HENDRY REGIONAL MEDICAL CENTER

FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

HENDRY REGIONAL MEDICAL CENTER
FINANCIAL STATEMENTS

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1–3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4–8
FINANCIAL STATEMENTS	
BALANCE SHEETS	9
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	10
STATEMENTS OF CASH FLOWS	11–12
NOTES TO FINANCIAL STATEMENTS	13–34
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF THE MEDICAL CENTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – FRS	35
SCHEDULE OF THE MEDICAL CENTER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – HIS	36
SCHEDULE OF THE MEDICAL CENTER'S CONTRIBUTIONS – FRS	37
SCHEDULE OF THE MEDICAL CENTER'S CONTRIBUTIONS – HIS	38
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	39
SUPPLEMENTARY SCHEDULES	
SUPPLEMENTAL BALANCE SHEETS – HOSPITAL ONLY	40
SUPPLEMENTAL SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – HOSPITAL ONLY	41
SUPPLEMENTAL BALANCE SHEETS – HOSPITAL AND COMPONENT UNIT	42–43
SUPPLEMENTAL SCHEDULES OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – HOSPITAL AND COMPONENT UNIT	44–45
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	46
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	47
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*	48–49

TABLE OF CONTENTS – CONTINUED

	PAGE
INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	50-52
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	53-54
MANAGEMENT LETTER	55-57
INDEPENDENT ACCOUNTANT'S REPORT ON INVESTMENT COMPLIANCE	58

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hendry Regional Medical Center
Clewiston, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hendry Regional Medical Center (the Medical Center), as of and for the years ended September 30, 2023 and 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Medical Center, as of September 30, 2023 and 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Medical Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Medical Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

BRADENTON 1001 3rd Avenue West, Suite 700 Bradenton, FL 34205 ph 941.748.1040
SARASOTA 1515 Ringling Boulevard, Suite 900 Sarasota, FL 34236 ph 941.954.4040
TAMPA 101 East Kennedy Boulevard, Suite 1460 Tampa, FL 33602 ph 813.490.4490
WWW.CSLCPA.COM

Auditor's Responsibilities for the Audit of the Financial Statements

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Medical Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Medical Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedules of the Medical Center's Proportionate Share of the Net Pension Liability, Schedules of the Medical Center's Contributions, and Notes as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Medical Center's basic financial statements. The accompanying supplemental schedules as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic 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 23, 2024 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 23, 2024
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, 2023 and 2022. 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 and disclosures 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 approximately $15,492,000 in 2023, $13,537,000 in 2022, and $14,397,000 in 2021.

	2023	2022	2021
Charity care	$ 4,262,000	$ 2,752,000	$ 2,641,000
Bad debts	10,070,000	9,977,000	10,218,000
Medicaid contractual adjustments	1,160,000	808,000	1,538,000
Total	$ 15,492,000	$ 13,537,000	$ 14,397,000

The Medical Center's net position increased approximately $1,298,000 or 8% during fiscal year ended September 30, 2023. During fiscal year ended September 30, 2022, the Medical Center's net position increased approximately $2,890,000 or 22%.

The Medical Center reported operating losses in fiscal year ended September 30, 2023 and 2022. In 2023, the operating loss was approximately $11,311,000, and in 2022 the operating loss was approximately $8,530,000.

Non-operating revenues increased by approximately $1,190,000 or 10% during the fiscal year ended September 30, 2023 compared to 2022. Non-operating revenues decreased by approximately $3,172,000 or 22% during the fiscal year ended September 30, 2022 compared to 2021.

In 2023, the Medical Center experienced an increase of approximately $1,451,000 in ad valorem taxes and a decrease of $657,000 in non-capital grants and contributions compared to 2022. In 2022 the Medical Center experienced an increase of approximately $969,000 in ad valorem taxes and a decrease of $4,162,000 in non-capital grants and contributions compared to 2021.

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 approximately $1,298,000 or 8% in fiscal year ended September 30, 2023. In 2022, net position increased by approximately $2,890,000 or 22% as described in the tables on the following page.

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

	2023	2022	2021
CURRENT ASSETS			
Cash and cash equivalents	$ 6,379,575	$ 5,675,749	$ 4,807,039
Patient accounts receivable, net of allowance	4,071,043	5,287,294	4,323,406
Other receivables, inventories and prepaid expenses	1,981,666	1,752,149	1,480,403
Total Current Assets	12,432,284	12,715,192	10,610,848
ASSETS LIMITED AS TO USE	710,912	709,797	709,201
RIGHT-TO-USE ASSET	262,980	380,210	-
CAPITAL ASSETS - NET	15,233,037	13,178,782	13,428,966
TOTAL ASSETS	$ 28,639,213	$ 26,983,981	$ 24,749,015
DEFERRED OUTFLOWS	$ 15,991	$ 21,202	$ 54,893
CURRENT LIABILITIES	$ 5,395,146	$ 3,763,945	$ 3,741,855
LONG-TERM LIABILITIES	5,764,185	6,651,555	7,418,234
TOTAL LIABILITIES	$ 11,159,331	$ 10,415,500	$ 11,160,089
DEFERRED INFLOWS	$ 170,909	$ 563,201	$ 507,502
NET POSITION			
Net investment in capital assets	$ 8,874,496	$ 5,875,509	$ 5,282,921
Restricted for education & community relations	91,140	90,622	90,622
Unrestricted	8,359,328	10,060,351	7,762,774
TOTAL NET POSITION	$ 17,324,964	$ 16,026,482	$ 13,136,317

In 2023, the assets of the Medical Center were primarily affected by increases in cash and capital assets, offset by decreases in patient receivables and liabilities increased due to timing of accounts payable. In 2022, the assets of the Medical Center were primarily affected by increases in cash and patient receivables and liabilities decreased due to payments on notes payable.

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

In 2023, the Medical Center's net position increased approximately $1,298,000 or 8% and in 2022 net position increased approximately $2,890,000 or 22%, as shown in Table 2.

Table 2: Operating Results and Changes in Net Position

	2023	2022	2021
OPERATING REVENUES			
Net patient service revenue	$ 26,842,436	$ 26,185,100	$ 23,297,031
Other	5,201,001	4,654,214	3,477,796
Total Operating Revenues	32,043,437	30,839,314	26,774,827
OPERATING EXPENSES			
Salaries and benefits	20,733,372	18,033,784	17,941,975
Outside services	7,680,182	8,197,507	6,051,863
Supplies	3,699,319	3,568,956	3,407,273
Depreciation and amortization	1,698,268	1,490,052	1,731,497
Other operating expenses	9,543,428	8,078,672	7,548,389
Total Operating Expenses	43,354,569	39,368,971	36,680,997
OPERATING LOSS	(11,311,132)	(8,529,657)	(9,906,170)

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

	2023	2022	2021
Non-operating revenues (expenses):			
Ad valorem and other taxes	11,697,081	10,245,737	9,276,851
Gain on disposal of assets	60,350	-	-
Non-capital grants and contributions	810,637	1,467,204	5,629,420
Investment Income	330,302	31,040	10,750
Interest expense	(288,756)	(324,159)	(325,073)
Total non-operating revenues (expenses)	12,609,614	11,419,822	14,591,948
Increase (decrease) in net position	1,298,482	2,890,165	4,685,778
Net Position, Beginning of Year	16,026,482	13,136,317	8,450,539
NET POSITION, END OF YEAR	$ 17,324,964	$ 16,026,482	$ 13,136,317

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 2023 increased approximately $2,781,000 or 33%. Operating losses in 2022 decreased approximately $1,377,000 or 14%.

In 2023, operating revenues increased approximately $1,204,000 or 4%. During this fiscal year the Medical Center experienced an increases in outpatient revenue of 13% offset in part by decreases in inpatient revenue of 40%. In 2022, operating revenues increased approximately $4,064,000 or 15%. During 2022, the Medical Center experienced an increases in outpatient revenue of 7% offset in part by decreases in inpatient revenue of 11%.

During fiscal year ended September 30, 2023 the amount of charity care, bad debt and contractual adjustments was approximately $15,492,000 or a 14% increase from 2022. For 2022, the amount was approximately $13,537,000, a 6% decrease from 2021. Additionally in 2023, salaries and benefits increased approximately 15% while all other expenses increased 6%. For 2022, salaries and benefits increase approximately 1% while all other expenses increased 14%.

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 2023, ad valorem taxes increased approximately $1,451,000 or 14% and non-capital grants and contributions decreased approximately $657,000 due to a reduction of CARES Act funding. During 2022, ad valorem taxes increased approximately $968,000 or 10% and non-capital grants and contributions decreased approximately $4,162,000 due to PPP loan forgiveness recognized in 2021 and not in 2022 and a reduction of CARES Act funding of $2,339,000.

The Medical Center's Cash Flows

Cash flows used in operating activities decreased approximately $1,367,000 and $1,640,000 in 2023 and 2022, respectively. Cash provided by noncapital financing activities increased approximately $351,000 and $1,982,000 in 2023 and 2022 respectively. The Medical Center used approximately $3,753,000 and $1,240,000 for capital expenditures in 2023 and 2022, respectively. 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

In September 30, 2023, the Medical Center had approximately $15,233,000 invested in capital assets, net of accumulated depreciation. In 2023, the Medical Center purchased improvements and equipment totaling approximately $3,753,000. In September 30, 2022, the Medical Center had approximately $13,179,000 invested in capital assets, net of accumulated depreciation. In 2022, the Medical Center purchased equipment totaling approximately $1,222,000. Capital assets are detailed in Note E to the accompanying financial statements.

Notes Payable

Previous construction projects were funded with a $14,000,000 tax exempt bank loan. This tax exempt borrowing totaled approximately $6,347,000 and $7,125,000 at September 30, 2023 and 2022, respectively. Debt is further explained in Notes G and H to the accompanying financial statements. The Medical Center paid its scheduled debt payments in 2023 and 2022.

Other Economic Factors

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.

Litigation issues are similar to previous years. The Hospital maintains a designated cash reserve for such claims of approximately $620,000. 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,

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	$ 6,379,575	$ 5,675,749
Patient accounts receivable, net of allowance for doubtful accounts of $5,998,603 in 2023 and $7,548,902 in 2022	4,071,043	5,287,294
Estimated third-party payor settlements	57,860	212,016
Other receivables	941,638	455,148
Inventories	426,417	579,277
Prepaid expenses	555,751	505,708
Total Current Assets	12,432,284	12,715,192
NONCURRENT CASH		
Board designated	619,772	619,175
Restricted by contributors for education and community relations	91,140	90,622
Total Noncurrent Cash	710,912	709,797
RIGHT-TO-USE ASSET	262,980	380,210
CAPITAL ASSETS		
Land	1,012,963	1,012,963
Depreciable capital assets, net of accumulated depreciation	14,162,633	12,147,009
Construction in progress	57,441	18,810
Total Capital Assets, Net of Accumulated Depreciation	15,233,037	13,178,782
Total Assets	28,639,213	26,983,981
DEFERRED OUTFLOWS OF RESOURCES - Pension	15,991	21,202
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 28,655,204	$ 27,005,183
CURRENT LIABILITIES		
Current portion, long-term debt	$ 807,658	$ 777,820
Lease liability, current portion	140,593	178,099
Accounts payable	1,602,822	581,239
Accrued liabilities	2,844,073	2,226,787
Total Current Liabilities	5,395,146	3,763,945
LONG-TERM LIABILITIES		
Long-term debt, net of current maturities	5,539,570	6,347,354
Lease liability, net of current portion	133,700	211,216
Net pension liability	90,915	92,985
Total Long-Term Liabilities	5,764,185	6,651,555
Total Liabilities	11,159,331	10,415,500
DEFERRED INFLOWS OF RESOURCES		
Pension	170,909	209,526
Unearned revenue - COVID-19 funding	-	353,675
Total Deferred Inflows of Resources	170,909	563,201
NET POSITION		
Net investment in capital assets	8,874,496	5,875,509
Restricted		
Expendable for education and community relations	91,140	90,622
Unrestricted	8,359,328	10,060,351
Total Net Position	17,324,964	16,026,482
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 28,655,204	$ 27,005,183

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,

	2023	2022
OPERATING REVENUES		
Net patient service revenue (net of contractual adjustments and bad debts (Note D)	$ 26,842,436	$ 26,185,100
Other	5,201,001	4,654,214
Total Operating Revenues	32,043,437	30,839,314
OPERATING EXPENSES		
Salaries and wages	16,415,178	14,668,954
Outside services	7,680,182	8,197,507
Supplies	3,699,319	3,568,956
Employee benefits	4,318,194	3,364,830
Other operating expenses	2,873,926	2,131,247
Professional fees	3,431,748	3,254,832
Depreciation and amortization	1,698,268	1,490,052
Repairs and maintenance	1,513,961	1,248,427
Utilities	884,882	787,552
Building and equipment rentals	838,911	656,614
Total Operating Expenses	43,354,569	39,368,971
OPERATING LOSS	(11,311,132)	(8,529,657)
Non-operating revenues (expenses):		
Ad valorem and other taxes	11,697,081	10,245,737
Gain on disposal of assets	60,350	-
Non-capital grants and contributions	810,637	1,467,204
Investment income	330,302	31,040
Interest expense	(288,756)	(324,159)
Total Non-Operating Revenues (Expenses)	12,609,614	11,419,822
Increase in Net Position	1,298,482	2,890,165
Net Position, Beginning of Year	16,026,482	13,136,317
Net Position, End of Year	$ 17,324,964	$ 16,026,482

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,

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from patients and third party payors	$ 27,726,353	$ 25,010,656
Payments to suppliers and contractors	(25,138,306)	(23,271,155)
Payments to employees	(15,429,071)	(14,662,261)
Other operating receipts and payments, net	5,818,287	4,533,318
Net cash used in operating activities	(7,022,737)	(8,389,442)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from racing funds	85,175	85,175
Ad Valorem taxes	11,611,906	10,160,562
Proceeds from noncapital grants and contributions	456,962	1,557,764
Net cash provided by noncapital financing activities	12,154,043	11,803,501
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital expenditures	(3,752,523)	(1,239,868)
Proceeds from sale of capital assets	60,350	-
Interest paid on long-term debt	(288,756)	(324,159)
Repayment of long-term debt	(775,738)	(1,011,766)
Net cash used in capital and related financing activities	(4,756,667)	(2,575,793)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income received	330,302	31,040
Net cash provided by investing activities	330,302	31,040
Net change in cash	704,941	869,306
Cash and cash equivalents at beginning of year	6,385,546	5,516,240
Cash and cash equivalents at end of year	$ 7,090,487	$ 6,385,546
Reconciliation of cash and cash equivalents to the balance sheet:		
Cash and cash equivalents in current assets	$ 6,379,575	$ 5,675,749
Board designated	619,772	619,175
Restricted for education and community relations	91,140	90,622
Total cash and cash equivalents	$ 7,090,487	$ 6,385,546

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,

	2023	2022
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$ (11,311,132)	$ (8,529,657)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	1,698,268	1,490,052
Provision for bad debts	10,069,681	9,977,400
Non cash pension expense	(35,476)	(50,718)
(Increase) decrease in:		
Patient accounts receivable	(8,853,430)	(10,941,288)
Estimated third-party payor settlements	154,156	(184,085)
Other receivables	(486,490)	(26,471)
Inventories	152,860	(73,880)
Prepaid expenses	(50,043)	12,690
Increase (decrease) in:		
Accounts payable and accrued expenses	1,638,869	(63,485)
Total adjustments	4,288,395	140,215
Net cash used in operating activities	$ (7,022,737)	$ (8,389,442)

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.

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, deferred outflows of resources, liabilities and deferred inflows of resources 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 financial statements of the Medical Center have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as GAAP for state and local governments, including the Medical Center.

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.

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

Deposits and Investments

All Medical Center depositories are banks or savings institutions designated as qualified public depositories by the State Treasurer. At September 30, 2023 and 2022, the bank balances were $7,365,731 and $6,802,238, 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 $325,361 and $20,245 at September 30, 2023 and 2022, 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.

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Patient Accounts Receivable - Continued

The following table summarized the percentage of accounts receivable from all payors as of September 30:

	2023	2022
Medicare	4.5%	5.4%
Medicaid	6.0%	2.0%
Commercial insurers, workers compensation, managed care plans, private pay, and other	89.5%	92.6%
	100%	100%

Inventory

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

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 at September 30, 2023 and 2022, is set forth in the following table:

	2023	2022
CD's under malpractice fund arrangement	$ 619,772	$ 619,175

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

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 which will be recognized as either pension expense or a reduction of net pension liability in future reporting years.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred Outflows/Inflows of Resources - Continued

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 which will be recognized as a reduction to pension expense in future reporting years and unearned revenue for the Hospital are reported in the balance sheet.

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 408 vacation hours and 480 sick hours. For the fiscal years ended September 30, 2023 and 2022, the liability relating to unused sick and vacation leave is recorded in accrued expenses in the accompanying balance sheets.

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.

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

The Medical Center had $91,140 and $90,622 restricted for diabetes education and community relations at September 30, 2023 and 2022, respectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 Medical 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.

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.

Advertising Costs

The Medical Center expenses advertising costs as incurred. Advertising expenses totaled $181,627 and $184,810 for the years ended September 30, 2023 and 2022, respectively.

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. 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 - CONTINUED

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.

Property Taxes

The Medical Center received approximately 26% in 2023 and 24% in 2022 of its financial support from property taxes. These funds were used as follows:

	2023	2022
Used to support operations	$ 10,564,931	$ 8,696,756
Used for debt service	$ 1,046,975	$ 1,463,806

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, 2023 and 2022, respectively.

The Authority may not levy taxes in excess of 4.25 mills. The tax levy for fiscal year 2023 and 2022 was 3.66 and 3.89 mills, respectively. The 2023 and 2022 tax levy included 0.33 and 0.56 mills for debt service, respectively.

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, 2023 and 2022 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.

Change in Accounting Principle

Effective October 1, 2021, the Medical Center adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* (GASB No. 87), which requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB No. 87, a lessee is required to recognize a lease liability and a right-to-use asset in the balance sheets. The implementation of this new standard required the initial recognition of a right-to-use asset of $560,064 and a lease liability of $560,064 as of October 1, 2021. The adoption of GASB No. 87 had no effect on net position, as initially reported.

Effective October 1, 2022, the Medical Center adopted new accounting guidance by implementing the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB No. 96), which requires recognition of certain subscription-based information technology arrangements as assets and liabilities in the balance sheets. Upon implementation, management determined that there were no material arrangements that would require recognition under GASB No. 96.

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:

	2023	2022
Charges foregone, based on established rates	$ 4,261,632	$2,751,570

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 15% 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 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, 2023.

- 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, 2023 and 2022 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:

	2023	2022
Gross patient service revenue	$ 84,683,078	$ 79,454,419
Less third-party payor and other contractual adjustments	(47,770,961)	(43,291,919)
Less bad debts	(10,069,681)	(9,977,400)
Net patient service revenue	**$ 26,842,436**	**$ 26,185,100**

NOTE E - CAPITAL ASSETS

Capital asset additions, retirements, and balances for the years ended September 30, 2023 and 2022 were as follows:

	Sept. 30, 2022	Additions/ Transfers In	Reclassified/ Transfers Out	Sept. 30, 2023
Non-depreciable:				
Land	$ 1,012,963	$ -	$ -	$ 1,012,963
Construction in progress	18,810	1,895,014	(1,856,383)	57,441
Total non-depreciable	1,031,773	1,895,014	(1,856,383)	1,070,404
Depreciable:				
Land improvements	167,215	-	-	167,215
Buildings and improvements	22,197,368	481,706	-	22,679,074
Equipment	22,932,288	3,232,187	(1,626,881)	24,537,594
Total depreciable	45,296,871	3,713,893	(1,626,881)	47,383,883
	46,328,644	5,608,907	(3,483,264)	48,454,287
Less accumulated depreciation for:				
Land improvements	(166,258)	(883)	-	(167,141)
Building and improvements	(14,406,429)	(753,484)	-	(15,159,913)
Equipment	(18,577,175)	(925,384)	1,608,363	(17,894,196)
Total accumulated depreciation	(33,149,862)	(1,679,751)	1,608,363	(33,221,250)
Capital assets, net	**$ 13,178,782**	**$ 3,929,156**	**$ (1,874,901)**	**$ 15,233,037**

	Sept. 30, 2021	Additions/ Transfers In	Reclassified/ Transfers Out	Sept. 30, 2022
Non-depreciable:				
Land	$ 1,012,963	$ -	$ -	$ 1,012,963
Construction in progress	33,427	1,085,592	(1,100,209)	18,810
Total non-depreciable	1,046,390	1,085,592	(1,100,209)	1,031,773
Depreciable:				
Land improvements	167,215	-	-	167,215
Buildings and improvements	22,197,368	-	-	22,197,368
Equipment	22,075,554	1,222,366	(365,632)	22,932,288
Total depreciable	44,440,137	1,222,366	(365,632)	45,296,871
	45,486,527	2,307,958	(1,465,841)	46,328,644
Less accumulated depreciation for:				
Land improvements	(165,297)	(961)	-	(166,258)
Building and improvements	(13,640,783)	(765,646)	-	(14,406,429)
Equipment	(18,251,481)	(691,326)	365,632	(18,577,175)
Total accumulated depreciation	(32,057,561)	(1,457,933)	365,632	(33,149,862)
Capital assets, net	**$ 13,428,966**	**$ 850,025**	**$ (1,100,209)**	**$ 13,178,782**

NOTE E - CAPITAL ASSETS - CONTINUED

The Medical Center also has recognized right-to-use assets upon the adoption of GASB No. 87. Right-to-use asset activity for fiscal years ended September 30, 2023 and 2022 were as follows:

	October 1, 2022	Additions	Subtractions	Sept. 30, 2023
Lease assets:				
Equipment	$ 243,009	$ 66,799	$ -	$ 309,808
Copy machines	317,055	-	-	317,055
Total	560,064	66,799	-	626,863
Less accumulated amortization:				
Equipment	(100,590)	(104,765)	-	(205,355)
Copy machines	(79,264)	(79,264)	-	(158,528)
Total	(179,854)	(184,029)	-	(363,883)
Lease assets, net	**$ 380,210**	**$ (117,230)**	**$ -**	**$ 262,980**

	October 1, 2021	Additions	Subtractions	Sept. 30, 2022
Lease assets:				
Equipment	$ 243,009	$ -	$ -	$ 243,009
Copy machines	317,055	-	-	317,055
Total	560,064	-	-	560,064
Less accumulated amortization:				
Equipment	-	(100,590)	-	(100,590)
Copy machines	-	(79,264)	-	(79,264)
Total	-	(179,854)	-	(179,854)
Lease assets, net	**$ 560,064**	**$ (179,854)**	**$ -**	**$ 380,210**

Amortization expense for the years ended September 30, 2023 and 2022 was $184,029 and $179,854, respectively, and is included with building and equipment rentals expenses in the statements of revenues, expenses and changes in net position.

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, 2023 and September 30, 2022. The balance outstanding was $0 as of September 30, 2023 and 2022. The other line of credit had a limit of $500,000 and $600,000 at September 30, 2023 and 2022, respectively. The balance outstanding was $0 at September 30, 2023 and 2022. The interest rate on both lines of credit was 3.75% for the years ended September 30, 2023 and 2022.

The Medical Center renewed and combined its revolving lines of credit subsequent to year end with a limit of $5,200,000 expiring on November 7, 2024. The Medical Center has pledged its 2021-2022 and 2022-2023 ad valorem taxes and operating revenues as collateral.

NOTE G - LONG-TERM DEBT AND OTHER NON-CURRENT LIABILITIES

	Balance Sept. 30, 2022	Additions	Reductions	Balance Sept. 30, 2023	Amounts Due Within One Year
Notes payable	$ 7,125,174	$ -	$ (777,946)	$ 6,347,228	$ 807,658
Lease liability	389,315	66,799	(181,821)	274,293	140,593
Net pension liability	92,985	44,846	(46,916)	90,915	-
Total non-current liabilities	$ 7,607,474	$ 111,645	$(1,006,683)	$ 6,712,436	$ 948,251

	Balance Sept. 30, 2021	Additions	Reductions	Balance Sept. 30, 2022	Amounts Due Within One Year
Notes payable	$ 7,874,263	$ -	$ (749,089)	$ 7,125,174	$ 777,820
Lease liability	-	560,064	(170,749)	389,315	178,099
Capital lease obligations	271,782	-	(271,782)	-	-
Net pension liability	142,533	64,801	(114,349)	92,985	-
Total non-current liabilities	$ 8,288,578	$ 624,865	$(1,305,969)	$ 7,607,474	$ 955,919

NOTE H - LONG-TERM DEBT

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

	2023	2022
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.	$ 6,347,228	$ 7,125,174
Less current portion	(807,658)	(777,820)
	$ 5,539,570	$ 6,347,354

Scheduled principal and interest payments of the Medical Center's long-term debt at September 30, 2023 are as follows:

Year Ending September 30:	Long-Term Debt Principal	Interest
2024	$ 807,658	$ 233,603
2025	838,641	202,621
2026	870,811	170,450
2027	904,217	137,044
2028	938,904	102,358
2029-2030	1,986,997	95,282
	$ 6,347,228	$ 941,358

NOTE H - LONG-TERM DEBT - CONTINUED

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 - LEASES

The Medical Center leases a storage server with imputed interest at 3.97%, collateralized by the equipment. The lease requires monthly payments of $2,080, including imputed interest. This lease matures in January 2024.

The Medical Center leases storage with imputed interest at 5.35%, collateralized by the equipment. The lease requires monthly payments of $6,846, including imputed interest. This lease matures in March 2024.

The Medical Center leases a gastroscope discounted with an incremental borrowing rate of 6.00%, collateralized by the equipment. The lease requires monthly payments of $4,973, including imputed interest. This lease matures in March 2024.

The Medical Center leases a chem/immunology system discounted with an incremental borrowing rate of 6.00%, collateralized by the equipment. The lease requires monthly payments of $1,860, including imputed interest. This lease matures in November 2023.

The Medical Center leases copy machines discounted with an incremental borrowing rate of 6.00%, collateralized by the equipment. The lease requires monthly payments of $7,409, including imputed interest. This lease matures in September, 2025.

The Medical Center leases surgery equipment discounted with an incremental borrowing rate of 6.00%, collateralized by the equipment. The lease requires monthly payments of $1,569, including imputed interest. This lease matures in June, 2027.

The lease expense for the year ended September 30 were as follows:

	2023	2022
Amortization expense by class of underlying asset:		
Equipment	$ 104,765	$ 100,590
Copy machines	79,264	79,264
Total amortization expense	184,029	179,854
Interest on lease liabilities	18,362	27,510
Total	$ 202,391	$ 207,364

Future minimum lease payments for the Medical Center's leases are as follows:

Year Ending September 30:	Lease Payments	
	Principal	Interest
2024	$ 140,593	$ 11,882
2025	102,500	5,234
2026	17,427	1,398
2027	13,773	347
	$ 274,293	$ 18,861

Future minimum lease payments of $274,293 consist of $140,593 current portion and $133,700 long-term portion.

NOTE J - 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 Florida issues a publicly available annual comprehensive financial report that can be obtained at https://www.myfloridacfo.com/transparency/state-financial-reports/FL-ACFR.

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.

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.

NOTE J - RETIREMENT PLANS - CONTINUED

Contributions Required and Made - Continued

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, 2023, ranged between 11.91% - 13.57% 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 $8,682 and $7,371 for the years ended September 30, 2023 and 2022, 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 $90,915 and $92,985 as of September 30, 2023 and 2022, respectively, for its proportionate share of the net pension liability which includes both FRS and HIS. The liability for the FRS plan was $61,644 and $68,060 as of September 30, 2023 and 2022, respectively and the liability for the HIS plan was $29,271 and $24,925 as of September 30, 2023 and 2022, respectively. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 for FRS and July 1, 2022 for HIS (rolled-forward to the measurement date). 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, 2023, the measurement date, the Medical Center's proportion was .000154702% for FRS and .000184311% for HIS. The previous year proportions was .000182919% for FRS and .000235327% for HIS.

For the years ended September 30, 2023 and 2022, the Medical Center recognized pension expense of $(26,675) and $(43,387), respectively. At September 30, 2023, 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	$ 5,788	$ -	$ 429	$ 69
Changes in assumptions	4,018	-	770	2,536
Net difference between projected and actual earnings on pension plan investments	2,575	-	15	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	95,550	72	72,754
Medical Center contributions subsequent to the June 30, 2023 measurement date	1,980	-	344	-
	$ 14,361	$ 95,550	$ 1,630	$ 75,359

NOTE J - RETIREMENT PLANS - CONTINUED

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

At September 30, 2022, 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	$ 3,232	$ -	$ 757	$ 110
Changes in assumptions	8,382	-	1,429	3,856
Net difference between projected and actual earnings on pension plan investments	4,494	-	36	-
Changes in proportion and differences between contributions and proportionate share of contributions	259	118,717	435	86,843
Medical Center contributions subsequent to the June 30, 2022 measurement date	1,873	-	305	-
	$ 18,240	$ 118,717	$ 2,962	$ 90,809

At September 30, 2023, total deferred outflows were $15,991 and total deferred inflows were $170,909. $1,980 (FRS) and $344 (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, 2024. 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
2024	$ (15,663)	$ (11,757)
2025	(15,663)	(11,757)
2026	(15,663)	(11,757)
2027	(15,663)	(11,757)
2028	(15,663)	(11,757)
Thereafter	(4,854)	(15,288)
	$ (83,169)	$ (74,073)

Actuarial Assumptions

The total pension liability was determined in the July 1, 2023 actuarial valuation for FRS and July 1, 2022 for HIS. Liabilities for HIS originally calculated as of the July 1, 2022 actuarial valuation date have been recalculated using standard actuarial roll forward procedures. Total pension liability 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	6.70 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 the Generational PUB-2010 with Projection Scale MP-2018.

The actuarial assumptions used in the June 30, 2023 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

NOTE J - RETIREMENT PLANS - CONTINUED

Actuarial Assumptions - Continued
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 4.20%, consistent with the 4.48% 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 2023 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.

Asset Class	Target Allocation	Annual Arithmetic Return
Cash	1.0%	2.9%
Fixed income	19.8%	4.5%
Global Equity	54.0%	8.7%
Real estate (property)	10.3%	7.6%
Private equity	11.1%	11.9%
Strategic investments	3.8%	6.3%

Discount Rate

The discount rate used to measure the total FRS pension liability was 6.70%. The HIS rate increased from 3.54% to 3.65% in the most recent actuarial 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.

The following changes in actuarial assumptions occurred in 2023:

- FRS: There were no changes in actuarial assumptions.
- HIS: The municipal bond rate used to determine total pension liability increased from 3.54% to 3.65%. Additionally, Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from $5 times years of service to $7.50, with an increased minimum of $45 and maximum of $225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

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, 2023 calculated using the discount rate of 6.70%, as well as what the Medical Center's proportionate share of the net pension liability

NOTE J - RETIREMENT PLANS - CONTINUED

Sensitivity of the Medical Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Continued
would be if it were calculated using a discount rate that is 1-percentage-point lower (5.70 percent) or 1-percentage-point higher (7.70 percent) than the current rate:

	1% Decrease (5.70%)	Discount Rate (6.70%)	1% Increase (7.70%)
Medical Center's proportionate share of the FRS net pension liability	$ 105,300	$ 61,644	$ 25,120

The following presents the Medical Center's proportionate share of the FRS net pension liability at September 30, 2022 calculated using the discount rate of 6.70%, 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 (5.70 percent) or 1-percentage-point higher (7.70 percent) than the current rate:

	1% Decrease (5.70%)	Discount Rate (6.70%)	1% Increase (7.70%)
Medical Center's proportionate share of the FRS net pension liability	$ 117,706	$ 68,060	$ 26,607

The following presents the Medical Center's proportionate share of the HIS net pension liability at September 30, 2023 calculated using the discount rate of 3.65%, 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 (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Medical Center's proportionate share of the HIS net pension liability	$ 33,394	$ 29,271	$ 25,854

The following presents the Medical Center's proportionate share of the HIS net pension liability at September 30, 2022 calculated using the discount rate of 3.54%, 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 (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Medical Center's proportionate share of the HIS net pension liability	$ 28,516	$ 24,925	$ 21,953

Pension Plan Fiduciary Net Position

The Medical Center's proportion of net position has been determined on the same basis of each Plan. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of Florida comprehensive annual financial report.

NOTE J - RETIREMENT PLANS - CONTINUED

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, the Hendry County Hospital Authority d/b/a Hendry Regional Medical Center Deferred Compensation Plan, which is a defined contribution profit sharing plan (the Plan) for all eligible employees and is administered by the Board of Directors. 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 $22,500 and $20,500 of their income on a pretax basis through contributions for years ended September 30, 2023 and 2022, 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, 2023 and 2022, the Medical Center contributed $656,309 and $390,610 to the Plan, respectively. The covered payroll for 2023 and 2022 was $11,893,884 and $11,380,557, respectively.

NOTE K - 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. 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, 2023 and 2022 was $281,367 and $277,200, 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 L - COMMITMENTS AND CONTINGENCIES

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.

NOTE M - 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, 2023 and 2022, consisted of these amounts:

Patient Accounts Receivable	2023	2022
Receivable from patients and their insurance carriers	$9,003,600	$ 11,830,918
Receivable from Medicare	457,172	691,401
Receivable from Medicaid	608,874	313,877
Total patient accounts receivable	10,069,646	12,836,196
Less allowance for uncollectible amounts	(5,998,603)	(7,548,902)
Patient accounts receivable, net	**$ 4,071,043**	**$ 5,287,294**

Accounts Payable and Accrued Expenses	2023	2022
Payable to employees (including payroll taxes)	$ 1,776,162	$ 1,568,800
Payable to suppliers and contractors	2,670,733	1,239,226
Total accounts payable and accrued expenses	**$ 4,446,895**	**$ 2,808,026**

NOTE N - 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 per individual per year for 2023 and 2022. 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 $340,289 and $52,409 at September 30, 2023 and 2022, 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, 2023 and 2022:

	2023	2022
Liability beginning balance	$ 100,000	$ 126,000
Claims incurred, rebates and changes in estimates	2,683,696	2,146,942
Claims payments	(2,689,696)	(2,172,942)
Liability ending balance	$ 94,000	$ 100,000

NOTE O - 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, $153,675 and $1,062,628 was recognized as revenue under PRF and $200,000 and $44,325 under RHC Testing for fiscal year 2023 and 2022, respectively.

At September 30, 2023 and 2022, the portion received, but determined to be unearned and was recorded as deferred inflows on the balance sheet was $0 and $353,675, respectively. The Medical Center earned the remaining funds received in accordance with reporting deadlines in fiscal year 2023.

NOTE P - CONDENSED COMBINING FINANCIAL INFORMATION

Condensed Combining Balance Sheet

	Hospital	Foundation	Eliminations	2023
Current assets	$ 11,787,914	$ 644,370	$ -	$ 12,432,284
Capital assets	15,233,037	-	-	15,233,037
Other assets	973,892	-	-	973,892
Total Assets	27,994,843	644,370	-	28,639,213
Deferred outflows	15,991	-	-	15,991
Total Assets and Deferred Outflows	$ 28,010,834	$ 644,370	$ -	$ 28,655,204
Current liabilities	$ 5,393,869	$ 1,277	$ -	$ 5,395,146
Long-term liabilities	5,764,185	-	-	5,764,185
Total Liabilities	11,158,054	1,277	-	11,159,331
Deferred inflows	170,909	-	-	170,909
Net position:				
Net investment in capital assets	8,874,496	-	-	8,874,496
Restricted				
Expendable for education and community relations	91,140	-	-	91,140
Unrestricted	7,716,235	643,093	-	8,359,328
Total Net Position	16,681,871	643,093	-	17,324,964
Total Liabilities, Deferred Inflows and Net Position	$ 28,010,834	$ 644,370	$ -	$ 28,655,204

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

	Hospital	Foundation	Eliminations	2023
Net patient service revenue	$ 26,842,436	$ -	$ -	$ 26,842,436
Other	5,201,001	-	-	5,201,001
Total operating revenues	32,043,437	-	-	32,043,437
Operating expenses	41,564,399	133,919	(42,017)	41,656,301
Depreciation	1,698,268	-	-	1,698,268
Total operating expenses	43,262,667	133,919	(42,017)	43,354,569
Operating loss	(11,219,230)	(133,919)	42,017	(11,311,132)
Non-operating revenues (expenses):				
Ad valorem and other taxes	11,697,081	-	-	11,697,081
Non-capital grants and contributions	374,495	436,142	-	810,637
Other nonoperating revenues	386,426	4,226	-	390,652
Other nonoperating expenses	(288,756)	-	-	(288,756)
Total Non-operating Revenues (Expenses)	12,169,246	440,368	-	12,609,614
Excess of revenues over expenses before capital grant	950,016	306,449	42,017	1,298,482
Capital grant	42,017	-	(42,017)	-
Change in net position	992,033	306,449	-	1,298,482
Net Position, Beginning of Year	15,689,838	336,644	-	16,026,482
Net Position, End of Year	$ 16,681,871	$ 643,093	$ -	$ 17,324,964

Condensed Combining Statement of Cash Flows

	Hospital	Foundation	Eliminations	2023
Net cash provided (used) by:				
Operating activities	$ (6,888,818)	$ (133,919)	$ -	$ (7,022,737)
Non-capital financing activities	11,717,901	436,142	-	12,154,043
Capital and related financing activities	(4,756,667)	-	-	(4,756,667)
Investing activities	326,076	4,226	-	330,302
Net change in cash	398,492	306,449	-	704,941
Cash and cash equivalents at beginning of year	6,047,625	337,921	-	6,385,546
Cash and cash equivalents at end of year	$ 6,446,117	$ 644,370	$ -	$ 7,090,487

NOTE P - CONDENSED COMBINING FINANCIAL INFORMATION - CONTINUED

Condensed Combining Balance Sheet	Hospital	Foundation	Eliminations	2022
Current assets	$ 12,377,271	$ 337,921	$ -	$ 12,715,192
Capital assets	13,178,782	-	-	13,178,782
Other assets	1,090,007	-	-	1,090,007
Total Assets	26,646,060	337,921	-	26,983,981
Deferred outflows	21,202	-	-	21,202
Total Assets and Deferred Outflows	$ 26,667,262	$ 337,921	$ -	$ 27,005,183
Current liabilities	$ 3,762,668	$ 1,277	$ -	$ 3,763,945
Long-term liabilities	6,651,555	-	-	6,651,555
Total Liabilities	10,414,223	1,277	-	10,415,500
Deferred inflows	563,201	-	-	563,201
Net position:				
Net investment in capital assets	5,875,509	-	-	5,875,509
Restricted				
Expendable for education and community relations	90,622	-	-	90,622
Unrestricted	9,723,707	336,644	-	10,060,351
Total Net Position	15,689,838	336,644	-	16,026,482
Total Liabilities, Deferred Inflows and Net Position	$ 26,667,262	$ 337,921	$ -	$ 27,005,183

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

	Hospital	Foundation	Eliminations	2022
Net patient service revenue	$ 26,185,100	$ -	$ -	$ 26,185,100
Other	4,654,214	-	-	4,654,214
Total operating revenues	30,839,314	-	-	30,839,314
Operating expenses	37,798,724	562,466	(482,271)	37,878,919
Depreciation	1,490,052	-	-	1,490,052
Total operating expenses	39,288,776	562,466	(482,271)	39,368,971
Operating loss	(8,449,462)	(562,466)	482,271	(8,529,657)
Non-operating revenues (expenses):				
Ad valorem and other taxes	10,245,737	-	-	10,245,737
Non-capital grants and contributions	1,098,192	369,012	-	1,467,204
Other nonoperating revenues	30,660	380	-	31,040
Other nonoperating expenses	(324,159)	-	-	(324,159)
Total Non-operating Revenues (Expenses)	11,050,430	369,392	-	11,419,822
Excess of revenues over expenses before capital grant	2,600,968	(193,074)	482,271	2,890,165
Capital grant	482,271	-	(482,271)	-
Change in net position	3,083,239	(193,074)	-	2,890,165
Net Position, Beginning of Year	12,606,599	529,718	-	13,136,317
Net Position, End of Year	$ 15,689,838	$ 336,644	$ -	$ 16,026,482

Condensed Combining Statement of Cash Flows

	Hospital	Foundation	Eliminations	2022
Net cash provided (used) by:				
Operating activities	$ (7,826,976)	$ (562,466)	$ -	$ (8,389,442)
Non-capital financing activities	11,434,489	369,012	-	11,803,501
Capital and related financing activities	(2,575,793)	-	-	(2,575,793)
Investing activities	30,660	380	-	31,040
Net change in cash	1,062,380	(193,074)	-	869,306
Cash and cash equivalents at beginning of year	4,985,245	530,995	-	5,516,240
Cash and cash equivalents at end of year	$ 6,047,625	$ 337,921	$ -	$ 6,385,546

REQUIRED SUPPLEMENTARY INFORMATION

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

FLORIDA RETIREMENT SYSTEM (FRS)
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Medical Center's proportion of the net pension liability	0.001250409%	0.001160913%	0.000799677%	0.000826402%	0.000799908%	0.000691796%	0.000659532%	0.000588221%	0.000182919%	0.000154702%
Medical Center's proportionate share of the net pension liability	$ 76,293	$ 149,948	$ 201,919	$ 244,444	$ 240,936	$ 238,245	$ 285,851	$ 44,433	$ 68,060	$ 61,644
Medical Center's covered-employee payroll	$ 502,004	$ 471,919	$ 411,769	$ 420,789	$ 410,086	$ 376,224	$ 365,370	$ 225,199	$ 66,270	$ 71,843
Medical Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	15%	32%	49%	58%	59%	63%	78%	20%	103%	86%
Plan fiduciary net position as a percentage of total pension liability	96.09%	92.00%	84.88%	83.89%	84.26%	82.61%	78.85%	96.40%	82.89%	82.38%

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

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Medical Center's proportion of the net pension liability	0.001654062%	0.001593940%	0.001278490%	0.001305035%	0.001284639%	0.001108137%	0.001069668%	0.000799736%	0.000235327%	0.000184311%
Medical Center's proportionate share of the net pension liability	$ 154,659	$ 162,557	$ 149,003	$ 139,540	$ 135,968	$ 123,989	$ 130,605	$ 98,100	$ 24,925	$ 29,271
Medical Center's covered-employee payroll	$ 502,004	$ 471,919	$ 411,769	$ 420,789	$ 410,086	$ 376,224	$ 365,370	$ 225,199	$ 66,270	$ 71,843
Medical Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	31%	34%	36%	33%	33%	33%	36%	44%	38%	41%
Plan fiduciary net position as a percentage of total pension liability	0.99%	0.50%	0.97%	1.64%	2.15%	2.63%	3.00%	3.56%	4.81%	4.12%

HENDRY REGIONAL MEDICAL CENTER
SCHEDULE OF THE MEDICAL CENTER'S CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30,

FLORIDA RETIREMENT SYSTEM (FRS)
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution *	$ 27,389	$ 28,304	$ 19,501	$ 21,513	$ 22,797	$ 21,451	$ 21,913	$ 22,409	$ 7,805	$ 7,442
Contributions in relation to the contractually required contribution	27,389	28,304	19,501	21,513	22,797	21,451	21,913	22,409	7,805	7,442
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Medical Center's covered-employee payroll	$ 502,004	$ 471,919	$ 411,769	$ 420,789	$ 410,086	$ 376,224	$ 365,370	$ 225,199	$ 66,270	$ 71,843
Contributions as a percentage of covered-employee payroll	5.46%	6.00%	4.74%	5.11%	5.56%	5.70%	6.00%	9.95%	11.78%	10.36%

* - 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
FOR THE YEAR ENDED SEPTEMBER 30,

RETIREE HEALTH INSURANCE SUBSIDY PROGRAM (HIS)
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution *	$ 5,666	$ 6,093	$ 6,553	$ 6,907	$ 6,967	$ 6,153	$ 6,164	$ 4,701	$ 1,424	$ 1,212
Contributions in relation to the contractually required contribution	5,666	6,093	6,553	6,907	6,967	6,153	6,164	4,701	1,424	1,212
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Medical Center's covered-employee payroll	$ 502,004	$ 471,919	$ 411,769	$ 420,789	$ 410,086	$ 376,224	$ 365,370	$ 225,199	$ 66,270	$ 71,843
Contributions as a percentage of covered-employee payroll	1.13%	1.29%	1.59%	1.64%	1.70%	1.64%	1.69%	2.09%	2.15%	1.69%

* - 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, 2023 and for the HIS plan as of July 1, 2022, rolled-forward. Both plans used the individual 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 6.70%. 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 3.65% was used to determine the total pension liability for the program. Mortality assumptions for the FRS plan was based on the PUB-2010 base table, projected generationally with Scale MP-2018, and mortality assumptions for the HIS program were based on the Generational PUB-2010 with Projection Scale MP-2018.

The following changes in actuarial assumptions occurred in 2023:

- FRS: There were no changes in actuarial assumptions.

- HIS: The municipal bond rate used to determine total pension liability increased from 3.54% to 3.65%. Additionally, Chapter 2023-193, Laws of Florida (Senate Bill 7024), increased the level of monthly benefits from $5 times years of service to $7.50, with an increased minimum of $45 and maximum of $225. This change applies to all years of service for both members currently receiving benefits and members not yet receiving benefits.

SUPPLEMENTARY SCHEDULES

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

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	$ 5,735,205	$ 5,337,828
Patient accounts receivable, net of allowance for doubtful accounts of $5,998,603 in 2023 and $7,548,902 in 2022	4,071,043	5,287,294
Estimated third-party payor settlements	57,860	212,016
Other receivables	941,638	455,148
Inventories	426,417	579,277
Prepaid expenses	555,751	505,708
Total Current Assets	11,787,914	12,377,271
NONCURRENT CASH		
Board designated	619,772	619,175
Restricted by contributors for education and community relations	91,140	90,622
Total Noncurrent Cash	710,912	709,797
RIGHT-TO-USE ASSET	262,980	380,210
CAPITAL ASSETS		
Land	1,012,963	1,012,963
Depreciable capital assets, net of accumulated depreciation	14,162,633	12,147,009
Construction in progress	57,441	18,810
Total Capital Assets, Net of Accumulated Depreciation	15,233,037	13,178,782
Total Assets	27,994,843	26,646,060
DEFERRED OUTFLOWS OF RESOURCES - Pension	15,991	21,202
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 28,010,834	$ 26,667,262
CURRENT LIABILITIES		
Current portion, long-term debt	$ 807,658	$ 777,820
Lease liability, current portion	140,593	178,099
Accounts payable	1,601,545	579,962
Accrued liabilities	2,844,073	2,226,787
Total Current Liabilities	5,393,869	3,762,668
LONG-TERM LIABILITIES		
Long-term debt, net of current maturities	5,539,570	6,347,354
Lease liability, net of current portion	133,700	211,216
Net pension liability	90,915	92,985
Total Long-Term Liabilities	5,764,185	6,651,555
Total Liabilities	11,158,054	10,414,223
DEFERRED INFLOWS OF RESOURCES		
Pension	170,909	209,526
Unearned revenue - COVID-19 funding	-	353,675
Total Deferred Inflows of Resources	170,909	563,201
NET POSITION		
Net investment in capital assets	8,874,496	5,875,509
Restricted		
Expendable for education and community relations	91,140	90,622
Unrestricted	7,716,235	9,723,707
Total Net Position	16,681,871	15,689,838
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 28,010,834	$ 26,667,262

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

	2023	2022
OPERATING REVENUES		
Net patient service revenue (net of contractual adjustments and bad debts (Note D)	$ 26,842,436	$ 26,185,100
Other	5,201,001	4,654,214
Total Operating Revenues	32,043,437	30,839,314
OPERATING EXPENSES		
Salaries and wages	16,415,178	14,668,954
Outside services	7,680,182	8,197,507
Supplies	3,699,319	3,568,956
Employee benefits	4,318,194	3,364,830
Other operating expenses	2,782,024	2,051,052
Professional fees	3,431,748	3,254,832
Depreciation and amortization	1,698,268	1,490,052
Repairs and maintenance	1,513,961	1,248,427
Utilities	884,882	787,552
Building and equipment rentals	838,911	656,614
Total Operating Expenses	43,262,667	39,288,776
OPERATING LOSS	(11,219,230)	(8,449,462)
Non-operating revenues (expenses):		
Ad valorem and other taxes	11,697,081	10,245,737
Gain on disposal of assets	60,350	-
Non-capital grants and contributions	374,495	1,098,192
Investment income	326,076	30,660
Interest expense	(288,756)	(324,159)
Total Non-Operating Revenues (Expenses)	12,169,246	11,050,430
Excess of Revenues over Expenses before Capital Grant	950,016	2,600,968
Capital grant	42,017	482,271
Increase in Net Position	992,033	3,083,239
Net Position, Beginning of Year	15,689,838	12,606,599
Net Position, End of Year	$ 16,681,871	$ 15,689,838

HENDRY REGIONAL MEDICAL CENTER
SUPPLEMENTAL BALANCE SHEETS - HOSPITAL AND COMPONENT UNIT
SEPTEMBER 30, 2023

	Hospital	Foundation	Eliminations/ Reclassification	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 5,735,205	$ 644,370	$ -	$ 6,379,575
Patient accounts receivable, net of allowance for doubtful accounts of $5,998,603	4,071,043	-	-	4,071,043
Estimated third-party payor settlements	57,860	-	-	57,860
Other receivables	941,638	-	-	941,638
Inventories	426,417	-	-	426,417
Prepaid expenses	555,751	-	-	555,751
Total Current Assets	11,787,914	644,370	-	12,432,284
NONCURRENT CASH				
Board designated	619,772	-	-	619,772
Restricted by contributors for education and community relations	91,140	-	-	91,140
Total Noncurrent Cash	710,912	-	-	710,912
RIGHT-TO-USE ASSET	262,980	-	-	262,980
CAPITAL ASSETS				
Land	1,012,963	-	-	1,012,963
Depreciable capital assets, net of accumulated depreciation	14,162,633	-	-	14,162,633
Construction in progress	57,441	-	-	57,441
Total Capital Assets, Net of Accumulated Depreciation	15,233,037	-	-	15,233,037
Total Assets	27,994,843	644,370	-	28,639,213
DEFERRED OUTFLOWS OF RESOURCES - Pension	15,991	-	-	15,991
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 28,010,834	$ 644,370	$ -	$ 28,655,204
CURRENT LIABILITIES				
Current portion, long-term debt	$ 807,658	$ -	$ -	$ 807,658
Lease liability, current portion	140,593	-	-	140,593
Accounts payable	1,601,545	1,277	-	1,602,822
Accrued liabilities	2,844,073	-	-	2,844,073
Total Current Liabilities	5,393,869	1,277	-	5,395,146
LONG-TERM LIABILITIES				
Long-term debt, net of current maturities	5,539,570	-	-	5,539,570
Lease liability, net of current portion	133,700	-	-	133,700
Net pension liability	90,915	-	-	90,915
Total Long-Term Liabilities	5,764,185	-	-	5,764,185
Total Liabilities	11,158,054	1,277	-	11,159,331
DEFERRED INFLOWS OF RESOURCES				
Pension	170,909	-	-	170,909
Total Deferred Inflows of Resources	170,909	-	-	170,909
NET POSITION				
Net investment in capital assets	8,874,496	-	-	8,874,496
Restricted				
Expendable for education and community relations	91,140	-	-	91,140
Unrestricted	7,716,235	643,093	-	8,359,328
Total Net Position	16,681,871	643,093	-	17,324,964
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 28,010,834	$ 644,370	$ -	$ 28,655,204

HENDRY REGIONAL MEDICAL CENTER
SUPPLEMENTAL BALANCE SHEETS - HOSPITAL AND COMPONENT UNIT
SEPTEMBER 30, 2022

	Hospital	Foundation	Eliminations/ Reclassification	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 5,337,828	$ 337,921	$ -	$ 5,675,749
Patient accounts receivable, net of allowance for doubtful accounts of $7,548,902	5,287,294	-	-	5,287,294
Estimated third-party payor settlements	212,016	-	-	212,016
Other receivables	455,148	-	-	455,148
Inventories	579,277	-	-	579,277
Prepaid expenses	505,708	-	-	505,708
Total Current Assets	12,377,271	337,921	-	12,715,192
NONCURRENT CASH				
Board designated	619,175	-	-	619,175
Restricted by contributors for education and community relations	90,622	-	-	90,622
Total Noncurrent Cash	709,797	-	-	709,797
RIGHT-TO-USE ASSET	380,210	-	-	380,210
CAPITAL ASSETS				
Land	1,012,963	-	-	1,012,963
Depreciable capital assets, net of accumulated depreciation	12,147,009	-	-	12,147,009
Construction in progress	18,810	-	-	18,810
Total Capital Assets, Net of Accumulated Depreciation	13,178,782	-	-	13,178,782
Total Assets	26,646,060	337,921	-	26,983,981
DEFERRED OUTFLOWS OF RESOURCES - Pension	21,202	-	-	21,202
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 26,667,262	$ 337,921	$ -	$ 27,005,183
CURRENT LIABILITIES				
Current portion, long-term debt	$ 777,820	$ -	$ -	$ 777,820
Lease liability, current portion	178,099	-	-	178,099
Accounts payable	579,962	1,277	-	581,239
Accrued liabilities	2,226,787	-	-	2,226,787
Total Current Liabilities	3,762,668	1,277	-	3,763,945
LONG-TERM LIABILITIES				
Long-term debt, net of current maturities	6,347,354	-	-	6,347,354
Lease liability, net of current portion	211,216	-	-	211,216
Net pension liability	92,985	-	-	92,985
Total Long-Term Liabilities	6,651,555	-	-	6,651,555
Total Liabilities	10,414,223	1,277	-	10,415,500
DEFERRED INFLOWS OF RESOURCES				
Pension	209,526	-	-	209,526
Unearned revenue - COVID-19 funding	353,675	-	-	353,675
Total Deferred Inflows of Resources	563,201	-	-	563,201
NET POSITION				
Net investment in capital assets	5,875,509	-	-	5,875,509
Restricted				
Expendable for education and community relations	90,622	-	-	90,622
Unrestricted	9,723,707	336,644	-	10,060,351
Total Net Position	15,689,838	336,644	-	16,026,482
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 26,667,262	$ 337,921	$ -	$ 27,005,183

HENDRY REGIONAL MEDICAL CENTER
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - HOSPITAL AND COMPONENT UNIT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Hospital	Foundation	Eliminations	Total
OPERATING REVENUES				
Net patient service revenue (net of contractual adjustments and bad debts (Note D)	$ 26,842,436	$ -	$ -	$ 26,842,436
Other	5,201,001	-	-	5,201,001
Total Operating Revenues	32,043,437	-	-	32,043,437
OPERATING EXPENSES				
Salaries and wages	16,415,178	-	-	16,415,178
Outside services	7,680,182	-	-	7,680,182
Supplies	3,699,319	-	-	3,699,319
Employee benefits	4,318,194	-	-	4,318,194
Other operating expenses	2,782,024	133,919	(42,017)	2,873,926
Professional fees	3,431,748	-	-	3,431,748
Depreciation and amortization	1,698,268	-	-	1,698,268
Repairs and maintenance	1,513,961	-	-	1,513,961
Utilities	884,882	-	-	884,882
Building and equipment rentals	838,911	-	-	838,911
Total Operating Expenses	43,262,667	133,919	(42,017)	43,354,569
OPERATING LOSS	(11,219,230)	(133,919)	42,017	(11,311,132)
Non-operating revenues (expenses):				
Ad valorem and other taxes	11,697,081	-	-	11,697,081
Gain on disposal of assets	60,350	-	-	60,350
Non-capital grants and contributions	374,495	436,142	-	810,637
Investment income	326,076	4,226	-	330,302
Interest expense	(288,756)	-	-	(288,756)
Total Non-Operating Revenues (Expenses)	12,169,246	440,368	-	12,609,614
Excess (Deficit) of Revenues over Expenses before Capital Grant	950,016	306,449	42,017	1,298,482
Capital grant	42,017	-	(42,017)	-
Increase (Decrease) in Net Position	992,033	306,449	-	1,298,482
Net Position, Beginning of Year	15,689,838	336,644	-	16,026,482
Net Position, End of Year	$ 16,681,871	$ 643,093	$ -	$ 17,324,964

HENDRY REGIONAL MEDICAL CENTER
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - HOSPITAL AND COMPONENT UNIT
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Hospital	Foundation	Eliminations	Total
OPERATING REVENUES				
Net patient service revenue (net of contractual adjustments and bad debts (Note D)	$ 26,185,100	$ -	$ -	$ 26,185,100
Other	4,654,214	-	-	4,654,214
Total Operating Revenues	30,839,314	-	-	30,839,314
OPERATING EXPENSES				
Salaries and wages	14,668,954	-	-	14,668,954
Outside services	8,197,507	-	-	8,197,507
Supplies	3,568,956	-	-	3,568,956
Employee benefits	3,364,830	-	-	3,364,830
Other operating expenses	2,051,052	562,466	(482,271)	2,131,247
Professional fees	3,254,832	-	-	3,254,832
Depreciation and amortization	1,490,052	-	-	1,490,052
Repairs and maintenance	1,248,427	-	-	1,248,427
Utilities	787,552	-	-	787,552
Building and equipment rentals	656,614	-	-	656,614
Total Operating Expenses	39,288,776	562,466	(482,271)	39,368,971
OPERATING LOSS	(8,449,462)	(562,466)	482,271	(8,529,657)
Non-operating revenues (expenses):				
Ad valorem and other taxes	10,245,737	-	-	10,245,737
Non-capital grants and contributions	1,098,192	369,012	-	1,467,204
Investment income	30,660	380	-	31,040
Interest expense	(324,159)	-	-	(324,159)
Total Non-Operating Revenues (Expenses)	11,050,430	369,392	-	11,419,822
Excess (Deficit) of Revenues over Expenses before Capital Grant	2,600,968	(193,074)	482,271	2,890,165
Capital grant	482,271	-	(482,271)	-
Increase (Decrease) in Net Position	3,083,239	(193,074)	-	2,890,165
Net Position, Beginning of Year	12,606,599	529,718	-	13,136,317
Net Position, End of Year	$ 15,689,838	$ 336,644	$ -	$ 16,026,482

HENDRY REGIONAL MEDICAL CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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 and American Rescue Plan Rural Distribution	93.498	N/A	N/A	$ 1,197,512
Total Department of Health and Human Services				1,197,512
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$ 1,197,512**

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 or 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 23, 2024, 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 the Provider Relief Fund ("PRF") on the accompanying schedule of expenditures of federal awards. The PRF expenditures are presented based on the Reporting Period 4 regarding payments received from July 1, 2022 to December 31, 2022. There were no expenditures for Reporting Period 5, which would have also been included on the accompanying schedule of expenditures of federal awards.

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 year ended September 30, 2023, 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 23, 2024.

Report on 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 opinion 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 consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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.

BRADENTON 1001 3rd Avenue West, Suite 700 Bradenton, FL 34205 ph 941.748.1040
SARASOTA 1515 Ringling Boulevard, Suite 900 Sarasota, FL 34236 ph 941.954.4040
TAMPA 101 East Kennedy Boulevard, Suite 1460 Tampa, FL 33602 ph 813.490.4490
WWW.CSLCPA.COM

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 Medical Center'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 Medical Center'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 23, 2024
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

Opinion on Each Major Federal Program

We have audited Hendry Regional Medical Center's (the Medical Center) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Medical Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Medical Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Medical Center's federal programs.

BRADENTON 1001 3rd Avenue West, Suite 700 Bradenton, FL 34205 ph 941.748.1040
SARASOTA 1515 Ringling Boulevard, Suite 900 Sarasota, FL 34236 ph 941.954.4040
TAMPA 101 East Kennedy Boulevard, Suite 1460 Tampa, FL 33602 ph 813.490.4490
WWW.CSLCPA.COM

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Medical Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Medical Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Medical Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Medical Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Medical Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 23, 2024
Sarasota, 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 and American Rescue Plan Rural Distribution	93.498

Dollar threshold used to distinguish between Type A and Type B programs:	
Federal	$750,000
Auditee qualified as low-risk auditee	_x_ yes ___ 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

There were no prior year finds to be reported.

CS&L CPAs

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, 2023, and have issued our report thereon dated February 23, 2024.

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 Standards;* 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 23, 2024, 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 findings or recommendations in the preceding annual financial 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.

BRADENTON 1001 3rd Avenue West, Suite 700 Bradenton, FL 34205 ph 941.748.1040
SARASOTA 1515 Ringling Boulevard, Suite 900 Sarasota, FL 34236 ph 941.954.4040
TAMPA 101 East Kennedy Boulevard, Suite 1460 Tampa, FL 33602 ph 813.490.4490
WWW.CSLCPA.COM

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 did not have any such recommendations.

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 263.

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 13.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency was $14,228,109.

d. All compensation earned by or awarded to non-employee independent contractors, whether paid or accrued, regardless of contingency was $2,214,286.

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. The Medical Center had one project that exceeded $65,000, of which $251,105 was expended for the Computer Tomography Project.

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	$ 41,629,826	$ 44,898,115	$ 3,268,289
Expenses	$ 42,071,858	$ 43,643,325	$ (1,571,467)

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 3.33 mills for general and 0.33 mills for debt service.

b. The total amount of ad valorem taxes collected by or on behalf of the Medical Center was $11,611,906.

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 note 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 23, 2024
Sarasota, Florida

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, 2023. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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, 2023.

This report is intended solely for the information and use of the Medical Center and the Auditor General of the 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 23, 2024
Sarasota, Florida

BRADENTON 1001 3rd Avenue West, Suite 700 Bradenton, FL 34205 ph 941.748.1040
SARASOTA 1515 Ringling Boulevard, Suite 900 Sarasota, FL 34236 ph 941.954.4040
TAMPA 101 East Kennedy Boulevard, Suite 1460 Tampa, FL 33602 ph 813.490.4490
WWW.CSLCPA.COM