HENDRY REGIONAL MEDICAL CENTER

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

HENDRY REGIONAL MEDICAL CENTER
FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hendry Regional Medical Center
Clewiston, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Hendry Regional Medical Center (the Medical Center), as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Medical Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hendry Regional Medical Center, as of September 30, 2021 and 2020, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the Schedules of the Medical Center's Proportionate Share of the Net Pension Liability and Schedules of the Medical Center's Contributions on pages 35 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The supplemental schedules on pages 40 through 45 as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards on pages 46-47 are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and are also not a required part of the basic financial statements.

The supplemental schedules and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2022 on our consideration of the Medical Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Medical Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Medical Center's internal control over financial reporting and compliance.

Christopher, Smith,
Leonard & Stanell, P.A.

CHRISTOPHER, SMITH,
LEONARD & STANELL, P. A.

February 28, 2022
Sarasota, Florida

HENDRY REGIONAL MEDICAL CENTER
"Where It's All About Getting Better"

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This section of the annual financial report of the Hendry Regional Medical Center (the "Medical Center") provides background about the Medical Center and management's discussion and analysis of the Medical Center for fiscal years ended September 30, 2021 and 2020. This discussion has been prepared along with financial statements and related footnote disclosures, which should be read in conjunction with one another. This discussion, the financial statements and footnotes are the responsibility of the Medial Center's management.

Background

The Medical Center is operated by the Hendry County Hospital Authority (the "Authority"). The Authority was created in 1967 pursuant to Chapter 67-1446, Laws of Florida, to own and operate medical facilities in Hendry County. The Authority is governed by five elected members for four-year terms. The Authority is authorized to levy an annual ad valorem tax upon all taxable property within Hendry County. The Authority does not operate any other facilities.

The financial statements of the Medical Center also include its component unit, Hendry Regional Medical Center Foundation, Inc. (the "Foundation"). The Foundation is a Florida not-for-profit corporation. The Authority selected the initial board of the Foundation and approves all subsequent Foundation nominations. The Foundation's primary purpose is fundraising in support of the Medical Center.

Financial Highlights

The Medical Center continues to provide a significant amount of care to the indigent population in our community through the financial support of property taxes. These uncompensated charges, which include charity care, bad debts, and Medicaid contractual adjustments, for care provided to this population amounted to $14,397,000 in 2021, $14,292,000 in 2020, $17,231,000 in 2019.

	2021	2020	2019
Charity care	$ 2,641,000	$ 3,602,000	$ 4,334,000
Bad debts	10,218,000	9,110,000	10,767,000
Medicaid contractual adjustments	1,538,000	1,580,000	2,130,000
Total	$ 14,397,000	$ 14,292,000	$ 17,231,000

The Medical Center's net position increased $4,686,000 or 55% during fiscal year ended September 30, 2021. During fiscal year ended September 30, 2020, the Medical Center's net position increased $3,065,000 or 57%.

The Medical Center reported operating losses in fiscal year ended September 30, 2021 and 2020. In 2020 the operating loss was $9,750,000, and in 2021 the operating loss was $9,906,000.

Non-operating revenues increased by $1,777,000 or 13.9% during fiscal year ended September 30, 2021 compared to 2020. Non-operating revenues increased by $4,781,000 or 59.5% during fiscal year ended September 30, 2020 compared to 2019.

In 2021 the Medical Center experienced an increase of $862,000 in ad valorem taxes, an increase of $910,000 in non-capital grants, and a decrease in interest expense of $14,000 for debt service. In 2020, ad valorem taxes increased $328,000, non-capital grants increased $4,402,000 and interest expense decreased $72,000 for debt service.

Using This Annual Report

The Medical Center's financial statements consist of three statements - a Balance Sheet; a Statement of Revenues, Expenses and Changes in Net Position; and a Statement of Cash Flows. These financial statements and related notes provide information about the activities of the Medical Center, including resources held by the Medical Center but restricted for specific purposes by contributors, grantors, or enabling legislation.

The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Position

One of the most important questions asked about the Medical Center's finances is "Is the Medical Center as a whole better or worse off as a result of the year's activities?" The Balance Sheet and Statement of Revenues, Expenses and Changes in Net Position report information about the Medical Center's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Medical Center's net position and changes in them. You can think of the Medical Center's net position as the difference between assets plus deferred outflows and liabilities plus deferred inflows as one way to measure the Medical Center's financial health, or financial position. Over time, increases or decreases in the Medical Center's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Medical Center's patient base and measures of the quality of service it provides to the community, as well as local economic factors to assess the overall health of the Medical Center.

The Statement of Cash Flows

The final required statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It provides answers to such questions as "Where did cash come from?" "What was cash used for?" and "What was the change in the cash balance during the reporting period?"

The Center's Net Position

The Medical Center's net position is the difference between its assets plus deferred outflows and liabilities plus deferred inflows reported in the Balance Sheet. The Medical Center's net position increased $4,686,000 or 55% in fiscal year ended September 30, 2021. In 2020, net position increased by $3,065,000 or 57% as described in the following tables.

Table 1: Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

	2021	2020	2019
CURRENT ASSETS			
Cash and cash equivalents	$ 4,807,039	$ 7,209,171	$ 875,355
Patient accounts receivable, net of allowance	4,323,406	3,433,367	2,773,780
Other receivables, inventories and prepaid expenses	1,480,403	1,075,514	1,240,403
Total Current Assets	10,610,848	11,718,052	4,889,538
ASSETS LIMITED AS TO USE	709,201	707,751	701,482
CAPITAL ASSETS - NET	13,428,966	13,803,931	14,889,464
TOTAL ASSETS	$ 24,749,015	$ 26,229,734	$ 20,480,484
DEFERRED OUTFLOWS	$ 54,893	$ 111,222	$ 104,159
CURRENT LIABILITIES	$ 3,741,855	$ 5,490,986	$ 6,119,159
LONG-TERM LIABILITIES	7,418,234	9,925,771	8,980,613
TOTAL LIABILITIES	$ 11,160,089	$ 15,416,757	$ 15,099,772
DEFERRED INFLOWS	$ 507,502	$ 2.473,660	$ 99,286
NET POSITION			
Net investment in capital assets	$ 5,282,921	$ 5,136,126	$ 5,486,183
Restricted - Expendable for education & community relations	90,622	90,622	90,191
Unrestricted	7,762,774	3,223,791	(190,789)
TOTAL NET POSITION	$ 13,136,317	$ 8,450,539	$ 5,385,585

The assets of the Medical Center were primarily affected by the cash received on non-capital grants, cash paid for capital expenditures, current depreciation, and increases in accounts receivable and stop loss receivables. Current liabilities decreased because of forgiveness of the PPP loan and estimated third-party settlements.

Operating Results and Changes in the Medical Center's Net Position

In 2021, the Medical Center's net position increased approximately $4,686,000 or 55% and in 2020 net position increased approximately $3,065,000 or 57%, as shown in Table 2.

Table 2: Operating Results and Changes in Net Position

	2021	2020	2019
OPERATING REVENUES			
Net patient service revenue	$ 23,297,031	$ 21,052,707	$ 21,051,588
Other	3,477,796	2,669,723	2,863,696
Total Operating Revenues	26,774,827	23,722,430	23,915,284
OPERATING EXPENSES			
Salaries and benefits	17,941,975	18,034,642	17,469,725
Outside services	6,051,863	4,306,825	3,888,942
Supplies	3,407,273	2,383,001	2,198,546
Depreciation and amortization	1,731,497	1,734,536	1,793,473
Other operating expenses	7,548,389	7,013,328	6,653,659
Total Operating Expenses	36,680,997	33,472,332	32,004,345
OPERATING LOSS	(9,906,170)	(9,749,902)	(8,089,061)

Table 2: Operating Results and Changes in Net Position - Continued

	2021	2020	2019
Non-operating revenues (expenses):			
Ad valorem taxes	9,276,851	8,414,376	8,086,593
Non-capital grants and contributions	5,629,420	4,718,992	317,237
Gain on disposal of assets	-0-	3,000	24,000
Investment Income	10,750	17,196	15,935
Interest expense	(325,073)	(338,708)	(410,284)
Total non-operating revenues (expenses)	14,591,948	12,814,856	8,033,481
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES BEFORE CAPITAL GRANT	4,685,778	3,064,954	(55,580)
Capital grant	-0-	-0-	600
Increase (decrease) in net position	4,685,778	3,064,954	(54,980)
Net Position, Beginning of Year	8,450,539	5,385,585	5,440,565
NET POSITION, END OF YEAR	$ 13,136,317	$ 8,450,539	$ 5,385,585

Operating Losses

The first component of the overall change in the Medical Center's net position is its operating income (loss) – which is generally the difference between net patient service and other operating revenues and the expenses incurred to perform those services. In each of the past three years, the Medical Center has reported an operating loss. This is consistent with the Medical Center's entire operating history. The Authority's medical center operations began as a municipal hospital, when it was agreed that a portion of its costs would be subsidized by property tax revenues, making the facility more affordable for the county's lower income residents. Operating losses in 2021 increased approximately $156,000 or 2%. Operating losses in 2020 increased approximately $1,661,000 or 21%.

In 2021, operating revenues increased $3,052,000 or 13%. During this fiscal year the Medical Center experienced decreases in outpatient registrations offset in part by increases in inpatient days. In 2020, operating revenues decreased $193,000 or 1%.

During fiscal year ended September 30, 2021 the amount of charity care, bad debt and contractual adjustments from Medicaid was $14,397,000, or a 1% increase from 2020. For 2020, the amount was $14,292,000, a 17% decrease from 2019.

In 2021, salaries and benefits decreased 0.5% while all other expenses increased 21.4%. For 2020, salaries and benefits increased 3.2% while all other expenses increased 6.2%.

The Medical Center is a designated critical access hospital under the Medicare program. This is a reimbursement methodology based on actual cost, which is more favorable than prospective payment, which was the methodology of reimbursement prior to the fiscal year 2005.

Non-Operating Revenues and Expenses

Non-operating revenues consisted primarily of ad valorem taxes levied by the Authority, non-capital grants and contributions, and interest expense on debt. In 2021, ad valorem taxes increased $862,000 or 10% and non-capital grants and contributions increased $910,000 due to PPP loan forgiveness of $2,945,700 partially offset by reduction in CARES Act funding. During 2020, ad valorem taxes increased $328,000 or 4% and non-capital grants and contributions increased $4,402,000 due to CARES Act funding.

The Medical Center's Cash Flows

Cash flows used in operating activities increased $2,192,000 from 2020 to 2021, and the cash provided by noncapital financing activities decreased $6,935,000. The Medical Center used $598,000 for capital expenditures in 2020, while it used $1,059,000 in 2021. Other changes in the Medical Center's cash flows are consistent with changes in operating losses and non-operating revenues and expenses discussed earlier.

Capital Assets and Debt Administration

Capital Assets

At September 30, 2021 the Medical Center had $13,429,000 invested in capital assets, net of accumulated depreciation. In 2021, the Medical Center purchased improvements and equipment totaling $1,357,000.

At September 30, 2020 the Medical Center had $13,804,000 invested in capital assets, net of accumulated depreciation. In 2020, the Medical Center purchased improvements and equipment totaling $649,000.

Capital assets are detailed in Note E to the accompanying financial statements.

Debt

Previous construction projects were funded with a $14,000,000 tax exempt bank loan. This tax exempt borrowing, together with additional capital leases and PPP loan, totaled $8,146,000 and $11,614,000 of debt at September 30, 2021 and 2020, respectively. Debt is further explained in Notes G and H to the accompanying financial statements. The Medical Center paid its scheduled debt payments in 2021 and 2020. The PPP loan was forgiven in 2021 in the amount of $2,945,700.

The Medical Center has recognized its proportionate share of the FRS and HIS net pension liability. At September 30, 2021 and 2020, the net pension liability recognized by the Medical Center was $143,000 and $416,000, respectively.

Other Economic Factors and Next Year's Budget

The service area of the Medical Center is comprised of an agricultural economic base in one of the poorest counties of the state. The area is ranked one of the highest in the state in terms of unemployment and percent of uninsured residents. These demographics significantly affect the Medical Center's self pay patients and resulting uncompensated care costs and bad debts. The impact of the COVID-19 pandemic has also caused volumes in the hospital and clinics to decline over the past year. Management anticipates that volumes will stabilize in the next year and return to more normal levels in fiscal year 2022.

Litigation issues are similar to previous years. The Hospital maintains a designated cash reserve for such claims of approximately $619,000. Each case is unique, and depending upon the amount and timing of its resolution, an unfavorable resolution of some or all of these matters could materially affect the Hospital's future results of operations and cash flows in that period.

Contacting the Authority's Financial Management

This financial report is designed to provide our patients, suppliers, taxpayers, and creditors with a general overview of the Medical Center's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Medical Center's Chief Financial Officer at Hendry Regional Medical Center, 524 West Sagamore Avenue, Clewiston, Florida 33440.

HENDRY REGIONAL MEDICAL CENTER
BALANCE SHEETS
SEPTEMBER 30,

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	$ 4,807,039	$ 7,209,171
Patient accounts receivable, net of allowance for doubtful accounts of $5,612,592 in 2021 and $8,631,678 in 2020	4,323,406	3,433,367
Estimated third-party payor settlements	27,931	-
Other receivables	428,677	416,426
Inventories	505,397	323,232
Prepaid expenses	518,398	335,856
Total Current Assets	10,610,848	11,718,052
NONCURRENT CASH		
Board designated	618,579	617,129
Restricted by contributors for education and community relations	90,622	90,622
Total Noncurrent Cash	709,201	707,751
CAPITAL ASSETS		
Land	1,012,963	1,012,963
Depreciable capital assets, net of accumulated depreciation	12,382,576	12,472,925
Construction in progress	33,427	318,043
Total Capital Assets, Net of Accumulated Depreciation	13,428,966	13,803,931
Total Assets	24,749,015	26,229,734
DEFERRED OUTFLOWS OF RESOURCES - Pension	54,893	111,222
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 24,803,908	$ 26,340,956
CURRENT LIABILITIES		
Current portion, long-term debt	$ 749,084	$ 2,056,474
Current portion, capital lease obligations	121,260	47,716
Accounts payable	523,828	737,921
Accrued liabilities	2,347,683	2,323,462
Estimated third-party payor settlements	-	325,413
Total Current Liabilities	3,741,855	5,490,986
LONG-TERM LIABILITIES		
Long-term debt, net of current maturities	7,275,701	9,509,315
Net pension liability	142,533	416,456
Total Long-Term Liabilities	7,418,234	9,925,771
Total Liabilities	11,160,089	15,416,757
DEFERRED INFLOWS OF RESOURCES		
Pension	244,387	71,724
Unearned revenue - COVID-19 funding	263,115	2,401,936
Total Deferred Inflows of Resources	507,502	2,473,660
NET POSITION		
Net investment in capital assets	5,282,921	5,136,126
Restricted		
Expendable for education and community relations	90,622	90,622
Unrestricted	7,762,774	3,223,791
Total Net Position	13,136,317	8,450,539
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 24,803,908	$ 26,340,956

The accompanying notes are an integral part of these financial statements.

HENDRY REGIONAL MEDICAL CENTER
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30,

	2021	2020
OPERATING REVENUES		
Net patient service revenue (net of provision for bad debts of $10,217,511 in 2021 and $9,110,404 in 2020)	$ 23,297,031	$ 21,052,707
Other	3,477,796	2,669,723
Total Operating Revenues	26,774,827	23,722,430
OPERATING EXPENSES		
Salaries and wages	14,255,129	14,449,446
Outside services	6,051,863	4,306,825
Supplies	3,407,273	2,383,001
Employee benefits	3,686,846	3,585,196
Other operating expenses	1,863,812	1,913,935
Professional fees	3,185,447	2,640,422
Depreciation and amortization	1,731,497	1,734,536
Repairs and maintenance	1,213,255	1,164,949
Utilities	667,870	664,610
Building and equipment rentals	618,005	629,412
Total Operating Expenses	36,680,997	33,472,332
OPERATING LOSS	(9,906,170)	(9,749,902)
Non-operating revenues (expenses):		
Ad valorem taxes	9,276,851	8,414,376
Gain on disposal of assets	-	3,000
Non-capital grants and contributions	5,629,420	4,718,992
Investment income	10,750	17,196
Interest expense	(325,073)	(338,708)
Total Non-Operating Revenues (Expenses)	14,591,948	12,814,856
Excess of Revenues over Expenses before Capital Grant	4,685,778	3,064,954
Capital grant	-	-
Increase in Net Position	4,685,778	3,064,954
Net Position, Beginning of Year	8,450,539	5,385,585
Net Position, End of Year	$ 13,136,317	$ 8,450,539

The accompanying notes are an integral part of these financial statements.

HENDRY REGIONAL MEDICAL CENTER
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30,

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from patients and third party payors	$ 22,053,648	$ 20,845,868
Payments to suppliers and contractors	(21,650,643)	(17,556,467)
Payments to employees	(13,898,367)	(13,873,624)
Other operating receipts and payments, net	3,465,545	2,746,295
Net cash used in operating activities	(10,029,817)	(7,837,928)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net repayments under line-of-credit	-	(1,700,000)
Proceeds from racing funds	85,175	85,175
Ad Valorem taxes	9,191,676	8,329,201
Interest paid on line-of-credit	(333)	(24,499)
Proceeds from long-term debt	-	2,945,700
Proceeds from noncapital grants and contributions	544,899	7,120,928
Net cash provided by noncapital financing activities	9,821,417	16,756,505
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Net (repayments) borrowings under line-of-credit for capital	-	(900,000)
Proceeds from sale of asset	-	3,000
Capital expenditures	(1,058,828)	(597,560)
Interest paid on long-term debt	(324,740)	(314,209)
Repayment of long-term debt	(819,464)	(786,919)
Net cash used in capital and related financing activities	(2,203,032)	(2,595,688)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	10,750	17,196
Net cash provided by investing activities	10,750	17,196
Net change in cash	(2,400,682)	6,340,085
Cash and cash equivalents at beginning of year	7,916,922	1,576,837
Cash and cash equivalents at end of year	$ 5,516,240	$ 7,916,922
Reconciliation of cash and cash equivalents to the balance sheet:		
Cash and cash equivalents in current assets	$ 4,807,039	$ 7,209,171
Board designated	618,579	617,129
Restricted for education and community relations	90,622	90,622
Total cash and cash equivalents	$ 5,516,240	$ 7,916,922

The accompanying notes are an integral part of these financial statements.

HENDRY REGIONAL MEDICAL CENTER
STATEMENTS OF CASH FLOWS - Continued
FOR THE YEARS ENDED SEPTEMBER 30,

	2021	2020
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (9,906,170)	$ (9,749,902)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	1,731,497	1,734,536
Provision for bad debts	10,217,511	9,110,404
Non cash pension expense	(44,931)	19,597
(Increase) decrease in:		
Patient accounts receivable	(11,107,550)	(9,769,991)
Other receivables	(12,251)	76,572
Inventories	(182,165)	1,107
Prepaid expenses	(182,542)	(40,125)
Increase (decrease) in:		
Accounts payable and accrued expenses	(189,872)	327,126
Estimated third-party payor settlements	(353,344)	452,748
Total adjustments	(123,647)	1,911,974
Net cash used in operating activities	$ (10,029,817)	$ (7,837,928)

SUPPLMENTAL DISCLOSURE OF NON-CASH TRANSACTIONS:
The Medical Center purchased equipment which was financed through capital leases totaling $297,700 and $51,443, during 2021 and 2020, respectively.

The Medical Center received forgiveness of the Paycheck Protection Program (PPP) loan in the amount of $2,945,700 during 2021.

The accompanying notes are an integral part of these financial statements.

NOTE A - REPORTING ENTITY

Hendry Regional Medical Center (the "Medical Center") is an acute-care hospital and related rural health clinics and is operated by the Hendry County Hospital Authority (the "Authority"). The Authority was created in 1967 pursuant to Chapter 67-1446, Laws of Florida, to acquire, construct, and maintain hospitals and hospital facilities in Hendry County. The Authority is governed by five elected members for four-year terms. The Authority is authorized to levy an annual ad valorem tax upon all taxable property within Hendry County. The Authority does not operate any other health facilities.

The financial statements of the Medical Center also include its blended component unit, Hendry Regional Medical Center Foundation, Inc. (the "Foundation"). The Foundation is a Florida not-for-profit corporation. The Authority selected the initial board of the Foundation and approves all subsequent Foundation board member nominations. The Foundation's primary purpose is fundraising in support of the Medical Center. The Foundation is exempt from federal income taxes under section 501(c) (3) of the Internal Revenue Code. The Foundation conducts no unrelated business activities, and as such, no provision for income taxes has been recorded in these financial statements. The Foundation adopted guidance issued by the Financial Accounting Standards Board (FASB) on accounting for uncertainty in tax positions. The adoption of this guidance had no effect on the financial position. Management believes that the Foundation has no material unrecognized income tax liabilities, including any potential loss of its tax exempt status. The Foundation has no ongoing federal, state or local tax audits; however, its tax returns for the previous three years remain open to examination.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in accordance 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Enterprise Fund Accounting

The Medical Center uses enterprise fund accounting. Revenues and expenses are recognized on the accrual basis using the economic resources measurement focus. Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Enterprise Fund Accounting - Continued

The principal operating revenues of the Medical Center are charges for patient services. The operating expenses of the Medical Center include the cost to provide patient services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting, as amended, the Medical Center has elected to apply the provisions of relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of twelve months or less, as well as certificates of deposit with varying maturities, which do not have a significant penalty to exit.

Property Taxes

The Medical Center received approximately 23% in 2020 and 22% in 2021 of its financial support from property taxes. These funds were used as follows:

	2021	2020
Used to support operations	$ 7,907,276	$ 7,155,701
Used for debt service	$ 1,284,400	$ 1,173,500

Property taxes are levied by the County on the Authority's behalf on October 1 and are intended to finance the Medical Center's activities of the same calendar year. Amounts levied are based on assessed property values as of the preceding year. The property tax calendar includes these dates:

Levy date	October 1
Lien date	October 1
Tax bill mailed	November 1
Payments due by	March 31

Property taxes are considered delinquent on the day following payment due date. Taxes not paid are declared delinquent and tax certificates are sold to satisfy the liens in June. Taxes are not paid in advance. There were no taxes receivable at September 30, 2021 and 2020, respectively.

The Authority may not levy taxes in excess of 4.25 mills. The tax levy for fiscal year 2021 and 2020 was 3.91 and 3.93 mills, respectively. The 2021 and 2020 tax levy included 0.56 and 0.56 mills for debt service, respectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

The Medical Center's capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. Capital purchases above $5,000 are capitalized. All capital assets other than land are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using these asset lives:

Land improvements	15 to 20 years
Building and building improvements	20 to 40 years
Equipment, computers, and furniture	3 to 7 years

Deposits and Investments

All Medical Center depositories are banks or savings institutions designated as qualified public depositories by the State Treasurer. At September 30, 2021 and 2020, the bank balances were $5,324,586 and $7,650,011, respectively. These deposits were entirely collateralized in state certified qualified public depositories. In accordance with Florida Statute 218.415, the Authority adopted an investment policy limiting Authority investments to the following:

(a) The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes.

(b) Securities and Exchange Commission registered Money Market funds with the highest credit quality rating from a nationally recognized rating agency.

(c) Interest bearing time deposits or savings accounts in state-certified qualified public depositories as defined in Section 280.02, Florida Statutes.

(d) Direct obligations of the U.S. Treasury.

The Foundation maintains its cash in bank deposit accounts and certificates of deposit which at times may exceed federally insured limits. The uninsured balance was $212,095 and $43,235 at September 30, 2021 and 2020, respectively.

Patient Accounts Receivable

The Medical Center provides an allowance for doubtful accounts based on an analysis, which utilizes historical experience of bad debts. Allowances for contractual adjustments are accrued in the period the related services are rendered.

The Medical Center's primary service area is the eastern half of Hendry County, Florida. Approximately 90% of the patients admitted to the medical center are from the primary service area. The remaining patients admitted came from the balance of Hendry County and southern Glades County, Florida.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Patient Accounts Receivable - Continued

The Medical Center receives payment for services rendered to patients from (i) the federal and state governments under the Medicare and Medicaid programs; (ii) private pay payers including third-party insurers and workers' compensation plans for which payments, in some cases, are net of negotiated discounts; and (iii) other sources. The following table summarized the percentage of accounts receivable from all payors as of September 30:

	2021	2020
Medicare	5.7%	3.9%
Medicaid	2.0%	0.4%
Commercial insurers, workers compensation, managed care plans, private pay, and other	92.3%	95.7%
	100%	100%

FRS Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and additions to/deletions from FRS's fiduciary net position have been determined on the same basis as they are reported by FRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments in the Cost-Sharing Multi-Employer Plan are reported at fair value (Note I).

Deferred Outflows/Inflows of Resources

In addition to assets, the balance sheets include a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. One item qualifies for reporting in this category. A deferred outflow of pension resources is reflected in the balance sheet.

In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Medical Center has two items that qualify for reporting in this category. A deferred inflow of pension earnings and unearned revenue for the Hospital are reported in the balance sheet.

Grants and Contributions

From time to time, the Medical Center receives grants from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as non-operating revenues. Amounts restricted to capital acquisitions are reported after non-operating revenues and expenses.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Restricted Resources

When the Medical Center has both restricted and unrestricted resources available to finance a particular program, it is the policy to use restricted resources before unrestricted resources. Donor restricted funds are used to differentiate resources, the use of which is restricted by donors or grantors, from resources of unrestricted funds on which donors or grantors place no restrictions or that arise as a result of the operations of the Medical Center for its stated purposes.

Restricted gifts and other restricted resources are recorded as additions to the appropriate restricted fund. Net position is released from donor restrictions by incurring expenses satisfying the restricted purposes.

Restricted Expendable Net Position

Included in the net position of the Medical Center are amounts in the Foundation restricted for capital projects. There was no cash restricted for capital projects at September 30, 2021 and 2020, respectively. In addition, the Medical Center had $90,622 restricted for diabetes education and community relations at September 30, 2021 and 2020.

Designated Assets

Assets limited as to use by the Board of Directors for specific use consist of certificates of deposit. The Medical Center has established this designation for the purpose of setting aside assets to pay for professional liability claims. As such, these assets are designated to be used for payment of malpractice losses and related expenses.

Designated funds remain under the control of the Board of Directors, which may at its discretion, later use the funds for other purposes. As such these funds are included in unrestricted net position on the balance sheet.

The composition of assets limited as to use held by trustees at September 30, 2021 and 2020, is set forth in the following table:

	2021	2020
CD's under malpractice fund arrangement	$ 618,579	$ 617,129

Net Position

Net position of the Medical Center are classified into three components. Net investment in capital assets consist of capital assets net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted expendable net position is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the Medical Center. Unrestricted net position is remaining net position that does not meet the definition of net investment in capital assets or restricted.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Operating Revenues and Expenses

The Medical Center's statement of revenues, expenses and changes in net position distinguishes between operating and non-operating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services - the Center's principal activity. Non-exchange revenues, including taxes, grants and contributions received for purposes other than capital asset acquisition, are reported as non-operating revenues. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

Compensated Absences

The Medical Center's employees accumulate sick and vacation leave. Full-time employees accrue by the length of service; part-time employees accrue at a fixed amount for number of hours worked. Employees may accrue up to 520 hours. For the fiscal years ended September 30, 2021 and 2020, the liability relating to unused sick and vacation leave is recorded in accrued expenses in the accompanying balance sheets.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Inventory

Inventory of the Medical Center is stated at the lower cost or net realizable value using the first in, first out method (FIFO).

Income Taxes

As a governmental agency, the Authority, as well as the Medical Center, are not subject to federal or state income taxes. The Foundation is exempt from Federal Income Taxes under section 501(c)(3) of the Internal Revenue Code and classified as other than a private foundation. As the Foundation conducts no unrelated business activities, no provision for income taxes has been recorded in these financial statements.

Risk Management

The Medical Center is exposed to various risks of loss from torts: theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. The Medical Center is self-insured for professional liability claims. The Medical Center has recorded an estimated liability for known claims and for claims that have been incurred but not reported.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Risk Management - Continued

The Medical Center is relying on a limitation of its liability established by the Waiver of Sovereign Immunity Act of the State of Florida. This Act limits the amount of damages the Medical Center would be required to pay to $200,000 per claimant and $300,000 per incident. In 1986, the Florida Supreme Court affirmed the constitutionality of the Statute and its applicability to public hospitals. The estimated liability at September 30, 2021 and 2020 was $300,000, respectively, and is included in Accrued Liabilities on the Balance Sheet.

Estimated Fair Value of Financial Instruments

The carrying amounts reported in the accompanying balance sheets for cash, accounts receivable, accounts payable and accrued expenses approximate fair value because of their short duration of maturity. The carrying amount of the long-term debt also approximates fair value.

Advertising Costs

The Medical Center expenses advertising costs as incurred. Advertising expenses totaled $149,598 and $131,709 for the years ended September 30, 2021 and 2020, respectively.

NOTE C - CHARITY CARE

The Medical Center maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and equivalent service statistics. The following information measures the level of charity care provided during the years ended September 30:

	2021	2020
Charges foregone, based on established rates	$ 2,641,210	$ 3,601,693

NOTE D - NET PATIENT SERVICE REVENUE

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- Medicare: Inpatient services, certain outpatient services, and medical education costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. Approximately 18% of the Medical Center's gross charges are for services to Medicare beneficiaries.

  The Medical Center is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Medical Center and audits thereof by the Medicare fiscal intermediary. The Medical Center's classification of patients under the Medicare program

NOTE D - NET PATIENT SERVICE REVENUE - CONTINUED

and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the medical center. The Medical Center's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2021.

- Medicaid: Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology. The Medical Center is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports to the Medicaid fiscal intermediary. Approximately 2% of the Medical Center's gross charges are for services under the Medicaid Program.

- Other: The Medical Center has also entered into payment agreements with certain commercial insurance carriers and preferred provider organizations. The basis for payment to the Medical Center under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Medical Center believes it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. The estimated Medicare and Medicaid settlements recorded at September 30, 2021 and 2020 could differ from actual settlements based upon the results of the cost report audits.

Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Medical Center.

The Medical Center's net patient service revenue consists of the following for the years ended September 30:

	2021	2020
Gross patient service revenue	$ 76,042,419	$ 68,129,185
Less third-party payor and other contractual adjustments	(42,527,877)	(37,966,074)
Less provision for bad debts	(10,217,511)	(9,110,404)
Net patient service revenue	$ 23,297,031	$ 21,052,707

NOTE E - CAPITAL ASSETS

Capital asset additions, retirements, and balances for the years ended September 30, 2021 and 2020 were as follows:

	Sept. 30, 2020	Additions/ Transfers In	Reclassified/ Transfers Out	Sept. 30, 2021
Nondepreciable:				
Land	$ 1,012,963	$ -	$ -	$ 1,012,963
Construction in progress	318,043	651,151	(935,767)	33,427
Total nondepreciable	1,331,006	651,151	(935,767)	1,046,390
Depreciable:				
Land improvements	167,215	-	-	167,215
Buildings and improvements	22,197,368	-	-	22,197,368
Equipment	20,484,808	1,641,148	(50,402)	22,075,554
Total depreciable	42,849,391	1,641,148	(50,402)	44,440,137
	44,180,397	2,292,299	(986,169)	45,486,527
Less accumulated depreciation for:				
Land improvements	(163,955)	(1,342)	-	(165,297)
Building and improvements	(12,688,954)	(951,829)	-	(13,640,783)
Equipment	(17,523,557)	(778,326)	50,402	(18,251,481)
Total accumulated depreciation	(30,376,466)	(1,731,497)	50,402	(32,057,561)
Capital assets, net	**$ 13,803,931**	**$ 560,802**	**$ (935,767)**	**$ 13,428,966**

	Sept. 30, 2019	Additions/ Transfers In	Reclassified/ Transfers Out	Sept. 30, 2020
Nondepreciable:				
Land	$ 1,012,963	$ -	$ -	$ 1,012,963
Construction in progress	12,630	395,382	(89,969)	318,043
Total nondepreciable	1,025,593	395,382	(89,969)	1,331,006
Depreciable				
Land improvements	167,215	-	-	167,215
Buildings and improvements	22,197,368	-	-	22,197,368
Equipment	20,342,141	343,590	(200,923)	20,484,808
Total depreciable	42,706,724	343,590	(200,923)	42,849,391
	43,732,317	738,972	(290,892)	44,180,397
Less accumulated depreciation for:				
Land improvements	(162,613)	(1,342)	-	(163,955)
Building and improvements	(11,710,984)	(977,970)	-	(12,688,954)
Equipment	(16,969,256)	(755,224)	200,923	(17,523,557)
Total accumulated depreciation	(28,842,853)	(1,734,536)	200,923	(30,376,466)
Capital assets, net	**$ 14,889,464**	**$ (995,564)**	**$ (89,969)**	**$ 13,803,931**

NOTE F - LINE-OF-CREDIT

The Medical Center has two revolving lines of credit. One with a limit of $4,800,000 at September 30, 2021 and September 30, 2020. The balance outstanding was $0 as of September 30, 2021 and 2020. The other line of credit had a limit of $700,000 and $800,000 at September 30, 2021 and 2020, respectively. The balance outstanding was $0 at September 30, 2021 and 2020. The interest rate on both lines of credit was 2.38% and 3% for the years ended September 30, 2021 and 2020, respectively.

NOTE F - LINE-OF-CREDIT - CONTINUED

The Medical Center renewed its revolving lines of credit beginning September 30, 2021 with a $4,800,000 line of credit for operations and a $600,000 line of credit for operators, with both lines expiring on September 30, 2022. The Medical Center has pledged its 2019-2020 and 2020-2021 ad valorem taxes and operating revenues as collateral.

NOTE G - LONG-TERM DEBT AND OTHER NONCURRENT LIABILITIES

	Balance Sept. 30, 2020	Additions	Reductions	Balance Sept. 30, 2021	Amounts Due Within One Year
Notes payable	$11,541,378	$ -0-	$ (3,667,115)	$ 7,874,263	$ 749,084
Capital lease obligations	72,127	297,704	(98,049)	271,782	121,260
Net pension liability	416,456	103,591	(377,514)	142,533	-0-
Total noncurrent liabilities	**$12,029,961**	**$ 401,295**	**$ (4,142,678)**	**$ 8,288,578**	**$ 870,344**

	Balance Sept. 30, 2019	Additions	Reductions	Balance Sept. 30, 2020	Amounts Due Within One Year
Notes payable	$ 9,290,441	$ 2,945,700	$ (694,763)	$11,541,378	$ 2,056,474
Capital lease obligations	112,840	51,443	(92,156)	72,127	47,716
Net pension liability	362,234	137,935	(83,713)	416,456	-0-
Total noncurrent liabilities	**$ 9,765,515**	**$ 3,135,078**	**$ (870,632)**	**$12,029,961**	**$ 2,104,190**

NOTE H - LONG-TERM DEBT

In April 2020, the Medical Center received a loan under the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The PPP, established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, provided for loans to qualifying businesses impacted by COVID-19. In June 2021, the SBA forgave the full amount of the loan which was recognized in non-capital grants and contributions on the statement of revenues, expenses and changes in net position during the year ended September 30, 2021.

NOTE H - LONG-TERM DEBT - CONTINUED

A summary of the Medical Center's long-term debt is as follows at September 30:

	2021	2020
Tax exempt note payable to a financial institution, interest at 3.80%, collateralized by ad valorem taxes, semi-annual interest payments beginning January 2011. Semi-annual payments of principal and interest of $520,631 commence January 2012. The note matures July 2030.	$7,874,263	$8,595,678
Capital lease obligation with imputed interest at 4.58%, collateralized by equipment with a cost of $160,721 and accumulated depreciation of $158,042 at September 30, 2021, monthly payments of $3,671, including imputed interest. This lease matured in September 2021.	-0-	3,658
Capital lease obligation with imputed interest at 9.75%, collateralized by equipment with a cost of $163,713 and accumulated depreciation of $163,713 at September 30, 2021, monthly payments of $3,218, including imputed interest. This lease matured in March 2021.	-0-	19,039
Capital lease obligation with imputed interest at 6.54% collateralized by equipment with a cost of $51,443 and accumulated depreciation of $14,575 at September 30, 2021, monthly payments of $2,293, including imputed interest. This lease matures in September 2022.	24,412	49,430
Capital lease obligation with imputed interest at 3.97%, collateralized by equipment with a cost of $70,488 and accumulated depreciation of $9,398 at September 30, 2021, monthly payments of $2,080, including imputed interest. This lease matures in January 2024.	55,540	-0-
Capital lease obligation with imputed interest at 5.35%, collateralized by equipment with a cost of $227,216 and accumulated depreciation of $22,722 at September 30, 2021, monthly payments of $6,846, including imputed interest. This lease matures in March 2024.	191,830	-0-
PPP Loan	-0-	2,945,700
Less current portion	(870,344)	(2,104,190)
	$ 7,275,701	$ 9,509,315

NOTE H – LONG-TERM DEBT – CONTINUED

Scheduled principal and interest payments of the Medical Center's long-term debt at September 30, 2021 are as follows:

Year Ending September 30:	Long-Term Debt Principal	Interest
2022	$ 870,344	$ 303,242
2023	879,652	268,724
2024	856,348	234,304
2025	838,641	202,621
2026	870,811	170,450
2027-2030	3,830,249	334,684
	$ 8,146,045	$ 1,514,025

In the event of default on the tax exempt note payable, the Medical Center may be subject to certain finance-related consequences. The note may be immediately due and payable without further action of any kind and the interest accrued thereon will also become immediately due and payable.

NOTE I – RETIREMENT PLANS

Florida Retirement Plan

Plan Description

The Medical Center elected to limit eligibility for membership in the Florida Retirement System on December 31, 1995 to employees hired on or before January 1, 1996.

The Florida Retirement System is administered by the Florida Department of Management Services, Division of Retirement. The State of Florida issues a publicly available comprehensive annual financial report that can be obtained at http://www.myfloridacfo.com/Division/AA/Reports/default.htm.

Under this system, there are two defined benefit pension plans: The Florida Retirement System Pension Plan and the Retiree Health Insurance Subsidy Program:

- The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer qualified defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes.

- The Retiree Health Insurance Subsidy Program (HIS) is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes.

NOTE I – RETIREMENT PLANS – CONTINUED

Benefits Provided

The FRS provides retirees a lifetime pension benefit with joint and survivorship payment options. Benefits under the FRS are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings. For members initially enrolled after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Under the HIS Plan, the benefit is a monthly payment to assist retirees in paying their health insurance costs. Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by $5. The minimum payment is $30 and the maximum payment is $150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree must provide proof of eligible health insurance coverage, which can include Medicare.

Contributions Required and Made

Per Chapter 121, Florida Statutes, contribution requirements of the active employees and the participating employers are established and may be amended by the Florida Department of Management Services, Division of Retirement. Effective July 1, 2011, both employee and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. The Florida Legislature established a uniform contribution rate system for the FRS. The uniform rates are based on the class of an employee is placed into which require employees to contribute 3% and employers to contribute a specified percentage based on class. The Medical Center's contractually required contribution rate for the year ended September 30, 2021, ranged between 10.00% - 10.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Medical Center were $22,889 and $32,522 for the years ended September 30, 2021and 2020, respectively.

The HIS Program is funded by required contributions of 1.66% and is included in the contribution rates noted above.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The Medical Center reported a liability of $142,533 and $416,456 as of September 30, 2021 and 2020, respectively, for its proportionate share of the net pension liability which includes both FRS and HIS. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension

NOTE I – RETIREMENT PLANS – CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

liability was determined by an actuarial valuation as of July 1, 2021. The Medical Center's proportion of the net pension liability was based on a projection of the Medical Center's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the measurement date, the Medical Center's proportion was .000588221% for FRS and .000799736% for HIS. The previous year proportions was .000659532% for FRS and .001069668% got HIS.

For the years ended September 30, 2021 and 2020, the Medical Center recognized pension expense of $(22,946) and $48,644, respectively. At September 30, 2021, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 7,616	$ -0-	$ 3,283	$ 41
Changes in assumptions	30,404	-0-	7,708	4,042
Net difference between projected and actual earnings on pension plan investments	-0-	155,017	102	-0-
Changes in proportion and differences between contributions and proportionate share of contributions	906	40,335	799	44,952
Medical Center contributions subsequent to the June 30, 2021 measurement date	3,446	-0-	629	-0-
	$ 42,372	$ 195,352	$ 12,521	$ 49,035

At September 30, 2020, the Medical Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 10,940	$ -0-	$ 5,343	$ 101
Changes in assumptions	51,748	-0-	14,044	7,594
Net difference between projected and actual earnings on pension plan investments	17,020	-0-	104	-0-
Changes in proportion and differences between contributions and proportionate share of contributions	1,553	36,106	1,270	27,923
Medical Center contributions subsequent to the June 30, 2020 measurement date	7,490	-0-	1,710	-0-
	$ 88,751	$ 36,106	$ 22,471	$ 35,618

NOTE I - RETIREMENT PLANS - CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

At September 30, 2021, total deferred outflows were $54,893 and total deferred inflows were $244,387. $3,446 (FRS) and $629 (HIS) reported as deferred outflows of resources related to pensions resulting from Medical Center contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	FRS	HIS
2022	$ (31,250)	$ (5,799)
2023	(31,250)	(5,799)
2024	(31,250)	(5,799)
2025	(31,250)	(5,799)
2026	(31,252)	(5,797)
Thereafter	(174)	(8,150)
	$ (156,426)	$ (37,143)

Actuarial Assumptions

The total pension liability in the July 1, 2021 actuarial valuation (June 30, 2021 measurement date) was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.25 percent, including inflation
Investment rate of return	6.80 percent, including inflation at 2.40%

Mortality assumptions were based on PUB-2010 base table, projected generationally with Scale MP-2018 for FRS. HIS mortality assumptions were based on Generational RP-2010 with projection scale MP-2018. This is unchanged from the prior year.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study performed for the period July 1, 2013 - June 30, 2018. Because the HIS is funded on a pay-as-you-go basis, no experience study has been completed for that plan, but were based on certain results of the most recent experience study for the FRS plan.

The long-term expected rate of return on pension plan investments consists of two building block components: 1) an inferred real (in excess of inflation) return of 4.30%, consistent with the 4.17% real return from the capital market outlook model developed by the FRS consulting actuary, Milliman; and 2) a long-term average annual inflation assumption of 2.40% as adopted in October 2021 by the FRS Actuarial Assumptions Conference. The table below shows the assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

NOTE I - RETIREMENT PLANS - CONTINUED

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

Asset Class	Target Allocation	Annual Arithmetic Return
Cash	1.00%	2.10%
Fixed income	20.00%	3.80%
Global Equity	54.20%	8.20%
Real estate (property)	10.30%	7.10%
Private equity	10.80%	11.70%
Strategic investments	3.70%	5.50%

Discount Rate

The discount rate used to measure the total FRS pension liability was 6.80%, and the HIS pension liability was 2.16%. The FRS rate remained unchanged in the most recent study. The HIS rate decreased from 2.21% to 2.16% in the most recent study. The HIS rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Medical Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Medical Center's proportionate share of the FRS net pension liability at September 30, 2021 calculated using the discount rate of 6.80%, as well as what the Medical Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Discount Rate (6.80%)	1% Increase (7.80%)
Medical Center's proportionate share of the FRS net pension liability	$ 198,709	$ 44,433	$ (84,524)

The following presents the Medical Center's proportionate share of the FRS net pension liability at September 30, 2020 calculated using the discount rate of 6.80%, as well as what the Medical Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Discount Rate (6.80%)	1% Increase (7.80%)
Medical Center's proportionate share of the FRS net pension liability	$ 456,456	$ 285,851	$ 143,361

NOTE I - RETIREMENT PLANS - CONTINUED

The following presents the Medical Center's proportionate share of the HIS net pension liability at September 30, 2021 calculated using the discount rate of 2.16%, as well as what the Medical Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Medical Center's proportionate share of the HIS net pension liability	$ 113,413	$ 98,100	$ 85,554

The following presents the Medical Center's proportionate share of the HIS net pension liability at September 30, 2020 calculated using the discount rate of 2.21%, as well as what the Medical Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Medical Center's proportionate share of the HIS net pension liability	$ 150,973	$ 130,605	$ 113,933

Changes of Assumptions

The maximum amortization period for FRS was decreased over 20 years for all current and future amortization bases. Additionally, the municipal rate to determine total pension liability decreased from 2.21% to 2.16 for HIS.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued State of Florida comprehensive annual financial report.

Employee Benefit Plan - 457(b)

For all new employees hired after January 1, 1996, the Medical Center established, under Section 457(b) of the Internal Revenue Service Code, a defined contribution profit sharing plan (the Plan) for all eligible employees. The Plan covers all employees not covered by the Florida Retirement Plan, subject to a minimum employment requirement. The Plan allows employees to defer up to $20,500 and $19,500 of their income on a pretax basis through contributions for years ended September 30, 2021 and 2020, respectively. In accordance with the Plan, the Medical Center may elect to contribute a discretionary amount determined on an annual basis. For the years ended September 30, 2021 and 2020, the Medical Center contributed $538,703 and $536,080 to the Plan, respectively. The covered payroll for 2021 and 2020 was $10,442,344 and $10,174,384, respectively.

NOTE J - MANAGEMENT AGREEMENT

The Medical Center has a management agreement with Quorum Health Resources, Inc. (Quorum) dated July 1, 2006. The term of the agreement was amended in January 2022 and is effective until December 31, 2024, unless terminated by either party.

NOTE J - MANAGEMENT AGREEMENT - CONTINUED

The agreement provides that Quorum shall be responsible for administering the day-to-day business affairs of the Medical Center under the control and direction of the Authority, for which Quorum receives a management fee. Management fee expense for the years ended September 30, 2021 and 2020 was $287,138 and $264,642, respectively.

Quorum provides the Medical Center with the services of a hospital administrator and assistant administrator/chief financial officer. The personnel costs for these individuals, including salaries, benefits and payroll taxes, are billed to the Medical Center. The Medical Center also entered into a purchasing agreement with Quorum for the purchase of certain goods and services. Quorum receives remuneration of up to 3% of the cost of goods and services purchased under this agreement.

NOTE K - COMMITMENTS AND CONTINGENCIES

The Medical Center leases medical and other equipment under various operating leases. Minimum rental payments, for each of the remaining succeeding years and in the aggregate, under operating leases that have initial or remaining non-cancelable lease terms in excess of one year are as follows:

Year ending September 30,	
2022	$ 270,833
2023	190,183
2024	122,848
2025	91,447
2026	2,539
	$ 677,850

Total rental expense for the years ended September 30, 2021 and 2020 for these and other rental arrangements was $618,005 and $629,412, respectively.

The Medical Center is involved in litigation arising in the ordinary course of business. After consultation with legal counsel, management believes that these matters will be resolved without material adverse effect on the Medical Center's future financial position. However, depending on the amount and timing of such resolution, an unfavorable resolution of some or all of these matters could materially affect the Hospital's future results of operations or cash flows in a particular period.

The Medical Center continues to evaluate the risks associated with COVID-19. The Medical Center has implemented risk mitigation tactics for the Medical Center as to the risk of the impact, if any, of COVID-19 related to all aspects of the Medical Center's business transactions and human interactions within and outside of the Medical Center. However, the Medical Center cannot at this time, make a determination on the ultimate impacts of the COVID-19 pandemic.

NOTE L - ACCOUNTS RECEIVABLE AND PAYABLE

Patient accounts receivable and accounts payable (including accrued expenses) reported as current assets and liabilities by the Medical Center at September 30, 2021 and 2020, consisted of these amounts:

Patient Accounts Receivable	2021	2020
Receivable from patients and their insurance carriers	$ 9,173,270	$11,540,354
Receivable from Medicare	560,366	474,372
Receivable from Medicaid	202,362	50,319
Total patient accounts receivable	9,935,998	12,065,045
Less allowance for uncollectible amounts	(5,612,592)	(8,631,678)
Patient accounts receivable, net	**$ 4,323,406**	**$ 3,433,367**

Accounts Payable and Accrued Expenses	2021	2020
Payable to employees (including payroll taxes)	$ 1,470,329	$ 1,630,099
Payable to suppliers and contractors	1,401,182	1,431,284
Total accounts payable and accrued expenses	**$ 2,871,511**	**$ 3,061,383**

NOTE M - SELF INSURANCE - EMPLOYEE MEDICAL BENEFITS

Effective October 1, 2017, the Medical Center converted from a fully-insured to a self-insured plan for employee medical benefits. The plan covers all regular employees and certain retirees and former employees of the Medical Center and their eligible dependents.

The self-insurance plan covers claims up to $50,000 and $40,000 per individual per year for 2020 and 2019, respectively. The Medical Center has purchased an insurance policy to cover claims in excess of this amount. The annual and lifetime maximum for a covered individual is unlimited. Stop loss receivables included with other receivables was $107,295 and $11,480 at September 30, 2021 and 2020, respectively.

The claims liability reported in the financial statements and included with accrued liabilities is estimated based on historical data and current known facts and circumstances and is reported at present value. The change in the Medical Center's claims liability amount was as follows during the years ended September 30, 2021 and 2020:

	2021	2020
Liability beginning balance	$ 245,001	$ 222,749
Claims incurred, rebates and changes in estimates	2,324,809	2,007,506
Claims payments	(2,443,810)	(1,985,254)
Liability ending balance	$ 126,000	$ 245,001

NOTE N - CARES ACT AND COVID-19 FUNDING

The Medical Center received distributions from the Coronavirus Aid, Relief and Economic Security (CARES) Act Provider Relief Fund (PRF) and under the Rural Health Clinic COVID-19 Testing Program (RHC Testing). Funding was accounted for as non-operating income and recognized on a systematic and rational basis in non-capital grants, once there was reasonable assurance that the applicable terms and conditions required to retain the funds was met. Based on the Medical Center's analysis of the compliance and reporting requirements, $2,319,974 and $4,506,829 was recognized as revenue under PRF and $18,847 and $16,960 under RHC Testing for fiscal year 2021 and 2020, respectively.

At September 30, 2021 and 2020, the portion received, but determined to be unearned and was recorded as deferred inflows on the balance sheet was $263,115 and $2,401,936, respectively. Of this amount, $200,000 related to PRF and $63,115 was for RHC Testing at September 30, 2021. At September 30, 2020, $2,319,974 related to PRF and $81,962 was for RHC Testing. The Medical Center expects to earn the remaining funds in accordance with reporting deadlines. However, final determinations will be made by the U.S. Department of Health and Human Services (HHS) after reports are submitted and reviewed. If HHS determines the terms and conditions of receiving and using the funds have not been met, the Medical Center may be required to return all or a portion of the funding.

NOTE O - CONDENSED COMBINING FINANCIAL INFORMATION

Condensed Combining Balance Sheet

	Hospital	Foundation	Eliminations	2021
Current assets	$ 10,079,853	$ 530,995	$ -	$ 10,610,848
Capital assets	13,428,966	-	-	13,428,966
Other assets	709,201	-	-	709,201
Total Assets	24,218,020	530,995	-	24,749,015
Deferred outflows	54,893	-	-	54,893
Total Assets and Deferred Outflows	$ 24,272,913	$ 530,995	$ -	$ 24,803,908
Current liabilities	$ 3,740,578	$ 1,277	$ -	$ 3,741,855
Long-term liabilities	7,418,234	-	-	7,418,234
Total Liabilities	11,158,812	1,277	-	11,160,089
Deferred inflows	507,502	-	-	507,502
Net position:				
Net investment in capital assets	5,282,921	-	-	5,282,921
Restricted				
Expendable for education and community relations	90,622	-	-	90,622
Unrestricted	7,233,056	529,718	-	7,762,774
Total Net Position	12,606,599	529,718	-	13,136,317
Total Liabilities, Deferred Inflows and Net Position	$ 24,272,913	$ 530,995	$ -	$ 24,803,908

Condensed Combining Statement of Revenues, Expenses and Changes in Net Position

	Hospital	Foundation	Eliminations	2021
Net patient service revenue	$ 23,297,031	$ -	$ -	$ 23,297,031
Other	3,477,796	-	-	3,477,796
Total operating revenues	26,774,827	-	-	26,774,827
Operating expenses	34,867,394	135,603	(53,497)	34,949,500
Depreciation	1,731,497	-	-	1,731,497
Total operating expenses	36,598,891	135,603	(53,497)	36,680,997
Operating loss	(9,824,064)	(135,603)	53,497	(9,906,170)
Non-operating revenues (expenses):				
Ad valorem	9,276,851	-	-	9,276,851
Non-capital grants and contributions	5,342,564	301,492	(14,636)	5,629,420
Other nonoperating revenues	10,260	490	-	10,750
Other nonoperating expenses	(325,073)	-	-	(325,073)
Total Non-operating Revenues (Expenses)	14,304,602	301,982	(14,636)	14,591,948
Excess of revenues over expenses before capital grant	4,480,538	166,379	38,861	4,685,778
Capital grant	38,861	-	(38,861)	-
Change in net position	4,519,399	166,379	-	4,685,778
Net Position, Beginning of Year	8,087,200	363,339	-	8,450,539
Net Position, End of Year	$ 12,606,599	$ 529,718	$ -	$ 13,136,317

Condensed Combining Statement of Cash Flows

	Hospital	Foundation	Eliminations	2021
Net cash provided (used) by:				
Operating activities	$ (9,894,214)	$ (135,603)	$ -	$ (10,029,817)
Non-capital financing activities	9,519,925	301,492	-	9,821,417
Capital and related financing activities	(2,203,032)	-	-	(2,203,032)
Investing activities	10,260	490	-	10,750
Net change in cash	(2,567,061)	166,379	-	(2,400,682)
Cash and cash equivalents at beginning of year	7,552,306	364,616	-	7,916,922
Cash and cash equivalents at end of year	$ 4,985,245	$ 530,995	$ -	$ 5,516,240

NOTE O - CONDENSED COMBINING FINANCIAL INFORMATION - CONTINUED

Condensed Combining Balance Sheet	Hospital	Foundation	Eliminations	2020
Current assets	$ 11,353,436	$ 364,616	$ -	$ 11,718,052
Capital assets	13,803,931	-	-	13,803,931
Other assets	707,751	-	-	707,751
Total Assets	25,865,118	364,616	-	26,229,734
Deferred outflows	111,222	-	-	111,222
Total Assets and Deferred Outflows	$ 25,976,340	$ 364,616	$ -	$ 26,340,956
Current liabilities	$ 5,489,709	$ 1,277	$ -	$ 5,490,986
Long-term liabilities	9,925,771	-	-	9,925,771
Total Liabilities	15,415,480	1,277	-	15,416,757
Deferred inflows	2,473,660	-	-	2,473,660
Net position:				
Net investment in capital assets	5,136,126	-	-	5,136,126
Restricted				
Expendable for education and community relations	90,622	-	-	90,622
Unrestricted	2,860,452	363,339	-	3,223,791
Total Net Position	8,087,200	363,339	-	8,450,539
Total Liabilities, Deferred Inflows and Net Position	$ 25,976,340	$ 364,616	$ -	$ 26,340,956

Condensed Combining Statement of Revenues, Expenses and Changes in Net Position

	Hospital	Foundation	Eliminations	2020
Net patient service revenue	$ 21,052,707	$ -	$ -	$ 21,052,707
Other	2,669,723	-	-	2,669,723
Total operating revenues	23,722,430	-	-	23,722,430
Operating expenses	31,678,920	112,373	(53,497)	31,737,796
Depreciation	1,734,536	-	-	1,734,536
Total operating expenses	33,413,456	112,373	(53,497)	33,472,332
Operating loss	(9,691,026)	(112,373)	53,497	(9,749,902)
Non-operating revenues (expenses):				
Ad valorem	8,414,376	-	-	8,414,376
Non-capital grants and contributions	4,555,562	179,430	(16,000)	4,718,992
Other nonoperating revenues	19,157	1,039	-	20,196
Other nonoperating expenses	(338,708)	-	-	(338,708)
Total Non-operating Revenues (Expenses)	12,650,387	180,469	(16,000)	12,814,856
Excess of revenues over expenses before capital grant	2,959,361	68,096	37,497	3,064,954
Capital grant	37,497	-	(37,497)	-
Change in net position	2,996,858	68,096	-	3,064,954
Net Position, Beginning of Year	5,090,342	295,243	-	5,385,585
Net Position, End of Year	$ 8,087,200	$ 363,339	$ -	$ 8,450,539

Condensed Combining Statement of Cash Flows

	Hospital	Foundation	Eliminations	2020
Net cash provided (used) by:				
Operating activities	$ (7,725,555)	$ (112,373)	$ -	$ (7,837,928)
Non-capital financing activities	16,577,075	179,430	-	16,756,505
Capital and related financing activities	(2,595,688)	-	-	(2,595,688)
Investing activities	16,157	1,039	-	17,196
Net change in cash	6,271,989	68,096	-	6,340,085
Cash and cash equivalents at beginning of year	1,280,317	296,520	-	1,576,837
Cash and cash equivalents at end of year	$ 7,552,306	$ 364,616	$ -	$ 7,916,922

REQUIRED SUPPLEMENTARY INFORMATION

HENDRY REGIONAL MEDICAL CENTER
SCHEDULE OF THE MEDICAL CENTER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
SEPTEMBER 30, 2021

FLORIDA RETIREMENT SYSTEM (FRS)
Last Nine Fiscal Years *

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Medical Center's proportion of the net pension liability	0.001216233%	0.001250409%	0.001160913%	0.000799677%	0.000826402%	0.000799908%	0.000691796%	0.000659532%	0.000588221%
Medical Center's proportionate share of the net pension liability	$ 209,368	$ 76,293	$ 149,948	$ 201,919	$ 244,444	$ 240,936	$ 238,245	$ 285,851	$ 44,433
Medical Center's covered-employee payroll	$ 465,602	$ 502,004	$ 471,919	$ 411,769	$ 420,789	$ 410,086	$ 376,224	$ 365,370	$ 225,199
Medical Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	45%	15%	32%	49%	58%	59%	63%	78%	20%
Plan fiduciary net position as a percentage of total pension liability	88.54%	96.09%	92.00%	84.88%	83.89%	84.26%	82.61%	78.85%	96.40%

* - GASB No. 68 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

HENDRY REGIONAL MEDICAL CENTER
SCHEDULE OF THE MEDICAL CENTER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
SEPTEMBER 30, 2021

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)
Last Nine Fiscal Years *

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Medical Center's proportion of the net pension liability	0.001609114%	0.001654062%	0.001593940%	0.001278490%	0.001305035%	0.001284639%	0.001108137%	0.001069668%	0.000799736%
Medical Center's proportionate share of the net pension liability	$ 140,095	$ 154,659	$ 162,557	$ 149,003	$ 139,540	$ 135,968	$ 123,989	$ 130,605	$ 98,100
Medical Center's covered-employee payroll	$ 465,602	$ 502,004	$ 471,919	$ 411,769	$ 420,789	$ 410,086	$ 376,224	$ 365,370	$ 225,199
Medical Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	30%	31%	34%	36%	33%	33%	33%	36%	44%
Plan fiduciary net position as a percentage of total pension liability	1.78%	0.99%	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%	3.56%

* - GASB No. 68 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

HENDRY REGIONAL MEDICAL CENTER
SCHEDULE OF THE MEDICAL CENTER'S CONTRIBUTIONS
SEPTEMBER 30, 2021

FLORIDA RETIREMENT SYSTEM (FRS)
Last Nine Fiscal Years *

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution **	$ 16,367	$ 27,389	$ 28,304	$ 19,501	$ 21,513	$ 22,797	$ 21,451	$ 21,913	$ 22,409
Contributions in relation to the contractually required contribution	16,367	27,389	28,304	19,501	21,513	22,797	21,451	21,913	22,409
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Medical Center's covered-employee payroll	$ 465,602	$ 502,004	$ 471,919	$ 411,769	$ 420,789	$ 410,086	$ 376,224	$ 365,370	$ 225,199
Contributions as a percentage of covered-employee payroll	3.52%	5.46%	6.00%	4.74%	5.11%	5.56%	5.70%	6.00%	9.95%

* - GASB No. 68 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

** - Contributions noted per this schedule are pursuant to the measurement date of the actuarial report.

HENDRY REGIONAL MEDICAL CENTER
SCHEDULE OF THE MEDICAL CENTER'S CONTRIBUTIONS
SEPTEMBER 30, 2021

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)
Last Nine Fiscal Years *

	2013	2014	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution **	$ 5,271	$ 5,666	$ 6,093	$ 6,553	$ 6,907	$ 6,967	$ 6,153	$ 6,164	$ 4,701
Contributions in relation to the contractually required contribution	5,271	5,666	6,093	6,553	6,907	6,967	6,153	6,164	4,701
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Medical Center's covered-employee payroll	$ 465,602	$ 502,004	$ 471,919	$ 411,769	$ 420,789	$ 410,086	$ 376,224	$ 365,370	$ 225,199
Contributions as a percentage of covered-employee payroll	1.13%	1.13%	1.29%	1.59%	1.64%	1.70%	1.64%	1.69%	2.09%

* - GASB No. 68 was adopted in fiscal year 2015. Ultimately, this schedule will contain information for the last ten years.

** - Contributions noted per this schedule are pursuant to the measurement date of the actuarial report.

ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial assumptions for both defined benefit plans (FRS and HIS) are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. This HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed for the period July 1, 2013, through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for this program. The actuarial assumptions that determined the total pension liability for the HIS program were based on certain results of the most recent experience study for the FRS pension plan.

The total pension liability for the FRS plan was determined by an actuarial valuation as of July 1, 2021. Both plans used the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 6.80%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension liability for the program. Mortality assumptions for FRS was based on PUB-2010 base table, projected generationally with Scale MP-2018 and HIS was based on the Generational RP-2010 with Projection Scale MP-2018.

The following changes in actuarial assumptions occurred in 2021:

- FRS: The maximum amortization period was decreased to 20 years for all current and future amortization bases.

- HIS: The municipal rate used to determine total pension liability decreased from 2.21% to 2.16%.

SUPPLEMENTAL SCHEDULES

HENDRY REGIONAL MEDICAL CENTER
SUPPLEMENTAL BALANCE SHEETS - HOSPITAL ONLY
SEPTEMBER 30,

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	$ 4,276,044	$ 6,844,555
Patient accounts receivable, net of allowance for doubtful accounts of $5,612,592 in 2021 and $8,631,678 in 2020	4,323,406	3,433,367
Estimated third-party payor settlements	27,931	-
Other receivables	428,677	416,426
Inventories	505,397	323,232
Prepaid expenses	518,398	335,856
Total Current Assets	10,079,853	11,353,436
NONCURRENT CASH		
Board designated	618,579	617,129
Restricted by contributors for education and community relations	90,622	90,622
Total Noncurrent Cash	709,201	707,751
CAPITAL ASSETS		
Land	1,012,963	1,012,963
Depreciable capital assets, net of accumulated depreciation	12,382,576	12,472,925
Construction in progress	33,427	318,043
Total Capital Assets, Net of Accumulated Depreciation	13,428,966	13,803,931
Total Assets	24,218,020	25,865,118
DEFERRED OUTFLOWS OF RESOURCES - Pension	54,893	111,222
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 24,272,913	$ 25,976,340
CURRENT LIABILITIES		
Current portion, long-term debt	$ 749,084	$ 2,056,474
Current portion, capital lease obligations	121,260	47,716
Accounts payable	522,551	736,644
Accrued liabilities	2,347,683	2,323,462
Estimated third-party payor settlements	-	325,413
Total Current Liabilities	3,740,578	5,489,709
LONG-TERM LIABILITIES		
Long-term debt, net of current maturities	7,275,701	9,509,315
Net pension liability	142,533	416,456
Total Long-Term Liabilities	7,418,234	9,925,771
Total Liabilities	11,158,812	15,415,480
DEFERRED INFLOWS OF RESOURCES		
Pension	244,387	71,724
Unearned revenue - COVID-19 funding	263,115	2,401,936
Total Deferred Inflows of Resources	507,502	2,473,660
NET POSITION		
Net investment in capital assets	5,282,921	5,136,126
Restricted		
Expendable for education and community relations	90,622	90,622
Unrestricted	7,233,056	2,860,452
Total Net Position	12,606,599	8,087,200
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 24,272,913	$ 25,976,340

HENDRY REGIONAL MEDICAL CENTER
SUPPLEMENTAL SCHEDULES OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - HOSPITAL ONLY
FOR THE YEARS ENDED SEPTEMBER 30,

	2021	2020
OPERATING REVENUES		
Net patient service revenue (net of provision for bad debts of $10,217,511 in 2021 and $9,110,404 in 2020)	$ 23,297,031	$ 21,052,707
Other	3,477,796	2,669,723
Total Operating Revenues	26,774,827	23,722,430
OPERATING EXPENSES		
Salaries and wages	14,255,129	14,449,446
Outside services	6,051,863	4,306,825
Supplies	3,407,273	2,383,001
Employee benefits	3,686,846	3,585,196
Other operating expenses	1,781,706	1,855,059
Professional fees	3,185,447	2,640,422
Depreciation and amortization	1,731,497	1,734,536
Repairs and maintenance	1,213,255	1,164,949
Utilities	667,870	664,610
Building and equipment rentals	618,005	629,412
Total Operating Expenses	36,598,891	33,413,456
OPERATING LOSS	(9,824,064)	(9,691,026)
Non-operating revenues (expenses):		
Ad valorem taxes	9,276,851	8,414,376
Gain on disposal of assets	-	3,000
Non-capital grants and contributions	5,342,564	4,555,562
Investment income	10,260	16,157
Interest expense	(325,073)	(338,708)
Total Non-Operating Revenues (Expenses)	14,304,602	12,650,387
Excess of Revenues over Expenses before Capital Grant	4,480,538	2,959,361
Capital grant	38,861	37,497
Increase in Net Position	4,519,399	2,996,858
Net Position, Beginning of Year	8,087,200	5,090,342
Net Position, End of Year	$ 12,606,599	$ 8,087,200

HENDRY REGIONAL MEDICAL CENTER
SUPPLEMENTAL BALANCE SHEETS - HOSPITAL AND COMPONENT UNIT
SEPTEMBER 30, 2021

	Hospital	Foundation	Eliminations/ Reclassification	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 4,276,044	$ 530,995	$ -	$ 4,807,039
Patient accounts receivable, net of allowance for doubtful accounts of $5,612,592	4,323,406	-	-	4,323,406
Estimated third-party payor settlements	27,931	-	-	27,931
Other receivables	428,677	-	-	428,677
Inventories	505,397	-	-	505,397
Prepaid expenses	518,398	-	-	518,398
Total Current Assets	10,079,853	530,995	-	10,610,848
NONCURRENT CASH				
Board designated	618,579	-	-	618,579
Restricted by contributors for education and community relations	90,622	-	-	90,622
Total Noncurrent Cash	709,201	-	-	709,201
CAPITAL ASSETS				
Land	1,012,963	-	-	1,012,963
Depreciable capital assets, net of accumulated depreciation	12,382,576	-	-	12,382,576
Construction in progress	33,427	-	-	33,427
Total Capital Assets, Net of Accumulated Depreciation	13,428,966	-	-	13,428,966
Total Assets	24,218,020	530,995	-	24,749,015
DEFERRED OUTFLOWS OF RESOURCES - Pension	54,893	-	-	54,893
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 24,272,913	$ 530,995	$ -	$ 24,803,908
CURRENT LIABILITIES				
Current portion, long-term debt	$ 749,084	$ -	$ -	$ 749,084
Current portion, capital lease obligations	121,260	-	-	121,260
Accounts payable	522,551	1,277	-	523,828
Accrued liabilities	2,347,683	-	-	2,347,683
Total Current Liabilities	3,740,578	1,277	-	3,741,855
LONG-TERM LIABILITIES				
Long-term debt, net of current maturities	7,275,701	-	-	7,275,701
Net pension liability	142,533	-	-	142,533
Total Long-Term Liabilities	7,418,234	-	-	7,418,234
Total Liabilities	11,158,812	1,277	-	11,160,089
DEFERRED INFLOWS OF RESOURCES				
Pension	244,387	-	-	244,387
Unearned revenue - COVID-19 funding	263,115	-	-	263,115
Total Deferred Inflows of Resources	507,502	-	-	507,502
NET POSITION				
Net investment in capital assets	5,282,921	-	-	5,282,921
Restricted				
Expendable for education and community relations	90,622	-	-	90,622
Unrestricted	7,233,056	529,718	-	7,762,774
Total Net Position	12,606,599	529,718	-	13,136,317
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 24,272,913	$ 530,995	$ -	$ 24,803,908

HENDRY REGIONAL MEDICAL CENTER
SUPPLEMENTAL BALANCE SHEETS - HOSPITAL AND COMPONENT UNIT
SEPTEMBER 30, 2020

	Hospital	Foundation	Eliminations/ Reclassification	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 6,844,555	$ 364,616	$ -	$ 7,209,171
Patient accounts receivable, net of allowance for doubtful accounts of $8,631,678	3,433,367	-	-	3,433,367
Other receivables	416,426	-	-	416,426
Inventories	323,232	-	-	323,232
Prepaid expenses	335,856	-	-	335,856
Total Current Assets	11,353,436	364,616	-	11,718,052
NONCURRENT CASH AND INVESTMENTS				
Board designated	617,129	-	-	617,129
Restricted by contributors for education and community relations	90,622	-	-	90,622
Total Noncurrent Cash and Investments	707,751	-	-	707,751
CAPITAL ASSETS				
Land	1,012,963	-	-	1,012,963
Depreciable capital assets, net of accumulated depreciation	12,472,925	-	-	12,472,925
Construction in progress	318,043	-	-	318,043
Total Capital Assets, Net of Accumulated Depreciation	13,803,931	-	-	13,803,931
Total Assets	25,865,118	364,616	-	26,229,734
DEFERRED OUTFLOWS OF RESOURCES - Pension	111,222	-	-	111,222
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 25,976,340	$ 364,616	$ -	$ 26,340,956
CURRENT LIABILITIES				
Current portion, long-term debt	$ 2,056,474	$ -	$ -	$ 2,056,474
Current portion, capital lease obligations	47,716	-	-	47,716
Accounts payable	736,644	1,277	-	737,921
Accrued liabilities	2,323,462	-	-	2,323,462
Estimated third-party payor settlements	325,413	-	-	325,413
Total Current Liabilities	5,489,709	1,277	-	5,490,986
LONG-TERM LIABILITIES				
Long-term debt, net of current maturities	9,509,315	-	-	9,509,315
Net pension liability	416,456	-	-	416,456
Total Long-Term Liabilities	9,925,771	-	-	9,925,771
Total Liabilities	15,415,480	1,277	-	15,416,757
DEFERRED INFLOWS OF RESOURCES				
Pension	71,724	-	-	71,724
Unearned revenue - COVID-19 funding	2,401,936	-	-	2,401,936
Total Deferred Inflows of Resources	2,473,660	-	-	2,473,660
NET POSITION				
Net investment in capital assets	5,136,126	-	-	5,136,126
Restricted				
Expendable for education and community relations	90,622	-	-	90,622
Unrestricted	2,860,452	363,339	-	3,223,791
Total Net Position	8,087,200	363,339	-	8,450,539
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 25,976,340	$ 364,616	$ -	$ 26,340,956

HENDRY REGIONAL MEDICAL CENTER
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - HOSPITAL AND COMPONENT UNIT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Hospital	Foundation	Eliminations	Total
OPERATING REVENUES				
Net patient service revenue (net of provision for bad debts of $10,217,511)	$ 23,297,031	$ -	$ -	$ 23,297,031
Other	3,477,796	-	-	3,477,796
Total Operating Revenues	26,774,827	-	-	26,774,827
OPERATING EXPENSES				
Salaries and wages	14,255,129	-	-	14,255,129
Outside services	6,051,863	-	-	6,051,863
Supplies	3,407,273	-	-	3,407,273
Employee benefits	3,686,846	-	-	3,686,846
Other operating expenses	1,781,706	135,603	(53,497)	1,863,812
Professional fees	3,185,447	-	-	3,185,447
Depreciation and amortization	1,731,497	-	-	1,731,497
Repairs and maintenance	1,213,255	-	-	1,213,255
Utilities	667,870	-	-	667,870
Building and equipment rentals	618,005	-	-	618,005
Total Operating Expenses	36,598,891	135,603	(53,497)	36,680,997
OPERATING LOSS	(9,824,064)	(135,603)	53,497	(9,906,170)
Non-operating revenues (expenses):				
Ad valorem taxes	9,276,851	-	-	9,276,851
Non-capital grants and contributions	5,342,564	301,492	(14,636)	5,629,420
Investment income	10,260	490	-	10,750
Interest expense	(325,073)	-	-	(325,073)
Total Non-Operating Revenues (Expenses)	14,304,602	301,982	(14,636)	14,591,948
Excess of Revenues over Expenses before Capital Grant	4,480,538	166,379	38,861	4,685,778
Capital grant	38,861	-	(38,861)	-
Increase (Decrease) in Net Position	4,519,399	166,379	-	4,685,778
Net Position, Beginning of Year	8,087,200	363,339	-	8,450,539
Net Position, End of Year	$ 12,606,599	$ 529,718	$ -	$ 13,136,317

HENDRY REGIONAL MEDICAL CENTER
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - HOSPITAL AND COMPONENT UNIT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Hospital	Foundation	Eliminations	Total
OPERATING REVENUES				
Net patient service revenue (net of provision for bad debts of $9,110,404)	$ 21,052,707	$ -	$ -	$ 21,052,707
Other	2,669,723	-	-	2,669,723
Total Operating Revenues	23,722,430	-	-	23,722,430
OPERATING EXPENSES				
Salaries and wages	14,449,446	-	-	14,449,446
Outside services	4,306,825	-	-	4,306,825
Supplies	2,383,001	-	-	2,383,001
Employee benefits	3,585,196	-	-	3,585,196
Other operating expenses	1,855,059	112,373	(53,497)	1,913,935
Professional fees	2,640,422	-	-	2,640,422
Depreciation and amortization	1,734,536	-	-	1,734,536
Repairs and maintenance	1,164,949	-	-	1,164,949
Utilities	664,610	-	-	664,610
Building and equipment rentals	629,412	-	-	629,412
Total Operating Expenses	33,413,456	112,373	(53,497)	33,472,332
OPERATING LOSS	(9,691,026)	(112,373)	53,497	(9,749,902)
Non-operating revenues (expenses):				
Ad valorem taxes	8,414,376	-	-	8,414,376
Gain on disposal of assets	3,000	-	-	3,000
Non-capital grants and contributions	4,555,562	179,430	(16,000)	4,718,992
Investment income	16,157	1,039	-	17,196
Interest expense	(338,708)	-	-	(338,708)
Total Non-Operating Revenues (Expenses)	12,650,387	180,469	(16,000)	12,814,856
Deficit of Revenues over Expenses				
Capital Grant	2,959,361	68,096	37,497	3,064,954
Capital grant	37,497	-	(37,497)	-
Increase (Decrease) in Net Position	2,996,858	68,096	-	3,064,954
Net Position, Beginning of Year	5,090,342	295,243	-	5,385,585
Net Position, End of Year	$ 8,087,200	$ 363,339	$ -	$ 8,450,539

HENDRY REGIONAL MEDICAL CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

FEDERAL AWARDS

Federal Grantor/Pass-Through Grantor/ Project	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subreceipients	Total Expenditures
Department of Health and Human Services				
COVID-19 Provider Relief Fund	93.498	N/A	N/A	$ 4,726,803
Total Department of Health and Human Services				$ 4,726,803
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$ 4,726,803**

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Hendry Regional Medical Center (Medical Center) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits*. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the Medical Center's operations, it is not intended to and does not present the financial position, changes in net position the Medical Center. The Medical Center has elected not to use the 10 percent de minimus indirect cost rate allowed under the Uniform Guidance.

NOTE B - CONTINGENCIES

Grant monies received and distributed by the Medical Center are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. The Medical Center does not believe that such allowances, if any, would have a material effect on the financial position of the Medical Center. As of February 28, 2022, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

NOTE C - PROVIDER RELIEF FUND

The Medical Center reported awards related to Provider Relief Fund ("PRF") on the accompanying schedule of expenditures of federal awards. The PRF expenditures including lost revenue are presented based on the June 30, 2021 PRF Report.

NOTE D - PERSONAL PROTECTIVE EQUIPMENT

The Medical Center reported $0 in donated, federally funded personal protective equipment.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Hendry Regional Medical Center
Clewiston, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hendry Regional Medical Center (the Medical Center), as of and for the years ended September 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Medical Center's basic financial statements and have issued our report thereon dated February 28, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Medical Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Medical Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Medical Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Medical Center's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Medical Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

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However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christopher, Smith,
Leonard & Stanell, P.A.

CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.

February 28, 2022
Sarasota, Florida

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Hendry Regional Medical Center
Clewiston, Florida

Report on Compliance for Each Major Federal Program

We have audited Hendry Regional Medical Center, (the Medical Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Medical Center's major federal programs for the year ended September 30, 2021. The Medical Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Medical Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Medical Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Medical Center's compliance.

Opinion on Each Major Federal Program

In our opinion, the Medical Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

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Report on Internal Control Over Compliance

Management of the Medical Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Medical Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Medical Center's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Christopher, Smith,
Leonard & Stanell, P.A.

CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.

February 28, 2022
Bradenton, Florida

Section I – Summary of Auditors' Results

Financial Statements

Type of Auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	___ yes __x__ no
Significant deficiency(ies) identified?	___ yes __x__ none reported
Noncompliance material to financial statements noted?	___ yes __x__ no

Federal Awards

Internal control over major Federal programs:	
Material weakness(es) identified?	___ yes __x__ no
Significant deficiency(ies) identified?	___ yes __x__ none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	___ yes __x__ no

Identification of Major Federal Programs:	**AL Number**
COVID-19 Provider Relief Fund	93.498

Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	$750,000
Auditee qualified as low-risk auditee	___ yes __x__ no

Section II – Financial Statement Findings

There were no findings required to be reported.

PRIOR YEAR FINDINGS

There were no prior year finds to be reported.

Section III – Federal Program Findings and Questioned Costs

There were no findings required to be reported.

PRIOR YEAR FINDINGS

No summary schedule of prior audit findings is required because there were no prior audit findings related to federal programs.

MANAGEMENT LETTER

Board of Directors
Hendry Regional Medical Center
Clewiston, Florida

Report on the Financial Statements

We have audited the financial statements of Hendry Regional Medical Center as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated February 28, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standard;* Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 28, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in the notes to the financial statements.

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Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Hendry Regional Medical Center met one or more of the conditions described in Section 218.503(1), Florida Statues, and to identify the specific conditions met. In connection with our audit, we determined that Hendry Regional Medical Center did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Hendry Regional Medical Center. It is management's responsibility to monitor Hendry Regional Medical Center's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we made the following recommendation:

As part of our patient revenue audit procedures, we noted consent forms were not available for 20 of 60 charges sampled. All of the missing consent forms related to patients under one service type. We recommend the Medical Center enhance processes to ensure consent forms are obtained for all services provided.

Specific Information for an Independent Special District

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, Hendry Regional Medical Center (the Medical Center) reported:

a. The total number of Medical Center employees compensated in the last pay period of the Medical Center's fiscal year was 230.

b. The total number of independent contractors to whom non-employee compensation was paid in the last month of the Medical Center's fiscal year was 14.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was $14,188,747.

d. All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency was $980,750.

e. Each construction project with a total cost of at least $65,000 approved by the Medical Center that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project was $0.

f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Medical Center amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget variance is presented below:

	Budget	Actual	Variance
Revenues	$ 33,750,368	$ 41,443,363	$ 7,692,995
Expenses	$ 34,460,068	$ 36,923,964	$ (2,463,896)

Specific Information for an Independent Special District that Imposes Ad Valorem Taxes

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Medical Center reported:

a. The mileage rate or rates imposed by the Medical Center was 3.35 mills for general and 0.56 mills for debt service.

b. The total amount of ad valorem taxes collected by or on behalf of the Medical Center was $9,191,676.

c. The total amount of outstanding bonds issued by the Medical Center and the terms of such bonds was $0, as there were none.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Directors, and applicable management, and is not intended to be and should not be used by anyone other than those specified parties.

Christopher, Smith,
Leonard & Stanell, P.A.

CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.

February 28, 2022
Sarasota, Florida

HENDRY REGIONAL MEDICAL CENTER

"Where It's All About Getting Better"

February 28, 2022

Auditor General's Office

Local Government Audits/342

Claude Pepper Building, Room 401

111 West Madison Street

Tallahassee, FL 32399-1450

In response to the audit comments in the management letter for fiscal year ended September 30, 2021:

Consent Forms

The Medical Center is addressing the issue of not collecting consent forms as follows: The issue of not collecting consent forms within the registration department was isolated to a single service line. The staff have been retrained on the issue and expectations have been communicated to the registration staff to collect consent forms from all patients. The Medical Center will continue monitoring and will perform routine audits to ensure consent forms are being consistently collected from the patients.

Sincerely,

Troy E Eller

Chief Financial Officer

INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE

Board of Directors
Hendry Regional Medical Center
Clewiston, Florida

We have examined Hendry Regional Medical Center's (Medical Center) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management of the Medical Center is responsible for the Medical Center's compliance with the specified requirements. Our responsibility is to express an opinion on the Medical Center's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Medical Center complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Medical Center complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Medical Center's compliance with specified requirements.

In our opinion, the Medical Center complied in all material respects, with the aforementioned compliance requirements for the year ended September 30, 2021.

This report is intended solely for the information and use of the Medical Center and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Christopher, Smith, Leonard & Stanell, P.A.

CHRISTOPHER, SMITH,
LEONARD & STANELL, P.A.

February 28, 2022
Sarasota, Florida

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