

FNS FRONTIER NURSING SERVICE
Volume 70 Number 1 September, Summer 1994
SIXTY-NINTH ANNUAL REPORT



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Cover: Top Photo: J. G. Morgan cutting rock for steps to hospital hill in 1977 (Photo by Gabrielle Beasley). **Bottom Photo:** J. G. Morgan supervising clearing project on hospital hill during August, 1994. Also pictured, the faithful old red jeep used to do the clearing. J. G. says the project could not have been done without it. (Photo by Barb Gibson).

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Notes from the School - *The Real Faces of CNEP*

Sometimes we can get lost in the numbers. Being part of the oldest, largest and most innovative school of nurse-midwifery in the country involves lots of business-like organization of grades, exams, clinical sites, student problems and faculty.

In this newsletter I'd like to take you "behind the scenes at CNEP" and let you get to know a few of our fresh, brand-new students in Class 9. The 45 new student nurse-midwives came to the Midwifery Bound orientation meeting on August 4th. This is what they had to say about themselves:

Diane Connors, Pittsburgh, PA: "I am the Director of Nursing at the Allegheny County Jail in Pittsburgh. I am hoping to practice at the jail as a nurse-midwife."

Peg Dunn, Traverse City, MI: "I have enjoyed working in obstetrics in small rural hospitals for my entire career. I am beginning efforts to start a birth center in my community."

Windi Hoffman-Mirkovic, Astoria, NY: "I enjoy working with the indigent immigrants with limited English, complicated high risk women and their families who need the extras! I hope one day to have a birth center and home birth options in the most rural of settings." (Windi came to Midwifery Bound with her 5-month-old nursing baby!)

Carol Davis Terwilliger, Dayton Beach, FL: "Over the years I have lived in many places - from New York City to San Francisco to West Virginia and Jamaica, but rural midwifery calls to my heart."

Peachie Barton-Dougherty, Cookson, OK: "I've always worked in maternal-infant nursing. I'm very interested in the new health care reform and its impact on the rural communities and the Indian Health Service."

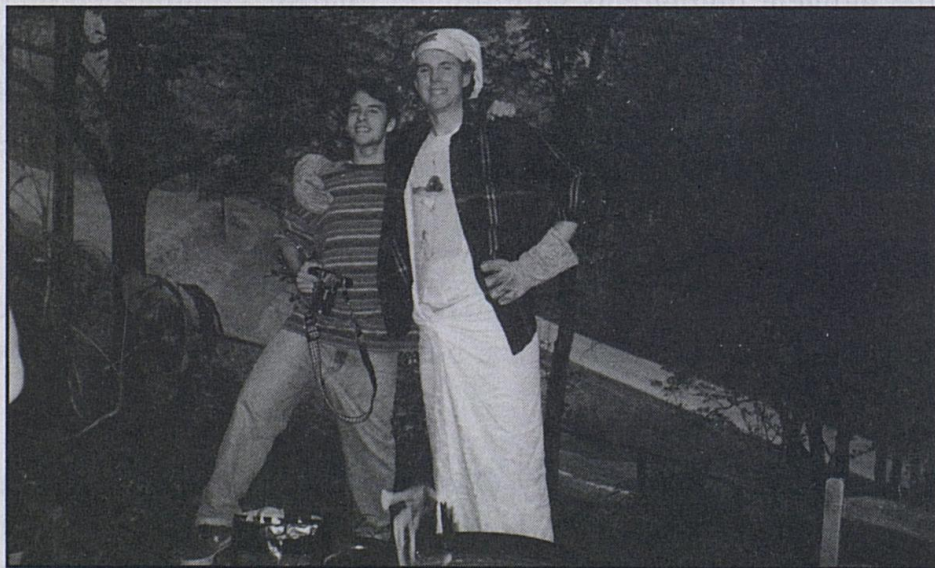
Sharon Akes-Caves, Friendswood, TX: "I recently returned from an overseas assignment on an island 13,000 miles from Hyden. A family practice physician, a physician's assistant and I were the only licensed health providers for the 1500 Chamorro natives and we delivered around 30 pregnant families. I am THRILLED at the idea of becoming more involved in more home-centered births."

These wonderful women and their classmates represent the best of nursing. When we asked them we found out that for the whole class there was an average of 13 years of nursing experience per student, and their collective years of yearning to be midwives added up to a whopping total of 522 years!

-Kate McHugh

Field Notes

It has been a much busier summer than usual, but filled with interesting people and events. The Couriers started the month of May by throwing a Der-B-Que and potluck for the staff and various other Wendover friends. Everyone socialized while the Couriers grilled up chicken and pork chops. Such a feast we had! The evening was perfect for eating out on the patio and a wonderful time was had by all.



The Chef "Boy-R-Dan" and Tommy Doran

Mid-May brought us Jay and Fern Ingersol, friends of Mrs. Marvin Patterson. Having lived and worked world wide, they instilled in each of us the need to keep our eyes open and to dare to take a chance. We were all sorry to see them move on, but they left us with some new wisdom we will carry forever. A few days later we had a nurse from South Africa and her escort as our guests. They spent a day out on Home Health rounds, met the hospital staff and spent a day with Heidi Fromke at the Wooton Clinic. Though here for only a few days I think they gained from learning about our rural healthcare here in the mountains.

The staff did some quick changing of beds and we welcomed Larry Kruckman, his wife Carolyn and their son from Pennsylvania. The Kruckmans had both worked here and came down to visit with old friends.

The first weekend in June a local couple held their wedding reception at the Big House and at the end of June another local couple were married in the livingroom. Wendover could not have been prettier for both events.

July was rather quiet but August brought with it a number of other guests. First, Noel Smith-Frendez of New York State came for a week to renew memories. She had been a social worker here in the 60's and wanted to touch base with old friends. She was great fun and we enjoyed her tales of FNS 30 years ago.

Next to arrive were nine of the FSMFN faculty for a Midwifery Bound weekend. Somehow we managed to find beds for everyone and on Friday night had tea and dinner for the newly admitted class. Tea was served on the patio, as the evening was lovely, then we served dinner to all 56. We seem to be hosting more and more large dinners and the staff has learned how to have these affairs run like clockwork! We always enjoy the students and their enthusiasm about being at Wendover.

Nancy and Bob Muhlbach and her brother, John Kooser, were guests for a few days. Their father, Dr. John Kooser, was the second medical director at FNS. Both were born at the old hospital and lived in Joy House in the late 30's. Meals were fascinating as they recalled bits and pieces of the past. One memory would lead to another and it was hard to go back to work!

In between all of this, we have had various friends land on our doorstep for a night or two. Throughout this time we have had student nurses with us for the clinical portion of their training. I have done several tours for students and groups who were just visiting for the day.

The maintenance men started the season building the new fire escape from the second floor of the Garden House. This one is a real set of stairs coming from the side of the porch and connecting to the bottom portion of the existing steps. Everyone is resting easier knowing that the Couriers will not have to try and navigate down the metal ladder should there be a need.

No sooner had that been finished when J. G. Morgan was called to supervise the cleaning of the hospital hill mountain. What a monumental task this has been! Steps and handrails that seemed to lead to nowhere are now part of the original paths that had been lost to the growth. The drive below Aunt Hattie's Barn can now be seen and connects to the drive at Joy House. The whole mountain has been cleared. J. G. has had the job of encouraging the crew and trying to figure out just where to put all the debris. But it does look wonderful! The entire community is talking about this latest project and everyone is thrilled that it's finally being done.

The Cool Hut located behind the Big House kitchen has been completely secured from the weather and four-footed friends. After thorough cleaning, the hut was painted from ridgepole to floor and what seems like acres of new shelves were built. Cassie and the kitchen staff are delighted to have the new storage area.

The winter damage of broken pipes to the Upper Shelf was repaired and the whole place was painted. Kate McHugh, Penny Armstrong and Elizabeth Parr were the first to enjoy the refurbishings of the house during Midwifery Bound in August.

Life at Wendover has not been dull and the summer has flown by.

-Susie Hudgins

Courier News

The summer group of Couriers are slowly drifting out and a new group will arrive September 6. **Greg George** from Porter, Indiana, was here from May 20 until July 23. He has one more year at Dartmouth College before applying to medical schools. **Jessica Rice**, Grove City, Pennsylvania, was here from June 12 until August 5. She will return to Grove City College in the Fall. **Dascha Weir**, Cambridge, Massachusetts, and **Anne Kelsey**, Lewiston, Maine, were here from June 20 until August 15. Dascha attends Dartmouth and Anne attends Bowdoin College. **Michael Todd**, Hanover, New Hampshire, was here from June 20 until mid-September. He graduated from Dartmouth and plans to attend medical school. Many thanks to **Jim Harris** who was not a Courier but a volunteer archivist who came down from Indiana University, Pennsylvania to do preservation of our photograph collection.

We are looking forward to the arrival of Jennifer Shade, Houston, TX, Katherine Aldrich, Barrytown, NY, Julie Cross, Chapel Hill, NC, and Julia Swanson, Farmington, MN.



Left to Right: Dascha Weir, Michael Todd, Jessica Rice, Greg George and Anne Kelsey

Miscellaneous

We had a really nice visit this summer with **Mr. John H. Kooser II**, **Mrs. Nancy Muhleach** and her husband **Bob**. John and Nancy are the son and daughter of **Dr. John H. Kooser**, the **second medical director** at the Frontier Nursing Service. We had a great time at dinner listening to them reminisce about their early years at FNS. Nancy and John were born in the old hospital and Mrs. Breckinridge was Nancy's godmother.

Their father, Dr. Kooser, came to FNS and volunteered for a summer doing pediatric clinics. He was here for five weeks. After Dr. Capps, the first medical director, left for post graduate work, Mrs. Breckinridge began looking for another medical director. She asked Dr. Kooser to become the medical director during January 1932. Dr. Kooser felt that he didn't have enough experience in obstetrics so Mrs. Breckinridge arranged for him to spend several months at the Presbyterian Medical Center in New York with Dr. Benjamin P. Watson, who was a member of our National Medical Council. Dr. Kooser practiced at the FNS for 11 years until he left in the summer of 1943 to volunteer for the Medical Corps of the United States Navy. Dr. Kooser established a hospital while stationed in the South Pacific for two years then became a small town physician in the town of Erwin, Pennsylvania, until 1973 when he retired.

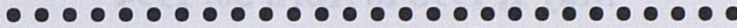


After 26 years of dedicated service, **J.G. Morgan** has decided to retire from his job as maintenance supervisor at Wendover. He's finishing the major project of clearing hospital hill before he goes. As you can see in the photo on the cover page, the hill is really looking great!

J.G. began working at FNS in 1968 at Wendover and then moved to hospital maintenance for several years. He came back to Wendover in 1990 and has since brought it back to the way it should look, following in the footsteps of his father and grandfather who worked at Wendover many years ago.

We will miss J.G.'s dedication to Wendover and we are hoping to maintain the grounds just as he did or he may come visit us. J.G. plans to relax and spend his time going fishing in his new boat.

-Barb Gibson



Over the years, **Kate Ireland** has contributed many great things to FNS but what some of you may not know is her contribution to the happiness of Joyful and a local bull.

-Deanna Severance

To: Skip Spell
From: Katie
Subject: Joyful and a local Bull

It is OK with Wendover if you want to breed Joyful to a local bull at Red Bird as long as you are positive that the bull has been Bangs tested within the last year and is tagged accordingly. Also, the bull should have been TB tested within the last three years.

As it stands now, the FNS is paying your seed hay bill for Joyful and paying you a milk subsidy until five days after Joyful calves. As is written on your Cow Routine, the calf should be weaned after six weeks. As I understand it, you want to raise the calf regardless of sex as a beeper. This is all right, but you will be responsible for it's feed and hay after it is weaned. The FNS will continue to pay for Joyful's dairy feed but we will have to split the cost of the hay. I presume you will fatten the beeper on oats or corn or some other type of feed that won't get confused with the dairy feed.

I am still trying to get in touch with the State Technician to Bangs test our cows and I will warn you when he is coming. If you have any other questions, please write me.

cc. Miss Browne & Miss Lewis

**SIXTY - NINTH ANNUAL REPORT
of the
FRONTIER NURSING SERVICE, INC.
for the Fiscal Year
May 1, 1993 to April 30, 1994**

PREFACE

As has been our custom since we were one year old, we present our annual report of the fiscal affairs and of the field operations of the Frontier Nursing Service, 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, 1994.

Report of Independent Auditors

Board of Governors
FNS, Inc.

We have audited the accompanying combined balance sheets of FNS, Inc. and affiliates (as listed in Note 1) as of April 30, 1994 and 1993, and the related combined statements of revenue and expenses, changes in fund balances and cash flows for the years then ended. These financial statements are the responsibility of FNS, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 financial statements referred to above present fairly, in all material respects, the combined financial position of FNS, Inc. and affiliates at April 30, 1994 and 1993, and the combined results of their operations, changes in their fund balances and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Ernst & Young LLP

June 17, 1994

FNS, Inc.

Combined Balance Sheets

	April 30	
	1994	1993
Assets		
General Funds		
Current assets:		
Cash and cash equivalents	\$ 707,503	\$ 371,056
Accounts receivable—patients—less allowances for uncollectible accounts of \$449,000 in 1994 and \$310,000 in 1993	1,753,926	1,097,926
Accounts receivable—students tuition	1,406,327	1,186,300
Current portion of assets whose use is limited	—	1,000,000
Due from third-party programs	33,000	—
Inventories	178,839	143,126
Prepaid expenses and other current assets	695,774	466,746
Total current assets	<u>4,775,369</u>	<u>4,265,154</u>
Long-term portion of accounts receivable-students tuition	566,250	360,762
Property and equipment:		
Land	141,163	135,163
Buildings	3,566,737	3,563,261
Equipment	4,468,274	4,328,937
	<u>8,176,174</u>	<u>8,027,361</u>
Less accumulated depreciation	5,913,429	5,532,830
	<u>2,262,745</u>	<u>2,494,531</u>
Assets whose use is limited, net of current portion	8,957,452	7,970,696
Total general fund assets	<u>\$ 16,561,816</u>	<u>\$ 15,091,143</u>
Restricted Funds		
Endowments:		
Cash and investments	\$ 2,477,956	\$ 1,776,720
Student loan receivables	64,196	58,019
Total restricted fund assets	<u>\$ 2,542,152</u>	<u>\$ 1,834,739</u>

	April 30	
	1994	1993
Liabilities and fund balances		
General Funds		
Current liabilities:		
Accounts payable	\$ 1,144,030	\$ 1,257,876
Accrued salaries and withholdings	146,964	109,321
Accrued vacation expense	299,545	219,082
Deferred tuition—students	1,579,424	1,153,220
Unexpended special purpose funds	345,262	467,000
Payable to third-party programs	—	241,500
Other current liabilities	777,542	615,220
Total current liabilities	<u>4,292,767</u>	<u>4,063,219</u>
Long-term portion of deferred tuition-students	566,250	360,762
Fund Balance	11,702,799	10,667,162
Commitments and contingencies		
Total general fund liabilities and fund balances	<u><u>\$ 16,561,816</u></u>	<u><u>\$ 15,091,143</u></u>

Restricted Funds

Fund Balance	<u>\$ 2,542,152</u>	<u>\$ 1,834,739</u>
Total restricted fund balances	<u><u>\$ 2,542,152</u></u>	<u><u>\$ 1,834,739</u></u>

See accompanying notes.

FNS, Inc.

Combined Statements of Revenue and Expenses

	Year ended April 30	
	1994	1993
Net patient service revenue	\$ 11,250,654	\$ 9,264,161
Education revenues:		
Tuition and educational fees	1,870,862	1,441,981
Federal grants	247,880	104,600
	<u>2,118,742</u>	<u>1,546,581</u>
Other revenue	292,646	566,271
Unrestricted donations	1,126,873	715,364
Total revenue	<u>14,788,915</u>	<u>12,092,377</u>
Expenses:		
Salaries and wages	7,003,768	6,909,380
Fringe benefits	1,336,080	1,238,434
Medical services, supplies and other expenses	4,159,930	3,884,685
Facility costs	1,252,890	1,076,617
Provider taxes	217,772	-
Provision for bad debts	598,286	280,360
Total expenses	<u>14,568,726</u>	<u>13,389,476</u>
Income (loss) from operations	220,189	(1,297,099)
Nonoperating gains:		
Investment income	301,155	492,860
Gain on sale of investments	446,234	344,466
	<u>747,389</u>	<u>837,326</u>
Excess of revenue and gains over (under) expenses	<u>\$ 967,578</u>	<u>\$ (459,773)</u>

See accompanying notes.

FNS, Inc.

Combined Statements of Changes in Fund Balances

	General Funds	Restricted Funds
Balances at April 30, 1992	\$ 11,108,460	\$1,577,807
Excess of (expenses) over revenue and gains	(459,773)	-
Restricted contributions used for purchase of property and equipment	18,475	-
Contributions restricted for specific purpose	-	212,962
Gain on sale of endowment fund investments	-	40,938
Restricted endowment fund revenue	-	3,032
Balances at April 30, 1993	10,667,162	1,834,739
Excess of revenue and gains over expenses	967,578	-
Restricted contributions used for purchase of property and equipment	68,059	-
Contributions restricted for specific purpose	-	663,042
Gain on sale of endowment fund investments	-	44,371
Balances at April 30, 1994	<u>\$ 11,702,799</u>	<u>\$ 2,542,152</u>

See accompanying notes.

FNS, Inc.

Combined Statements of Cash Flows—General Funds

	Year ended April 30	
	1994	1993
Cash flow from operating activities and gains		
Revenue and gains over (under) expenses	\$ 967,578	\$ (459,773)
Adjustments to reconcile revenue and gains over (under) expenses to net cash provided by operating activities and gains:		
Provision for bad debts	598,286	280,360
Depreciation	380,599	362,693
Accounts receivable—patients	(1,254,286)	(298,818)
Accounts receivable—students tuition	(425,515)	(525,282)
Other assets	(264,742)	(316,171)
Accounts payable	(113,846)	411,959
Payable to third party programs	(274,500)	(104,762)
Deferred tuition—students	631,692	549,595
Other	158,691	413,286
Net cash provided by operating activities and gains	<u>403,957</u>	<u>313,087</u>
Cash flows from investing activities		
Purchases of property and equipment	(148,813)	(277,231)
Restricted contributions	68,059	18,475
Cash withdrawn from (invested in) assets whose use is limited	13,244	(307,235)
Net cash used in investing activities	<u>(67,510)</u>	<u>(565,991)</u>
Net increase (decrease) in cash and cash equivalents	336,447	(252,904)
Cash and cash equivalents at beginning of year	371,056	623,960
Cash and cash equivalents at end of year	<u>\$ 707,503</u>	<u>\$ 371,056</u>

See accompanying notes.

FNS, Inc.

Notes to Combined Financial Statements

April 30, 1994

1. Organization and Summary of Accounting Policies

Organization

FNS, Inc. (the Service) was organized in 1925 as a nonprofit charitable organization. The Service's original purpose was to provide needed health services in the Appalachian area. 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. The Service currently operates an accredited midwifery and family nursing school, a home health agency, 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 services and programs.

Principles of Combination

The Service consists of the following nonprofit entities:

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

Mary Breckinridge Healthcare, 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.

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. Significant intercompany transactions and accounts have been eliminated in combination.

FNS, Inc.

Notes to Combined Financial Statements (continued)

1. Organization and Summary of Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents consists of cash and highly liquid investments having a maturity at the date of acquisition of 90 days or less, excluding amounts whose use is limited by board designation.

Inventories

Inventories, principally medical supplies, are stated at cost (first-in, first-out method) which is not in excess of market.

Property and Equipment

Property and equipment is stated at cost, or fair market value at date of donation for items donated to the Service. Depreciation has been computed on the straight-line method over the estimated useful lives of the respective assets.

Investments

Investments in marketable equity securities are stated in the financial statements at the lower of their aggregate cost or market value. Investments, other than equity securities, are stated in the financial statements at cost, or if donated, at fair market value at the date of donation. Gain or loss from sale of investments is the difference between proceeds received and the carrying value of the investment sold.

Assets Whose Use is Limited

Unrestricted resources which are designated by the Service for special uses are reported as assets whose use is limited. The Board of Governors has designated the following 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 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 scholarships and educational programs.

FNS, Inc.

Notes to Combined Financial Statements (continued)

1. Organization and Summary of Accounting Policies (continued)

Assets Whose Use is Limited (continued)

The Kate Ireland Women's Health Care Center Fund accumulates funds until such time as they are needed for the operation of the Kate Ireland Women's Health Care Center.

The David D. Knox Fund accumulates funds for such uses as the Board may determine, except that no amounts are to be expended from such fund through 1994.

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

Income from the principal portion of the Consolidated Fund is to be used to subsidize care for indigent patients unless such income is specifically designated by the Board for other uses. Income from the Education, Kate Ireland Women's Health Care Center, Mary Breckinridge Chair and David D. Knox Funds is retained with the funds until expended for the designated purposes.

Restricted Funds

Restricted funds represent several endowments received from donors, the principal of which cannot be expended. Income from such endowments is available for operating purposes and is reported as revenue when earned in accordance with the donor's instructions.

Resources restricted by donors for additions to property are recorded as increases to the general fund balance when expended for the purposes intended. Resources restricted by donors for specific operating purposes are credited to revenue when expended for the purposes intended.

Accounts Receivable—Students and Deferred Tuition—Students

The Service provides a midwifery training program to eligible students. The program generally takes 24 months to complete. The tuition for the midwifery program is due ratably every six months. The Service's policy is to recognize tuition revenue ratably over 24 months.

FNS, Inc.

Notes to Combined Financial Statements (continued)

1. Organization and Summary of Accounting Policies (continued)

Statement of Revenue and Expenses of General Funds

For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health and education services are reported as revenue and expenses. Peripheral or incidental transactions are reported as gains and losses.

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 \$905,000 and \$396,000 in 1994 and 1993, respectively. The Service recorded \$581,000 of revenue in 1994 from the Commonwealth of Kentucky for reimbursement of certain services provided to indigent patients. This amount is included in patient revenue. See Note 2 for further discussion of the program.

Net Patient Service Revenue

Net patient service revenue is reported at the established 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 rendered consists of the following:

	Year ended April 30	
	1994	1993
Gross patient service revenue	\$ 14,221,547	\$ 11,048,345
Less charity and contractual adjustments	2,970,893	1,784,184
Net patient service revenue	<u>\$ 11,250,654</u>	<u>\$ 9,264,161</u>

Unrestricted Donations and Grants

Donations and grants which are not restricted by donors are reported as operating revenue. Bequests under wills are recorded when received by the Service.

FNS, Inc.

Notes to Combined Financial Statements (continued)

1. Organization and Summary of Accounting Policies (continued)

Tax Status

The Service has received a determination from the Internal Revenue Service (IRS) that each of the nonprofit entities qualifies as tax-exempt under applicable Internal Revenue Code (IRC) sections.

2. Medicare and Medicaid Programs

The Service participates in the Medicare and Medicaid Programs. During 1994 approximately 31% and 23%, respectively, of the Service's net patient service revenue were derived from services to patients covered by these Programs. Comparable percentages for 1993 were 31% and 34%, respectively. The Hospital settled certain prior year Medicaid cost reports during 1993 which resulted in an increase in net patient service revenue approximating \$425,000.

Medicare

Medicare payments for inpatient services are made based upon the patient's diagnosis (DRG), irrespective of cost. The diagnosis upon which payment is based is subject to review by Program representatives. The Program reimburses the Hospital 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.

Medicaid

The Medicaid Program reimburses the Hospital on a prospectively determined rate per patient day for inpatient services and on the basis of cost for certain outpatient services including rural health clinics and home health agency services .

The Hospital participated in the Commonwealth of Kentucky Hospital Indigent Care Assurance Program (HICAP) through June 30, 1993 when HICAP was discontinued. The Hospital was assessed a tax based upon a percentage of operating expenses and received a benefit payment based upon its Medicaid days. The statements of revenue and expenses for the years ended April 30, 1994 and 1993 include a benefit under HICAP of approximately \$38,000 and \$275,000, respectively.

FNS, Inc.

Notes to Combined Financial Statements (continued)

2. Medicare and Medicaid Programs (continued)

The Commonwealth of Kentucky replaced HICAP with a program to provide funds for indigent care provided by Kentucky Hospitals through a provider tax. Under the provider tax program, Kentucky hospitals are taxed at rates ranging from 2.0% to 2.5% of net collections from patient services beginning July 1, 1993 and are eligible for reimbursement for certain services provided to indigent patients. The 1994 statement of revenue and expenses includes revenue of \$581,000 and expenses of \$217,772 related to this program. As of April 30, 1994, prepaid expenses and other assets includes approximately \$447,000 related to amounts receivable for such indigent patients. This receivable was determined based upon Medicaid regulations in effect as of the date of these financial statements. Such regulations are subject to revision by the Commonwealth of Kentucky.

3. Investments

The carrying value and approximate market value of investments at April 30, 1994 and 1993 are summarized as follows:

	1994		1993	
	Carrying Value	Market	Carrying Value	Market
Investments recorded in:				
Assets whose use is limited:				
Consolidated Fund:				
Cash and cash equivalents	\$ 1,481,053	\$ 1,481,053	\$ 551,188	\$ 551,188
U.S. Government obligations	592,961	583,420	849,945	893,251
Certificates of deposit	150,000	150,000	-	-
Corporate bonds	767,292	752,176	869,072	912,305
Common stocks	1,692,949	1,706,091	2,185,051	2,249,825
Common trust fund equities	19,160	17,903	17,070	15,103
Due to Restricted Funds	(660,187)	(660,187)	(149,903)	(149,903)
	<u>4,043,228</u>	<u>4,030,456</u>	<u>4,322,423</u>	<u>4,471,769</u>
Education Fund:				
Cash and cash equivalents	327,866	327,866	353,452	353,452
Income bond investment fund class B	2,071,603	2,072,953	1,941,668	2,050,607
Common stocks	886,671	905,775	780,512	804,575
	<u>3,286,140</u>	<u>3,306,594</u>	<u>3,075,632</u>	<u>3,208,634</u>

FNS, Inc.

Notes to Combined Financial Statements (continued)

3. Investments (continued)

	1994		1993	
	Carrying Value	Market	Carrying Value	Market
Kate Ireland Women's Health Care Center Fund:				
Cash and cash equivalents	\$ 15,652	\$ 15,652	\$ 14,633	\$ 14,633
Income bond investment fund class B	339,939	342,328	-	-
Common trust fund equities	125,337	127,620	465,291	483,061
	<u>480,928</u>	<u>485,600</u>	<u>479,924</u>	<u>497,694</u>
David D. Knox Fund:				
Cash and cash equivalents	48,641	48,641	26,660	26,660
Common stock	483,933	519,475	445,788	489,500
	<u>532,574</u>	<u>568,116</u>	<u>472,448</u>	<u>516,160</u>
Mary Breckinridge Chair Fund:				
Cash and cash equivalents	29,826	29,826	47,224	47,224
Income bond investment fund class B	286,207	280,560	-	-
Common trust fund equities	298,549	299,463	573,045	571,591
	<u>614,582</u>	<u>609,849</u>	<u>620,269</u>	<u>618,815</u>
Total assets whose use is limited including current and noncurrent portion	<u>\$ 8,957,452</u>	<u>\$ 9,000,615</u>	<u>\$ 8,970,696</u>	<u>\$ 9,313,072</u>
Restricted Funds:				
Cash and cash equivalents	\$ 220,867	\$ 220,867	\$ 150,077	\$ 150,077
U.S. Government obligations	105,279	110,452	105,279	119,347
Income bond investment fund class B	309,473	304,095	-	-
Common trust fund equities	1,182,150	1,305,758	1,371,461	1,507,020
	<u>1,817,769</u>	<u>1,941,172</u>	<u>1,626,817</u>	<u>1,776,444</u>
Due from assets whose use is limited—General Funds	660,187	660,187	149,903	149,903
Total investment of restricted funds	<u>\$ 2,477,956</u>	<u>\$ 2,601,359</u>	<u>\$ 1,776,720</u>	<u>\$ 1,926,347</u>
Total investments:				
Assets whose use is limited	\$ 8,957,452	\$ 9,000,615	\$ 8,970,696	\$ 9,313,072
Restricted funds	2,477,956	2,601,359	1,776,720	1,926,347
	<u>\$ 11,435,408</u>	<u>\$ 11,601,974</u>	<u>\$ 10,747,416</u>	<u>\$ 11,239,419</u>

FNS, Inc.

Notes to Combined Financial Statements (continued)

3. Investments (continued)

FNS, Inc. is also the income beneficiary of certain trust funds which are not administered or controlled by the Service. Accordingly, such funds are not included in the balance sheets at April 30, 1994 and 1993. Income received from such funds, which is included with unrestricted donations, was \$34,085 and \$63,737 for the years ended April 30, 1994 and 1993, respectively.

4. Retirement Plans

The Frontier Nursing Service, Inc. Capital Accumulation Plan (Plan), a non-contributory defined contribution retirement plan, covers substantially all Service employees. Employer contributions are determined by the Board of Governors annually and are allocated among Plan participants on the basis of eligible employees' salaries. The Service recorded expense of \$105,000 and \$64,000 related to the retirement plan for the years ended April 30, 1994 and 1993, respectively.

5. Commitments and Contingencies

The Service insures for professional and general liability losses through claims-made policies, and records reserves for deductibles for potential claims, based on their best estimates. In the opinion of management, 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, 1994 are not determinable; however, in management's opinion such liabilities, if any, will not have a material adverse impact on the Service's financial statements. Accordingly, no provision for adverse loss contingencies has been made in the accompanying financial statements.

REPORT OF OPERATIONS

Comparative analysis of service provided on the two fiscal years 1993 and 1994.

	FY Ending 4-30-93	FY Ending 4-30-94
ALL PATIENTS (Excluding Newborns):		
Percent of Occupancy	29.3	35.7
Patient Days - Total	4,929	5,982
Medical - Surgical Unit	3,636	4,519
Obstetrical Unit	640	700
Skilled Beds	653	763
Admissions - Total	1,192	1,296
Medical - Surgical	863	1,004
Obstetrical Unit	329	292
Average Daily Census	11.7	14.3
Average Length of Stay	3.8	4.2
NEWBORNS		
Percent of Occupancy	13.0	10.7
Patient Days - Total	489	390
Admissions - Total	244	193
Average Daily Census	1.3	1.1
Average Length of Stay	2.0	2.0
DELIVERIES - TOTAL	245	193
OPERATIONS - TOTAL	347	582
Major	93	131
Minor	268	444
In-Patient	147	143
Out-Patient	200	437
C-Sections	64	64
DEATHS		
Institutional (over 48 hours)	32	17
Institutional (under 48 hours)	6	6
Non-Institutional (OPD/ER)	16	13
X-RAYS - TOTAL	8,264	9,803
In-Patient	890	1,276
Out-Patient	7,364	8,527

	1993	1994
CT SCANS	N/A	602
In-Patient	N/A	132
Out-Patient	N/A	470
ULTRASOUND	N/A	1,016
In-Patient	N/A	112
Out-Patient	N/A	904
MAMMOGRAMS	N/A	144
LAB - TOTAL	107,577	125,705
In-Patient	38,943	47,052
Out-Patient	47,459	52,139
Referred In	29,832	26,514
Referred Out (not in total)	7,235	7,644
District Clinics (not in total)	N/A	4,212
PHYSICAL THERAPY	10,297	10,265
In-Patient Treatments	1,733	2,259
Out-Patient Treatments	8,564	8,006
EKG PROCEDURES	2,742	3,403
In-Patient	897	1,088
Out-Patient	1,845	2,315
EEG PROCEDURES	N/A	57
RESPIRATORY THERAPY	28,283	45,125
In-Patient	23,401	38,909
Out-Patient	5,539	6,216
HOME HEALTH - TOTAL	22,607	26,979
CLINIC VISITS TOTALS		
Hyden Clinic	15,541	17,699
Average Visits Per Day	60.7	69.0
Days of Operation	256	256
Kate Ireland Women's Clinic	4,702	4,261
Average Visits Per Day	18.3	17.0
Days of Operation	256	242
Emergency Room Visits	8,885	9,020
Average Visits Per Day	24.3	24.0
Days of Operation	365	365
Emergency Room Admissions	587	650

	1993	1994
Beechfork Clinic	5,765	6,073
Average Visits Per Day	24.0	24
Days of Operation	242	251
Community Health Center	3,837	3,411
Average Visits Per Day	18.0	18
Days of Operation	214	182
Wooton Clinic	3,470	3,646
Average Visits Per Day	17.0	18.0
Days of Operation	201	200

COURIER HOURS REPORT - May, 1, 1993 to April 30, 1994

Number of Couriers: 33

MBH Clinics	692
Hospital	1,047
Home Health	1,136
Development Office	134
Local Education System	973
Clinic Rounds	826
Frontier School of Midwifery	30
Literacy Program	517
Wendover - Miscellaneous	1,168
Kate Ireland Women's Center	211

NURSING VOLUNTEER HOURS - May 1, 1993 to April 30, 1994

Mary Breckinridge Healthcare	384
Kate Ireland Women's Clinic	48
Home Health	436
Clinics	32

OTHER VOLUNTEER HOURS - November 15, 1993 to April 30, 1994 - Dr. Anne Wasson

Frontier School of Midwifery	71
Corporate Office	371

SIXTY-NINE YEAR TOTALS-SELECTED DATA

Because there continues to be interest in these figures, we have reconstructed the essential information necessary to cover FNS' sixty-nine 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, 1994.

Patients registered from the beginning in 1925	166,876
Maternity cases delivered	23,893
Maternity deaths (9 puerperal, 2 cardiac)	11
Number of days of occupancy in FNS hospitals (including old Hyden Hospital, which opened in June 1928, and Mary Breckinridge Hospital, which opened in February 1975)	543,366

*Figures exclude newborns

TOTAL CONTRIBUTIONS

	YTD 1992-1993	YTD 1993-1994
Non-Restricted	508,402.33	879,409.89
Restricted	93,560.16	241,505.14
Derby Benefits	<u>26,700.00</u>	<u>25,200.00</u>
Total	628,662.49	1,146,115.03

Special Thanks to our Committees

	YTD 1992-1993	YTD 1993-1994
Committee Benefits		
Boston	8,000.00	6,500.00
Philadelphia	4,700.00	4,700.00
Washington	14,000.00	14,000.00
Bluegrass	4,305.00	2,475.00

Also, special thanks to The Daughters of Colonial Wars
8,439.57

Letter of Appeal

Dear Friends of FNS,

Although the Frontier Nursing Service is still very viable today and our Community-Based Nurse-Midwifery Education Program is growing in leaps and bounds, we still need the support of our dear loyal friends.

In an effort to try to attract new donors to the FNS and to establish a personal relationship with them we are asking you to please send us the names of friends who you think would be interested in supporting FNS. We will write to them and assure them that their name will not be released to any mailing company.

We would greatly appreciate your assistance. Please fill out and detach this page and send to the Development Office if you wish to encourage someone else to become a donor.

My name is: _____

List of my friends names and addresses are:

Name: _____

Address: _____

Name: _____

Address: _____

Name: _____

Address: _____

When we write to your friends, may we tell them that you gave us their name? Yes _____ No _____

IN MEMORIAM

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

Mable Salisbury Turner, Thomasville, GA, died May 23, 1994. She was a midwifery graduate of the Frontier School of Midwifery and Family Nursing in 1963.

Amelia Jean McLeod, RN, died June 18, 1994, at the age of 89. She was a former administrator at the New London Hospital, New Hampshire, for 11 years. She was a friend of Dr. Anne Wasson.

Dr. Robert Oseasohn, age 70, of San Antonio, Texas, died June 7, 1994. He was the former Associate Dean at the University of Texas School of Public Health. He was a graduate of Tufts University and Long Island College of Medicine. Dr. Oseasohn's daughter Nancy, was a Courier at FNS years ago and Dr. Oseasohn came to visit her at that time. He has been a long time friend and supporter of the FNS.

Mr. E. Townsend Moore, Darling, Pennsylvania, died May 5, 1994. He was retired from Sun Oil Company and enjoyed teaching woodworking for a hobby. His wife Elizabeth ("Bubbles") serves on the Philadelphia Committee. Mr. Moore was a friend and supporter of the Frontier Nursing Service.

Dr. Houston Westover, age 78, died July 2, 1994, at Emerson Hospital, Concord, Massachusetts, after a long illness. He served the people of the mountains of Eastern Kentucky for many years. He first came to the mountain region as Chief of Staff at the Whitesburg Appalachian Hospital, Whitesburg, Kentucky, organizing its first medical services. Later he heeded the call of Frontier Nursing Service and served as Chief of Staff of the hospital during the time of the construction of the new facility.

Through all of his professional career Dr. Westover was very active in the work of the American Friends Medical Service Committee. He is also remembered for his extraordinary skill as a photographer and the many gallery displays of his photographs.

Dr. Westover is survived by his wife Jane Weaver Westover, two sons, Peter Westover of Shelburne Falls, Massachusetts, Dana Westover of Somerville, Massachusetts and three grandchildren.

Helen Elizabeth (Betty) Eberhart, Hanover, New Hampshire died during July, 1994. She worked as a nurse at the Frontier Nursing Service in the 1930's. She was known for her pottery and unique sculptures and for her hand-written childrens books. Mrs. Eberhart was a supporter of the FNS.

MEMORIAL GIFTS

We wish to express our deep appreciation to these friends who have shown their love and respect for the individuals named below by making supporting contributions in their memory to the work of the Frontier Nursing Service.

Joseph C. Carter, III

Mary L. Carter

Dr. Robert Oseasohn

Mary and Benjamin Bradshaw

Dr. Anne Wasson

Florence Rubin

Joan R. Mortimer

Floyd W. Denny

Mrs. Evan Randolph

Mrs. Wm. P. Hacker

Alice Hillman Heck

Seymour C. Heck

Margaret Field

Seymour C. Heck

Helen Fedde

Rosalyn Mervis

Mable Turner

Connie Becker

Mark and Priscilla Heidorn

Loraine Heidorn

Claire Reitz

Dr. Anne Wasson

Ernest F. Wahl, Jr.

Priscilla Crow

Amelia J. McLeod

Dr. Anne Wasson

Venita Smith

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Annabelle L. Rhinehart

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Mrs. John Macomber

Barbara Post

Mrs. Charles Chatfield

Dr. Edward Brennep, M.D.

Dr. Yvonne Imbleau

Sue Hall

Nancy Webb & Richard A.F. Shafer

Ed Dunton

John Dunton

Suzy Dunton

John Dunton

In Memoriam

If you wish to make a contribution to the Frontier Nursing Service in memory of a friend or loved one, please fill out and return this section to the Development Office at FNS.

In memory of: _____

Contributor's name: _____

Address: _____

Person(s) to whom you wish acknowledgments sent:

Name: _____

Address: _____

In Honor of

If you wish to make a contribution to the Frontier Nursing Service in honor of someone's accomplishments or achievements, please fill out and return this section to the Development Office at FNS.

In honor of: _____

Contributor's name: _____

Address: _____

Person(s) to whom you wish acknowledgments sent:

Name: _____

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FNS, INC. (the parent)

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 Administrative Assistant: Virginia Roberts
 Risk Management: Connie Napier

Accounting/Fiscal Services:

Chief Financial Officer: R. Clark Myers, BS, MBA
 Purchasing: Nannie Hornsby

Director of Public Relations and Courier Program:

Barb Gibson

Development Office: Mae Irvin, Secretary

Human Resources: Eva Morgan, Manager

Wendover Manager: Susie Hudgins

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(the foundation)**

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FNS REAL ESTATE, INC.

President: Deanna Severance, BSN, MS

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 Infection Control: Ann Jones, LPN
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Nursing Staff:

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 Nursing Volunteer Program: Glenna Combs, RN
 Hyden Clinic: Linda Craft, RN
 Med/Surg: Rebecca Jones, RN, Head Nurse
 OB: Juanita Looney, RN, Head Nurse

Medical Staff:

Salim Bakali, Internal Medicine
 Karan Baucom, OB/GYN
 Varkey Chacko, General Surgeon
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 Albino Nunez, Emergency Medicine
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 Leta Holden, RN
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 Teresa Johnson, LPN
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Wooton Clinic:

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Hyden Clinic:

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Beechfork Clinic:

Sr. Sonia Miley, FNP
 Heidi Froemke, FNP

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Mary Breckinridge Healthcare, Hyden, Kentucky 41749, 606-672-2901

Frontier School of Midwifery and Family Nursing, Hyden, Kentucky 41749, 606-672-2312

FNS, INC.

(the parent)

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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 Funds 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 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 Bank
269 West Main Street
Lexington, Kentucky 40507

STAFF OPPORTUNITIES

Because text for the *Bulletin* must go to the printer several weeks 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.

FNS Staff Opportunities include: Family Nurse Practitioners, Registered Nurses, and Physicians. For current information or to apply for a position, contact Eva Morgan, Human Resources Manager, Wendover, KY 41775 (phone 606-672-2317).

Courier Program: This program has an ongoing need for all types of people, with all types of skills. The program is not limited to those interested in a health career. It 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 Barb Gibson, Director of Public Relations/Courier Program, FNS, Inc., Wendover, Kentucky 41775 (phone 606-672-3280 or 672-2317).

Nursing Volunteer Program: This is a program that has been recently 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 Glenna Combs, Director of Nursing, Mary Breckinridge Healthcare, Inc., Hyden, Kentucky 41749 (phone 606-672-3162).

URGENT NEEDS

FNS has an urgent need for the items listed below and hopes that its friends will wish to contribute toward their purchase. Because of your generosity, we sometimes receive more gifts for a particular item than we need. In those instances, your gift will be applied toward another urgent need listed below. Donations should be sent to the Development Office, Frontier Nursing Service, Wendover, Kentucky 41775, where they will be gratefully received.

Beechfork Clinic:	Cost
Adult Scale	500
Baby Scale	300
Community Health Center:	
Ear Probe Thermometer	550
Instruments	750
Emergency Room:	
Infant Scale	300
Stethoscopes	300
Medical Emergency Books	300
Blood Pressure Cuffs	100
Scales	500
Drug Cart	500
Baby Manikan	425
Home Health Agency:	
2 Oscopes	400
Centrifuges (4)	1,500
Hyden Clinic:	
Infant Scale	300
Stethoscopes	300
Surgical Instruments	300
Peds Blood Pressure Cuffs	300
Synamap	800
Kate Ireland Women's Center:	
OB Instruments	450
Rolling Cart for Fetal Monitor	100
Glucometer	100
Baby Scale	600
Obstetrics:	
Ear Therometer	1,000
Baby Scales	600
Circuit Board for Fetal Monitor	400
Wendover:	
Linens for the Big House	400

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 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 midwife training schools for graduate nurses; 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 Incorporation of the
Frontier Nursing Service, Article III
as amended June 8, 1984