



Eighty-First Annual Report



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Cover: FNS Board of Governors: front row left to right - Mary Ethel Wooton, Nancy Hines, Jane Leigh Powell, Marion McCartney, Ken Tuggle. Back row left to right - Rhonda Brashear, John Foley, Dr. Michael Carter, Mike Rust (Dr. Charlie Mahan not pictured). Lower left corner - "Snippet", Jane Leigh Powell's dog.

ERROR - Cover page of last two Bulletins were incorrect. Volume 81, Number 3 should have been Winter/March 2006. Volume 81, Number 4 should have been Spring/June 2006. We are back on schedule with this one. Sorry for the inconvenience this may have caused. -*Barb Gibson*

Frontier Nursing Service Quarterly Bulletin is published at the end of each quarter. Subscription Price \$5.00 a year for Donors/\$15.00 for Institutions. Periodicals postage paid at Wendover, Kentucky 41775 and at additional mailing offices. POSTMASTER: Send address changes to FNS, Inc. 132 FNS Drive, Wendover, Kentucky. Copyright FNS/Inc. All Rights Reserved. **The Frontier Nursing Service does not share it's donor mailing list.**

Introduction to Frontier Nursing Service (FNS)

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 mothers and children.

Mrs. Breckinridge established the (FNS) in Leslie County, Kentucky in 1925, as a private charitable organization serving an area of 700 square miles. It was the first organization in America to use nurses trained as midwives under the direction of a single medical doctor/obstetrician, based at their small hospital in Hyden. Originally the staff was composed of nurse-midwives trained in England. They traveled on horseback and on foot to provide quality prenatal and childbirth care in the client's own home.

Today, Mrs. Breckinridge's legacy extends far beyond Eastern Kentucky. FNS, Inc. is the parent holding company for Mary Breckinridge Healthcare, Inc., Frontier Nursing Healthcare, Inc., which includes six rural healthcare clinics; Mary Breckinridge Home Health Agency and the Frontier School of Midwifery and Family Nursing which offers a Master of Science in Nursing degree with tracks as a Nurse-Midwife, Family Nurse Practitioner and Women's Healthcare Nurse Practitioner.

Mary Breckinridge's home, The Big House, located at Wendover, is a licensed Bed & Breakfast Inn. For more information or reservations, call 606-672-2317 or e-mail fNSTOURS@yahoo.com. You can also access our websites:

Frontier Nursing Service - www.frontiernursing.org

Community Based Nurse Midwifery Education Program
www.midwives.org

Community Based Nurse Practitioner Program
www.frontierfnp.org

The Journey

Jane Leigh Powell

National Chairman of Board of Governors



Jane Leigh Powell

On May 19th, our wonderful CEO, W.W. (Bill) Hall, Jr., suffered a stroke. Bill has been undergoing physical and speech therapy and has made tremendous progress in his recovery.

With Bill's vision for and love of the FNS, the Board and staff miss his leadership very much but want him to take as much time he needs to recuperate. When he feels he is ready to return, we will welcome him with open arms and hearts. I hope you will keep Bill and his wife, Teresa, in your thoughts and prayers.

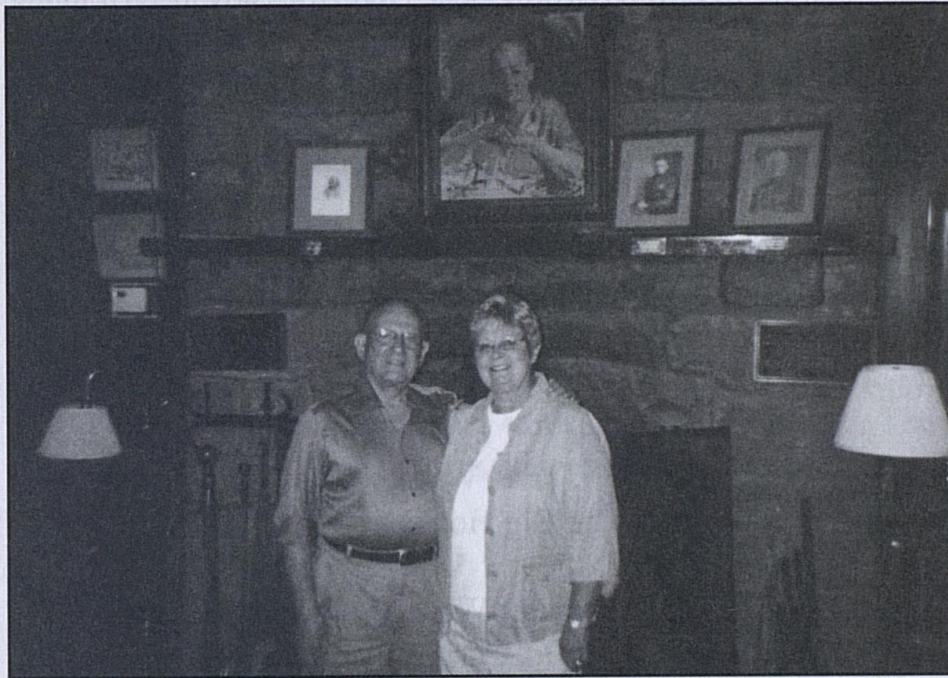
If you would like to drop Bill a note or send a card, his address is 104 Clubhouse Drive, Nicholasville, Kentucky 40356.

During Bill's absence, Nathan Lee, Vice-President of Finance, is serving as Interim CEO. He can be reached at our new Lexington office at 170 Prosperous Place, Lexington, Kentucky 40509. Nathan's telephone is 859-253-3637, ext. 5006.

Field Notes

Former FNS Physician Visits

During May, Dr. James (Jim) Parshall and his wife Carole, spent the night at The Big House Bed & Breakfast Inn. Dr. Parshall worked at Mary Breckinridge Hospital as an OB/GYN physician from 1984-1988. The Parshalls live in Northville, Michigan.



Dr. James (Jim) Parshall and wife, Carole

Congratulations to Suzan Ulrich

Suzan Ulrich, Frontier School of Midwifery & Family Nursing Chair of Midwifery & Women's Health Program, recently had an article published in the American Association of Birth Centers News during May 2006 entitled "Preceptor Pearls".

Certified Nurse-Midwives Staffing Update

July 31, 2006, Elissa Miller, Director of Midwifery Services resigned. Nurse-Midwife Laura Mann-James accepted the Interim Director position. National recruiting is underway for a permanent Director.

Certified Nurse Midwives Laura Mann-James, Sharon Adams and Nikki Demetriou have been to training in CenteringPregnancy groups with the first prenatal group being held August 2, 2006 (see www.centeringpregnancy.org for more information).

Laura and Nikki attended the American Academy of Family Practice Physicians' Advanced Life Support in Obstetrics (ALSO) course and were certified as providers; Nikki took advanced training to become an instructor. An ALSO course for maternity services providers and MBH house supervisors/ER staff is being planned soon. Sharon became certified as a Neonatal Resuscitation Program Instructor during May.

Guests at Wendover

From May 1 - August 1, 2006, Wendover hosted 604 guests. This number includes overnight guests, luncheon/dinner guests, tour groups and other functions.

June 23 and 24, 2006, 20 Travel Writers with Geiger and Associates spent the night at The Big House.

July 15, 2006, Jeff and Jennifer Wilson were married at The Livery. Jeff is a twin brother to Chris Wilson, Wendover Maintenance/Security Guard. Over 100 people attended the wedding.

July 22, 2006, Jim and Lillian Hayes, Camp Creek residents, celebrated their 50th wedding anniversary at The Big House with about 60 people in attendance. Jim and Lillian were married in The Big House Living Room 50 years ago. They were close friends to Mrs. Breckinridge. Several of Lillian's family members were former employees of FNS.

A Play by Jeff Barker

Friday, August 5, Denise Barrett, Development Officer, Michael Claussen, Tour Guide, Julie Marfell, Chairperson of Family Practice and Jean Fee, former FNS FNP, attended a play by Jeff Barker

which tells the true story of FNS graduate Arlene Schuiteman, an Iowa school teacher turned African missionary nurse. The play was performed in McKee, Kentucky, and was part of the Northwestern College's Drama Ministries Ensemble's summer tour.

Since the 1980's Northwestern College's touring theatre company has traveled across the United States performing original worship dramas and bringing true stories and biblical characters to life on stage. Their compelling plays explore AIDS, drug abuse, September 11, and now the effects of civil war in Africa - through the light of the gospel and its message of compassion and grace. A schedule of performances can be found at www.nwciowa.edu/theatre/touring.

Candy Striper Program

A Candy Striper Program began this year at the Mary Breckinridge Hospital where students from the Leslie County Vocational School spend time with patients playing cards, reading or talking. They also greet families and visitors making them feel welcome during their visit to the Hospital.

Plea for Lap Quilts

Lap Quilts are distributed to Family Nurse Practitioner Students to give to chair bound or wheelchair bound patients, young or old. Colors may be of your choosing. Quilts can be knitted or quilted. Size needed is 40"x42". Send finished quilts to Christine Collins, 132 FNS Drive, Wendover, Kentucky 41775.

Beyond the Mountains

Global Volunteers Assignment

Pamela King, a Faculty member of the Frontier School of Midwifery & Family Nursing (FSMFN), just returned from a volunteer assignment with Global Volunteers International who has as its mission "Peace Through Understanding; Understanding Through Service". Pamela was involved in a teaching program for children of immigrant and refugee workers in Pelican Rapids, MN. Pelican Rapids is a town of 2,000 people, 25% of whom are immigrants from Vietnam, Russia, the Ukraine, Mexico and Somali. The goal was to help the children improve their English speaking, reading and writing.

FSMFN Faculty Member Recognized

Mary R. Nichols, Faculty member of the FSMFN, presented the following papers during June and July, 2006:

Prenatal Maternal Role Transition: Primigravidae and Multigravidae Women - presented at the 17th International Nursing Research Congress on Evidence-Based Practice, Sigma Theta Tau International, Montreal, Canada.

Primigravidae and Multigravidae Women: Innovations in Prenatal Adjustment to Motherhood and Assessing Supportive Care for the Laboring Woman: The Therapeutic Labor Support Inventory - presented at the 2006 AWHONN Convention, Baltimore, Maryland.

American Academy of Nurse Practitioner Conference

During June, Dr. Julie Marfell, FNP Chair of the Department of Family Nursing, Angela Mitchell, FNP, Director of Faculty Practice and Kathy Wheeler, FNP, FSMFN Faculty Member, attended the annual American Academy of Nurse Practitioners (AANP) Conference held in Texas. Kathy Wheeler was elected the Regional Representative for Region 4 of the AANP. A FSMFN reception was held during the Conference.

Staff attend Dairyland Healthcare Conference

June 24-28, Kevin Couch, Assistant Controller, Pam Smith, Business Office Manager, Frank Baker and John Hoskins, Information Techs, Linda Craft, Director of Nursing and Kevin Cook, OR Manager, attended a conference sponsored by Dairyland Healthcare in Alexandria, Minnesota. Computerized order entry and bedside charting were the topics discussed.

Kentucky Organization of Nurse Leaders Meeting

June 29th Linda Craft attended a meeting of the Kentucky Organization of Nurse Leaders sponsored by St. Clare's Regional Medical Center in Morehead, Kentucky.

Emergency Preparedness Meeting

July 26th, Kevin Cook attended a meeting addressing Emergency Preparedness in Frankfort, Kentucky.

Former Staff, Courier and Alumni News

Myra Adamson ('54) is now living in Peoria, Arizona and working as an evening staff nurse in a nursing home on the Alzheimer's unit. She spent her life as a missionary nurse in Africa, mainly Rwanda and Zaire (now Congo) and continues to make volunteer trips.

The Courier Program

by Michael Claussen

Wendover/Development Coordinator

Our latest Courier, Laura Carr, arrived June 25 from Northern Virginia (near Washington D.C.) and plans to stay at Wendover through September. Laura graduated from Whitman College in Walla Walla, Washington. This is the same school that our spring Courier, Jennifer, graduated from. Word of mouth continues to be an excellent resource for attracting candidates to the Program.



Several recent Couriers have applied their experiences in the Program as a vital milestone toward medical school enrollment. It is in this vein that I plan to target part of my recruitment for the Courier Program. On June 19-21, I traveled to five colleges and universities in Tennessee and North Carolina to meet with key members of Career Services staff. All of these meetings resulted in positive discussions on ways to recruit excellent applicants, methods to promote the Program to reach targeted students that are looking for internships and ideas to create a greater awareness of the Courier Program. While in North Carolina, I met with former Mary Breckinridge Hospital Internist, Tim Carey, and his wife, Kathleen (Dalton). Dr. Carey is a Professor of Medicine at the University of North Carolina at Chapel Hill (UNC) and is committed to assisting us in recruiting UNC students for the Courier Program. I plan to visit several colleges and universities in Ohio and Kentucky in the coming months to continue this drive to attract high caliber candidates for the Program.

My goal of utilizing the services of Couriers on a year round basis is coming to fruition. I have Couriers scheduled to come during the fall of 2006 and for the winter of 2007.

Frontier School of Midwifery & Family Nursing

by Dr. Susan Stone, President

50th Frontier Bound

Greetings from the Frontier School of Midwifery & Family Nursing (FSMFN)! I am just back from Frontier Bound where 56 students were admitted on August 22, 2006, into FSMFN's 50th class of distance learning. This included six men and 50 women. 21 were nurse-midwifery students, 29 were family nurse practitioner students and six were enrolled in the women's healthcare nurse practitioner program. They came from far and wide including 30 states plus Ghana. There were two from the state of Kentucky.



One student, Jeremiah Noggle, lives in Leslie County. Jeremiah is married to our very own Sarah Noggle FNP, CNM, who is currently the nurse practitioner caring for clients at the Beech Fork Clinic. Jeremiah is a nurse who is planning to join his wife in a career as a family nurse practitioner. We are very happy to have both Sarah and Jeremiah as part of the Frontier family.

We celebrated the occasion of 50 distance learning classes with a cake and much singing and laughter in Aunt Hattie's Barn on the last night of Frontier Bound.

We honored Kitty Ernst, the Mary Breckinridge Chair of Midwifery. Her vision, formed in the early 1980's, was to bring education to nurses who could not leave home to attend a traditional university. That vision led to the development of this very successful distance learning program. Since the first Frontier Bound occurred in 1989, Kitty has attended every single one. We are grateful to her for her vision and ongoing support and guidance.



Celebration of Frontier School of Midwifery & Family Nursing's 50th Distance Learning Class

Update on the ADN-MSN Program

Plans for the ADN-MSN program are coming along well. Pamela Lester, DNS, FNP, joined the faculty in July. Her assignment will be to the Bridge Program. The Admission Committee reviewed files and has selected the first twenty ASN-MSN students. These students will start the Program in January of 2007.

**EIGHTY FIRST ANNUAL REPORT
OF THE
FRONTIER NURSING SERVICE**

**For the Fiscal Year
May 1, 2005 to April 30, 2006**



**Independent Accountants' Report on Consolidated Financial
Statements and Supplementary Information**

Board of Governors
Frontier Nursing Service, Inc. and Affiliates
Lexington, Kentucky

We have audited the accompanying consolidated statements of financial position of Frontier Nursing Service, Inc. and Affiliates (Service) as of April 30, 2006 and 2005, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Service's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Service as of April 30, 2006 and 2005, 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.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual organizations. The supplementary information has been subjected to the procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

BKD, LLP

July 26, 2006, except for Note 15, as to
which the date is August 15, 2006

Frontier Nursing Service, Inc. and Affiliates
Consolidated Statements of Financial Position
April 30, 2006 and 2005

Assets

	<u>2006</u>	<u>2005</u>
Current Assets		
Cash	\$ 78,759	\$ 109,651
Accounts receivables		
Patient, less allowance for uncollectible accounts; 2006 – \$1,428,066, 2005 – \$651,320	2,151,152	2,011,137
Student tuition, less allowance for uncollectible accounts; 2006 and 2005 – \$55,000	696,203	565,887
Other	10,402	15,564
Investments	18,773,913	17,460,359
Supply inventories	169,992	224,915
Estimated third-party payor settlements	1,048,397	634,044
Prepaid expenses and other assets	<u>188,865</u>	<u>504,729</u>
Total current assets	<u>23,117,683</u>	<u>21,526,286</u>
Property and Equipment, Net	<u>3,492,121</u>	<u>3,374,837</u>
Other Assets		
Beneficial interest in outside trusts	1,914,612	1,787,223
Investments held in perpetuity	3,956,521	3,956,521
Physician loan receivable	319,243	320,000
Other noncurrent assets	<u>242,195</u>	<u>—</u>
Total other assets	<u>6,432,571</u>	<u>6,063,744</u>
Total assets	<u>\$ 33,042,375</u>	<u>\$ 30,964,867</u>

See Notes to Consolidated Financial Statements

Liabilities and Net Assets

	<u>2006</u>	<u>2005</u>
Current Liabilities		
Accounts payable	\$ 1,216,774	\$ 1,144,707
Accrued expenses	2,302,426	1,856,002
Deferred tuition, students	1,128,910	785,268
Lines of credit	—	1,050,000
Current maturities of long-term obligations	<u>402,985</u>	<u>494,257</u>
Total current liabilities	<u>5,051,095</u>	<u>5,330,234</u>
Long-term Liabilities		
Long-term obligations, net of current portion	488,220	789,857
Lines of credit	<u>2,498,008</u>	<u>1,022,850</u>
Total long-term liabilities	<u>2,986,228</u>	<u>1,812,707</u>
Total liabilities	<u>8,037,323</u>	<u>7,142,941</u>
Net Assets		
Unrestricted	9,072,794	8,895,263
Temporarily restricted	10,061,125	9,182,919
Permanently restricted	<u>5,871,133</u>	<u>5,743,744</u>
Total net assets	<u>25,005,052</u>	<u>23,821,926</u>
Total liabilities and net assets	<u>\$ 33,042,375</u>	<u>\$ 30,964,867</u>

Frontier Nursing Service, Inc. and Affiliates
Consolidated Statements of Activities and Changes in Net Assets
Years Ended April 30, 2006 and 2005

	2006	2005
Change in Unrestricted Net Assets		
Revenues and gains		
Net patient service revenue	\$ 16,115,901	\$ 12,264,039
Contributions	898,336	1,390,416
Education revenues		
Tuition and educational fees	2,488,396	1,981,921
Federal grants	112,126	91,732
Other revenue		
Investment return	1,629,259	558,140
Other revenue	384,289	428,932
Net assets released from restriction due to satisfaction of program requirements	<u>818,130</u>	<u>482,783</u>
Total revenues and gains	<u>22,446,437</u>	<u>17,197,963</u>
Expenses		
Salaries, wages and benefits	10,199,704	8,154,638
Medical services, supplies and other expenses	8,126,351	6,459,958
Facility costs	2,379,848	2,039,142
Provider taxes	247,889	198,981
Provision for bad debts	<u>1,315,114</u>	<u>1,027,877</u>
Total expenses	<u>22,268,906</u>	<u>17,880,596</u>
Change in unrestricted net assets	<u>177,531</u>	<u>(682,633)</u>
Change in Temporarily Restricted Net Assets		
Contributions	55,029	38,641
Investment return	1,639,869	441,213
Change in annuity payable	1,438	25,196
Net assets released from restriction due to satisfaction of program requirements	<u>(818,130)</u>	<u>(482,783)</u>
Change in temporarily restricted net assets	<u>878,206</u>	<u>22,267</u>
Change in Permanently Restricted Net Assets		
Change in beneficial interest in outside trusts	<u>127,389</u>	<u>11,326</u>
Change in permanently restricted net assets	<u>127,389</u>	<u>11,326</u>
Change in Net Assets	1,183,126	(649,040)
Net Assets, Beginning of Year	<u>23,821,926</u>	<u>24,470,966</u>
Net Assets, End of Year	\$ <u>25,005,052</u>	\$ <u>23,821,926</u>

See Notes to Consolidated Financial Statements

Frontier Nursing Services, Inc. and Affiliates
Consolidated Statements of Cash Flows
Years Ended April 30, 2006 and 2005

	2006	2005
Operating Activities		
Change in net assets	\$ 1,183,126	\$ (649,040)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Change in beneficial interest in outside trusts	(127,389)	(11,326)
Provision for bad debts	1,315,114	1,027,877
Depreciation and amortization	937,782	741,335
Net realized and unrealized gains on investments	(2,615,123)	(423,385)
Changes in		
Patient and student tuition receivables	(1,585,445)	(1,565,844)
Other receivables	5,162	6,442
Supply inventories	54,923	(18,953)
Estimated third-party payor settlements	(414,353)	(375,904)
Prepaid expenses and other assets	315,864	(191,750)
Accounts payable	72,067	221,201
Accrued expenses	446,424	28,702
Deferred tuition, students	343,642	40,971
Other noncurrent assets	(242,195)	—
Net cash used in operating activities	(310,401)	(1,169,674)
Investing Activities		
Purchases of property and equipment	(974,832)	(519,520)
Proceeds from sale of investments	11,464,338	6,515,452
Purchase of investments	(10,162,769)	(6,219,469)
Physician loan advances	(20,577)	(320,000)
Net cash provided by (used in) investing activities	306,160	(543,537)
Financing Activities		
Net borrowings under line-of-credit agreements	425,158	2,072,850
Proceeds from issuance of long-term obligations	—	190,000
Principal payments on long-term obligations	(451,809)	(514,489)
Net cash (used in) provided by financing activities	(26,651)	1,748,361
(Decrease) Increase in Cash	(30,892)	35,150
Cash, Beginning of Year	109,651	74,501
Cash, End of Year	\$ 78,759	\$ 109,651
Supplemental Cash Flows Information		
Cash payments for interest	\$ 257,554	\$ 121,009
Noncash Investment and Financing Activities		
Equipment acquired with capital leases	\$ 58,900	\$ 714,622

See Notes to Consolidated Financial Statements

Frontier Nursing Service, Inc. and Affiliates
Notes to Consolidated Financial Statements
April 30, 2006 and 2005

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Organization

Mary Breckinridge established the Kentucky Committee for Mothers and Babies in Leslie County, Kentucky, in 1925. The name later changed to the Frontier Nursing Service, Inc. and Affiliates (Service) in 1928. The Service's original purpose was to provide needed health care 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 Leslie County and a portion of surrounding counties comprising its service area. In 1939, the Service established a midwifery school. Today, FNS, Inc. (FNS) operates as a holding company for a midwifery and family nursing school, a real estate holding company, a hospital, a home health agency, a foundation and a system of rural health clinics which provide primary care services through the Dr. Anne Wasson Rural Health Center, the Kate Ireland Women's Health Care Center, Community Health Center, Beechfork Clinic, Red Bud Family Clinic and Christian Family Healthcare. The Service has historically been dependent on charitable contributions to fund a significant portion of the costs of services and programs.

Principles of Consolidation

The Service consists of the following nonprofit entities:

FNS – Parent holding company of the Service.

Mary Breckinridge Health Care, Inc. (MBHC) – Entity responsible for operating the hospital and up until April 30, 2005, the home health agency.

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

Frontier Nursing Service Foundation, Inc. (Foundation) – Entity responsible for maintaining the investment portfolio of the Service and receiving contributions from donors.

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

Frontier Nursing Healthcare, Inc. (FNH) – Entity responsible for operating the rural health clinics.

Mary Breckinridge Home Health, Inc. (MBHH) – At May 1, 2005, MBHH became the entity responsible for operating the home health agency.

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

Frontier Nursing Service, Inc. and Affiliates**Notes to Consolidated Financial Statements****April 30, 2006 and 2005*****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 consist of cash and highly liquid investments having an original maturity of three months or less. The Service only has cash equivalents held in trust accounts which are classified as investments in the consolidated statements of financial position.

Patient Accounts Receivable

MBHC, FNH and MBHH report patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients and others. MBHC, FNH and MBHH provide an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the patient, MBHC, FNH and MBHH bill third-party payors directly and bill the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

Student Tuition Accounts Receivable

Accounts receivable are stated at the amount billed to students. The School provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the student.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value and realized gains and losses on other investments.

Frontier Nursing Service, Inc. and Affiliates
Notes to Consolidated Financial Statements
April 30, 2006 and 2005

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statement of activities as unrestricted, temporarily restricted or permanently restricted, based upon the existence and nature of any donor or legally imposed restrictions. The board of governors designates unrestricted assets for special uses.

Supply Inventories

Medical supply and pharmaceutical inventories are stated at the lower of cost, determined using first-in, first-out method, or market.

Property and Equipment

Property and equipment are stated at cost and are depreciated on a straight-line basis over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives.

Beneficial Interest in Outside Trusts

The Service is a beneficiary of trust funds held by others. The Service has recorded as permanently restricted assets the fair value of the trusts, which represents an estimate of the net present value of the estimated income to be received from these trusts. Income received from such funds is included in unrestricted donations.

Deferred Tuition – Students

The Service provides graduate nurse-midwifery and family nurse practitioner education over a 24 to 36-month period (depending on full-time or part-time status) to eligible students. The School's policy is to recognize tuition revenue ratably over the term of the program for each student.

Estimated Malpractice Costs

An annual estimated provision is accrued for the self-insured portion of medical malpractice claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported.

Self-funded Health Care Plan

The Service maintains a self-insured health care plan covering substantially all full-time employees. Contributions are made to the administrator as health care claims are incurred and expenses are accrued as claims are made.

Frontier Nursing Service, Inc. and Affiliates
Notes to Consolidated Financial Statements
April 30, 2006 and 2005

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Service has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Service in perpetuity.

Grant Revenues

Support funded by grants is recognized as the School performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Net Patient Service Revenue

The Service has agreements with third-party payors that provide for payments to MBHC, FNH and MBHH 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 retro-active adjustments under reimbursement agreements with third-party payors. Retro-active 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.

Charity Care

The Service provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because MBHC, FNH and MBHH do not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue. Charges excluded from revenue under the Service's charity care policy were \$1,097,066 and \$453,880 for 2006 and 2005, respectively.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor 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. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net assets.

Frontier Nursing Service, Inc. and Affiliates
Notes to Consolidated Financial Statements
April 30, 2006 and 2005

Income Taxes

The Service is comprised of not-for-profit corporations that are tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code (Code), except for FNS REI, which is a not-for-profit corporation recognized under Section 501(c)(2) of the Code. The management of MBHH believes they are operating in accordance with the provisions of Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements.

Note 2: Net Patient Service Revenue

MBHC, FNH and MBHH have agreements with third-party payors that provide for payments at amounts different from established rates. These payment arrangements include:

Medicare – On September 1, 2003, MBHC elected critical access hospital (CAH) designation, which changes the payment system for the care of Medicare beneficiaries. As a CAH, inpatient and outpatient services are paid on a cost reimbursement methodology. MBHC is reimbursed certain services at tentative rates with a final settlement determined after submission of annual cost reports by MBHC and audit thereof by the Medicare fiscal intermediaries. Inpatient nonacute services and certain outpatient services related to Medicare beneficiaries are paid based on a combination of fee schedules and a cost reimbursement methodology. MBHC, FNH and MBHH are reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by MBHC, FNH and MBHH and audits thereof by the Medicare fiscal intermediary.

Medicaid – Effective September 1, 2003, with the CAH designation, both inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. MBHC is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by MBHC and audits thereof by the Department for Medicaid Services. MBHC, FNH and MBHH are reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by MBHC, FNH and MBHH and audits thereof by the Medicaid fiscal intermediary.

Approximately 68% and 74% of net patient service revenues for 2006 and 2005 are from participation in the Medicare and state sponsored Medicaid programs, respectively.

MBHC, FNH and MBHH have also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to MBHC, FNH and MBHH under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

Frontier Nursing Service, Inc. and Affiliates
Notes to Consolidated Financial Statements
April 30, 2006 and 2005

Note 3: Concentration of Credit Risk

MBHC, FNH and MBHH grant credit without collateral to patients, most of whom are area residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at April 30 was:

	2006	2005
Medicare	41%	37%
Medicaid	31	34
Other third-party payors	19	16
Patients	9	13
	100%	100%

The Service maintains a substantial portion of its cash and investments in two local financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. At various times during the fiscal year, the cash balances may exceed the insured limits. The Service considers the risk associated with the cash balances in excess of the insured limits to be minimal. At April 30, 2006 and 2005, the Service's cash accounts did not exceed federally insured limits.

Note 4: Grant Commitments

The School receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the School are prepared on the accrual basis, any earned portions of the grants not yet received are recorded as receivables. Following are the grant commitments that extend beyond April 30, 2006:

Grant	Term	Grant Amount	Earned as of April 30, 2006	Funding Available
Advanced Education Nursing Traineeships	July 1, 2005 – June 30, 2006	\$ 84,703	\$ 84,703	\$ 0

Frontier Nursing Service, Inc. and Affiliates
Notes to Consolidated Financial Statements
April 30, 2006 and 2005

Note 5: Investments and Investment Return

Investments at April 30 consisted of the following:

	<u>2006</u>	<u>2005</u>
Cash and equivalents	\$ 2,056,478	\$ 1,561,880
Corporate bonds	1,847,554	2,327,490
U.S. Treasury obligations	3,203,971	3,618,497
Common stock	14,318,535	12,840,186
Common trust fund equities	<u>1,303,896</u>	<u>1,068,827</u>
	22,730,434	21,416,880
Less investments held in perpetuity	<u>3,956,521</u>	<u>3,956,521</u>
Investments – current	<u>\$ 18,773,913</u>	<u>\$ 17,460,359</u>

Total investment return is comprised of the following for the year ended April 30, 2006:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 317,137	\$ 336,868	\$ 654,005
Net realized gains	424,629	416,534	841,163
Net unrealized gain	<u>887,493</u>	<u>886,467</u>	<u>1,773,960</u>
Total investment return	<u>\$ 1,629,259</u>	<u>\$ 1,639,869</u>	<u>\$ 3,269,128</u>

Total investment return is comprised of the following for the year ended April 30, 2005:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 299,006	\$ 276,962	\$ 575,968
Net realized gains	971,642	901,157	1,872,799
Net unrealized loss	<u>(712,508)</u>	<u>(736,906)</u>	<u>(1,449,414)</u>
Total investment return	<u>\$ 558,140</u>	<u>\$ 441,213</u>	<u>\$ 999,353</u>

Frontier Nursing Service, Inc. and Affiliates
Notes to Consolidated Financial Statements
April 30, 2006 and 2005

Note 6: Property and Equipment

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

	<u>2006</u>	<u>2005</u>
Land and improvements	\$ 688,732	\$ 542,682
Buildings	4,718,717	4,686,717
Equipment	9,479,548	8,645,569
Construction in progress	<u>106,612</u>	<u>84,908</u>
	14,993,609	13,959,876
Less accumulated depreciation and amortization	<u>11,501,488</u>	<u>10,585,039</u>
	<u>\$ 3,492,121</u>	<u>\$ 3,374,837</u>

Note 7: Beneficial Interest in Outside Trusts

The Service is a beneficiary of trust funds held by others. The Service receives income annually based on a percentage stipulated in the trust agreements. The trustee is to hold assets of the trusts in perpetuity. Should the Service ever cease to exist, the assets will be transferred to another beneficiary as named in the trust agreement. The composition of the Service's beneficial interest in outside trusts held by third parties consisted of the following as of April 30:

	<u>2006</u>	<u>2005</u>
Ballard Trust	\$ 320,857	\$ 308,553
Gage Trust	1,049,752	976,763
Jones Trust	58,977	54,652
Patterson Trust	244,573	222,295
Ross Trust	85,018	77,657
Schoff Trust	59,036	58,989
Stebbins Trust	<u>96,399</u>	<u>88,314</u>
	<u>\$ 1,914,612</u>	<u>\$ 1,787,223</u>

Frontier Nursing Service, Inc. and Affiliates
Notes to Consolidated Financial Statements
April 30, 2006 and 2005

Note 8: Medical Malpractice Claims

The Service purchases medical malpractice insurance under a claims-made policy on a fixed premium basis with coverage of \$1,000,000 per occurrence, \$3,000,000 in aggregate and a \$500,000 self-insured retention. Accounting principles generally accepted in the United States of America require a health care provider to accrue the expense of its share of malpractice claim costs, if any, for any reported and unreported incidents of potential improper professional service occurring during the year by estimating the probable ultimate costs of the incidents. Based upon the Service's claim experience, no such accrual, other than as discussed in Note 15, has been made. It is reasonably possible that this estimate could change materially in the near term.

Note 9: Long-term Obligations

Long-term obligations consisted of the following at April 30:

	<u>2006</u>	<u>2005</u>
Note payable to Toyotal Financial Services due February 21, 2009, interest at 4.99%, due in monthly installments of \$432, including interest, collateralized by a 2004 Toyota RAV4.	\$ 13,287	\$ 17,684
Note payable to Toyotal Financial Services due February 21, 2009, interest at 4.99%, due in monthly installments of \$399, including interest, collateralized by a 2004 Toyota RAV4.	12,280	16,344
Note payable to bank due March 3, 2006, including interest at prime, due in six monthly installments of interest only, then in quarterly installments of \$17,595, including interest collateralized by vehicles.	—	68,411
Note payable to bank due January 10, 2010, interest at prime (7.75% at April 30, 2006), plus 0.25% due in monthly installments of \$1,089 with the remaining balance at maturity, collateralized by a trust account held with another bank.	185,187	187,131
Capital leases for equipment, at rates ranging from one percent to 36%, collateralized by equipment.	<u>680,451</u>	<u>994,544</u>
	891,205	1,284,114
Less current portion	<u>402,985</u>	<u>494,257</u>
Noncurrent obligations	<u>\$ 488,220</u>	<u>\$ 789,857</u>

Frontier Nursing Service, Inc. and Affiliates
Notes to Consolidated Financial Statements
April 30, 2006 and 2005

Equipment under capital leases included the following at April 30:

	<u>2006</u>	<u>2005</u>
Equipment	\$ 1,657,592	\$ 1,637,051
Less accumulated depreciation	<u>943,163</u>	<u>599,293</u>
	<u>\$ 714,429</u>	<u>\$ 1,037,758</u>

Aggregate annual maturities of long-term obligations and capital lease obligations at April 30, 2006, were:

	Long-term Obligations (Excluding Leases)	Capital Lease Obligations
2007	\$ 11,766	\$ 420,589
2008	12,382	179,373
2009	11,304	86,547
2010	175,302	36,426
2011	<u>—</u>	<u>8,303</u>
	<u>\$ 210,754</u>	731,238
Less amount representing interest		<u>50,787</u>
Present value of future minimum lease payments		<u>\$ 680,451</u>

Note 10: Lines of Credit

Outstanding balances as of April 30:

	<u>2006</u>	<u>2005</u>
FNS REI (A)	\$ 502,750	\$ 502,500
Foundation (B)	1,995,258	520,350
MBHC (C)	—	800,000
FNH (D)	<u>—</u>	<u>250,000</u>
	2,498,008	2,072,850
Less current portion	<u>—</u>	<u>1,050,000</u>
Noncurrent portion	<u>\$ 2,498,008</u>	<u>\$ 1,022,850</u>

Frontier Nursing Service, Inc. and Affiliates
Notes to Consolidated Financial Statements
April 30, 2006 and 2005

- (A) FNS REI has a \$500,000 revolving line of credit expiring on June 10, 2009, at which time, all principal amounts are due. The line is collateralized by real estate. Interest varies with the bank's prime rate, which was 7.75% on April 30, 2006, and is payable monthly.
- (B) The Foundation has a revolving line of credit with a maximum available credit as determined by the lender from time to time based on 50% of the value of securities not otherwise pledged as collateral to other institutions. All principal amounts outstanding are payable upon the maturity of this line of credit, which is March 20, 2010. Interest varies with the bank's prime rate, which was 7.75% on April 30, 2006, and is payable monthly. This line of credit is secured by investments held with the lender.
- (C) MBHC had a revolving line of credit with a maximum available credit as determined by the lender from time to time based on 50% of the value of securities not otherwise pledged as collateral to other institutions. All principal amounts outstanding were payable on the original maturity of this line of credit, which was March 20, 2010. Interest varied with the bank's prime rate and was payable monthly. The line of credit expired on August 23, 2005.
- (D) FNH had a \$250,000 revolving line of credit which expired on August 23, 2005. The line was collateralized by a trust account held at another bank. Interest varied with the bank's prime rate and was payable monthly.

Note 11: Retirement Plan

The FNS Capital Accumulation Plan (Plan), a noncontributory defined contribution retirement plan, covers substantially all of the Service's employees. Employer contributions are determined by the board of governors of the Service annually and are allocated among Plan participants on the basis of eligible employee salaries. The Service's contribution related to the Plan was \$195,827 and \$155,491 in 2006 and 2005, respectively.

Note 12: Self-insurance Program

The Service has a self-insurance program for hospitalization and medical coverage for its employees. The Service limits its losses through the use of a stop-loss policy from re-insurers. Specific individual losses for claims are limited to \$50,000 per year. One individual is excluded from this limit. The stop-loss amount for that individual is \$100,000. Claims that exceeded the stop-loss coverage limits for which the Service will be reimbursed by the stop-loss carrier totaled \$6,400 and \$33,955 for the years ended April 30, 2006 and 2005, respectively. The amount of actual losses incurred could differ materially from the estimates reflected in these consolidated financial statements. Cumulative amounts estimated to be payable by the Service with respect to reported claims and incurred but not reported claims have been accrued in the consolidated statements of financial position.

Frontier Nursing Service, Inc. and Affiliates
Notes to Consolidated Financial Statements
April 30, 2006 and 2005

Note 13: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2006	2005
Alice Adams Scholarship	\$ 14,863	\$ 11,519
Caroline Butler Atwood Memorial Nursing Center Fund	313,897	253,795
Charitable Gift Annuity Fund	10,125	202,547
Education Fund	6,021,802	5,465,066
Elizabeth Canby Bradford DuPont Memorial Fund	388,862	319,121
Endowment Fund	255,160	218,958
Friends Endowment	84,068	73,007
Hyden Hospital in Patient Care Fund	143,566	125,674
Jacob and Gertrude Arronson Memorial Scholarship Fund	14,165	11,218
Jesse Smith Noyes Endowment	314,909	275,131
Kate Ireland Education Fund	568,908	520,030
Kate Ireland Endowment Scholarship	188,321	164,533
Kate Ireland Women's Healthcare Center Fund	375,188	340,956
Kip Kelso Crist Fund	700,824	612,299
Kitty Ernst Endowment	32,571	27,107
Mardi Perry Scholarship Fund	65,698	55,528
Margaret L. Ferguson Memorial Scholarship Fund	23,488	18,659
Nancy B. Taylor Memorial Scholarship Fund	18,832	6,744
Restricted Donations	301,095	300,414
Shockey/Bulkey Memorial Fund	97,641	73,688
Social Services Fund	116,513	101,772
Susanne Preston Wilson Grandin Memorial Scholarship Fund	10,629	5,153
	<u>\$ 10,061,125</u>	<u>\$ 9,182,919</u>

During the years ended April 30, 2006 and 2005, net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes, in the amount of \$818,130 and \$482,783, respectively.

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

Frontier Nursing Service, Inc. and Affiliates
Notes to Consolidated Financial Statements
April 30, 2006 and 2005

Permanently restricted net assets are summarized as follows:

	<u>2006</u>	<u>2005</u>
Alice Adams Scholarship	\$ 22,722	\$ 22,722
Anne P. Whistler Endowment	2,200,000	2,200,000
Beneficial interest in outside trust	1,914,612	1,787,223
Caroline Butler Atwood Memorial Nursing Center Fund	344,573	344,573
Elizabeth Canby Bradford DuPont Memorial Fund	376,217	376,217
Endowment Fund	140,820	140,820
Friends Endowment	34,732	34,732
Hyden Hospital in Patient Care Fund	48,476	48,476
Jacob and Gertrude Arronson Memorial Scholarship Fund	110,369	110,369
James Waller Rodes Memorial Trust	69,957	69,957
Kitty Ernst Endowment	47,701	47,701
Mardi Perry Scholarship Fund	37,022	37,022
Margaret L. Ferguson Memorial Scholarship Fund	36,951	36,951
Nancy B. Taylor Memorial Scholarship Fund	99,072	99,072
Nixon Billings Fund	105,155	105,155
Shockey/Bulkey Memorial Fund	165,511	165,511
Social Services Fund	41,925	41,925
Susanne Preston Wilson Grandin Memorial Scholarship Fund	25,318	25,318
Wigglesworth Chase Fund	<u>50,000</u>	<u>50,000</u>
	\$ <u>5,871,133</u>	\$ <u>5,743,744</u>

Note 14: Functional Expenses

The Service provides health care and educational services primarily to residents within its geographic area. Expenses related to providing these services for the years ended April 30, were as follows:

	<u>2006</u>	<u>2005</u>
Health care and education services	\$ 17,735,088	\$ 13,511,823
General and administrative	4,147,950	3,973,164
Fundraising	<u>385,868</u>	<u>395,609</u>
	\$ <u>22,268,906</u>	\$ <u>17,880,596</u>

Frontier Nursing Service, Inc. and Affiliates
Notes to Consolidated Financial Statements
April 30, 2006 and 2005

Note 15: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in Notes 1 and 2.

Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in Notes 1 and 8.

Admitting Physicians

MBHC is served by one admitting physician whose patients comprise approximately 37% of MBHC's net patient service revenue.

Self-insurance Program

Estimates related to the provision for losses as a result of the Service's self-insurance program for hospitalization and medical coverage for its employees are described in Notes 1 and 12.

General Litigation

The Service is a defendant in one lawsuit, which resulted in an initial judgment against the Service on August 15, 2006. Although the matter has been appealed, as of April 30, 2006, the Service has recorded \$500,000 in accrued liabilities, which is the amount that management believes is the best estimate of loss that will result from the litigation. The amount of ultimate loss could differ materially.

The Service is subject to other claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Service. Events could occur that would change this estimate materially in the near term.

In Memoriam

If you wish to make a contribution to the Frontier Nursing Service in memory of a friend or loved one, please complete and return this section to the Development Office at FNS, 132 FNS Drive, Wendover, Kentucky 41775.

In memory of _____

Contributor's name _____

Person (s) to whom you wish acknowledgment sent

Name _____

Address _____

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If you wish to make a contribution to the Frontier Nursing Service in honor of someone's accomplishments or achievements, please complete and return this section to the Development Office at FNS, 132 FNS Drive, Wendover, Kentucky 41775.

In honor of _____

Contributor's name _____

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Person (s) to whom you wish acknowledgement sent

Name _____

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IN MEMORIAM

Mrs. Opal Virginia Morgan, Wendover, Kentucky, passed away July 21, 2006. Opal worked at Wendover as a cook for over 40 years. Jane Leigh Powell, former Courier and current National Chairman of the FNS Board of Governors remembers Opal as "being wonderful to the Couriers and having a great sense of humor". Miss Powell commented that Opal and the Couriers were always joking with each other.

IN MEMORY OF:

Opal Morgan

Jane Leigh Powell

Marie Begley

Jimmie and Connie Bengé

Corley Manufacturing

Duncan, Smith & Stilz, PSC

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Pat Stoehrmann

Mr. & Mrs. William G. Nine

Ruth Ann Settlemyre Wright

Mr. & Mrs. Charles A. Calhoun

Mrs. Edith Jones

Dr. Hunt Jones

IN HONOR OF:

Weylin Burlingame &

Katherine Mortimer

Ms. M. Elizabeth Monohan

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 Nathan Lee, *Vice-President of Finance*
 Barb Gibson, *Assistant to CEO*
 Beulah Couch, *Human Resources*
 Starla Selby, *Controller*

Frontier School of Midwifery & Family Nursing (FSMFN)

Dr. Susan Stone, *President and Dean*
 Dr. Julie Marfell, *Chair of Family Nursing*
 Dr. Suzan Ulrich, *Chair of Midwifery & Women's Health*
 Francie Likis, *Coordinator of Graduate Education*

Mary Breckinridge Healthcare, Inc.

Mallie Noble, *Administrator*
 Linda Craft, *Director of Nursing*

Frontier Nursing Healthcare, Inc. (Clinics)

Benjamin Peak, *Director*

Providers at Hospital and Clinics

Sharon Adams, <i>CNM</i>	Debi Karsnitz, <i>CNM</i>
Linda Ahrens, <i>FNP</i>	Andrew Krasuski, <i>MD, OB/GYN</i>
Ferdousi Begum, <i>MD, Internist</i>	Katherine Lauderdale, <i>FNP</i>
Karon Champlin, <i>FNP</i>	Gabor Laufer, <i>MD, OB/GYN</i>
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Sr. Kathy Donahue, <i>FNP</i>	Sarah Noggle, <i>FNP</i>
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Clara Jefferis, <i>FNP</i>	
Janessa Johnson, <i>FNP</i>	

Mary Breckinridge Home Health Agency

Willa Morris, *Director*

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:

Merrill Lynch
Attn: Travis Musgrave
801 East Main Street, Suite 1200
Lexington, KY 40507
859-231-5258

URGENT 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.

Anne Wasson Center:

Hearing Tympanometer	2,850.00
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Beech Fork Clinic:

Wheelchair Scales	2,565.40
Automatic Electronic Defibrillator	3,591.00

Christian Family Healthcare:

Ritter Exam Bed	1,123.00
Ophthalmoscope	1,025.49

Emergency Room:

Finger Pulse Oximeter	395.00
Pocket Size Diagnostic Ophthalmoscope/Otoscope	300.22

Frontier School of Midwifery & Family Nursing:

Gynecologic Simulator	475.00
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Home Health:

Polaroid HealthCam Wound Care	436.95
Thermometers (10)	540.00
O2 Sat Machine	942.00

Medical/Surgical:

Welch Allen Thermoscan	119.40
Welch Allen Sure Temp. Thermometer	315.32
Wall Mount Ophthal/Otoscope System	1,087.57
Crushed Ice Machine	3,000.00

URGENT NEEDS - Continued**Nursing Administration**

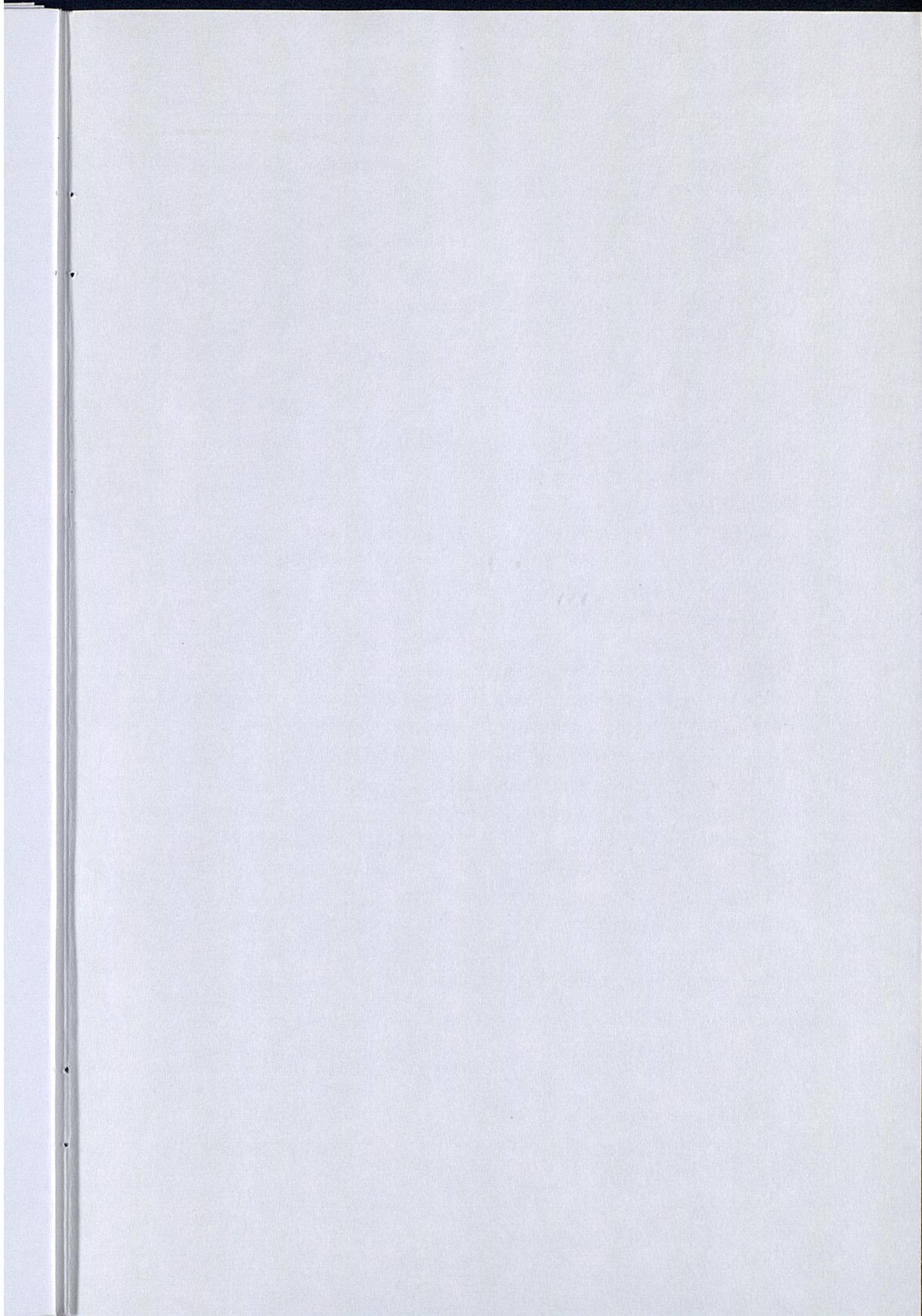
Pediatric Airway Trainer (PALS Class)	495.00
Overhead Projector	839.59
ACLS Books (10)	250.00
ACLS Instructors Manual	75.00
Neonatal Resuscitation Guidelines (10)	150.00
CPR Guidelines (10)	110.00
PALS Guidelines (10)	300.00
BLS Instructors Kit	80.00

Operating Room:

Color Printer Pack for Colonoscopy	295.25
Spot Vital Sign BP & Temp Monitor with Stand	940.62
Stainless Steel Flash Tray	103.76
Instrument Sterilization Tray with Lid	191.78
Instrument Tray Perforated x 2	96.88

Respiratory Therapy:

Pulse Oximetry - Adult, Pediatric	349.95
Pulse Oximetry - Infant	499.95
Burdick Eclipse EKG Machine	4,095.00
Pulmonary Function Puritan Bennett	1,690.00



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 April 1999