank: due July 10, 2005; interest at 9.52%; due in monthly installments of \$398, including interest, collateralized by a 1999 Chevy Blazer	13,303	16,636
Note payable to bank: due in full on November 30, 2002; interest at prime due quarterly; collateralized by a trust account held with bank	190,000	0
Note payable to bank: due December 1, 2005; interest at 9.48%; due in monthly installments of \$931, including interest; collateralized two 1999 Chevy Blazers	<u>16,749</u>	<u>20,395</u>
	244,609	70,485
Less current portion	<u>207,287</u>	<u>15,879</u>
Noncurrent notes payable	<u>\$ 37,322</u>	<u>\$ 54,606</u>

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
 April 30, 2002 and 2001

**NOTE 8 - NOTES PAYABLE (CONTINUED)**

The aggregate maturities of notes payable for years subsequent to April 30, 2002 are as follows:

Year ending April 30:

2003	\$ 207,287
2004	18,820
2005	13,845
2006	4,657
	<u>\$ 244,609</u>

**NOTE 9 - BONDS PAYABLE**

Bonds payable at April 30, 2002 and 2001 consist of the following:

	<u>2002</u>	<u>2001</u>
1997 FNS, Inc. and Leslie County, Kentucky Industrial Building Revenue Bonds, various monthly principal payments with interest payments at 5.90% payable March 15, 1997 and monthly thereafter on the fifteenth business day of each month. The interest rate may not exceed that rate permitted by law. Final principal payment due January 15, 2004	\$ <u>211,919</u>	\$ <u>318,314</u>

The aggregate maturities of bonds payable for the next five years are as follows:

Year ending April 30:

2003	\$ 122,330
2004	<u>89,589</u>
	<u>\$ 211,919</u>



**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
April 30, 2002 and 2001

**NOTE 10 - CONCENTRATIONS OF CREDIT RISK**

The Service maintains cash in deposit accounts with federally insured banks. At times the balances in these accounts may be in excess of federally insured limits. The Service considers the risk associated with excess cash balances to be minimal.

The Service 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 at April 30, 2001 is as follows:

Medicare	17.7%	Commercial insurance	50.7%
Medicaid	19.7%	Patients	11.6%

The Service's entire tuition receivable at April 30, 2002 and 2001 represents amounts due from students.

**NOTE 11 - MEDICARE AND MEDICAID PROGRAMS**

The Service participates in the Medicare and Medicaid Programs. For the year ended April 30, 2002, approximately 77% of the Service's net patient revenue was derived from services to patients covered by these Programs. The corresponding percentage was 75% for the year ended April 30, 2001.

**Medicare:**

Medicare payments for inpatient services are made based upon the patient's diagnosis, irrespective of cost. The diagnosis upon which payment is based is subject to review by Medicare (the "Program") representatives. The Program reimburses the Service for certain outpatient services including rural health clinics and home health agency services based upon cost. Such reimbursable costs are determined from annual cost reports filed with the Program, which are subject to audit by the Program.

**NOTE 12 - RETIREMENT PLAN**

The Frontier Nursing Service, Inc. Capital Accumulation Plan (Plan), a non-contributory defined contribution retirement plan, covers substantially all of the Service's employees. Employer contributions are determined by the Board of Governors of FNS, Inc. and Affiliates annually and are allocated among Plan participants on the basis of eligible employee salaries. The Service recorded expense of approximately \$82,700 in 2002 and \$160,000 in 2001 related to the retirement plan.

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
 April 30, 2002 and 2001

**NOTE 13 - BOARD DESIGNATED NET ASSETS**

Board designated net assets are available for the following purposes:

	<u>2002</u>	<u>2001</u>
Consolidated Fund	\$ 8,371,228	\$ 9,573,348
David D. Knox Fund	1,494,771	1,787,210
Education Fund	5,901,355	6,811,368
Mary Breckinridge Chair Fund	1,064,886	1,181,857
Whitman Library Fund	64,778	71,371
	<u>\$ 16,897,018</u>	<u>\$ 19,425,154</u>

**NOTE 14 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u>2002</u>	<u>2001</u>
Alice Adams Fund	\$ 7,934	\$ 10,140
Arronson Fund	5,553	13,519
Atwood Fund	364,616	472,804
DuPont Fund	463,118	590,100
Ernst Fund	26,057	27,388
Ferguson Fund	13,862	16,900
Friends Fund	83,955	104,130
Endowment Fund	326,226	415,661
Gift Annuity Fund	193,551	211,867
Hyden Hospital Fund	142,449	169,206
Jesse N. Smith Fund	226,869	222,457
Kate Ireland Women's Healthcare	408,077	455,681
Kip Kelso Crist bequest	500,000	0
KI Scholarship Fund	153,296	168,853
KIWHCC Education Fund	486,608	517,455
Mardi Perry Fund	41,172	47,986
Restricted donations	346,944	346,479
Shockey/Bulkey Trust	151,270	230,229
Social Services Fund	116,910	147,459
Susanne Preston Wilson Fund	2,822	4,744
Taylor Fund	251	5,449
	<u>\$ 4,061,540</u>	<u>\$ 4,178,507</u>

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
 April 30, 2002 and 2001

**NOTE 15 - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets include gifts, which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for program operation in accordance with donor restrictions.

Permanently restricted net assets are summarized as follows:

	<u>2002</u>	<u>2001</u>
Alice Adams Fund	\$ 22,722	\$ 22,722
Alice E. Whitman Memorial Library Fund	7,500	7,500
Ann P. Whistler Fund	2,200,000	2,200,000
Arronson Fund	110,369	110,369
Atwood Fund	344,573	344,573
DuPont Fund	376,217	376,217
Ernst Fund	47,701	47,701
Ferguson Fund	36,951	36,951
Friends Fund	34,732	34,732
Endowment Fund	140,820	140,820
Hyden Hospital Fund	48,476	48,476
Mardi Perry Fund	37,023	37,023
Nixon Billings Fund	105,155	105,155
Rodes Memorial Trust	69,957	69,957
Shockey/Bulkey Trust	165,511	165,511
Social Services Fund	41,925	41,925
Susanne Preston Wilson Fund	30,318	30,318
Taylor Fund	99,072	99,072
Wigglesworth Chase Fund	50,000	0
Outside Trusts	1,772,000	1,899,853
	<u>\$ 5,741,022</u>	<u>\$ 5,818,875</u>

**NOTE 16 - CONTINGENCIES**

During the fiscal year ended April 30, 2002, the Service has been named as defendant in various lawsuits. The management of the Service considers the claims to be without merit, but believes the possibility exists that the plaintiffs may be awarded damages. As of April 30, 2002, the Service cannot estimate potential damage amounts but believes the potential impact on the financial statements will not be significant.

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
 April 30, 2002 and 2001

**NOTE 17 - RECLASSIFICATIONS**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. The following net assets were reclassified from or to temporarily net assets based review of restrictions

**NOTE 18 - SUBSEQUENT EVENTS**

The Service signed operating lease agreements in July 2002 for computers and for service on medical equipment.

Future minimum lease payments under this operating lease are:

Year ending April 30:	
2003	\$ 130,260
2004	148,920
2005	146,370
2006	145,520
2007	145,520
Thereafter	<u>17,810</u>
	<u>\$ 734,400</u>

The Service signed lease agreements subsequent to April 30, 2002 for Hospital equipment under capital leases. The leased property has a total cost of \$785,359 upon inception of the leases.

The future minimum lease payments under capital leases and the net present value of the future minimum lease payments are as follows:

Year ending April 30:	
2003	\$ 140,550
2004	168,660
2005	168,660
2006	168,660
2007	168,660
Thereafter	<u>28,110</u>
Total	843,300
Less amount representing interest	<u>57,941</u>
Present value of minimum lease payments	<u>\$ 785,359</u>

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
 April 30, 2002 and 2001

**NOTE 18 - SUBSEQUENT EVENTS (CONTINUED)**

Subsequent to April 30, 2002, the Service formed a new company entitled Frontier Nursing Healthcare, Inc. This company was established to account for the rural health clinics. All current and future rural health clinics will be financially and legally separated from the hospital.

### Report of Operations

The following is a comparative analysis of services provided at Mary Breckinridge Hospital during the two fiscal years 2001 and 2002.

	FYE 2001	FYE 2002
Percent of occupancy	36.4	30.2
Patient days (total)	4,754	4,967
Medical/Surgical	4,119	4,559
* Obstetrical	312	188
Skilled Beds	323	220
Admissions (total)	1,284	1,405
Medical/Surgical	1,122	1,292
* Obstetrical	133	88
Skilled Beds	29	25
Average daily census	14.6	12.1
Average length of stay	3.5	3.5
Newborn percent of occupancy	5.5	5.3
Newborn patient days	169	97
Newborn admissions	74	50
Newborn average daily census	2.1	3.0
Newborn length of stay	2.2	1.0
Deliveries (total)	74	71
Physician	26	21
Midwife	37	28
* Physician/Midwife	11	1
C-sections	25	21

*\* Due to the low birth rate at Mary Breckinridge Healthcare, Inc., our midwives are now delivering babies at Manchester Memorial Hospital, Manchester, Kentucky.*

	FYE 2001	FYE 2002
Operations (total)	367	306
In-patient	134	100
Out-patient	233	206
Deaths	22	49
In-patients	13	36
Emergency Room	9	13
X-rays (total)	11,587	12,354
In-patient	796	936
Out-patient	7,585	8,505
CT scans - in-patient	311	291
CT scans - out-patient	1,209	1,493
Ultrasound - in-patient	251	166
Ultrasound - out-patient	1,096	895
Mammograms	339	68
Lab procedures (total)	135,446	167,973
In-patient	45,341	51,502
Out-patient	69,214	89,966
Referred in	20,891	26,505
Physical Therapy (total)	5,333	1,559
In-patient	981	212
* Out-patient	4,352	1,347
EKG procedures (total)	2,693	3,579
In-patient	800	1,021
Out-patient	1,893	2,558

\* Physical Therapy visits are down due to difficulty in recruiting a Therapist.

	FYE 2001	FYE 2002
EEG procedures (total)	29	21
In-patient	11	6
Out-patient	18	15
Respiratory Therapy (total)	45,866	48,157
In-patient	39,498	41,119
Out-patient	6,368	7,038
Home Health visits (total)	16,358	18,984
Clinics (total)	38,569	38,145
Hyden	19,147	16,739
Emergency Room	7,995	10,201
Kate Ireland Womens	2,400	2,773
Beech Fork	2,989	3,880
CHC	2,825	2,317
Extended Hours	3,213	2,235
Social Services (total)	928	1,747
In-patient	371	1,354
Out-patient	73	49
Home Health	484	344
Courier Program:		
Number of Couriers	8	3



**Seventy-Seven Year Totals - Selected Data**

Because there continues to be interest in these figures, we have reconstructed the essential information necessary to cover FNS' seventy-seven years of operation. These figures should not be understood as audit totals. They are reasonable close approximations as of the close of the fiscal year that ended April 30, 2002.

- \* Patients registered from the beginning in 1925  
(including all clinics and emergency room) 487,622
- \* Maternity cases delivered 24,939
- \* Number of days of occupancy in FNS hospitals  
(including old Hyden Hospital, which opened during June 1928, and Mary Breckinridge Hospital which opened during February 1975). Figures exclude newborns. 589,095
- \* Number of midwives graduated including CNEP 1,536
- \* Number of CNEP students currently enrolled 161
- \* Number of CFNP students currently enrolled 37

**Total Contributions**

	YTD 2000-2001	YTD 2001-2002
Non-restricted	704,144	653,554
Restricted	2,283,062	141,860
Boston Committee	8,026	6,220
Bluegrass Committee	625	795
Daughters of Colonial Wars (DCWs)	870	1,630

### IN MEMORIAM

These friends have departed this life in recent months. We wish to express our sympathy to their families, and our gratitude for their interest in our work.

#### IN MEMORY OF:

**James B. Haggin**

Margaret V. Haggin Trust

**Mr. A.W. Jurgeleit**

Lacey S. Hudgins

Mary E. Johnson

Marjorie J. Ward

**Dr. Anne Wasson**

Margaret & George Stevens

**Kip Kelso Boden Crist**

Miss Kate Ireland

**Cecelia Angel Cobb**

Lenore & Bobby Robinson

**John Gerald Hipp, Jr.**

John G. & Carol M. Hipp

**Katherine Breckinridge -**

**Prewitt**

Miss Kate Ireland

Julie Breckinridge Davis

**Irene Taylor**

Anne Lorentzen

**Alice M. Young Rainey**

Mr. & Mrs. Robert H. Lynch

**Walter Sather**

Marge & John Smith

**Elva W. Spillane**

John J. Spillane

**Maureen Mazza**

Charles & Susan Dow-Johnson

**Willard Becker**

Rita Ray

**Margaret Lowery**

Harding Lowery

**Dorothea Newman Chase**

Mr. Theodore Chase

**Mrs. John Taylor**

Mrs. Joseph Severance, Jr.

**Mr & Mrs. Taylor Lowery**

Mr. Harding Lowery

#### IN HONOR OF:

**Lucy Cornico**

Mary Ann Mitchell

**Mrs. Calvert T. Roszell**

Rob McGee

Stan McGee

**Sofiya Ginzburg**

Mrs. Jean Michelsohn

**Dr. Susan Stone**

Patty Brown

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**FNS and Subsidiary Corporations****FNS, Inc:**

Jennifer Mercer, *Controller*  
Kevin Couch, *Assistant Controller*  
Barb Gibson, *Wendover Manager*  
Beulah Couch, *Director of Human Resources*  
Brent Swafford, *Plant Operations Manager*

**Frontier School of Midwifery & Family Nursing (FSMFN):**

Dr. Susan Stone, *Dean and President*  
Dr. Julie Marfell, *CFNP Program Director*  
Susan Ulrich, *Chairperson of CNEP*  
Vicky Riley, *Financial Aid/Grants Manager*

**Mary Breckinridge Healthcare, Inc:**

Mallie Noble, *Administrator*  
Lena Bishop, *Interim Director of Nursing*

**Mary Breckinridge Healthcare, Inc. Medical Staff:**

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### **Form of Bequest**

For the convenience of those who wish to remember the Frontier Nursing Service in their Wills, this form of bequest is suggested:

"I hereby give, devise and bequeath the sum of . . . dollars (or property properly described) to the Frontier Nursing Service, a corporation organized under the laws of the State of Kentucky.

### **How Endowment Gifts May be Made**

The following are some of the ways of making gifts to the Endowment Fund of the Frontier Nursing Service:

1. By specific gift under your Will - you may leave outright a sum of money, specified securities, real property, or a fraction or percentage of your estate.
2. By gift of residue under your Will - you may leave all or a portion of your residuary estate to the Service.
3. By life insurance - you may have life insurance made payable direct to the Service.

The principal of the gifts will carry the donor's name unless other instructions are given. The income will be used for the work of the Service in the manner judged best by its Trustees.

Contributions to the Frontier Nursing Service, Inc., are tax deductible under Section 501 (c) (3) of the Internal Revenue Code of 1954.

Gifts of stock should be sent to:  
Frontier Nursing Service  
Mr. William Hall, Treasurer  
Fifth Third Central Kentucky Trust  
250 West Main Street, Suite 100  
Lexington, KY 40507

### Staff Opportunities

Because text for the *Bulletin* must be obtained several days before publication, it is not possible for any issue to contain an up-to-date list of job opportunities. Instead, we list types of positions that are most likely to be available and invite anyone qualified and interested to write for current information.

**Staff opportunities:** Family Nurse-Practitioners, Registered Nurses, and Physicians. For current information or to apply for a position, contact the Department of Human Resources, Wendover, KY 41775 (606-672-2913).

**Courier Program:** This Program encourages applications from anyone who is willing to volunteer for a minimum of 8 weeks and would like to be exposed to the work of the Frontier Nursing Service. For current information, write or call Courier Coordinator, FNS, Inc., 132 FNS Drive, Wendover, KY 41775 (606-672-2317). Courier Program e-mail - [courierprogram@yahoo.com](mailto:courierprogram@yahoo.com).

**Nursing Volunteer Program:** This Program is designed to meet the needs of nurses and nursing students who only have a short length of time in which to come to FNS and gain experience. In this Program, if accepted, there is no required amount of time. For current information, write or call the Director of Nursing, Mary Breckinridge Healthcare, Inc., 130 Kate Ireland Drive, Hyden, KY 41749 (606-672-3162).

### CHRISTMAS NEEDS

*FNS has an urgent need for the items listed below and hopes that its friends will wish to contribute toward their purchase. We sometimes receive more gifts for a particular item than needed. In those instances, your gift will be applied toward another need.*

This Christmas we are planning to have FNS traditional parties at all of our clinics. Years ago, the FNS Christmas parties were something that children looked forward to from one year to another. Every child received a gift, fruit and candy. I was one of the children who looked forward to going to the Brutus Nursing Center at Christmas time. I can still remember the excitement and the feeling of Christmas at those parties. There are still some children in Appalachia who do not receive gifts and who are not privileged to attend a party. Our goal is to plan our parties just like they were back then - even down to the smell of hot chocolate in the air. If you wish to join us in this project, please specify that your gift is designated for the Children's Christmas Toys. Your gift will be used only for this purpose. Thank you.

*-Barb Gibson*

*Below are excerpts from an article written in the Winter 1935 Quarterly Bulletin entitled "A Christmas Report" written by Courier Sylvia Bowditch.*

... My metamorphosis from a Courier at Wendover to the Christmas Secretary at Hyden Hospital was a gradual one. Throughout November and the first week in December I rode over to the hospital two or three times a week, unwrapped and sorted the various packages that had come in since I was last there. But when Elihu began making two loaded sled trips up from the post office a day with his mule, and when the truck which went to Hazard for freight and express, filled the front hall with boxes and barrels every trip, I found that every other day was not sufficient to keep me caught up and so moved over to the hospital to stay during the rush in the ten days before Christmas.



. . . The week before Christmas the wagon began coming in from the outlying districts for their loads (see photo). Box after box was filled and loaded on to the wagon which had come down the river sixteen miles that morning to collect them.



*Wagon loaded with gifts for outlying clinics*

. . . At Hyden Hospital, paper shopping bags with the family's names on them were filled with the children's presents, and by seven in the morning the children began to collect outside until by eight there were hundreds. After they had gotten their bags from one room they had some cocoa and then went in to the Christmas tree to see Santa Claus who gave them "pokes" of candy. Outside they eagerly opened their bags and picked out their presents and went down the hill playing their harmonicas, hugging their dolls, or showing off their knives, thoroughly happy.

. . . We want all of our kind friends to realize how much their help in making Christmas in the mountains a happy time is appreciated.

The week before Christmas the wagon coming from the outlying districts for their loads (see photo). Box after box was filled and loaded on to the wagon which had come down the river.



Mary Breckinridge – founder of FNS



*The Big House*  
*Home of Mary Breckinridge*

WE THANK YOU  
FOR YOUR PARTICIPATION



PLACE  
FIRST-  
CLASS  
POSTAGE  
HERE

FRONTIER NURSING SERVICE INC  
DEPT 1398  
WENDOVER  
PO BOX 143  
LEXINGTON KY 40588-0143



Loose Item

Please send me more information about:

- The FNS Courier and Volunteer programs.
- Visiting and Touring the FNS.
- Books and other literature concerning FNS.
- Change of address.

As an interested friend, my subscription of \$5.00 a year is enclosed.

- New
- Renewal

As a supporter, you will receive the *Frontier Nursing Service Quarterly Bulletin* unless you request otherwise.

Enclosed is my gift of \$ \_\_\_\_\_



Mary Breckinridge's home at Wendover.  
Historic Landmark - Restored in 1981.

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## **FRONTIER NURSING SERVICE, Inc.**

Its motto:

“He shall gather the lambs with his arm and carry them in his bosom, and shall gently lead those that are with young.”

Isaiah 40:11

Its object:

To safeguard the lives and health of mothers and children by providing and preparing trained nurse-midwives and nurse-practitioners for rural areas where there is inadequate medical service; to give skilled care to women in childbirth; to give nursing care to the sick of both sexes and all ages; to establish, own, maintain and operate hospitals, clinics, nursing centers, and educational programs for nurse-midwives and nurse-practitioners; to carry out preventive public health measures; to educate the rural population in the laws of health, and parents in baby hygiene and child care; to provide expert social service; to obtain medical, dental and surgical services for those who need them, at a price they can afford to pay; to promote the general welfare of the elderly and handicapped; to ameliorate economic conditions inimical to health and growth, and to conduct research toward that end; to do any and all other things in any way incident to, or connected with, these objects, and, in pursuit of them to cooperate with individuals and with organizations, private, state or federal; and through the fulfillment of these aims to advance the cause of health, social welfare and economic independence in rural districts with the help of their own leading citizens.

From the Articles of Incorporations  
of the Frontier Nursing Service.  
Article III as amended June 8, 1984