

Stoughton Hospital Association Finance Committee

Friday, November 18, 2022 | 7:30 a.m. – 9:00 a.m.

Phone: 312.626.6799 | Meeting ID: 869 1266 1640 | Passcode: 036968

Zoom Link: <https://us06web.zoom.us/j/86912661640?pwd=UEZBSjVtZys2TFI1S1JwKytxM2JHdz09>

Committee Members

Steve Staton | Tom Fendrick | Donna Olson | Margo Francisco | Dan DeGroot | Michelle Abey

Item	Discussion	Presenter
	1. Call to Order	Steve Staton
A	2. Stoughton Hospital Association Fiscal Year 2022 Audit Review and Approval (<i>See Attached, Pages 3-39</i>)	Gwen Moser Partner, Eide Bailly
A	3. Stoughton Hospital Association Investment Recap (<i>See Attached, Pages 40-69</i>)	Matt O'Neil Ziegler Cap. Mgmt.
A	4. Review and Approval of October 2022 Financial Statements (<i>See Attached, Pages 70-81</i>)	Brian Swain
A	5. Capital Request Approvals (<i>See Attached, Pages 82-87</i>) <ul style="list-style-type: none">Moderate Complex GeneXpert Laboratory InstrumentStereotactic Breast Biopsy Machine Replacement	Kyle Sippel Sara Sturmer
	6. November MTD Financial Updates	Brian Swain
A	7. Medical Office Building Expansion Update	Dan DeGroot
	8. Adjournment	Steve Staton

Upcoming Meetings:

- Governing Board Meeting: Monday, November 21, 2022 at 7:15 a.m.
- Annual Meeting: Monday, November 28, 2022 at 5:00 p.m.
- Executive Committee Meeting: Monday, December 26, 2022 at 7:30 a.m.

Note:

- A = Item requiring a Board/Committee Action, Approval, Recommendation or Acceptance
- R = Item requiring a formal Board Resolution

MISSION

The mission of Stoughton Hospital is to provide safe, quality health care with exceptional personalized service.

VISION

We grow to meet the changing needs of the communities we serve and become their health partner of choice.

VALUES

Our patients and community are our number one priority.



Independent Auditor's Report on Debt Agreement Covenants

To the Board of Directors
Stoughton Hospital Association
d/b/a Stoughton Health
Stoughton, Wisconsin

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Stoughton Health (Hospital), which comprise the balance sheet as of September 30, 2022, and the related statements of operations and changes in net assets and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated **Report Date**, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the Hospital failed to comply with the terms, covenants, provisions, or conditions of the Master Trust Indenture dated October 1, 2012 for the Revenue Bonds, Series 2012, between Clayton Holdings, LLC and Stoughton Hospital Association, the Bond Indenture and Loan Agreement dated September 1, 2015, for the Revenue Bonds, Series 2015, between First Business Bank and Stoughton Hospital Association and the Bond Indenture and Loan Agreement dated November 1, 2018 for the Revenue Bonds, Series 2018, between First Madison Investment Corporation and Stoughton Hospital Association, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Hospital's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the Indentures, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Directors, management of the Hospital, Bank of New York Mellon Trust Company, N.A., Clayton Holdings, LLC, First Business Bank, and First Madison Investment Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.

Dubuque, Iowa
Report Date, 2022

[Date]

To the Board of Directors
Stoughton Hospital Association
d/b/a Stoughton Health
Stoughton, Wisconsin

We have audited the financial statements of Stoughton Hospital Association d/b/a Stoughton Health (Hospital) as of and for the year ended September 30, 2022 and have issued our report thereon dated **Report Date**, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our letter dated August 9, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Hospital solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor’s report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as “significant risks”. We have identified the following as significant risks.

Management Override of Controls – Professional standards require auditors to address the possibility of management overriding controls. Accordingly, we identified as a significant risk that management of the Hospital may have the ability to override controls that the Hospital has implemented.

Revenue Recognition – We identified revenue recognition as a significant risk due to the complexity associated with the recognition of patient revenue and the stimulus funds.

Allowance for Implicit and Explicit Price Concessions – We identified the allowance for implicit and explicit price concessions on patient accounts receivable as a significant risk as the allowance is a significant estimate for the Hospital. Accounting guidance requires management to estimate the net realizable value of outstanding patient receivables. To establish the allowance, management uses historical loss levels applied to portfolios of accounts based on underlying insurance payor arrangements, their current knowledge of facts, and assumptions about the future.

Estimated Third-Party Settlements – We identified estimated third-party settlements as a significant risk since the laws and regulations governing the settlement program(s) are extremely complex and subject to interpretation. Accounting guidance requires management to estimate the remaining settlements based on both final and tentatively settled cost reports.

Stimulus Funds – We identified the stimulus funds as a significant risk as the funds are subject to various terms and conditions imposed by the Department of Health and Human Services. The recognition of the funds as revenue requires the Hospital to have met the required terms and conditions.

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Hospital is included in Note 1 to the financial statements. There have been no initial selection of significant accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Collectability of Patient Receivables – Management's estimate of the allowance for explicit and implicit price concessions from contractual discounts, charity care, and doubtful accounts on patient receivables is based on historical loss levels and an analysis of the collectability of individual accounts or portfolios of accounts based on the applicable insurance payor, service type, and location.

Estimated Third-Party Payor Settlements – Management's estimate of the amounts either owed to or receivable from third-party payors is based on both final and tentatively settled cost reports. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. There is a reasonable possibility that recorded estimates will change by a material amount in the near term. Management believes that the estimates for all open years are adequate. Any differences between the estimates and the final settlements will be recorded in the period the final settlements are made and will not be treated as prior period adjustments. Any differences between the estimates and the final settlements or other adjustments have been recorded in the period the final settlements or other adjustments are made and are disclosed in the financial statements.

Stimulus Funds – Amounts received from the Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Fund and American Rescue Plan (ARP) Rural are subject to terms and conditions imposed by the Department of Health and Human Services (HHS), which state payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare related expenses or lost revenues that are attributable to the coronavirus. Recipients may not use the payments to reimburse expenses, or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. Management's estimate of the funds recognized as revenue is based on estimates associated with such terms and conditions and the terms and conditions are subject to interpretation and potential future guidance.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Hospital's financial statements relate to:

Paycheck Protection Program (Note 1) – The Hospital received funds under the Paycheck Protection Program administered by the Small Business Administration in FY 2020. Note 1 discusses this amount received which was forgiven during fiscal year 2021.

Medicare Advanced Payments (Note 3) – The Hospital received Medicare advanced payments from the Center for Medicare & Medicaid Services (CMS). Note 3 includes details regarding the payments received from CMS, amounts recorded by the Hospital in the financial statements, and the recoupment process by CMS.

Long-Term Debt (Note 10) – The disclosure of the Hospital’s long-term debt mentions required debt covenants, which could present risks to the Hospital if the covenants are not met.

Stimulus funds (Note 16) – The Hospital received relief funds administered by HHS as part of the CARES Act. Note 16 includes details regarding the related amounts recognized by the Hospital in the financial statements.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Hospital’s financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor’s Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor’s report. We did not identify and circumstances that affect the form and content of the auditor’s report.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated **Report Date**, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Hospital, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Hospital's auditors.

Accounting Standards Update

Leases

In February 2016, the FASB issued Accounting Standard Update (ASU) No. 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of operations. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021. The standard is effective for Stoughton Health's fiscal year ended September 30, 2023.

This information is intended solely for the use of the Board of Directors and management of Stoughton Health and is not intended to be, and should not be, used by anyone other than these specified parties.

"Eide Bailly Signature"

Dubuque, Iowa

Financial Statements
September 30, 2022 and 2021



Creating Excellence Together

Draft 11/15/22

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Draft 11/15/22



Independent Auditor's Report

The Board of Directors
Stoughton Hospital Association
d/b/a Stoughton Health
Stoughton, Wisconsin

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Stoughton Hospital Association, d/b/a Stoughton Health (Hospital), which comprise the balance sheets as of September 30, 2022 and 2021, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Hospital as of September 30, 2022 and 2021, and the results of its operations, changes in net assets, and cash flows for the years 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 (GAAS). 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 Hospital and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 these 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 Hospital's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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 GAAS will always detect a material misstatement when it exists. 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 GAAS, 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 Hospital'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 Hospital'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.

Eide Bailly Signature

Dubuque, Iowa
Report Date, 2022

Stoughton Health
Balance Sheets
September 30, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 31,855,002	\$ 33,873,549
Patient receivables	6,935,566	6,759,089
Supplies	742,411	536,876
Other current assets	731,431	781,327
Total current assets	40,264,410	41,950,841
Assets Limited as to Use		
Board designated for capital improvements and deferred compensation	18,025,673	17,629,724
Property and Equipment, Net	25,938,609	27,237,551
Other Assets		
Investments	2,992,282	-
Interest in net assets of the Stoughton Hospital Foundation	1,178,577	1,374,175
Investment in Stoughton Hospital Imaging, LLC	1,191,232	1,169,397
Other assets	11,845	-
Total other assets	5,373,936	2,543,572
Total assets	\$ 89,602,628	\$ 89,361,688

Stoughton Health
Balance Sheets
September 30, 2022 and 2021

	2022	2021
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	\$ 1,174,073	\$ 1,317,080
Accounts payable	1,474,730	1,105,863
Estimated third-party payor settlements	1,875,000	1,450,000
Accrued salaries and related withholdings	476,282	1,061,195
Accrued vacation	1,214,812	1,193,641
Accrued interest	29,479	37,109
Other current liabilities	104,527	102,881
Contract liability - advanced payments, current portion	-	4,590,548
Total current liabilities	6,348,903	10,858,317
Deferred Compensation	379,269	431,106
Long-Term Debt, Net of Current Maturities and Unamortized Debt Issuance Costs of \$107,907 in 2022 and \$136,319 in 2021	8,638,464	10,923,308
Total liabilities	15,366,636	22,212,731
Net Assets		
Without donor restrictions	72,990,152	65,621,345
With donor restrictions	1,245,840	1,527,612
Total net assets	74,235,992	67,148,957
Total liabilities and net assets	\$ 89,602,628	\$ 89,361,688

Stoughton Health
Statements of Operations
Years Ended September 30, 2022 and 2021

	2022	2021
Revenues, Gains, and Other Support Without Donor Restrictions		
Patient service revenue	\$ 56,773,443	\$ 46,787,079
Other revenue	1,792,900	1,760,575
Contributions and grants	702,152	457,470
Total revenues, gains, and other support	59,268,495	49,005,124
Expenses		
Salaries and wages	19,797,343	18,428,717
Employee benefits	4,222,876	4,329,514
Supplies and other expenses	23,475,785	20,058,872
Depreciation	3,083,870	3,150,926
Interest and amortization	414,860	538,199
Total expenses	50,994,734	46,506,228
Operating Income	8,273,761	2,498,896
Other Income		
Investment income - realized	353,059	757,568
Investment income (loss) - unrealized	(1,784,066)	796,264
Earnings on Investment in Stoughton Hospital Imaging, LLC	271,835	265,082
Loss on disposal of property	(420,900)	-
Paycheck Protection Program loan and interest forgiveness	-	4,064,937
Stimulus funds	407,331	5,023,434
Total other income (loss), net	(1,172,741)	10,907,285
Revenues in Excess of Expenses	\$ 7,101,020	\$ 13,406,181

Stoughton Health
 Statements of Changes in Net Assets
 Years Ended September 30, 2022 and 2021

	2022	2021
Net Assets Without Donor Restrictions		
Revenues in excess of expenses	\$ 7,101,020	\$ 13,406,181
Contributions for and of long-lived assets	178,462	148,521
Net assets released from restrictions used for capital purchases	89,325	65,901
Change in net assets without donor restrictions	7,368,807	13,620,603
Net Assets With Donor Restrictions		
Restricted contributions	3,151	46,291
Change in interest in net assets of the Foundation	(195,598)	90,707
Net assets released from restrictions	(89,325)	(65,901)
Change in net assets with donor restrictions	(281,772)	71,097
Change in Net Assets	7,087,035	13,691,700
Net Assets, Beginning of Year	67,148,957	53,457,257
Net Assets, End of Year	\$ 74,235,992	\$ 67,148,957

Stoughton Health
Statements of Cash Flows
Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Activities		
Change in net assets	\$ 7,087,035	\$ 13,691,700
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	3,083,870	3,150,926
Amortization of debt issuance costs	28,413	30,501
(Gain) loss on disposal of property and equipment	430,776	(14,684)
Change in interest in net assets of the Foundation	195,598	(90,707)
Earnings on investment in Stoughton Hospital Imaging, LLC	(271,835)	(265,082)
Distribution from Stoughton Hospital Imaging, LLC	250,000	200,000
Net realized and unrealized gains and losses on investments	1,785,169	(1,307,892)
Restricted contributions and contributions for and of long-lived assets	(181,613)	(194,812)
Paycheck Protection Program loan forgiveness	-	(4,064,937)
Changes in assets and liabilities		
Patient receivables	(176,477)	(2,143,837)
Supplies	(205,535)	157,584
Estimated third-party payor settlements	425,000	1,575,000
Other assets	38,051	(107,491)
Accounts payable, accrued expenses, deferred revenue, and deferred compensation	(343,789)	273,012
Refundable advance - stimulus funds	-	(5,023,434)
CMS advanced payments	(4,590,548)	(1,237,502)
Net Cash provided by Operating Activities	<u>7,554,115</u>	<u>4,628,345</u>
Investing Activities		
Purchase of property and equipment	(2,124,612)	(1,712,599)
Proceeds from sale of property and equipment	-	57,818
Purchase of assets limited as to use and investments	(18,399,718)	(11,603,172)
Sales/proceeds from maturities of assets limited as to use and investments	<u>13,226,318</u>	<u>12,371,160</u>
Net Cash used in Investing Activities	<u>(7,298,012)</u>	<u>(886,793)</u>
Financing Activities		
Repayment of long-term debt	(2,456,263)	(1,298,318)
Restricted contributions and contributions for long-lived assets	<u>181,613</u>	<u>194,812</u>
Net Cash used in Financing Activities	<u>(2,274,650)</u>	<u>(1,103,506)</u>

Stoughton Health
 Statements of Cash Flows
 Years Ended September 30, 2022 and 2021

	2022	2021
Change in Cash and Cash Equivalents	\$ (2,018,547)	\$ 2,638,046
Cash and Cash Equivalents, Beginning of Year	33,873,549	31,235,503
Cash and Cash Equivalents, End of Year	\$ 31,855,002	\$ 33,873,549
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 394,077	\$ 529,631
Supplemental Disclosure of Non-cash Investing and Financing Activity		
Property and equipment financed with accounts payable	\$ 175,641	\$ 84,548
Paycheck Protection Program loan and interest forgiveness	\$ -	\$ 4,064,937

Note 1 - Organization and Significant Accounting Policies

Organization

Stoughton Hospital Association, d/b/a Stoughton Health (Hospital) is a general acute care hospital located in Stoughton, Wisconsin. The Hospital is recognized as a non-stock, not-for-profit Wisconsin corporation providing services to Stoughton and the surrounding communities. The financial statements also include the accounts of the Partners of Stoughton Hospital (Auxiliary) and the Hospital's interest in the net assets of the Stoughton Hospital Foundation, Inc. (Foundation).

The Auxiliary is organized as a Wisconsin non-profit and was established to render services to the Hospital and its patients, to provide ways and means of assistance approved by the Hospital and to assist the Hospital in promoting the health and welfare of the community.

The Foundation is a not-for-profit corporation and was incorporated to attract charitable gifts to meet the needs of Stoughton Health.

Income Taxes

The Hospital is organized as a Wisconsin non-profit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). The Hospital is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Hospital is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose, if applicable. The Hospital believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Hospital would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less, excluding assets limited as to use. For purposes of the statement of cash flows, the Hospital considers all cash with an original maturity of three months or less to be cash and cash equivalents.

Patient Receivables

Patient receivables are uncollateralized patient and third-party payor obligations. Unpaid patient receivables are not charged interest on amounts owed. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

Patient accounts receivable are stated net of any explicit and implicit price concessions and then further reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Hospital analyzes accounts for adverse changes in a patient's or third-party payor's ability to pay that may have occurred subsequent to recognition. Management regularly reviews specific data about receivable balances and its past history with similar cases to estimate the appropriate allowance for doubtful accounts and provision for bad debts.

The Hospital has not adjusted the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Hospital's expectation that the period between the time the service is provided to a patient and the time that the patient or third-party payor pays for that service will be one year or less. However, the Hospital does, in certain instances, enter into payment arrangements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Supplies

Supplies are stated at the lower of cost (first-in, first-out) or net realizable value.

Assets Limited as to Use

Assets limited as to use includes assets set aside by the Board of Directors for future capital improvements and deferred compensation over which the board retains control and may, at its discretion, subsequently use for other purposes. For purposes of the statement of cash flows, restricted cash represents cash and cash equivalent amounts included in assets limited as to use which are restricted for specific purposes.

Property and Equipment

Property and equipment acquisitions in excess of \$5,000 are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method. Interest expense incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. The estimated useful lives of property and equipment are as follows:

Land improvements	10 - 25 years
Buildings and improvements	5 - 40 years
Equipment	3 - 20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to net assets without donor restrictions and are excluded from the performance indicator, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service.

The Hospital considers whether indicators of impairment are present and performs the necessary analysis to determine if the carrying values of assets are appropriate. No impairment was identified for the years ended September 30, 2022 and 2021.

Investments and Investment Income

Investments with readily determinable market values are stated at fair value. The fair value of all debt and equity securities with readily determinable fair values are based on quotations obtained from national and foreign securities exchanges. Certificates of deposit are recorded at historical cost, plus accrued interest. Substantially all investments are classified as trading securities, therefore, investment income or loss (including interest income, dividends, net changes in unrealized gains and losses, and net realized gains and losses, less external investment expenses) is included in the performance indicator unless the income or loss is restricted by donor or law.

Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and such changes could materially affect the amounts reported on the balance sheets.

Investment in Stoughton Hospital Imaging, LLC

The Hospital is accounting for its investment in Stoughton Hospital Imaging, LLC, a fifty percent owned affiliate, under the equity method of accounting by which the Hospital's share of the net income of the affiliate is recognized as income in the Hospital's statement of operations and added to the investment balance.

Although the fiscal year of the affiliate ends on December 31, the Hospital recognizes the net income of the affiliate based on the year ending September 30.

Debt Issuance Costs

Costs associated with the issuance of bonds and loans payable are being amortized using the effective interest method over the term of the related debt. Amortization expense is included with interest and amortization expense in the financial statements.

Net Assets with Donor Restrictions

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Unemployment Compensation

The Hospital has elected the reimbursement (self-insured) method to finance the cost of unemployment compensation benefits. Under this method, unemployment benefits are charged to operations when paid or when the amount of claims can be reasonably estimated. In order to guarantee payment of eligible benefits, the Hospital has obtained a letter of credit (see Note 10).

Patient Service Revenue

Patient service revenue is reported at the amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing patient care. These amounts, representing transaction price, are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations. Generally, the Hospital bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied. Amounts received before recognition of revenue are reported as a contract liability.

Performance obligations are determined based on the nature of the services provided by the Hospital. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Hospital believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patient in the hospital and clinic settings. The Hospital measures the performance obligation associated with inpatient services from admission into the Hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. The Hospital measures the performance obligation for outpatient and clinic services over the patient encounter, which is generally short in duration. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided, and the Hospital does not believe it is required to provide additional goods or services to the patient.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Hospital has elected to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute, intensive care unit, swing bed or geriatric psychiatric unit care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The Hospital determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Hospital's policy, and/or implicit price concessions provided to uninsured patients. The Hospital determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Hospital determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Hospital's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews and investigations.

Consistent with the Hospital's mission, care is provided to patients regardless of their ability to pay. Therefore, the Hospital has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the Hospital expects to collect based on its collection history with those patients.

Charity Care

The Hospital provides health care services to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Since the Hospital does not pursue collection of these amounts, they are not reported as revenue. The estimated cost of providing these services was \$182,000 and \$137,000 for the years ended September 30, 2022 and 2021, which was determined based on an average ratio of cost to gross charges related to the services provided. Additionally, the Hospital extends discounts to uninsured patients. The estimated costs of providing services related to the discounts was \$208,000 and \$201,000 for the years ended September 30, 2022 and 2021, which was determined based on an average ratio of cost to gross charges related to the services provided.

Performance Indicator

Revenues in excess of expenses is the performance indicator and excludes contributions of long-lived assets, and grants and contributions restricted for capital purposes, including assets acquired using contributions which were restricted by donors.

Donor-Restricted Gifts

The Hospital reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of changes in net assets as net assets released from restrictions.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in Note 15, which presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, such as depreciation, interest and other occupancy costs, are allocated to a function based on the assets associated with that function while employee benefits are allocated to a function based on salaries.

Advertising Costs

Costs incurred for producing and distributing advertising are expensed as incurred. The Hospital incurred \$635,223 and \$493,853 for advertising costs for the years ended September 30, 2022 and 2021.

Paycheck Protection Program (PPP) Loan

The Hospital was granted a \$4,014,562 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Hospital initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released by the SBA. The Hospital recognized \$4,064,937 of loan forgiveness income for the year ended September 30, 2021, which included \$50,375 of interest forgiven.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets or changes in net assets.

Subsequent Events

Subsequent events have been evaluated through **Report Date**, 2022, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

As of September 30, 2022 and 2021, the Hospital had a working capital of \$33,915,507 and \$31,092,524 and average days cash on hand of 377 and 431. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 31,855,002	\$ 33,873,549
Patient receivables	6,935,566	6,759,089
Other current assets	209,349	104,233
Financial assets available to meet general expenditures within one year	\$ 38,999,917	\$ 40,736,871

The Hospital has certain board-designated assets limited as to use for capital improvements and other investments. These assets limited as to use and other investments, which are more fully described in Notes 1 and 5, are not available for general expenditure within the next year and are not reflected in the amounts above. However, these amounts could be made available, if necessary.

As part of the Hospital's liquidity management plan, cash in excess of daily requirements is invested in certificates of deposits and money market funds. Additionally, the Hospital maintained an available \$1,500,000 line of credit during the year, as discussed in more detail in Note 11.

As of September 30, 2022 and 2021, the Hospital was in compliance with covenants required from its outstanding debt.

Note 3 - Patient Service Revenue

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

Medicare: The Hospital is licensed as a Critical Access Hospital (CAH). The Hospital is reimbursed for most inpatient and outpatient services at cost plus one percent with final settlement determined after submission of annual cost reports by the Hospital and are subject to audits thereof by the Medicare Administrative Contractor (MAC). The Hospital's Medicare cost reports have been audited by the MAC through the year ended September 30, 2018.

Medicaid: Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. Outpatient services related to Medicaid beneficiaries are paid based on a prospectively determined rate per visit. These rates vary according to a patient classifications system that is based on clinical, diagnostic, and other factors.

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

Concentration of gross revenues by major payor accounted for the following percentages of the Hospital's patient service revenue for the years ended September 30, 2022 and 2021:

	2022	2021
Medicare	49%	51%
Medicaid	10%	10%
Commercial and other	40%	38%
Self-pay	1%	1%
	100%	100%

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Hospital also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or law, from standard charges. The Hospital estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions.

The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts and implicit price concessions based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. The ability to estimate the collectability of uninsured and other self-pay patients is contingent on the patient's ability or willingness to pay for the services provided. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as a provision for bad debts. The provision for bad debts for the years ended September 30, 2022 and 2021 was not significant.

Hospital services include a variety of services mainly covering inpatient procedures requiring extended stays or outpatient operations that require anesthesia or use of complex diagnostic equipment as well as emergency care for traumas and other critical conditions. Provider services are primarily related to care of outpatients covering primary and specialty healthcare needs.

Other revenue is recognized at an amount that reflects the consideration to which the Hospital expects to be entitled in exchange for providing goods and services. The amounts recognized reflect consideration due from customers, third-party payors and others. Primary categories of other revenue include income from cafeteria revenue, rental income, grants and management fees.

The nature, amount, timing and uncertainty of revenue and cash flows are affected by several factors that the Hospital considers in its recognition of revenue. Following are some of the factors considered:

- Payors (for example, Medicare, Medicaid, managed care or other insurance, patient) have different reimbursement/payment methodologies
- Length of the patient's service/episode of care
- Geography of the service location
- Hospital's line of business that provided the service (for example, hospital, physician services, etc.)

For the years ended September 30, 2022 and 2021, the Hospital recognized revenue of \$56,773,443 and \$46,787,079 over time as the services were provided.

Wisconsin Hospital Medicaid Assessment Program

Wisconsin legislation titled the Rural Health Care Access Act provides for a CAH assessment program. The assessment program provides additional "access payments" (a uniform amount) to CAHs for each Medicaid inpatient discharge and outpatient visit. Additionally, Medicaid HMOs will also pay "access payments" to CAHs for services that are reimbursed under a Medicaid managed care contract.

As a result of this program, "access payments" received were \$80,269 and \$83,463 and are included in net patient service revenue for the years ended September 30, 2022 and 2021. Program assessment fees of \$116,048 and \$154,171 were paid by the Hospital and are included in expenses on the statements of operations for the years ended September 30, 2022 and 2021.

Contract Liability – Advanced Payments

The contract liability balance consisted of the remaining unpaid advanced payments received from the Centers for Medicare & Medicaid Services (CMS) in order to increase cash flow for Medicare Part A providers who were impacted by the COVID-19 pandemic. The Hospital received \$5,828,050 in advanced payments during 2020, which was recouped through the Medicare claims processed beginning 365 days after the date of issuance of the advanced payments. The recoupment process continued until the balance of the advanced payments had been recouped. The advanced payments balance was non-interest bearing through the 29-month repayment period. All advanced payments were recouped by CMS as of September 30, 2022. Therefore, the Hospital's contract liability balance as of September 30, 2022 was \$-0-. The Hospital's contract liability balance as of September 30, 2021 was \$4,590,548.

In addition to CMS advance payments, contract assets (liabilities) also represent estimated settlements related to Medicare cost reports not yet finalized. The beginning and ending balances for patient receivables and contract assets and liabilities were as follows for the years ended September 30, 2022 and 2021:

	2022	
	October 1	September 30
Patient receivables	\$ 6,759,089	\$ 6,935,566
Contract assets and liabilities, net	(6,040,548)	(1,875,000)
	<u>\$ 718,541</u>	<u>\$ 5,060,566</u>
	2021	
	October 1	September 30
Patient receivables	\$ 4,615,252	\$ 6,759,089
Contract assets and liabilities, net	(5,703,050)	(6,040,548)
	<u>\$ (1,087,798)</u>	<u>\$ 718,541</u>

Note 4 - Fair Value Measurements

The Hospital reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of investments are classified within Level 1 because they are comprised of U.S. Treasury obligations, common stock, and mutual funds with readily determinable fair values based on daily redemption values. Fixed income securities such as municipal and corporate bonds are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

The Hospital's deferred compensation assets are invested in a managed fund and participant directed funds. The managed fund has a target allocation intended to achieve moderate to conservative risk. The underlying investments in this fund primarily consist of fixed income securities and equities. The value of the Hospital's share in the managed fund is based on a statement provided by the investment advisor. The valuations of the underlying investments in the fund are determined by reference to quoted market prices.

Draft 11/15/22

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at September 30, 2022:

	Total	Quoted Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets Limited as to Use				
Board designated for capital improvements				
Money market funds (at cost)	\$ 153,684	\$ -	\$ -	\$ -
Certificates of deposit (at cost)	8,000,000	-	-	-
Fixed income				
U.S. Treasury obligations	2,481,679	2,432,244	49,435	-
Corporate bonds	1,103,145	-	1,103,145	-
Asset-backed securities	462,350	-	462,350	-
Mutual and exchange traded funds				
Equities	1,587,529	1,587,529	-	-
Fixed income	419,971	419,971	-	-
Common stock	3,285,387	3,285,387	-	-
Real estate investment trusts	152,059	152,059	-	-
Deferred compensation				
Managed funds - moderate - conservative	266,930	-	266,930	-
Mutual funds				
Equities	54,198	54,198	-	-
Money market funds (at cost)	58,741	-	-	-
	<u>\$ 18,025,673</u>	<u>\$ 7,931,388</u>	<u>\$ 1,881,860</u>	<u>\$ -</u>
Other Assets				
Money market funds (at cost)	\$ 104,857	\$ -	\$ -	\$ -
Fixed income				
U.S. Treasury obligations	296,027	296,027	-	-
Corporate bonds	2,185,069	-	2,185,069	-
Asset-backed securities	406,329	-	406,329	-
	<u>\$ 2,992,282</u>	<u>\$ 296,027</u>	<u>\$ 2,591,398</u>	<u>\$ -</u>

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at September 30, 2021:

	Total	Quoted Prices in Active Markets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Assets Limited as to Use				
Board designated for capital improvements				
Money market funds (at cost)	\$ 174,510	\$ -	\$ -	\$ -
Certificates of deposit (at cost)	7,000,000	-	-	-
Fixed income				
U.S. Treasury obligations	1,825,316	1,740,998	84,318	-
Corporate bonds	1,831,348	-	1,831,348	-
Asset-backed securities	397,521	-	397,521	-
Mutual and exchange traded funds				
Equities	818,019	818,019	-	-
Fixed income	436,344	436,344	-	-
Common stock	4,714,960	4,714,960	-	-
Deferred compensation				
Managed funds -				
moderate - conservative	348,992	-	348,992	-
Mutual funds				
Equities	48,500	48,500	-	-
Money market funds (at cost)	34,214	-	-	-
	<u>\$ 17,629,724</u>	<u>\$ 7,758,821</u>	<u>\$ 2,662,179</u>	<u>\$ -</u>

Note 5 - Investment Income

Investment income consisted of the following for the years ended September 30, 2022 and 2021:

	2022	2021
Other Income		
Investment income - realized		
Interest and dividend income	\$ 354,162	\$ 245,940
Net realized gains and losses	(1,103)	511,628
	<u>\$ 353,059</u>	<u>\$ 757,568</u>
Investment income - unrealized		
Change in unrealized gains and losses on investments	<u>\$ (1,784,066)</u>	<u>\$ 796,264</u>

Note 6 - Property and Equipment

A summary of property and equipment at September 30, 2022 and 2021 follows:

	2022		2021	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	\$ 2,305,176	\$ -	\$ 2,270,376	\$ -
Land improvements	2,480,131	1,355,369	2,420,225	1,314,087
Buildings and improvements	41,748,744	23,666,381	40,764,532	22,139,428
Equipment	17,606,031	13,392,703	17,101,886	12,178,504
Construction in progress	212,980	-	312,551	-
	<u>\$ 64,353,062</u>	<u>\$ 38,414,453</u>	<u>\$ 62,869,570</u>	<u>\$ 35,632,019</u>
Property and equipment, net		<u>\$ 25,938,609</u>		<u>\$ 27,237,551</u>

Construction in progress at September 30, 2022 and 2021 represents costs incurred for various, ongoing capital projects.

Note 7 - Investment in Stoughton Hospital Imaging, LLC

A summary of Stoughton Hospital Imaging, LLC's assets, liabilities, profit and loss is shown below:

	2022	2021
Assets, primarily cash and equipment	<u>\$ 2,413,775</u>	<u>\$ 2,374,275</u>
Liabilities, primarily accounts payable	\$ 31,311	\$ 35,481
Equity	<u>2,382,464</u>	<u>2,338,794</u>
Total liabilities and equity	<u>\$ 2,413,775</u>	<u>\$ 2,374,275</u>
Income	\$ 1,157,222	\$ 1,136,148
Expenses	<u>613,552</u>	<u>605,984</u>
Net income before distributions	543,670	530,164
Distribution to owners	(500,000)	(400,000)
Equity, beginning	<u>2,338,794</u>	<u>2,208,630</u>
Equity, ending	<u>\$ 2,382,464</u>	<u>\$ 2,338,794</u>

Note 8 - Interest in Net Assets of the Stoughton Hospital Foundation

The Stoughton Hospital Foundation, Inc. (Foundation) was incorporated pursuant to Chapter 181 of the Wisconsin statutes related to nonstock and not-for-profit corporations. The primary objective of the Foundation is to exclusively benefit, support, promote, and assist the Hospital. Accordingly, the Hospital has recorded an interest in the net assets of the Foundation. Amounts received by the Foundation are recorded as an increase in the interest in net assets of the Foundation. Amounts received by the Hospital from the Foundation are recorded as a decrease in the interest in net assets of the Foundation.

The Foundation is organized as a Wisconsin nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Management has determined that the entity is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

A summary of the Foundation's assets, liabilities, and results of operations and changes in net assets is shown below:

	<u>2022</u>	<u>2021</u>
Assets, primarily cash and investments	\$ 1,273,905	\$ 1,410,823
Liabilities	\$ 95,328	\$ 36,648
Net Assets	<u>1,178,577</u>	<u>1,374,175</u>
 Total liabilities and net assets	 <u>\$ 1,273,905</u>	 <u>\$ 1,410,823</u>
Support and revenue	\$ 145,112	\$ 434,645
Total expenses	<u>340,710</u>	<u>343,938</u>
 Change in net assets	 (195,598)	 90,707
Net assets, beginning	<u>1,374,175</u>	<u>1,283,468</u>
Net assets, ending	<u>\$ 1,178,577</u>	<u>\$ 1,374,175</u>

During the years ended September 30, 2022 and 2021, the Hospital received contributions from the Foundation of \$181,883 and \$194,812. These amounts are shown as contributions of long-lived assets and restricted contributions on the statements of changes in net assets. The Foundation reimburses the Hospital for salaries and other operating expenses. Amounts reimbursed during the years ended September 30, 2022 and 2021 were \$156,564 and \$153,155. Amounts due from the Foundation for reimbursement of expenses were \$93,011 and \$35,892 as of September 30, 2022 and 2021 and are included in other current assets on the balance sheets.

Note 9 - Leases

The Hospital leases certain equipment under noncancelable long-term operating lease agreements. Total lease expense for the years ended September 30, 2022 and 2021 for all operating leases was \$759,232 and \$691,024. Minimum future lease payments for the operating leases are as follows:

Years Ending September 30,	Amount
2023	\$ 372,740
2024	256,357
2025	253,439
2026	179,527
2027	127,489
Thereafter	49,083
	\$ 1,238,635

Note 10 - Long-Term Debt

Long-term debt consists of the following:

	2022	2021
Wisconsin Health and Educational Facilities Authority, Series 2012 Tax Exempt Revenue Bonds, fixed interest rate of 3.82%, payments due monthly until maturity on October 1, 2025, secured by property and equipment and virtually all revenues earned by the Hospital, net of unamortized debt issuance costs of \$6,240 in 2022 and \$10,837 in 2021 (based upon effective interest rate of 3.82%)	\$ 823,035	\$ 1,076,678
Real estate loan, fixed interest rate of 4.81%, monthly payments of \$24,654, balance due October 1, 2022, secured by property and equipment, net of unamortized debt issuance costs of \$10 in 2022 and \$148 in 2021 (based upon effective interest rate of 4.81%)	74,874	359,371
Wisconsin Health and Educational Facilities Authority, Series 2015 Tax Exempt Revenue Bonds, initial fixed interest rate of 3.47% until September 1, 2025, payments due monthly until maturity on September 1, 2045, secured by property and equipment and virtually all revenues earned by the Hospital, net of unamortized debt issuance costs of \$24,799 in 2022 and \$35,842 in 2021 (based upon effective interest rate of 3.47%), prepayment without penalty is allowed up to 10% of the balance each year	6,835,922	8,120,250

	2022	2021
Wisconsin Health and Educational Facilities Authority, Series 2018 Tax Exempt Revenue Bonds, fixed interest rate of 3.73% payments due monthly until maturity on November 1, 2028, secured by property and equipment and virtually all revenues earned by the Hospital, net of unamortized debt issuance costs of \$76,858 in 2022 and \$89,492 in 2021 (based upon effective interest rate of 3.73%), prepayment without penalty is allowed up to 10% of the balance each year	\$ 2,078,706	\$ 2,684,089
Less current maturities	9,812,537 <u>(1,174,073)</u>	12,240,388 <u>(1,317,080)</u>
Long-term debt, less current maturities	<u>\$ 8,638,464</u>	<u>\$ 10,923,308</u>

Long-term debt maturities are as follows:

Years Ending September 30,	Amount
2023	\$ 1,200,456
2024	1,161,820
2025	1,200,983
2026	984,169
2027	996,533
Thereafter	<u>4,376,483</u>
Unamortized debt issuance costs	9,920,444 <u>(107,907)</u>
	<u>\$ 9,812,537</u>

Under the terms of the revenue bond loan agreements, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use in the financial statements. The loan agreements also place limits on the incurrence of additional borrowings and require that the Hospital satisfy certain measures of financial performance.

The Hospital maintains an irrevocable letter of credit to the benefit of the Treasurer-Wisconsin Unemployment Compensation Division in an amount based upon payroll in order to guarantee payment of eligible benefits. As of September 30, 2022 and 2021, the amount of the letter of credit was approximately \$342,000.

Note 11 - Bank Line of Credit

The Hospital had a business revolving line of credit which allowed for borrowings of up to \$1,500,000 with a floating interest rate equal to the index rate (prime rate set by the bank) and was secured by all inventory, accounts receivable, and equipment. The line of credit expired September 13, 2022. No borrowings were made on the line of credit during the year ended September 30, 2022.

Note 12 - Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at September 30, 2022 and 2021:

	2022	2021
Interest in future distributions of net assets of Stoughton Hospital Foundation	\$ 1,178,577	\$ 1,374,175
Healthcare services (including property and equipment)	67,263	153,437
	\$ 1,245,840	\$ 1,527,612

In 2022 and 2021, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes of purchases of property and equipment in the amounts of \$89,325 and \$65,901. These amounts are included in the net assets released from restrictions in the accompanying financial statements.

Note 13 - Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at September 30, 2022 and 2021 were as follows:

	2022	2021
Medicare	42%	42%
Medicaid	9%	10%
Dean care	12%	14%
Other third-party payors	26%	23%
Self pay	11%	11%
	100%	100%

The Hospital's cash balances are maintained in various bank deposit accounts. At times, these deposits may be in excess of federally insured limits. Management believes these financial institutions have strong credit ratings and that credit risk related to these deposits is minimal.

Note 14 - Retirement Plan

The Hospital has a defined contribution plan under which employees become participants upon the date of hire. The employer provides a matching contribution and may make a discretionary nonelective contribution for eligible employees who are over the age of 21, have completed a year of service, and who normally work more than 20 hours per week. Employer matching contributions of 4% of eligible compensation are deposited with the plan trustee who invests the plan assets. Total retirement plan expense for the years ended September 30, 2022 and 2021, was \$525,104 and \$525,013, respectively.

Note 15 - Functional Expenses

The Hospital provides general healthcare services to patients within its geographic location. Expenses related to providing these services by functional class for the year ended September 30, 2022 are as follows:

	Healthcare Services				General and Administrative	Fundraising	Total
	Hospital Services	Home Care Services	Specialty Clinic Services	Rental Properties			
Salaries and wages	\$ 13,936,281	\$ -	\$ 2,129,383	\$ 102,040	\$ 3,538,914	\$ 90,725	\$ 19,797,343
Employee benefits	2,972,681	-	454,208	21,766	754,869	19,352	4,222,876
Supplies and other	18,030,132	-	1,028,183	241,179	4,136,309	39,982	23,475,785
Depreciation	2,336,551	-	17,860	11,251	717,343	865	3,083,870
Interest and amortization	404,236	-	-	10,624	-	-	414,860
	<u>\$ 37,679,881</u>	<u>\$ -</u>	<u>\$ 3,629,634</u>	<u>\$ 386,860</u>	<u>\$ 9,147,435</u>	<u>\$ 150,924</u>	<u>\$ 50,994,734</u>

Expenses related to providing these services by functional class for the year ended September 30, 2021 are as follows:

	Healthcare Services				General and Administrative	Fundraising	Total
	Hospital Services	Home Care Services	Specialty Clinic Services	Rental Properties			
Salaries and wages	\$ 12,984,695	\$ 148,360	\$ 1,841,507	\$ 106,214	\$ 3,252,519	\$ 95,422	\$ 18,428,717
Employee benefits	3,050,534	34,855	432,631	24,953	764,123	22,418	4,329,514
Supplies and other	15,037,096	39,282	842,585	239,605	3,869,765	30,539	20,058,872
Depreciation	2,293,109	8,597	32,095	3,071	813,188	866	3,150,926
Interest and amortization	513,995	-	-	24,204	-	-	538,199
	<u>\$ 33,879,429</u>	<u>\$ 231,094</u>	<u>\$ 3,148,818</u>	<u>\$ 398,047</u>	<u>\$ 8,699,595</u>	<u>\$ 149,245</u>	<u>\$ 46,506,228</u>

Note 16 - Stimulus Funds

The Hospital received \$5,430,765 of Coronavirus Aid, Relief, and Economic Security (CARES) Act Provider Relief Funds and American Rescue Plan (ARP) Rural Distribution Funds administered by the Department of Health and Human Services (HHS) over the past three fiscal years. The funds are subject to terms and conditions imposed by HHS. Among the terms and conditions is a provision that payments will only be used to prevent, prepare for, and respond to coronavirus and shall reimburse the recipient only for healthcare-related expenses or lost revenues that are attributable to coronavirus. Recipients may not use the payments to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse. HHS currently has deadlines for incurring eligible expenses and lost revenues, varying based on the date the Hospital received the funds. Unspent funds will be expected to be repaid.

These funds are recorded as a refundable advance when received and are recognized as revenues in the accompanying statements of operations as all terms and conditions are considered met. The terms and conditions are subject to interpretation, changes and future clarification, the most recent of which have been considered through the date that the financial statements were available to be issued. In addition, this program may be subject to oversight, monitoring and audit. Failure by a provider that received a payment from these funds to comply with any term or condition can subject the provider to recoupment of some or all of the payment. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

As of September 30, 2022 and 2021, the Hospital did not have any remaining refundable advance balances. During the years ended September 30, 2022 and 2021, the Hospital recognized \$407,331 and \$5,023,434 as revenue, included as nonoperating revenue, on the accompanying statements of operations.

Note 17 - Contingencies

Malpractice Insurance

The Hospital has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per incident and an annual aggregate limit of \$3 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its terms, but reported subsequently, will be uninsured.

Wisconsin healthcare providers (principally physicians and hospitals) are required to pay a yearly assessment into the Wisconsin Injured Patients and Families Compensation Fund ("Fund") and provide proof of financial responsibility to the Commissioner of Insurance in the form of insurance, an approved plan of self-insurance, or a surety bond. The prescribed limits are \$1 million for each occurrence and \$3 million in the annual aggregate. Healthcare providers are liable only to the extent of the limits of their insurance.

The Fund provides compensation for claimants whose damages exceed the negligent healthcare provider's liability insurance. The Fund must be joined as a party in the case, although the initial duty to defend is that of the underlying insurer or self-insurer.

Excess Liability Umbrella Insurance

The Hospital also has excess liability umbrella coverage on a claims-made basis subject to a limit of \$5 million per occurrence and an annual aggregate limit of \$5 million, and general liability coverage of \$1 million per occurrence and an aggregate limit of \$3 million. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured.

Litigation, Claims, and Disputes

The Hospital is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the financial position, operations, or cash flows of the Hospital.

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patient services.

Paycheck Protection Program (PPP) Loan Review

Loans issued under the PPP were subject to good-faith certifications of the necessity of the loan request. Borrowers with loans issued under the program in excess of \$2 million are subject to review by the SBA for compliance with the program requirements. If the SBA determines that a borrower lacked an adequate basis for the loan or did not meet program requirements, the loan will not be eligible for loan forgiveness and the SBA will seek repayment of the outstanding PPP loan balance. As such, the potential exists that the Hospital may be deemed ineligible for loan forgiveness and be required to repay the loan.

The Hospital applied for and received loan forgiveness from the SBA on its PPP loan in 2021. In accordance with PPP loan requirements, the Hospital is required to maintain PPP loan files and certain underlying supporting documents for periods ranging from three to six years. The Hospital is also required to permit access to such files upon request by the SBA. Accordingly, there is potential the PPP loan could be subject to further review by the SBA and that previously recognized forgiveness could be reversed based on the outcome of this review.

Note 18 - Affiliation Agreement

The Hospital participates in a master agreement and affiliation agreement with SSM Healthcare of Wisconsin (SSM Wisconsin). As part of this affiliation, SSM Wisconsin has the right to appoint two directors to the Hospital's twelve-member Board of Directors. The agreement also specifies certain board resolutions that must be approved by the SSM Wisconsin board members. In the event of liquidation, dissolution or sale of the Hospital, SSM Wisconsin would receive 40 percent of the net proceeds.

ZIEGLER CAPITAL MANAGEMENT, LLC

Summary Report Prepared for:

Stoughton Hospital Association

Data as of: **October 31, 2022**



Market Commentary & Outlook

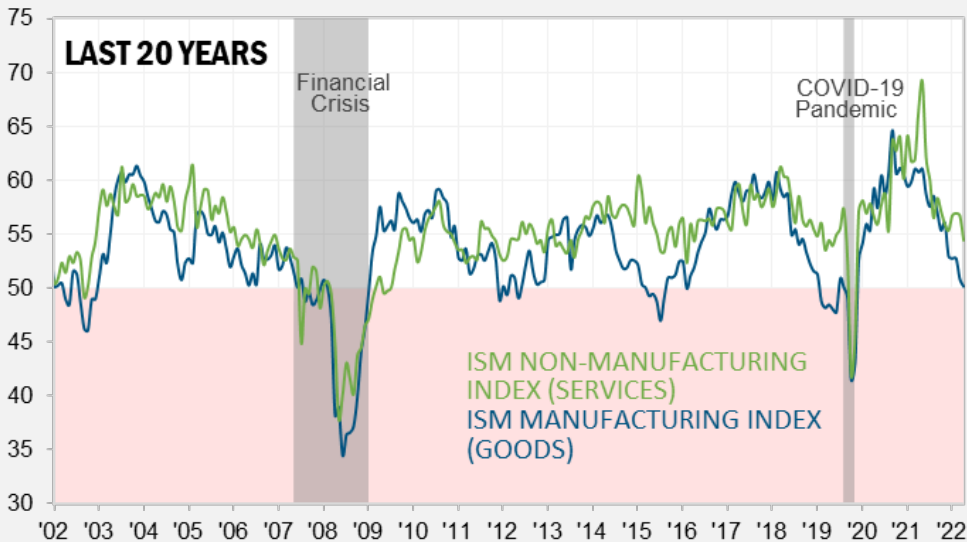
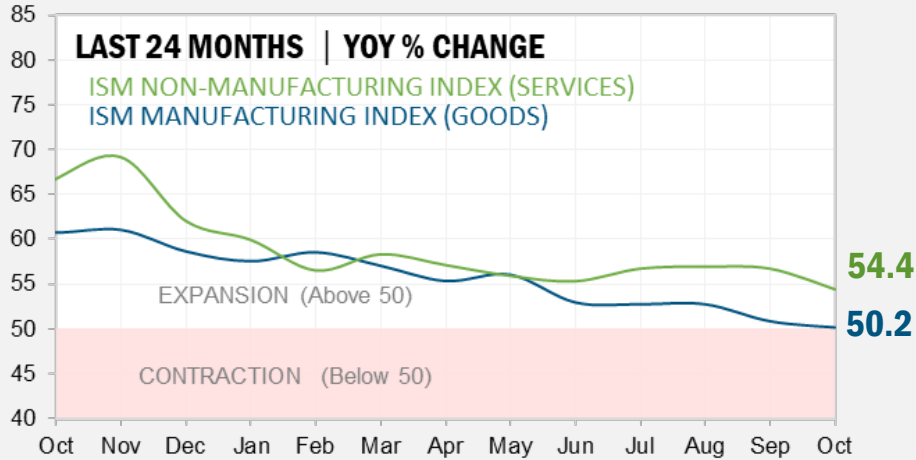
AS OF OCTOBER 31, 2022

- Real gross domestic product (RGDP) grew at an annual rate of 2.6% in 3Q'22 after declining 0.6% in the second quarter and 1.6% in the first quarter.
- The Fed implemented an aggressive 75 bps increase in July and followed with another 75 bps increase in both September and October, while issuing a hawkish outlook for growth.
- Economists have lowered their forecast of U.S. and global economic growth in 2023 and raised their probabilities for a recession in the next year.
- The underlying economy seems resilient. Jobless claims are back to Spring lows, consumer confidence rebounded as gas prices fell and ISM manufacturing and services show continued expansion.
- U.S. dollar strength is undermining returns on international assets held by U.S. investors and businesses.
- The bulk of the equity markets' decline YTD has been due to multiple compression from higher interest rates as corporate earnings estimates don't currently reflect an economic contraction.
- Equity market stress carried into the third quarter, fanned by concerns over soaring inflation and a clearly hawkish tone set by the Federal Reserve. The bulk of the decline in the equity markets is due to higher interest rates compressing multiples.
- Abundant liquidity and the “Fed put” of the post-financial crisis era sustained speculative investing behavior. The paradigm shift back to a higher rate environment may lead to heightened volatility as investors decrease their risk appetite, reduce leverage and focus on assets providing consistent cash flow.
- As we look to 2023, the expectation is the Fed will reach a terminal rate in the first half (likely around 4.75%) and wait for the economic data to catch up. Historically, the average time on hold at the terminal rate is approximately 7 months making an ease in 2023 unlikely unless inflation markedly improves.
- Oversold short-term conditions may lead to sharp rebounds (**S&P 500 +8.1% in October 2022**) but evidence of easing inflationary pressures and a less aggressive Fed will be needed to generate sustained gains



Institute for Supply Management™ (ISM)

AS OF OCTOBER 31, 2022



Last Observation: 10/31/2022 (Non-Manufacturing) 10/31/2022 (Manufacturing)
 Source: Bloomberg, Duke University, Institute for Supply Management / CFO Survey & Global Business Outlook

- The ISM Manufacturing Index (PMI) registered 50.2 in October, a decline from the previous month. This figure indicates expansion in the overall economy for the 28th month in a row after a contraction in April and May 2020, but is the lowest reading since June 2020 when it registered 52.4.
- Many producers and retailers of material goods have seen an unprecedented rapid shift from shortages to inventory gluts.
- The weakening global economy coupled with the dollar's strength will pressure profits of companies with significant exposure to overseas business.
- According to the ISM, "The U.S. manufacturing sector continues to expand, but at the lowest rate since the pandemic recovery began. Following four straight months of panelists' companies reporting softening new orders rates, the October index reading reflects companies adjusting to potential future lower demand."
- According to Business Survey Committee respondents' comments, companies are now managing head counts through hiring freezes and attrition to lower levels, with medium- and long-term demand more uncertain.
- The war in Ukraine has created uncertainty for many businesses as material costs greatly increase, especially with fuel and chemical prices.

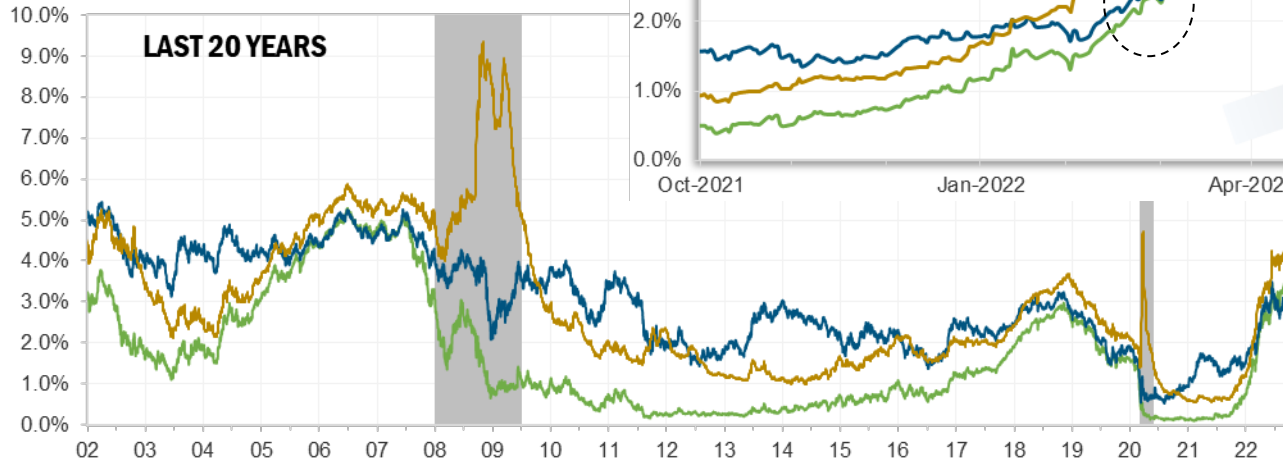


U.S. Treasury Yields and Short-Term Corporate Bond Yields

AS OF OCTOBER 31, 2022

- The Federal Reserve raised the federal funds rate by three-quarters of a percentage point, or 0.75% to a range between 3.75% and 4.00%, on November 2, marking the sixth increase of this rate in 2022.
- At the November meeting, Fed signaled plans to keep raising rates, possibly in smaller increments but to higher levels than previously anticipated.
- The Fed has increased interest rates at the fastest pace since the early 1980s to reduce inflation that is running near a 40-year high. They have raised rates by 0.75 point at four consecutive meetings.

INTEREST RATES	2021	1 ST QUARTER 2022		2 ND QUARTER 2022		3 RD QUARTER 2022		4 TH QUARTER 2022		2022YTD
U.S. BOND YIELDS	12-31-21	3-31-22	CHANGE	06-30-22	CHANGE	09-30-22	CHANGE	10-31-22	CHANGE	CHANGE
1-3 Yr IG Corp.	1.21%	2.86%	+1.65%	3.97%	+1.11%	5.29%	+1.32%	5.65%	+0.36%	+4.44%
2-Yr Treas.	0.73%	2.28%	+1.55%	2.96%	+0.68%	4.22%	+1.30%	4.51%	+0.29%	+3.78%
10-Yr Treas.	1.51%	2.34%	+0.83%	3.02%	+0.68%	3.83%	+0.85%	4.10%	+0.27%	+2.58%

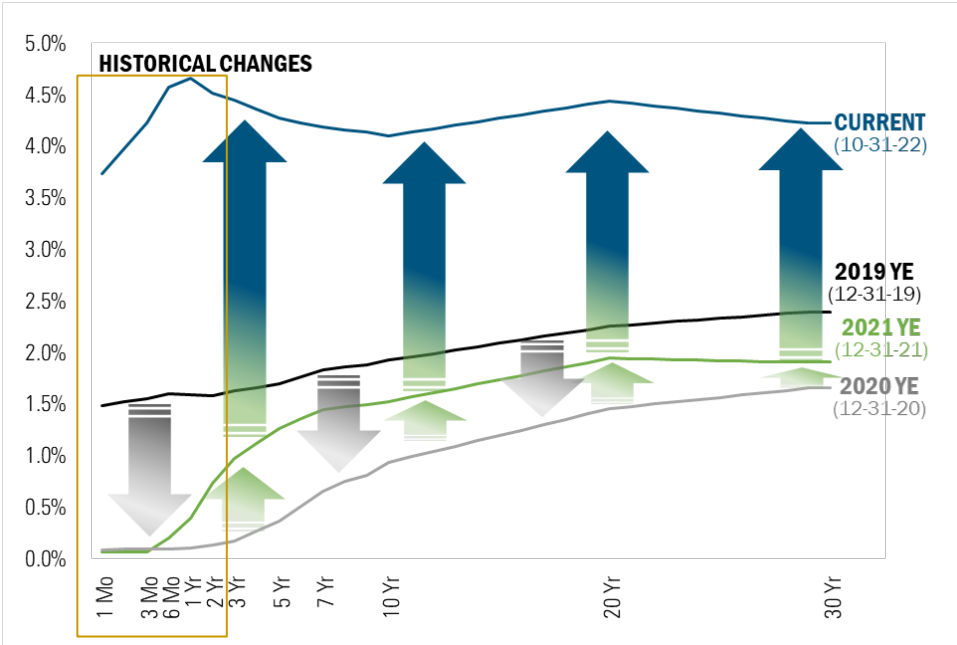


Last Observation: 10/31/2022, Source: Bloomberg, Federal Reserve
 U.S. Corporate 1-3 Year is represented by ICE BofAML 1-3 Year US Corporate Index Effective Yield



U.S. Treasury Yields

AS OF OCTOBER 31, 2022



- U.S. Treasury yields across maturities have risen considerably.
- The yield curve flattened with the 2s10s curve moving lower by 51bps to end the 3rd quarter inverted by 45bps.
- The front end of the curve remains relatively steep with 3m2s +103bps but 30bps flatter than the end of Q2.
- The yield relationship between the 2-year and 10-year treasury (the yield curve) is monitored. When the 2-year yield exceeds the 10-year yield it is considered an inversion, which historically has presaged a recession.

YIELD CURVE							
MATURITY	10-31-22	2021 CYE	Change	2020 CYE	Change	2019 CYE	CHANGE
1-month	3.73%	0.06%	+3.67%	0.08%	+3.65%	1.48%	+2.25%
3-month	4.22%	0.06%	+4.16%	0.09%	+4.13%	1.55%	+2.67%
6-month	4.57%	0.19%	+4.38%	0.09%	+4.48%	1.60%	+2.97%
1-Year	4.66%	0.39%	+4.27%	0.10%	+4.56%	1.59%	+3.07%
2-Year	4.51%	0.73%	+3.78%	0.13%	+4.38%	1.58%	+2.93%
3-Year	4.45%	0.97%	+3.48%	0.17%	+4.28%	1.62%	+2.83%
5-Year	4.27%	1.26%	+3.01%	0.36%	+3.91%	1.69%	+2.58%
7-Year	4.18%	1.44%	+2.74%	0.65%	+3.53%	1.83%	+2.35%
10-Year	4.10%	1.52%	+2.58%	0.93%	+3.17%	1.92%	+2.18%
20-Year	4.44%	1.94%	+2.50%	1.45%	+2.99%	2.25%	+2.19%
30-Year	4.22%	1.90%	+2.32%	1.65%	+2.57%	2.39%	+1.83%

TERM SPREADS							
MATURITY	10-31-22	2021 CYE	Change	2020 CYE	Change	2019 CYE	CHANGE
1yr vs. 2yrs	-0.15%	+0.34%	-0.49%	+0.03%	-0.18%	-0.01%	-0.14%
1yr vs. 3yr	-0.21%	+0.58%	-0.79%	+0.07%	-0.28%	+0.03%	-0.24%
1yr vs. 5yr	-0.39%	+0.87%	-1.26%	+0.26%	-0.65%	+0.10%	-0.49%
1yr vs. 7yr	-0.48%	+1.05%	-1.53%	+0.55%	-1.03%	+0.24%	-0.72%
3yr vs. 5yr	-0.18%	+0.29%	-0.47%	+0.19%	-0.37%	+0.07%	-0.25%
1yr vs. 10yr	-0.56%	+1.13%	-1.69%	+0.83%	-1.39%	+0.33%	-0.89%
2yr vs. 10yr	-0.41%	+0.79%	-1.20%	+0.80%	-1.21%	+0.34%	-0.75%
3yr vs. 10yr	-0.35%	+0.55%	-0.90%	+0.76%	-1.11%	+0.30%	-0.65%

Last Observation: 10/31/2022 Source: Federal Reserve

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2022 Has Been a Rare Beast

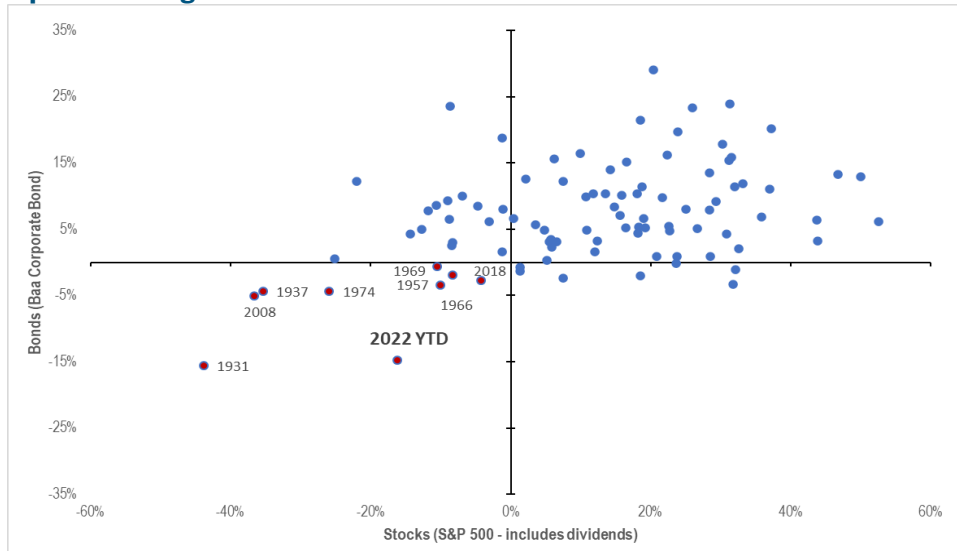
AS OF SEPTEMBER 30, 2022

Rare as certain species, we believe 2022 will go down in the history books as one of the rarest for the two largest asset classes, stocks and bonds, when viewed in combination. While negative returns do occur with some frequency for each class, they seldom happen at the same time. Since 1928, or 94 years, there have been only 8 occasions when investors have experienced the annual double drawdown. While equities have been the more volatile asset class, fixed income as measured by the Baa corporate bond index has experienced only one other double-digit decline, 1931. The second time is 2022.

Clearly for 2022, the long-awaited reversal of interest rates brought on by high inflation and aggressive Fed action has reset the bond price valuation equation. This is also a dominant factor for stocks, as the equity risk premium has repriced to reflect higher inflation expectations. While all this seems so clinical and easy to predict, it's been the consensus that this would happen sooner but didn't as Fed policy and disinflationary forces ruled the day. What changed was a pandemic which created unprecedented policy response, unforeseen dislocations, and global economic disruptions. Add in a strong dose of political instability and commodity shortages, and the goldilocks economy ended.

Annual Stocks vs Bond Performance since 1928

Since 1928 there have been 8 years where both stocks and bonds have produced negative returns.



KEY TAKEAWAYS

- It is rare that both stocks and bonds have negative performance in an annual period.
- Of the 8 periods where this has happened, all but 1 produced positive equity returns the following year and, in all 8 instances bond returns were positive the next year.
- Despite all the gloom in the market we believe 2023 has the potential for upside surprises.

History shows a positive outcome for the subsequent year.

In 7 of the 8 years for stocks and 8 of the 8 years for bonds, returns were positive. The 8-year average calendar year return for stocks and bonds was 23% and 12%, respectively. This is a good moment to point out that past performance does not guarantee future results

	Stocks Returns	Bond Returns	Inflation	Following Year		
				Stocks Returns	Bond Returns	Inflation
1931	-43.84%	-15.68%	-9.32%	-8.64%	23.59%	-10.27%
1937	-35.34%	-4.42%	2.86%	29.28%	9.24%	-2.78%
1957	-10.46%	-0.72%	2.90%	43.72%	6.43%	1.76%
1966	-9.97%	-3.45%	3.46%	23.80%	0.90%	3.04%
1969	-8.24%	-2.03%	6.20%	3.56%	5.65%	5.57%
1974	-25.90%	-4.38%	12.34%	37.00%	11.05%	6.94%
2008	-36.55%	-5.07%	0.09%	25.94%	23.33%	2.72%
2018	-4.23%	-2.76%	1.91%	31.21%	15.33%	2.29%
Average	-21.82%	-4.81%	2.56%	23.23%	11.94%	1.16%

When we look further into the experience during those 8 calendar years, in more than half (5), inflation began to fall during the subsequent “recovery” year. Is that likely to happen in 2023? Assuming the Fed continues with its mandate and no globally systemic event happens, the answer is most likely yes. With inflation declining, valuations adjusted, and the pandemic behind us, prospects look encouraging.

Such turbulent times can create opportunities for strategic asset allocation decisions. We look forward to discussing these strategic market changes over the coming weeks.

Period 1928-2021 Last Observation:8/31/2022

Data Source: https://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/histretSP.html

*Stocks represented by the S&P 500. Bonds represented by Baa Corporate Bonds.

Portfolio Report

10/31/2022

Account

Stoughton Hospital Association
Combined Account

Portfolio Overview

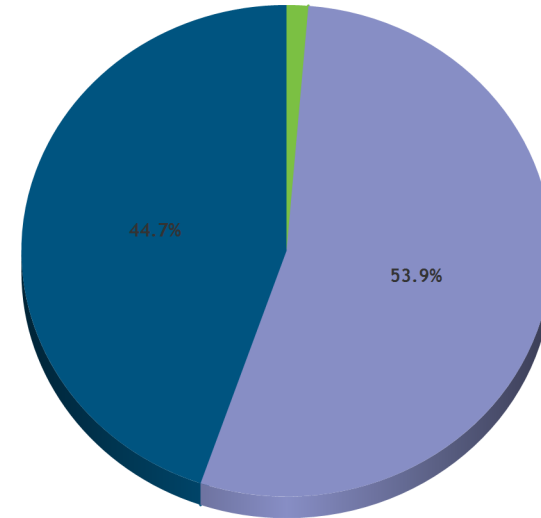
Stoughton Hospital Association
Combined Account

Gross of Fees | US Dollar
9/30/2022 - 10/31/2022

Activity Summary

	Month to Date	Quarter to Date	Year to Date
Beginning Value	9,656,059.70	9,656,059.70	10,887,925.09
Beginning Accrued Interest	20,860.36	20,860.36	21,519.02
Net Contributions/Withdrawals	-236.75	-236.75	747,431.10
Realized Gains/Losses	-40,453.21	-40,453.21	-102,203.19
Change in Unrealized Gains/Losses	396,008.36	396,008.36	-1,672,389.92
Net Income/Expenses	12,652.69	12,652.69	163,267.70
Amortization/Accretion	-465.11	-465.11	-11,149.89
Change in Accrued Interest	1,537.91	1,537.91	879.24
Ending Value	10,024,030.78	10,024,030.78	10,024,030.78
Ending Accrued Interest	22,398.26	22,398.26	22,398.26
Total	10,046,429.05	10,046,429.05	10,046,429.05

Portfolio Allocation by Asset Class



Asset Class	Market Value	Assets (%)	Yield (%)
Cash and Equiv.	131,866.51	1.3	0.0
Equity	5,419,632.05	53.9	1.6
Fixed Income	4,494,930.49	44.7	4.3
Total	10,046,429.05	100.0	2.8

Performance Overview

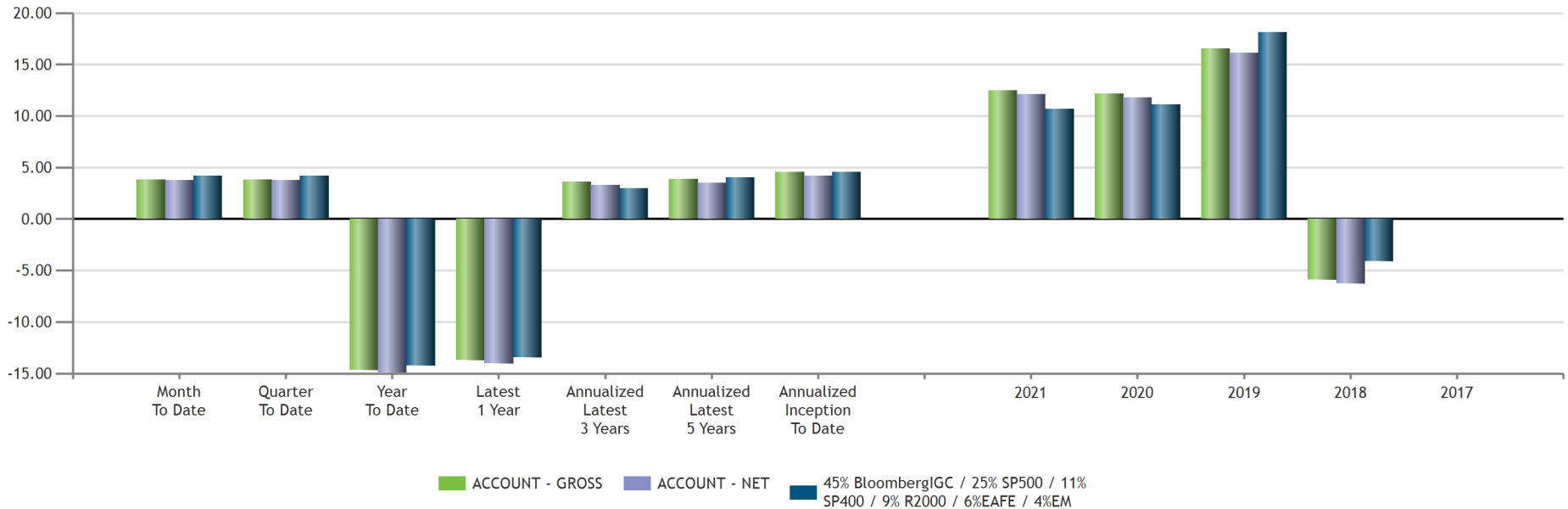
Stoughton Hospital Association
Combined Account

US Dollar
10/31/2022

Performance History Time Weighted Returns (%)

Inception (4/30/2017) to Date

Asset Class	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Annualized Latest 3 Years	Annualized Latest 5 Years	Annualized Inception To Date	2021	2020	2019	2018	2017
Equity	7.65	7.65	-19.39	-17.79	7.01	6.10	7.37	23.77	15.64	26.24	-11.45	
Fixed Income	-0.37	-0.37	-9.19	-9.19	-0.87	0.95	1.08	-0.94	8.16	6.86	0.83	
ACCOUNT - GROSS	3.82	3.82	-14.64	-13.70	3.63	3.88	4.57	12.49	12.16	16.56	-5.87	
ACCOUNT - NET	3.79	3.79	-14.89	-14.01	3.28	3.52	4.21	12.13	11.80	16.13	-6.23	
45% BloombergIGC / 25% SP500 / 11% SP400 / 9% R2000 / 6%EAFE / 4%EM	4.17	4.17	-14.20	-13.42	2.99	4.04	4.59	10.69	11.12	18.11	-4.07	
Bloomberg Int Gov/Credit	-0.44	-0.44	-10.02	-10.03	-1.91	0.30	0.44	-1.44	6.43	6.80	0.88	
S&P 500	8.10	8.10	-17.70	-14.61	10.22	10.44	11.19	28.71	18.40	31.49	-4.38	
MSCI EAFE	5.39	5.39	-22.81	-22.62	-0.82	0.39	2.27	11.78	8.28	22.66	-13.36	
MSCI Emerging Markets Net	-3.10	-3.10	-29.42	-31.03	-4.42	-3.09	-0.14	-2.54	18.31	18.44	-14.58	
Russell 2000	11.01	11.01	-16.86	-18.54	7.05	5.56	6.52	14.82	19.96	25.52	-11.01	
S&P 400	10.52	10.52	-13.27	-11.54	9.20	7.47	8.04	24.76	13.66	26.20	-11.08	



Performance Overview

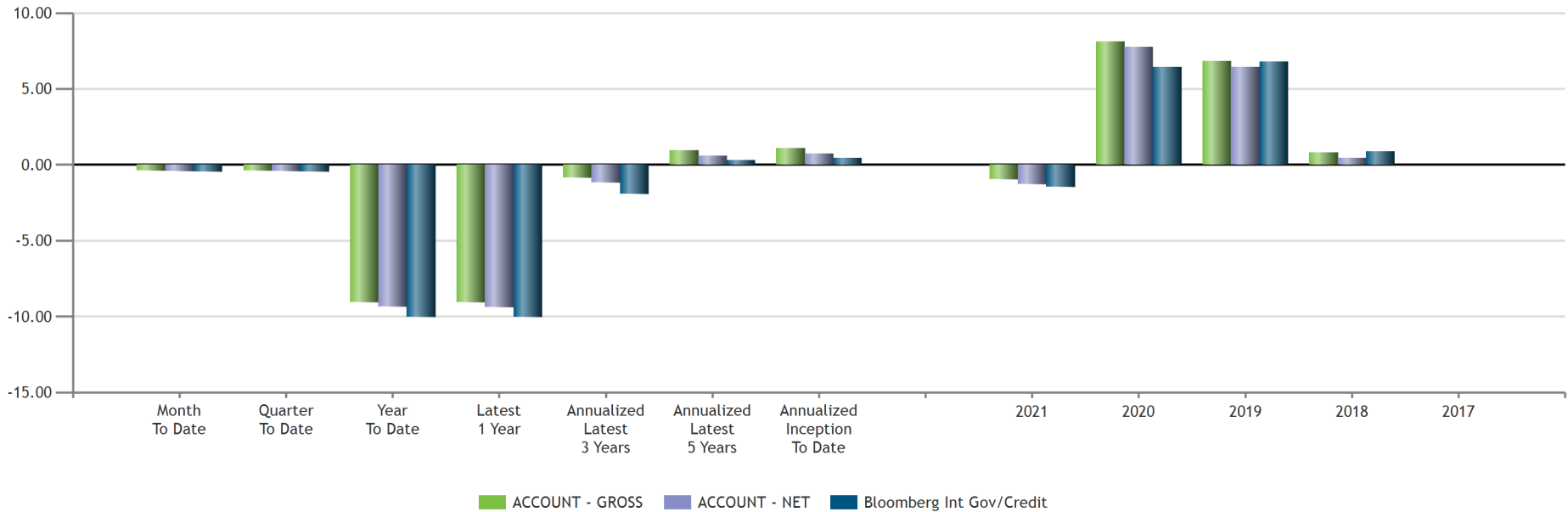
Stoughton Hospital Association
Fixed Income Account

US Dollar
10/31/2022

Performance History Time Weighted Returns (%)

Inception (4/30/2017) to Date

Asset Class	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Annualized Latest 3 Years	Annualized Latest 5 Years	Annualized Inception To Date	2021	2020	2019	2018	2017
Fixed Income	-0.37	-0.37	-9.17	-9.17	-0.86	0.95	1.09	-0.94	8.16	6.86	0.81	
ACCOUNT - GROSS	-0.37	-0.37	-9.06	-9.06	-0.83	0.96	1.10	-0.94	8.13	6.83	0.80	
ACCOUNT - NET	-0.40	-0.40	-9.33	-9.39	-1.19	0.60	0.75	-1.28	7.74	6.44	0.43	
Bloomberg Int Gov/Credit	-0.44	-0.44	-10.02	-10.03	-1.91	0.30	0.44	-1.44	6.43	6.80	0.88	



Fixed Income Characteristics

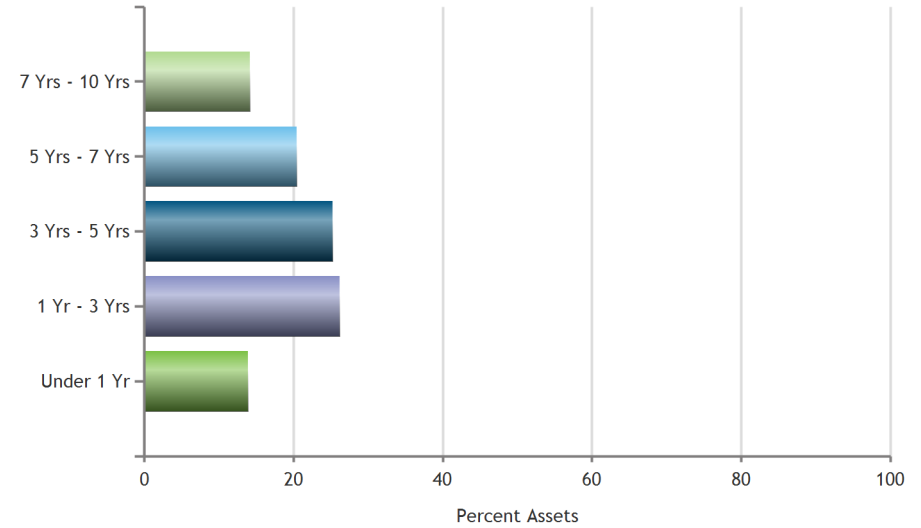
Stoughton Hospital Association
Combined Account

US Dollar
10/31/2022

Distribution by Maturity

Maturity	Number	Market Value	% FI Holdings	Average % YTM	Average Coupon	Average Duration
Under 1 Yr	9	413,552.75	10.2	4.7	2.404%	0.7
1 Yr - 3 Yrs	21	1,179,155.61	29.0	4.7	1.819%	1.8
3 Yrs - 5 Yrs	22	918,817.89	22.6	4.9	1.732%	3.8
5 Yrs - 7 Yrs	15	763,680.85	18.8	4.8	2.229%	5.3
7 Yrs - 10 Yrs	12	681,929.55	16.7	4.4	2.015%	7.5
Over 10 Yrs	4	114,891.54	2.8	5.3	2.718%	4.9

Distribution by Duration



Weighted Averages

Average Yield to Mat/Call (%)	4.74
Average Maturity (years)	4.71
Average Coupon (%)	1.99
Average Duration	3.82
Average Moody Rating	Aa3
Average S&P Rating	AA-
Average Fitch Rating	AA

Distribution by S&P/Moody's Rating

S&P/Moody's Rating	Number	Market Value	% FI Holdings	Average % YTM	Average Coupon	Average Duration
AAA/Aaa	23	2,837,989.10	69.7	4.4	1.630%	3.9
AA+/Aa1	1	19,400.94	0.5	2.8	1.270%	1.9
AA-/Aa3	2	28,934.82	0.7	4.4	2.776%	2.0
A+/A1	6	165,195.91	4.1	5.1	2.768%	4.0
A/A2	9	197,683.17	4.9	5.6	2.331%	3.4
A-/A3	7	120,080.38	2.9	5.4	2.936%	3.2
BBB+/Baa1	13	307,272.12	7.5	5.6	3.223%	3.5
BBB/Baa2	15	289,392.42	7.1	5.7	2.876%	4.1
BBB-/Baa3	7	106,079.32	2.6	6.2	2.822%	3.7

Performance Overview

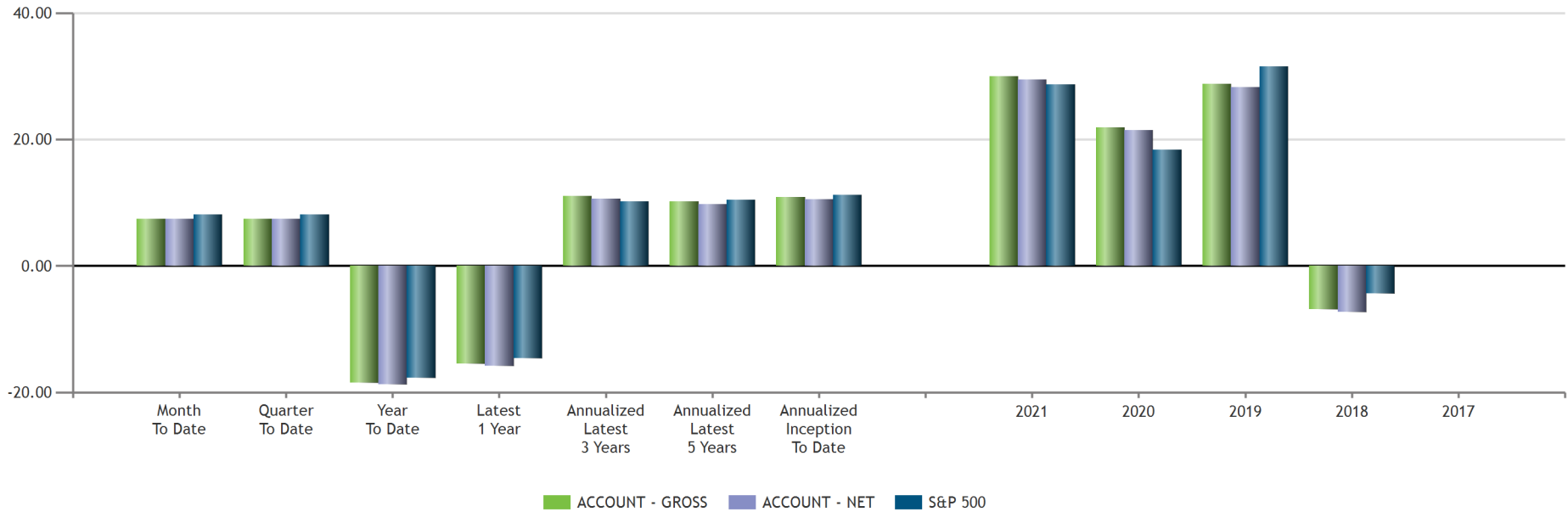
Stoughton Hospital Association
Large Cap Core Select Account

US Dollar
10/31/2022

Performance History Time Weighted Returns (%)

Inception (4/30/2017) to Date

Asset Class	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Annualized Latest 3 Years	Annualized Latest 5 Years	Annualized Inception To Date	2021	2020	2019	2018	2017
Equity	7.68	7.68	-18.92	-15.84	11.52	10.69	11.40	30.56	23.37	29.82	-6.60	
ACCOUNT - GROSS	7.46	7.46	-18.49	-15.45	11.04	10.17	10.91	29.94	21.92	28.76	-6.89	
ACCOUNT - NET	7.42	7.42	-18.77	-15.80	10.62	9.75	10.50	29.47	21.47	28.26	-7.26	
S&P 500	8.10	8.10	-17.70	-14.61	10.22	10.44	11.19	28.71	18.40	31.49	-4.38	



Performance Overview

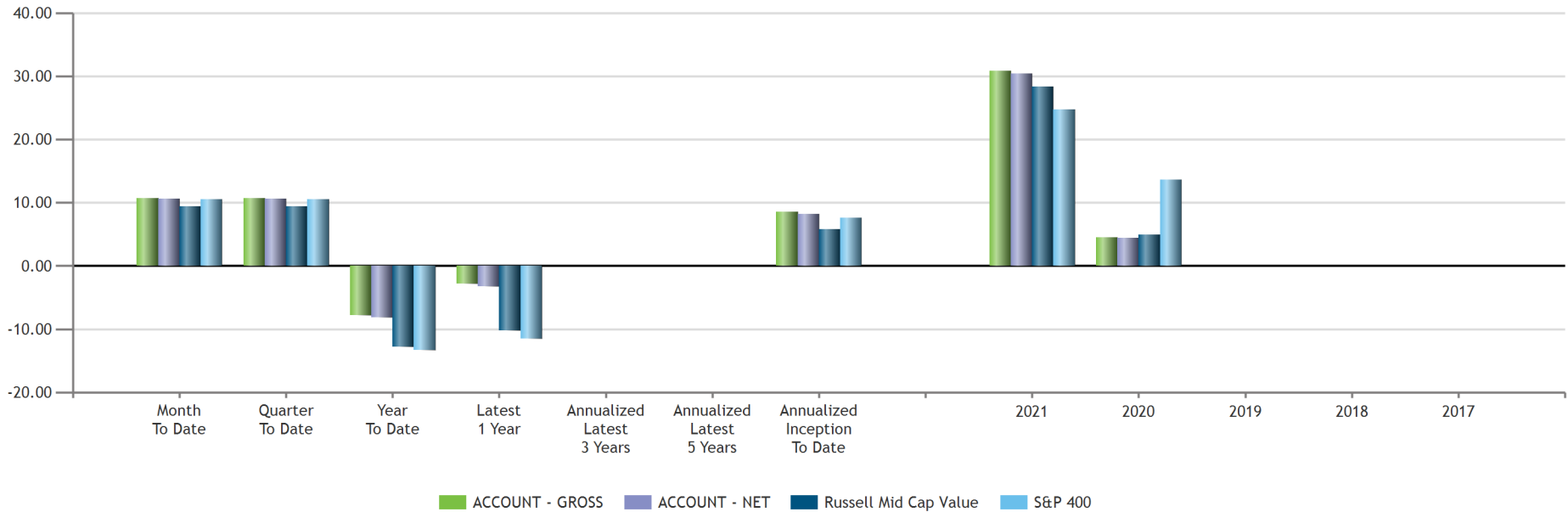
Stoughton Hospital Association
Mid Cap Value Account

US Dollar
10/31/2022

Performance History Time Weighted Returns (%)

Inception (12/31/2019) to Date

Asset Class	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Annualized Latest 3 Years	Annualized Latest 5 Years	Annualized Inception To Date	2021	2020	2019	2018	2017
Equity	10.76	10.76	-7.83	-2.86			8.90	30.95	5.48			
ACCOUNT - GROSS	10.68	10.68	-7.80	-2.85			8.51	30.83	4.50			
ACCOUNT - NET	10.64	10.64	-8.12	-3.25			8.21	30.37	4.39			
Russell Mid Cap Value	9.45	9.45	-12.83	-10.18			5.83	28.34	4.96			
S&P 400	10.52	10.52	-13.27	-11.54			7.58	24.76	13.66			



Performance Overview

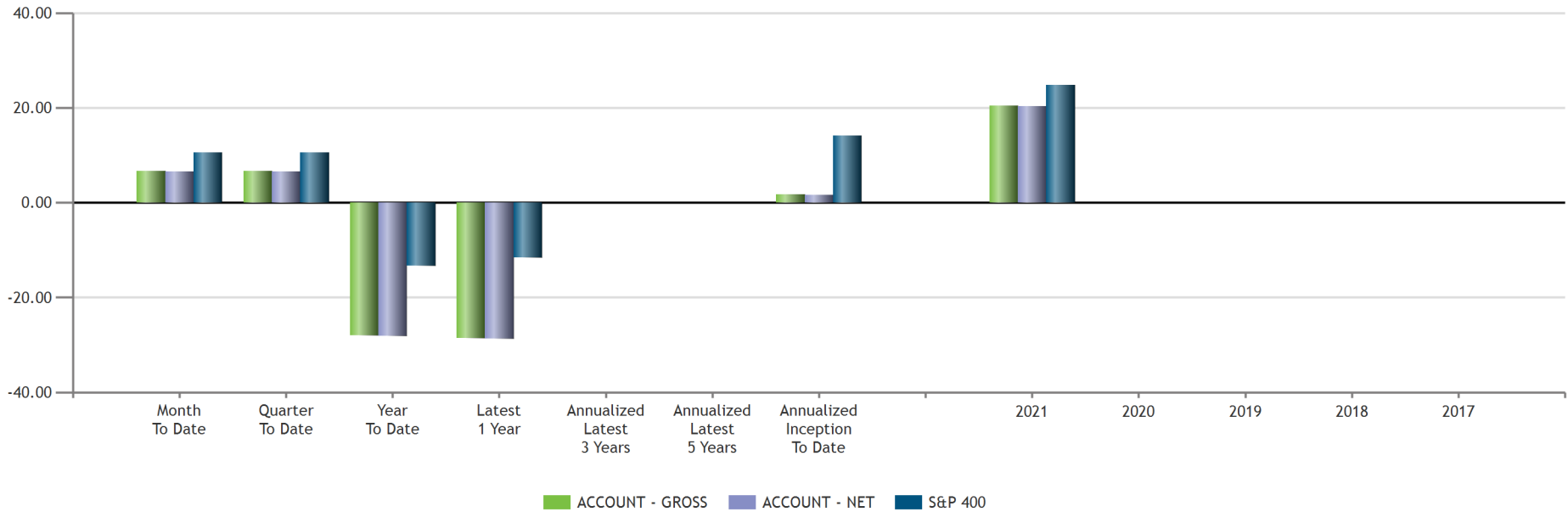
Stoughton Hospital Association
Mid Cap Growth ETF Account

US Dollar
10/31/2022

Performance History Time Weighted Returns (%)

Inception (7/31/2020) to Date

Asset Class	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Annualized Latest 3 Years	Annualized Latest 5 Years	Annualized Inception To Date	2021	2020	2019	2018	2017
Equity	6.63	6.63	-28.17	-28.72			1.69	20.50				
ACCOUNT - GROSS	6.62	6.62	-28.01	-28.56			1.72	20.42				
ACCOUNT - NET	6.61	6.61	-28.08	-28.63			1.66	20.36				
S&P 400	10.52	10.52	-13.27	-11.54			14.17	24.76				



Performance Overview

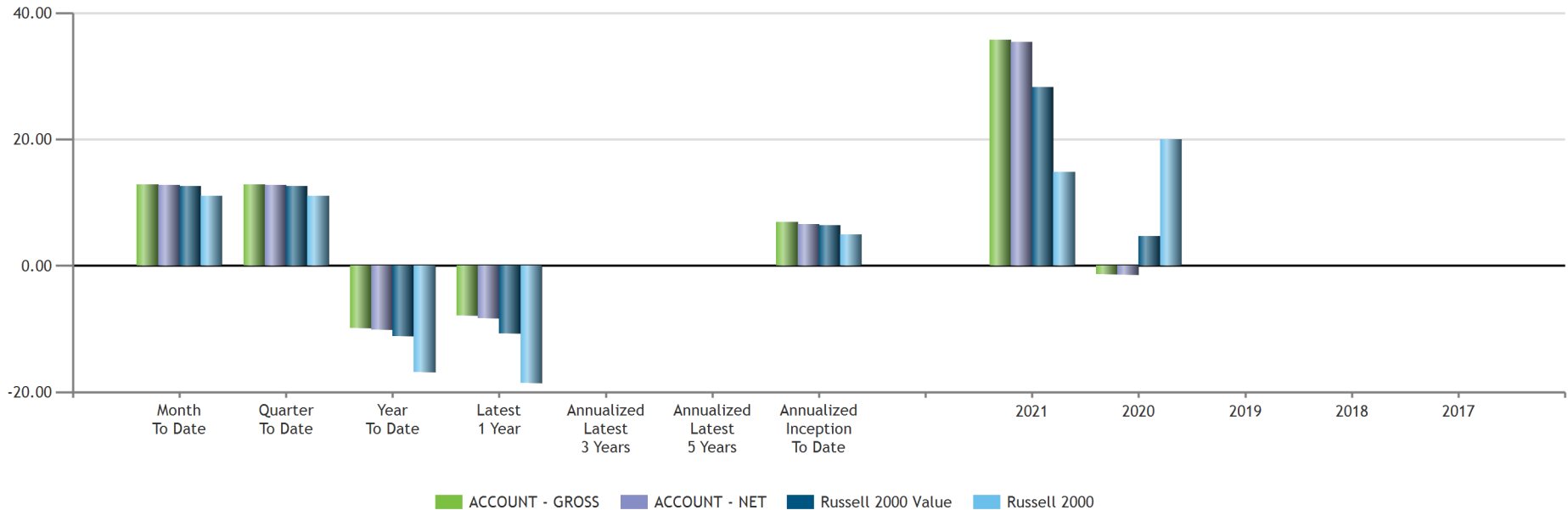
Stoughton Hospital Association
Small Cap Value Accounts - Combined

US Dollar
10/31/2022

Performance History Time Weighted Returns (%)

Inception (12/31/2019) to Date

Asset Class	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Annualized Latest 3 Years	Annualized Latest 5 Years	Annualized Inception To Date	2021	2020	2019	2018	2017
Equity	12.96	12.96	-9.88	-7.76			6.96	35.05	-0.58			
ACCOUNT - GROSS	12.84	12.84	-9.84	-7.88			6.88	35.76	-1.35			
ACCOUNT - NET	12.80	12.80	-10.16	-8.28			6.60	35.38	-1.45			
Russell 2000 Value	12.59	12.59	-11.19	-10.73			6.39	28.27	4.63			
Russell 2000	11.01	11.01	-16.86	-18.54			4.90	14.82	19.96			



Performance Overview

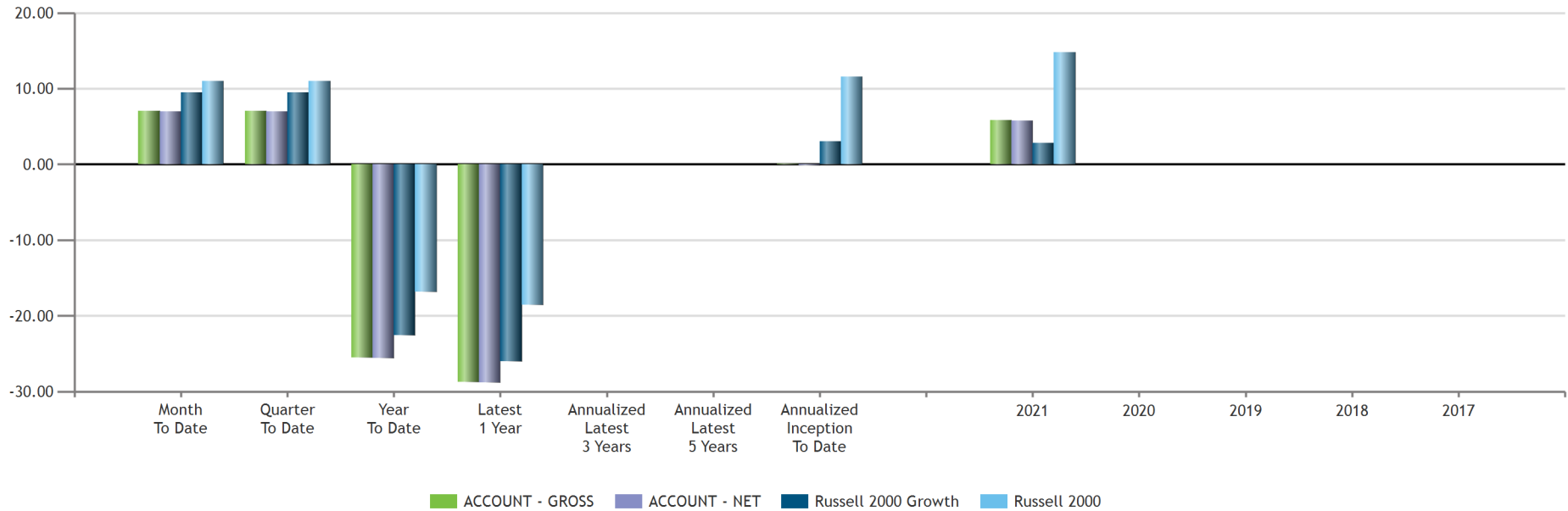
Stoughton Hospital Association
Small Cap Growth ETF Account

US Dollar
10/31/2022

Performance History Time Weighted Returns (%)

Inception (7/31/2020) to Date

Asset Class	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Annualized Latest 3 Years	Annualized Latest 5 Years	Annualized Inception To Date	2021	2020	2019	2018	2017
Equity	7.04	7.04	-25.65	-28.88			-0.03	5.88				
ACCOUNT - GROSS	7.02	7.02	-25.48	-28.71			0.03	5.85				
ACCOUNT - NET	7.01	7.01	-25.55	-28.78			-0.03	5.80				
Russell 2000 Growth	9.49	9.49	-22.57	-26.02			3.01	2.83				
Russell 2000	11.01	11.01	-16.86	-18.54			11.61	14.82				



Performance Overview

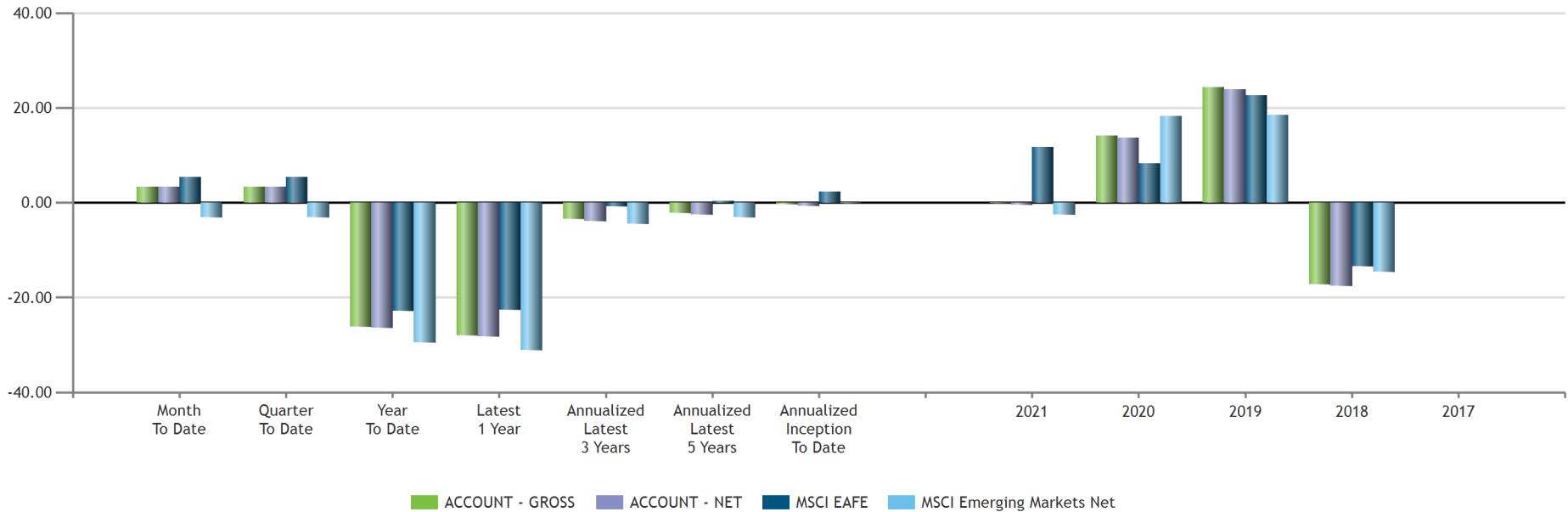
Stoughton Hospital Association
International Equity Account

US Dollar
10/31/2022

Performance History Time Weighted Returns (%)

Inception (4/30/2017) to Date

Asset Class	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Annualized Latest 3 Years	Annualized Latest 5 Years	Annualized Inception To Date	2021	2020	2019	2018	2017
Equity	3.40	3.40	-26.79	-28.57	-3.77	-2.29	-0.45	-0.07	14.12	24.33	-17.16	
ACCOUNT - GROSS	3.32	3.32	-26.14	-27.93	-3.48	-2.12	-0.29	-0.07	14.12	24.33	-17.16	
ACCOUNT - NET	3.29	3.29	-26.40	-28.23	-3.86	-2.50	-0.66	-0.43	13.68	23.85	-17.51	
MSCI EAFE	5.39	5.39	-22.81	-22.62	-0.82	0.39	2.27	11.78	8.28	22.66	-13.36	
MSCI Emerging Markets Net	-3.10	-3.10	-29.42	-31.03	-4.42	-3.09	-0.14	-2.54	18.31	18.44	-14.58	



Portfolio Appraisal

Stoughton Hospital Association
Combined Account

US Dollar
As of Date - 10/31/2022

Quantity	CUSIP/ Ticker	Description	Du ra tion (%)	Yield on Cost (%)	Yield to Mat/Call (%)	Adjusted Total Cost/ Unit Cost	Market Value/ Price	Assets (%)	Unrealized Gain/Loss	Accrued	Estimated Annual Income	Moody's Rating	S & P Rating
CASH AND EQUIV.													
CASH AND EQUIVALENTS													
	DIVACC	DIVIDEND ACCRUAL				3,234.10 0.00	3,234.10 0.00	0.0			0		
	CASH	MONEY FUND				128,632.41 0.00	128,632.41 0.00	1.3			0		
					0.00	131,866.51	131,866.51	1.3		0.00	0		
EQUITY													
COMMON STOCK													
114	ABT	ABBOTT LABORATORIES				5,828.57 51.13	11,279.16 98.94	0.1	5,450.59		214		
300	ABBV	ABBVIE INC COM				30,982.71 103.28	43,920.00 146.40	0.4	12,937.29		1,692		
100	ASO	ACADEMY SPORTS & OUTDOORS INC				3,875.62 38.76	4,403.00 44.03	0.0	527.38		30		
253	ACET	ADICET BIO INC				3,785.84 14.96	4,171.97 16.49	0.0	386.13		0		
90	ADBE	ADOBE INC				18,700.71 207.79	28,665.00 318.50	0.3	9,964.29		0		
382	AMD	ADVANCED MICRO DEVICES				30,299.08 79.32	22,942.92 60.06	0.2	-7,356.16		0		
209	ACM	AECOM				10,049.83 48.09	15,733.52 75.28	0.2	5,683.69		125		
109	APD	AIR PRODS & CHEMS INC				26,636.44 244.37	27,293.60 250.40	0.3	657.16		706		
92	AKAM	AKAMAI TECHNOLOGIES INC				10,000.96 108.71	8,126.36 88.33	0.1	-1,874.60		0		
465	ALL	ALLSTATE CORP COM				59,743.32 128.48	58,706.25 126.25	0.6	-1,037.07		1,581		
1,140	GOOGL	ALPHABET INC - CL A				70,814.17 62.12	107,741.40 94.51	1.1	36,927.23		0		
811	AMZN	AMAZON COM INC				70,451.93 86.87	83,078.84 102.44	0.8	12,626.91		0		
1,220	AXL	AMERICAN AXLE & MFG HODLINGS				10,101.73 8.28	11,821.80 9.69	0.1	1,720.07		0		
423	AEP	AMERICAN ELECTRIC POWER				37,564.42 88.80	37,190.16 87.92	0.4	-374.26		1,320		
176	AMPH	AMPHASTAR PHARMACEUTICALS I				6,284.84 35.71	5,438.40 30.90	0.1	-846.44		0		
735	AM	ANTERO MIDSTREAM CORP				7,598.94 10.34	7,827.75 10.65	0.1	228.81		662		
1,350	AAPL	APPLE INC				79,079.99 58.58	207,009.00 153.34	2.1	127,929.01		1,242		
120	ADP	AUTOMATIC DATA PROCESSING INC				28,099.03 234.16	29,004.00 241.70	0.3	904.97		499		

Portfolio Appraisal

Stoughton Hospital Association
Combined Account

US Dollar
As of Date - 10/31/2022

Quantity	CUSIP/ Ticker	Description	Du ra on Cost tion (%)	Yield Mat/Call (%)	Adjusted Total Cost/ Unit Cost	Market Value/ Price	Assets (%)	Unrealized Gain/Loss	Accrued	Estimated Annual Income	Moody's Rating	S & P Rating
8	AZO	AUTOZONE INC			8,918.35	20,263.04	0.2	11,344.69		0		
					1,114.79	2,532.88						
1,384	BAC	BANK OF AMERICA CORP			44,370.69	49,879.36	0.5	5,508.67		1,218		
					32.06	36.04						
210	BANR	BANNER CORPORATION			11,492.55	15,697.50	0.2	4,204.95		370		
					54.73	74.75						
127	BBY	BEST BUY INC COM			12,112.15	8,688.07	0.1	-3,424.08		447		
					95.37	68.41						
103	BOKF	BOK FINANCIAL CORPORATION			9,089.80	11,349.57	0.1	2,259.77		218		
					88.25	110.19						
371	BWA	BORGWARNER INC			13,276.27	13,923.63	0.1	647.36		252		
					35.79	37.53						
639	BMY	BRISTOL MYERS SQUIBB CO COM			39,973.04	49,503.33	0.5	9,530.29		1,380		
					62.56	77.47						
122	AVGO	BROADCOM INC			39,756.09	57,354.64	0.6	17,598.55		2,001		
					325.87	470.12						
145	CPE	CALLON PETROLEUM CO			8,605.37	6,374.20	0.1	-2,231.17		0		
					59.35	43.96						
164	CAH	CARDINAL HEALTH INC COM			8,591.28	12,447.60	0.1	3,856.32		325		
					52.39	75.90						
232	CAT	CATERPILLAR INC			34,187.57	50,218.72	0.5	16,031.15		1,114		
					147.36	216.46						
161	CBRE	CBRE GROUP INC - A			9,723.63	11,421.34	0.1	1,697.71		0		
					60.40	70.94						
438	CPF	CENTRAL PACIFIC FINANCIAL CO			11,533.52	8,987.76	0.1	-2,545.76		456		
					26.33	20.52						
1,051	CIM	CHIMERA INVESTMENT CORP			13,907.64	7,094.25	0.1	-6,813.39		967		
					13.23	6.75						
172	KDNY	CHINOOK THERAPEUTICS INC			3,744.39	3,741.00	0.0	-3.39		0		
					21.77	21.75						
726	CFG	CITIZENS FINANCIAL GROUP			34,033.89	29,693.40	0.3	-4,340.49		1,220		
					46.88	40.90						
817	CMCSA	COMCAST CORP NEW CL A			47,387.82	25,931.58	0.3	-21,456.24		882		
					58.00	31.74						
159	CMA	COMERICA INC COM			11,726.17	11,209.50	0.1	-516.67		432		
					73.75	70.50						
146	ED	CONSOLIDATED EDISON INC			11,213.68	12,842.16	0.1	1,628.48		461		
					76.81	87.96						
89	COST	COSTCO WHOLESALE CORP			22,927.00	44,633.50	0.4	21,706.50		320		
					257.61	501.50						
50	CMI	CUMMINS INC COM			8,133.33	12,225.50	0.1	4,092.17		314		
					162.67	244.51						
482	CVS	CVS HEALTH CORP COM			35,481.24	45,645.40	0.5	10,164.16		1,060		
					73.61	94.70						
92	DRI	DARDEN RESTAURANTS INC C			11,635.05	13,168.88	0.1	1,533.83		445		
					126.47	143.14						
172	DAR	DARLING INGREDIENTS INC			12,831.17	13,498.56	0.1	667.39		0		
					74.60	78.48						

Portfolio Appraisal

Stoughton Hospital Association
Combined Account

US Dollar
As of Date - 10/31/2022

Quantity	CUSIP/ Ticker	Description	Du ra tion (%)	Yield on Cost (%)	Yield to Mat/Call (%)	Adjusted Total Cost/ Unit Cost	Market Value/ Price	Assets (%)	Unrealized Gain/Loss	Accrued	Estimated Annual Income	Moody's Rating	S & P Rating
96	DVA	DAVITA HEALTHCARE PARTNERS INC				11,684.16 121.71	7,008.96 73.01	0.1	-4,675.20		0		
415	DELL	DELL TECHNOLOGIES - C				20,432.69 49.24	15,936.00 38.40	0.2	-4,496.69		548		
295	DFIN	DONNELLEY FINANCIAL SOLUTION				9,706.12 32.90	11,926.85 40.43	0.1	2,220.73		0		
241	DOW	DOW INC				13,143.83 54.54	11,264.34 46.74	0.1	-1,879.49		675		
106	EXP	EAGLE MATERIALS INC				14,909.49 140.66	12,964.86 122.31	0.1	-1,944.63		106		
270	SATS	ECHOSTAR CORP-A				7,307.98 27.07	5,094.90 18.87	0.1	-2,213.08		0		
153	EIX	EDISON INTL				9,610.19 62.81	9,186.12 60.04	0.1	-424.07		428		
175	LLY	ELI LILLY & CO				42,252.45 241.44	63,365.75 362.09	0.6	21,113.30		686		
189	WTRG	ESSENTIAL UTILITIES INC				8,877.27 46.97	8,357.58 44.22	0.1	-519.69		217		
384	ETD	ETHAN ALLEN INTERIORS INC				10,323.19 26.88	9,826.56 25.59	0.1	-496.63		768		
747	XOM	EXXON MOBIL CORP COM				41,606.29 55.70	82,775.07 110.81	0.8	41,168.78		2,629		
41	FDX	FEDEX CORP COM				7,995.04 195.00	6,571.48 160.28	0.1	-1,423.56		189		
165	FL	FOOT LOCKER INC COM				6,674.61 40.45	5,230.50 31.70	0.1	-1,444.11		264		
723	FCX	FREEMPORT- MCMORAN INC CL B				27,094.42 37.47	22,911.87 31.69	0.2	-4,182.55		434		
89	GNRC	GENERAC HLDGS INC				12,841.81 144.29	10,315.99 115.91	0.1	-2,525.82		0		
238	GIII	G-III APPAREL GROUP LTD				5,364.52 22.54	4,641.00 19.50	0.0	-723.52		0		
111	GPN	GLOBAL PAYMENTS INC				13,876.61 125.01	12,682.86 114.26	0.1	-1,193.75		111		
154	GEF	GREIF INC CL A				7,846.54 50.95	10,196.34 66.21	0.1	2,349.80		308		
314	HAL	HALLIBURTON CO COM				4,177.64 13.30	11,435.88 36.42	0.1	7,258.24		151		
217	HWC	HANCOCK WHITNEY CORP				9,448.69 43.54	12,123.79 55.87	0.1	2,675.10		234		
710	HTLD	HEARTLAND EXPRESS INC				13,520.88 19.04	10,564.80 14.88	0.1	-2,956.08		57		
228	HTLF	HEARTLAND FINL USA INC COM				11,317.96 49.64	11,244.96 49.32	0.1	-73.00		246		
509	HFWA	HERITAGE FINANCIAL CORP				12,940.23 25.42	17,148.21 33.69	0.2	4,207.98		428		
266	HES	HESS CORP				16,142.45 60.69	37,527.28 141.08	0.4	21,384.83		399		

Portfolio Appraisal

Stoughton Hospital Association
Combined Account

US Dollar
As of Date - 10/31/2022

Quantity	CUSIP/ Ticker	Description	Du ra on tion (%)	Yield on Cost (%)	Yield to Mat/Call (%)	Adjusted Total Cost/ Unit Cost	Market Value/ Price	Assets (%)	Unrealized Gain/Loss	Accrued	Estimated Annual Income	Moodys Rating	S & P Rating
243	HI	HILLENBRAND INC				11,270.75	10,735.74	0.1	-535.01		211		
						46.38	44.18						
118	HOLX	HOLOGIC INC COM				8,875.62	8,000.40	0.1	-875.22		0		
						75.22	67.80						
123	HD	HOME DEPOT INC				38,172.39	36,423.99	0.4	-1,748.40		935		
						310.34	296.13						
455	HPQ	HP INC				9,240.88	12,567.10	0.1	3,326.22		455		
						20.31	27.62						
78	INCY	INCYTE CORP COM				6,775.86	5,798.52	0.1	-977.34		0		
						86.87	74.34						
101	NSIT	INSIGHT ENTERPRISES INC				8,866.96	9,545.51	0.1	678.55		0		
						87.79	94.51						
83	ISRG	INTUITIVE SURGICAL INC COM NEW				23,172.52	20,457.01	0.2	-2,715.51		0		
						279.19	246.47						
632	IVZ	INVESCO LTD SHS				14,727.41	9,682.24	0.1	-5,045.17		474		
						23.30	15.32						
291	ITOS	ITEOS THERAPEUTICS INC				5,991.00	5,668.68	0.1	-322.32		0		
						20.59	19.48						
321	JNJ	JOHNSON & JOHNSON				41,963.39	55,844.37	0.6	13,880.98		1,451		
						130.73	173.97						
273	JPM	JPMORGAN CHASE & CO				29,524.70	34,365.24	0.3	4,840.54		1,092		
						108.15	125.88						
386	JNPR	JUNIPER NETWORKS INC COM				9,468.38	11,811.60	0.1	2,343.22		324		
						24.53	30.60						
185	KAMN	KAMAN CORP				8,512.32	5,938.50	0.1	-2,573.82		148		
						46.01	32.10						
695	KEY	KEYCORP				13,414.64	12,419.65	0.1	-994.99		542		
						19.30	17.87						
69	LRCX	LAM RESEARCH CORP COM				26,061.98	27,929.82	0.3	1,867.84		476		
						377.71	404.78						
358	LBRT	LIBERTY ENERGY INC				3,752.83	6,053.78	0.1	2,300.95		0		
						10.48	16.91						
278	LYV	LIVE NATION ENTERTAINMENT IN				25,205.19	22,131.58	0.2	-3,073.61		0		
						90.67	79.61						
319	MPC	MARATHON PETE CORP COM				13,606.32	36,244.78	0.4	22,638.46		740		
						42.65	113.62						
89	MLM	MARTIN MARIETTA MATLS INC COM				29,663.47	29,902.22	0.3	238.75		235		
						333.30	335.98						
187	MA	MASTERCARD INC - A				40,967.34	61,369.66	0.6	20,402.32		367		
						219.08	328.18						
61	MATX	MATSON INC				6,499.02	4,488.38	0.0	-2,010.64		76		
						106.54	73.58						
85	MCD	MCDONALDS CORP				20,086.52	23,176.10	0.2	3,089.58		469		
						236.31	272.66						
222	MCY	MERCURY GENERAL CORPORATION				12,231.08	6,438.00	0.1	-5,793.08		282		
						55.09	29.00						
125	MTH	MERITAGE HOMES CORP				10,932.09	9,520.00	0.1	-1,412.09		0		
						87.46	76.16						

Portfolio Appraisal

Stoughton Hospital Association
Combined Account

US Dollar
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174	META	META PLATFORMS INC - CLASS A				40,767.73 234.30	16,209.84 93.16	0.2	-24,557.89		0		
791	MET	METLIFE INC COM				37,192.44 47.02	57,909.11 73.21	0.6	20,716.67		1,582		
680	MSFT	MICROSOFT CORP				72,380.86 106.44	157,848.40 232.13	1.6	85,467.54		1,686		
127	MTX	MINERALS TECHNOLOGIES INC				7,632.18 60.10	6,986.27 55.01	0.1	-645.91		25		
681	MDLZ	MONDELEZ INTL INC CL A				43,511.92 63.89	41,867.88 61.48	0.4	-1,644.04		1,049		
488	MS	MORGAN STANLEY				25,308.93 51.86	40,098.96 82.17	0.4	14,790.03		1,513		
300	COOP	MR COOPER GROUP INC				7,023.16 23.41	11,847.00 39.49	0.1	4,823.84		0		
187	MLI	MUELLER INDUSTRIES INC				7,011.66 37.50	11,713.68 62.64	0.1	4,702.02		187		
140	NHC	NATIONAL HEALTHCARE CORP				10,414.23 74.39	8,528.80 60.92	0.1	-1,885.43		319		
101	NCR	NCR CORPORATION				3,769.09 37.32	2,147.26 21.26	0.0	-1,621.83		0		
82	NFLX	NETFLIX INC COM				29,716.45 362.40	23,934.16 291.88	0.2	-5,782.29		0		
95	NXST	NEXSTAR MEDIA GROUP INC				14,481.11 152.43	16,273.50 171.30	0.2	1,792.39		342		
539	NEE	NEXTERA ENERGY INC COM				28,456.96 52.80	41,772.50 77.50	0.4	13,315.54		916		
210	NWE	NORTHWESTERN CORPORATION				12,849.95 61.19	11,094.30 52.83	0.1	-1,755.65		529		
436	NLOK	NORTONLIFELOCK INC				12,106.54 27.77	9,823.08 22.53	0.1	-2,283.46		218		
226	NVDA	NVIDIA CORP COM				17,396.86 76.98	30,503.22 134.97	0.3	13,106.36		36		
314	OGE	OGE ENERGY CORP				12,462.73 39.69	11,501.82 36.63	0.1	-960.91		520		
307	OMI	OWENS & MINOR INC				9,790.09 31.89	5,219.00 17.00	0.1	-4,571.09		3		
175	OC	OWENS CORNING NEW COM				14,410.29 82.34	14,981.75 85.61	0.1	571.46		245		
315	PACW	PACWEST BANCORP				8,634.59 27.41	7,830.90 24.86	0.1	-803.69		315		
166	PANW	PALO ALTO NETWORKS				26,636.23 160.46	28,483.94 171.59	0.3	1,847.71		0		
105	PDCE	PDC ENERGY INC				6,909.58 65.81	7,574.70 72.14	0.1	665.12		147		
122	PEP	PEPSICO INC COM				20,173.88 165.36	22,152.76 181.58	0.2	1,978.88		561		
60	PKI	PERKINELMER INC				8,786.78 146.45	8,014.80 133.58	0.1	-771.98		17		

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170	PNW	PINNACLE WEST CAP CORP COM				13,106.69 77.10	11,425.70 67.21	0.1	-1,680.99		578		
66	PIPR	PIPER SANDLER COS				12,068.06 182.85	8,446.02 127.97	0.1	-3,622.04		158		
443	PRIM	PRIMORIS SERVICES CORP				11,461.10 25.87	8,944.17 20.19	0.1	-2,516.93		106		
370	PG	PROCTER AND GAMBLE CO COM				53,774.13 145.34	49,827.90 134.67	0.5	-3,946.23		1,352		
110	PRU	PRUDENTIAL FINANCIAL				11,683.42 106.21	11,570.90 105.19	0.1	-112.52		528		
412	RMBS	RAMBUS INC				7,141.24 17.33	12,425.92 30.16	0.1	5,284.68		0		
53	REGN	REGENERON PHARMACEUTICAL				27,149.17 512.25	39,683.75 748.75	0.4	12,534.58		0		
74	RGA	REINSURANCE GROUP AMER INC CO				10,042.62 135.71	10,890.58 147.17	0.1	847.96		237		
384	ROST	ROSS STORES INC COM				38,936.62 101.40	36,744.96 95.69	0.4	-2,191.66		476		
230	SENEA	SENECA FOODS CORP - CL A				11,202.82 48.71	14,515.30 63.11	0.1	3,312.48		0		
72	SNA	SNAP ON INC COM				15,757.92 218.86	15,987.60 222.05	0.2	229.68		409		
165	SAH	SONIC AUTOMOTIVE INC-CLASS A				5,231.54 31.71	7,713.75 46.75	0.1	2,482.21		165		
137	SWX	SOUTHWEST GAS HOLDINGS INC				9,144.68 66.75	10,010.59 73.07	0.1	865.91		326		
164	SF	STIFEL FINANCIAL CORP				10,518.91 64.14	10,146.68 61.87	0.1	-372.23		197		
161	SYK	STRYKER CORP COM				27,496.94 170.79	36,907.64 229.24	0.4	9,410.70		448		
308	SNDX	SYNDAX PHARMACEUTICALS I				5,886.47 19.11	7,071.68 22.96	0.1	1,185.21		0		
157	TGT	TARGET CORP				34,709.36 221.08	25,787.25 164.25	0.3	-8,922.11		678		
220	TSLA	TESLA INC				59,482.29 270.37	50,058.80 227.54	0.5	-9,423.49		0		
178	TNL	TRAVEL + LEISURE CO				7,454.09 41.88	6,760.44 37.98	0.1	-693.65		285		
211	TSN	TYSON FOODS INC CL A				15,831.09 75.03	14,421.85 68.35	0.1	-1,409.24		84		
124	UMBF	UMB FINANCIAL CORP				10,081.38 81.30	10,319.28 83.22	0.1	237.90		184		
178	UNP	UNION PACIFIC CORP				25,522.62 143.39	35,090.92 197.14	0.3	9,568.30		926		
128	URI	UNITED RENTALS INC				24,603.94 192.22	40,410.88 315.71	0.4	15,806.94		0		
158	UNH	UNITEDHEALTH GROUP INC				39,888.56 252.46	87,713.70 555.15	0.9	47,825.14		1,043		

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42	MTN	VAIL RESORTS INC				12,580.82 299.54	9,203.46 219.13	0.1	-3,377.36		321		
164	VLO	VALERO ENERGY CORP NEW COM				13,425.30 81.86	20,590.20 125.55	0.2	7,164.90		643		
287	VNDA	VANDA PHARMACEUTICALS I				4,714.03 16.43	3,004.89 10.47	0.0	-1,709.14		0		
253	V	VISA INC - CLASS A				37,228.03 147.15	52,411.48 207.16	0.5	15,183.45		380		
386	WMT	WAL-MART STORES INC				40,313.40 104.44	54,939.38 142.33	0.5	14,625.98		849		
1,202	WFC	WELLS FARGO & CO				56,633.98 47.12	55,279.98 45.99	0.6	-1,354.00		1,442		
276	WDC	WESTERN DIGITAL CORP COM				14,087.05 51.04	9,486.12 34.37	0.1	-4,600.93		0		
142	WLK	WESTLAKE CORP				12,252.25 86.28	13,724.30 96.65	0.1	1,472.05		203		
317	WRK	WESTROCK CO COM				14,008.22 44.19	10,797.02 34.06	0.1	-3,211.20		317		
233	ZION	ZIONS BANCORPORATION N				12,129.16 52.06	12,102.02 51.94	0.1	-27.14		382		
			0.00			2,915,999.67	3,525,693.18	35.1	609,693.51	0.00	62,037		
EXCHANGE TRADED FUNDS - EQUITY													
16,669	VEU	VANGUARD FTSE ALL-WORLD EX-U				927,815.15 55.66	764,607.03 45.87	7.6	-163,208.12		10,948		
2,240	VBK	VANGUARD INDEX FDS SML CP GRW				484,335.99 216.22	467,846.40 208.86	4.7	-16,489.59		1,712		
2,410	VOT	VANGUARD MID-CAP GROWTH ETF				434,607.33 180.33	438,258.50 181.85	4.4	3,651.17		3,132		
			0.00			1,846,758.47	1,670,711.93	16.6	-176,046.54	0.00	15,792		
FOREIGN DOMICILED U.S. EQUITY SECURITY													
300	ETN	EATON CORP PLC				25,458.76 84.86	45,021.00 150.07	0.4	19,562.24		972		679
112	ESNT	ESSENT GROUP LTD				4,659.22 41.60	4,432.96 39.58	0.0	-226.26		18		
36	RE	EVEREST RE GROUP LTD				10,007.42 277.98	11,615.76 322.66	0.1	1,608.34		223		
			0.00			40,125.40	61,069.72	0.6	20,944.32	0.00	1,213		
REAL ESTATE INVESTMENT TRUSTS													
637	APLE	APPLE HOSPITALITY REIT INC				8,701.38 13.66	10,905.44 17.12	0.1	2,204.06		25		
817	AHH	ARMADA HOFFLER PROPERTIES INC				10,205.19 12.49	9,550.73 11.69	0.1	-654.46		523		
500	BRX	BRIXMOR PROPERTY GROUP INC				10,944.00 21.89	10,655.00 21.31	0.1	-289.00		0		

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183	CCI	CROWN CASTLE INC				31,308.38 171.08	24,386.58 133.26	0.2	-6,921.80		974		659
316	EPRT	ESSENTIAL PROPERTIES REALTY				6,773.88 21.44	6,800.32 21.52	0.1	26.44		316		
286	GNL	GLOBAL NET LEASE INC				4,047.67 14.15	3,503.50 12.25	0.0	-544.17		458		
743	HST	HOST HOTELS & RESORTS INC COM				13,450.98 18.10	14,027.84 18.88	0.1	576.86		0		B-
961	INVH	INVITATION HOMES, INC.				33,811.15 35.18	30,454.09 31.69	0.3	-3,357.06		653		
108	REG	REGENCY CENTERS CORP				6,636.11 61.45	6,535.08 60.51	0.1	-101.03		257		
749	SITC	SITE CENTERS CORP				11,668.99 15.58	9,272.62 12.38	0.1	-2,396.37		360		
285	STAG	STAG INDL INC COM				9,412.34 33.03	9,003.15 31.59	0.1	-409.19		413		
389	WY	WEYERHAEUSER CO				14,218.15 36.55	12,031.77 30.93	0.1	-2,186.38		265	NR	NR
197	WPC	WP CAREY INC				14,631.57 74.27	15,031.10 76.30	0.1	399.53		827		
			0.00	0.00	175,809.79	162,157.22	1.6	-13,652.57	0.00	5,071			
EQUITY TOTAL			0.00	0.00	4,978,693.33	5,419,632.05	53.9	440,938.72	0.00	84,113			
FIXED INCOME													
US Treasury													
285,000	912828VS6	US TREASURY N/B	0.8	1.12	4.68	288,080.79 101.08	280,224.02 98.32	2.8	-7,856.77	1,490.83	7,125	Aaa	AA+
345,000	912828XT2	US TREASURY N/B	1.5	0.40	4.66	353,699.18 102.52	331,131.00 95.98	3.3	-22,568.18	2,884.43	6,900	Aaa	AA+
410,000	912828ZL7	US TREASURY N/B	2.4	0.97	4.40	404,112.18 98.56	371,308.30 90.56	3.7	-32,803.88		1,538	Aaa	AA+
155,000	912828P46	US TREASURY N/B	3.1	1.12	4.44	157,589.47 101.67	141,789.35 91.48	1.4	-15,800.12	527.02	2,519	Aaa	AA+
90,000	91282CDG3	US TREASURY N/B	3.8	1.23	4.36	89,627.46 99.59	79,417.80 88.24	0.8	-10,209.66		1,013	Aaa	AA+
320,000	912828ZS2	US TREASURY N/B	4.4	1.45	4.29	306,678.09 95.84	270,025.60 84.38	2.7	-36,652.49	668.85	1,600	Aaa	AA+
420,000	91282CCH2	US TREASURY N/B	5.3	1.63	4.26	411,619.48 98.00	356,869.80 84.97	3.6	-54,749.68	1,754.76	5,250	Aaa	AA+
155,000	91282CEE7	US TREASURY N/B	5.8	3.02	4.24	149,266.57 96.30	138,870.70 89.59	1.4	-10,395.87	313.51	3,681	Aaa	AA+
570,000	91282CCB5	US TREASURY N/B	7.7	2.47	4.04	534,197.48 93.72	471,321.60 82.69	4.7	-62,875.88	4,253.70	9,263	Aaa	AA+

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35,000	91282CFF3	US TREASURY N/B	8.3	4.05	4.05	31,346.88 89.56	31,341.45 89.55	0.3	-5.43	201.39	963	Aaa	AA+
		Accrued Interest					12,094.49	0.1			39,850		
			4.1	1.52	4.36	2,726,217.58	2,484,394.12	24.7	-253,917.95	12,094.49	39,850		
Corporate Bond													
15,000	254709AJ7	DISCOVER FINL SVCS	0.1	3.35	5.41	15,004.26 100.03	14,983.97 99.89	0.1	-20.29	256.67	578	Baa3	BBB-
15,000	92826CAC6	VISA INC	0.1	2.69	3.95	15,001.95 100.01	14,977.13 99.85	0.1	-24.82	159.83	420	Aa3	AA-
15,000	26875PAK7	EOG RESOURCES INC	0.4	3.24	4.79	14,966.29 99.78	14,878.18 99.19	0.1	-88.11	50.31	394	A3	A-
10,000	83088MAJ1	SKYWORKS SOLUTIONS INC	0.6	0.92	6.02	9,999.14 99.99	9,709.05 97.09	0.1	-290.10	37.50	90	Ba1	BBB-
20,000	444859BP6	HUMANA INC	0.7	0.68	5.21	19,994.95 99.97	19,329.46 96.65	0.2	-665.48	31.78	130	Baa3	BBB+
15,000	02005NBL3	ALLY FINANCIAL INC	0.9	0.83	6.05	15,077.37 100.52	14,389.35 95.93	0.1	-688.02	17.52	218	Baa3	BBB-
50,000	26078JAB6	DOWDUPONT INC	1.0	1.52	5.26	51,269.48 102.54	49,467.00 98.93	0.5	-1,802.48	969.49	2,103	Baa1	BBB+
20,000	02665WCT6	AMERICAN HONDA FINANCE	1.1	3.56	5.10	19,998.62 99.99	19,639.40 98.20	0.2	-359.22	214.97	710	A3	A-
35,000	316773CP3	FIFTH THIRD BANCORP	1.1	2.88	5.55	35,589.28 101.68	34,488.65 98.54	0.3	-1,100.63	438.96	1,505	Baa1	BBB
25,000	00206RMJ8	AT&T INC	1.4	0.83	5.03	25,000.00 100.00	23,616.00 94.46	0.2	-1,384.00	22.50	225	Baa2	BBB
10,000	23331ABM0	DR HORTON INC	1.9	2.65	5.62	9,971.80 99.72	9,427.40 94.27	0.1	-544.40	11.11	250	Baa1	BBB
15,000	959802AY5	WESTERN UNION CO/THE	2.1	2.84	5.85	15,001.33 100.01	14,084.40 93.90	0.1	-916.93	131.81	428	Baa2	BBB
15,000	670346AR6	NUCOR CORP	2.4	2.03	5.37	14,988.00 99.92	13,792.35 91.95	0.1	-1,195.65	125.00	300	Baa1	A-
15,000	29250RAW6	ENBRIDGE ENERGY PARTNERS	2.5	3.88	5.49	15,772.87 105.15	15,141.45 100.94	0.2	-631.42	39.17	881	Baa1	BBB+
20,000	857477BE2	STATE STREET CORP	2.8	2.35	4.53	20,000.00 100.00	18,789.40 93.95	0.2	-1,210.60	235.40	471	A1	A
10,000	254687FV3	WALT DISNEY COMPANY	3.0	1.80	4.97	9,985.06 99.85	9,056.20 90.56	0.1	-928.86	52.50	175	A2	BBB+
40,000	097023DG7	BOEING CO	3.0	2.12	5.99	40,008.11 100.02	35,564.40 88.91	0.4	-4,443.71	212.28	878	Baa2	BBB-
15,000	38141GXS8	GOLDMAN SACHS GROUP INC	3.2	1.17	4.62	14,847.86 98.99	13,296.30 88.64	0.1	-1,551.56	28.14	128	A2	BBB+
20,000	91324PCV2	UNITEDHEALTH GROUP INC	3.1	2.40	5.02	20,461.61 102.31	18,818.00 94.09	0.2	-1,643.61	79.22	620	A3	A+

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40,000	46647PBK1	JPMORGAN CHASE & CO	3.3	1.88	4.91	40,198.97 100.50	36,423.60 91.06	0.4	-3,775.37	20.83	833	A1	A-
35,000	95000U2N2	WELLS FARGO & COMPANY	3.3	1.51	5.02	35,576.24 101.65	31,850.00 91.00	0.3	-3,726.24		766	A1	BBB+
20,000	06738EBL8	BARCLAYS PLC	3.2	2.49	6.01	20,175.95 100.88	18,021.40 90.11	0.2	-2,154.55	275.69	570	Baa2	BBB
20,000	404280CG2	HSBC HOLDINGS PLC	3.3	1.98	5.87	20,061.22 100.31	17,588.80 87.94	0.2	-2,472.42	171.42	420	A3	A-
15,000	40414LAQ2	HCP INC	3.4	2.42	5.70	15,434.10 102.89	13,783.95 91.89	0.1	-1,650.15	143.54	488	Baa1	BBB+
25,000	690742AF8	OWENS CORNING	3.5	2.51	5.92	25,771.89 103.09	22,885.25 91.54	0.2	-2,886.64	179.44	850	Baa2	BBB
40,000	26441CAS4	DUKE ENERGY CORP NEW	3.3	2.87	4.46	38,910.12 97.28	36,166.40 90.42	0.4	-2,743.72	176.67	1,060	Baa2	BBB
40,000	251526CE7	DEUTSCHE BANK NY	3.7	1.84	6.63	40,341.21 100.85	33,664.80 84.16	0.3	-6,676.41	371.39	852	Baa1	BBB-
15,000	654106AJ2	NIKE INC	4.1	2.20	4.85	15,333.53 102.22	13,758.90 91.73	0.1	-1,574.63	38.96	413	A1	AA-
20,000	369550BL1	GENERAL DYNAMICS CORP	4.0	2.78	5.02	20,580.76 102.90	18,803.20 94.02	0.2	-1,777.56	58.33	700	A3	A-
25,000	237194AL9	DARDEN RESTAURANTS INC	4.0	1.84	5.56	27,162.33 108.65	23,314.00 93.26	0.2	-3,848.33	481.25	963	Baa2	BBB
20,000	844741BK3	SOUTHWEST AIRLINES CO	4.0	2.05	5.74	22,602.50 113.01	19,500.60 97.50	0.2	-3,101.90	387.22	1,025	Baa1	BBB
20,000	26884LAF6	EQT CORP	4.3	4.16	6.32	19,769.99 98.85	17,975.20 89.88	0.2	-1,794.79	65.00	780	Ba1	BBB-
30,000	23331ABP3	D.R. HORTON INC	4.6	1.47	6.02	29,898.94 99.66	24,132.90 80.44	0.2	-5,766.04	18.67	420	Baa1	BBB
20,000	172967LD1	CITIGROUP INC	4.5	3.61	5.78	20,191.98 100.96	18,315.60 91.58	0.2	-1,876.38	239.70	777	A3	BBB+
30,000	036752AG8	ELEVANCE HEALTH INC	4.7	3.10	5.43	31,454.48 104.85	28,172.70 93.91	0.3	-3,281.78	205.05	1,230	Baa2	A
10,000	571903AY9	MARRIOTT INTERNATIONAL	4.8	2.80	6.13	10,577.42 105.77	9,023.60 90.24	0.1	-1,553.82	17.78	400	Baa3	BBB
40,000	06051GGR4	BANK OF AMERICA CORP	5.0	2.75	5.74	41,461.21 103.65	35,856.40 89.64	0.4	-5,604.81	399.22	1,437	A2	A-
40,000	61744YAK4	MORGAN STANLEY	5.0	2.63	5.73	41,703.75 104.26	35,869.20 89.67	0.4	-5,834.55	395.01	1,436	A1	A-
20,000	05329WAR3	AUTONATION INC	5.2	1.97	6.91	19,979.19 99.90	15,350.20 76.75	0.2	-4,628.99	97.50	390	Baa3	BBB-
25,000	7591EPAT7	REGIONS FINANCIAL CORP	5.3	1.84	5.63	24,946.82 99.79	20,323.50 81.29	0.2	-4,623.32	98.75	450	Baa1	BBB+
20,000	337738AR9	FISERV INC	5.1	3.25	5.68	21,008.92 105.04	18,526.20 92.63	0.2	-2,482.72	70.00	840	Baa2	BBB
25,000	37045XDP8	GENERAL MOTORS FINL CO	5.3	2.36	6.75	25,047.36 100.19	19,739.75 78.96	0.2	-5,307.61	26.67	600	Baa3	BBB
20,000	00774MAW5	AERCAP IRELAND CAP	5.3	2.72	6.98	20,302.25 101.51	16,154.40 80.77	0.2	-4,147.85	3.33	600	Baa3	BBB

Portfolio Appraisal

Stoughton Hospital Association
Combined Account

US Dollar
As of Date - 10/31/2022

Quantity	CUSIP/ Ticker	Description	Du ra tion	Yield on Cost (%)	Yield to Mat/Call (%)	Adjusted Total Cost/ Unit Cost	Market Value/ Price	Assets (%)	Unrealized Gain/Loss	Accrued	Estimated Annual Income	Moody's Rating	S & P Rating
20,000	00287YBF5	ABBVIE INC	5.1	2.81	5.40	21,541.08 107.71	18,821.80 94.11	0.2	-2,719.28	394.31	850	Baa2	BBB+
10,000	571903BB8	MARRIOTT INTERNATIONAL	5.1	2.66	6.13	11,068.37 110.68	9,255.80 92.56	0.1	-1,812.57	193.75	465	Baa3	BBB
20,000	29365TAG9	ENERGY TEXAS INC	5.5	3.09	5.64	21,026.79 105.13	18,255.20 91.28	0.2	-2,771.59	66.67	800	A3	A
15,000	31946MAA1	FIRST CITIZENS BANCSHARE	6.4	3.33	4.40	15,013.93 100.09	14,037.60 93.58	0.1	-976.33	64.69	506	Baa2	
25,000	191216CT5	COCA-COLA CO	6.4	3.49	5.00	24,935.40 99.74	22,629.00 90.52	0.2	-2,306.40	86.25	863	A1	A+
20,000	29278NAQ6	ENERGY TRANSFER LP	6.2	2.90	6.27	21,115.19 105.58	17,007.40 85.04	0.2	-4,107.79	345.83	750	Baa3	BBB-
20,000	035240AV2	ANHEUSER-BUSCH INBEV WOR	6.4	2.26	5.22	21,702.00 108.51	17,862.60 89.31	0.2	-3,839.40	291.67	700	Baa1	BBB+
20,000	559222AV6	MAGNA INTERNATIONAL INC	6.6	2.42	5.70	20,034.11 100.17	16,018.00 80.09	0.2	-4,016.11	185.11	490	A3	A-
20,000	74762EAF9	QUANTA SERVICES INC	6.8	2.71	6.31	20,260.73 101.30	15,795.80 78.98	0.2	-4,464.93	48.33	580	Baa3	BBB-
20,000	828807DM6	SIMON PROPERTY GROUP INC	7.2	2.24	6.05	19,943.09 99.72	15,049.80 75.25	0.1	-4,893.29	110.00	440	A3	A
15,000	37045XDL7	GENERAL MOTORS FINL CO	7.2	2.72	6.65	14,977.14 99.85	11,164.50 74.43	0.1	-3,812.64	158.63	405	Baa3	BBB
20,000	256746AJ7	DOLLAR TREE INC	7.6	2.66	5.79	19,991.20 99.96	15,603.40 78.02	0.2	-4,387.80	220.83	530	Baa2	BBB
35,000	13645RBF0	CANADIAN PACIFIC RAILWAY	7.8	2.45	5.34	34,988.79 99.97	27,777.05 79.36	0.3	-7,211.74	354.91	858	Baa2	BBB+
		Accrued Interest					9,576.56	0.1			37,038		
			3.8	2.40	5.55	1,278,026.92	1,137,503.15	11.3	-150,100.32	9,576.56	37,038		
ABS													
45,000	36258NAE2	GMCAR 2020-1 B	1.4	3.67	3.69	44,421.32 98.71	43,597.78 96.88	0.4	-823.55	38.06	914	Aaa	AAA
18,457	80285WAF4	SDART 2020-3 C	0.3	0.92	4.07	18,464.01 100.04	18,234.63 98.80	0.2	-229.38	9.19	207	Aaa	
10,000	80286XAE4	SDART 2021-2 C	0.6	0.91	4.96	9,998.93 99.99	9,690.62 96.91	0.1	-308.30	4.00	90	Aaa	
20,000	43815PAC3	HAROT 2022-2 A3	2.2	3.94	4.69	20,000.00 100.00	19,442.71 97.21	0.2	-557.29	28.17	780		AAA
19,651	26208VAF3	DRIVE 2020-2 C	0.3	1.33	4.33	19,846.22 100.99	19,456.00 99.01	0.2	-390.22	19.91	448	Aaa	AAA
45,000	03066PAE9	AMCAR 2020-3 C	1.5	2.06	5.46	44,451.36 98.78	41,727.64 92.73	0.4	-2,723.72	17.23	477	A2	A
40,000	26209WAG8	DRIVE 2019-3 D	0.7	3.33	5.05	39,934.59 99.84	39,311.87 98.28	0.4	-622.73	56.53	1,272	Aaa	AAA
20,000	92348KAM5	VZMT 2022-1 B	1.9	1.27	2.77	20,000.00 100.00	19,393.17 96.97	0.2	-606.83	7.76	254	Aa1	AA

Portfolio Appraisal

Stoughton Hospital Association
Combined Account

US Dollar
As of Date - 10/31/2022

Quantity	CUSIP/ Ticker	Description	Du ra tion	Yield on Cost (%)	Yield to Mat/Call (%)	Adjusted Total Cost/ Unit Cost	Market Value/ Price	Assets (%)	Unrealized Gain/Loss	Accrued	Estimated Annual Income	Moody's Rating	S & P Rating
40,000	65480JAC4	NAROT 2022-B A3	2.3	4.51	4.80	39,991.93 99.98	39,387.64 98.47	0.4	-604.30	79.29	1,784		AAA
12,730	14686KAD9	CRVNA 2021-N2 C	0.8	1.08	5.90	12,729.22 99.99	11,786.31 92.59	0.1	-942.92	7.95	136		A
25,000	14687GAD7	CRVNA 2021-N3 C	0.7	1.33	6.40	24,855.45 99.42	23,581.00 94.32	0.2	-1,274.45	14.88	255		A
		Accrued Interest					282.96	0.0			6,616		
			1.3	2.62	4.72	294,693.04	285,892.32	2.8	-9,083.68	282.96	6,616		
CMBS - Non-Agency													
25,000	065403BC0	BANK 2019-BN17 A4	5.7	3.48	5.35	25,646.87 102.59	22,216.58 88.87	0.2	-3,430.29	77.38	929		AAA
40,000	06541CBD7	BANK 2021-BN33 A3	5.2	1.98	5.37	40,288.15 100.72	33,190.51 82.98	0.3	-7,097.64	67.37	808	Aaa	
45,000	17328CAC6	CGCMT 2019-C7 A3	6.4	2.59	5.38	47,192.15 104.87	37,358.32 83.02	0.4	-9,833.83	107.25	1,287		AAA
		Accrued Interest					251.99	0.0			3,024		
			5.8	2.57	5.37	113,127.17	93,017.40	0.9	-20,361.76	251.99	3,024		
Mutual Fund													
18,419	ZFLIX	ZIEGLER FLOATING RATE INSTITUT		0.15	0.17	465,081.01 25.25	422,902.31 22.96	4.2	-42,178.70		719		
				0.15	0.17	465,081.01	422,902.31	4.2	-42,178.70	0.00	719		
CMBS - Agency													
24,990	3137B5JM6	FHMS K034 A2	0.7	0.67	4.46	25,149.40 100.64	24,699.79 98.84	0.2	-449.61	73.53	882	Aaa	AA+
25,000	3137BBBD1	FHMS K038 A2	1.3	0.39	4.34	25,370.11 101.48	24,503.12 98.01	0.2	-866.99	70.60	847	Aaa	AA+
22,914	30298DAE9	FRESB 2019 - SB64 A5H	1.3	2.16	5.02	23,507.00 102.59	21,826.01 95.25	0.2	-1,680.99	48.12	577	Aaa	AA+
		Accrued Interest					192.26	0.0			2,307		
			1.1	1.05	4.59	74,026.51	71,221.19	0.7	-2,997.59	192.26	2,307		
FIXED INCOME TOTAL			3.5	1.70	4.31	4,951,172.22	4,494,930.49	44.7	-478,640.00	22,398.26	89,555		
TOTAL PORTFOLIO			1.54	0.84	1.92	10,061,732.07	10,046,429.05	100.0	-37,701.29	22,398.26	173,668		



Disclosures

Ziegler Capital Management, LLC (“ZCM”) is a registered investment advisor with the Securities Exchange Commission. ZCM is majority owned by 1251 Capital Group with employees of ZCM owning a significant minority stake. ZCM was formerly known as Ziegler Lotsoff Capital Management, LLC. On June 10, 2011, ZCM acquired Lotsoff Capital Management LLC. On January 3, 2012, ZCM acquired Red Granite Advisors LLC. Our definition of the firm used to determine the total firm assets and firm-wide compliance includes all fee-paying and non-fee-paying discretionary and non-discretionary assets under management, including accrued income, in all strategies. Returns are calculated in US dollars and reflect the reinvestment of dividends and other earnings. Past performance is not necessarily indicative of future results. To obtain a compliant presentation or a list of our composite descriptions and/or policies for valuing portfolios, calculating performance, and preparing compliant presentations, please call 312-368-1442 or send an email to letters@zieglercap.com.

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All benchmark returns presented are provided to represent the investment environment existing during the time periods shown. Actual investment performance will vary due to fees and expenses. For comparison purposes, the benchmarks include the reinvestment of income. The benchmarks are unmanaged and unavailable for direct investment.

Gross-of-fees returns are presented after trading expenses and before management fees. Net-of-fees returns are presented after trading expenses and management fees. ZCM’s management fees are described in Part 2 of Form ADV.

**STOUGHTON HEALTH
SERVICES AND FINANCIAL REPORTS**

October 31, 2022

**STOUGHTON HEALTH
FINANCIAL AND SERVICES REPORTS
October 31, 2022**

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Stoughton Health
October 2022 Operational Executive Summary

Situation: October operating income was \$688,221 which was more than the budget of \$635,663 by \$52,558. October excess of revenues over expenses is \$1,143,485, which is \$424,451 over the budget of \$719,034.

Background:

Balance Sheet

- Days cash on hand was 400 days at the end of October (line 31 on pg 7) is over the budgeted days cash on hand of 388. The current level of days cash on hand is primarily driven from positive operations.
- The estimated third party payer settlements liability has increased by \$289,000 in October. The audit of the FY2019 cost report was finalized and the liability of ~\$42,000 paid in October. This liability represents the estimated amount which Stoughton Health anticipates it's being overpaid on Medicare claims and potential amounts due upon cost report audit settlement. This liability fluctuates with changes in the payer mix and distribution of expenses.

Income Statement

- Overall volumes were consistent with budget for the month of October.
- Salaries and benefits (pg 8 lines 11 & 12) were lower than budget by approximately \$86,000 for the month primarily as there are many open positions resulting in lower expense than anticipated as well as lower than expected benefit costs.
- Purchased services (pg 8 line 14) was higher than budget by approximately (\$23,000). This was mostly due to the DNV survey in early October which was around \$25,000 of expense that was not budgeted for in the month.
- Administrative and general (pg 8 line 17) was better than budget by approximately \$42,000 as a result of the timing of expenses. This is likely a timing difference such that we will see expenses higher than budget in a later month this fiscal year.
- Supplies (pg 8 line 15) was below budget by approximately \$58,000 as a result of pharmacy drug expense being under budget by more than \$74,000. This expense can fluctuate greatly based on the patients being treated and the drugs they require.
- This month's mix resulted in a contractual discount percentage of 64.0% for the month vs a budgeted contractual discount of 63.5%, resulting in a net revenue decrease from budget of approximately (\$79,000).

Assessment:

Volumes in most areas continued to be strong for October and were in-line with budget. The result is relatively small variances in budget to actual results on the income statement.

Recommendation:

1. Recruit and retain staff in order to serve the patients of our communities.
2. Continue master facility planning so that the organization moves forward and grows.
3. Continue to follow CDC recommendations for caring for COVID and Non-COVID patients in the safest possible manner. Promote vaccination including the 2nd booster shot whenever possible.
4. Remain nimble to changing circumstances and recalibrate operations, including the evaluation of new and old programs, as needed to adjust course.

**Stoughton Health
Executive Financial Summary
October 31, 2022**

Variance Key: Better than (worse than) budget

INCOME STATEMENT								
	Current Mo. October	Current Mo. Budget	Current Mo. Variance	YTD October	YTD Budget	YTD Variance	YTD Prior Year	
Line	REVENUE:							
	Patient service revenues:							
1	Inpatient	\$ 2,129,659	\$ 2,112,798	\$ 16,861	\$ 2,129,659	\$ 2,112,798	\$ 16,861	\$ 2,094,122
2	Outpatient	11,687,538	11,737,185	(49,647)	11,687,538	11,737,185	(49,647)	10,766,370
3	Total gross patient service revenues	13,817,197	13,849,983	(32,786)	13,817,197	13,849,983	(32,786)	12,860,492
4	Deductions from revenue	(8,881,891)	(8,801,071)	(80,820)	(8,881,891)	(8,801,071)	(80,820)	(8,589,304)
5	Net patient service revenue	4,935,306	5,048,912	(113,606)	4,935,306	5,048,912	(113,606)	4,271,188
6	Other income	147,181	164,655	(17,474)	147,181	164,655	(17,474)	133,858
7	Total revenues	5,082,487	5,213,567	(131,080)	5,082,487	5,213,567	(131,080)	4,405,046
	EXPENSES:							
8	Salaries	1,704,381	1,731,117	26,736	1,704,381	1,731,117	26,736	1,516,376
9	Fringe benefits	390,205	449,303	59,098	390,205	449,303	59,098	373,200
10	Supplies and other	2,009,611	2,108,073	98,462	2,009,611	2,108,073	98,462	1,700,364
11	Interest	32,060	32,060	-	32,060	32,060	-	40,343
12	Depreciation and amortization	258,009	257,351	(658)	258,009	257,351	(658)	258,006
13	Total expenses	4,394,266	4,577,904	183,638	4,394,266	4,577,904	183,638	3,888,289
14	Operating income	688,221	635,663	52,558	688,221	635,663	52,558	516,757
15	Investment income	24,837	36,500	(11,663)	24,837	36,500	(11,663)	50,341
16	Unrealized gains (losses) on investments	398,266	23,538	374,728	398,266	23,538	374,728	268,794
17	Interest in earnings of MRI Joint Venture	32,161	23,333	8,828	32,161	23,333	8,828	24,585
18	Other non-operating	-	-	-	-	-	-	-
19	Excess of revenue over expenses	\$ 1,143,485	\$ 719,034	\$ 424,451	\$ 1,143,485	\$ 719,034	\$ 424,451	\$ 860,477
	BALANCE SHEET			CASH FLOWS				
		10/31/22	09/30/22			YTD October	09/30/22	
20	Cash & short-term investments	\$ 32,353,259	\$ 31,855,002					
21	A/R (net)	7,344,170	6,935,566					
22	Total current assets	41,344,111	40,264,410			Cash provided by (used in):		
23	Certificates of deposit	8,000,000	8,000,000			Operating activities	911,599	7,554,115
24	Investments	10,408,361	10,025,673			Investing activities:		
25	Property & equipment (net)	25,796,556	25,938,609			Fixed asset purchases & disposals	(291,597)	(2,040,064)
26	Other assets	13,410,244	13,373,936			Investments	(28,939)	(5,173,400)
27	Total assets	90,959,272	89,602,628			Financing activities:		
28	Current liabilities	6,641,911	6,348,903			Issuance of debt	-	-
29	Long-term debt	8,544,693	8,638,464			Payment of debt & related costs	(92,806)	(2,456,263)
30	Other long-term liabilities	393,191	379,269			Forgiveness of long-term debt	-	-
31	Total liabilities	15,579,795	15,366,636			Foundation & other	-	97,065
32	Net assets	75,379,477	74,235,992			Net cash increase (decrease)	498,257	(2,018,547)
33	Total liabilities & net assets	90,959,272	89,602,628			Cash, beginning	31,855,002	33,873,549
						Cash, ending	32,353,259	31,855,002
	RATIOS							
		FY21	FY22	Aug-22	Sep-22	Oct-22	FY23 Budget	2021 RWHC CAH Avg
34	Current Ratio	3.9	6.3	4.7	6.3	6.2	5.1	4.1
35	Operating Margin-Current Month			13.5%	7.9%	13.5%		
36	Operating Margin YTD	5.1%	14.0%	14.6%	14.0%	13.5%	7.4%	7.2%
37	Total Margin YTD	22.7%	11.8%	13.3%	11.8%	22.2%	9.0%	16.6%
38	Days in Accounts Receivable (net)	53	45	47	45	46	45	52
39	Days in Accounts Receivable (gross)	52	44	46	44	44		
40	Days Cash & Investments on Hand	431	400	422	400	400	388	343
41	Long-term Debt to Equity	0.16	0.12	0.12	0.12	0.11	0.10	0.52
42	Debt Service Coverage (YTD) >1.25	9.2	5.8	6.2	5.8	9.5	5.9	8.1
	STATISTICS							
		FY21	FY22	Aug-22	Sep-22	Oct-22	YTD October	FY23 Budget
43	Inpatient Days	3,658	3,748	306	324	376	376	3,594
44	Adjusted Patient Days (APD)	24,148	27,523	2,567	2,785	2,439	2,439	25,377
45	Net revenue per APD	\$1,938	\$2,063	\$1,918	\$1,801	\$2,023	\$2,023	\$2,274
46	FTE's	227.2	238.1	248.2	241.6	245.2	245.2	253.0
47	FTE's per Adjusted Occupied Bed	3.3	3.2	3.0	2.6	3.1	3.1	3.6
48	Avg # of payroll checks per pay period	311	321	330	339	335	335	
49	Salaries per APD	\$761	\$719	\$669	\$804	\$699	\$699	\$867
50	Benefits per APD	\$179	\$153	\$126	\$139	\$160	\$160	\$204
51	Other Expenses per APD	\$959	\$965	\$909	\$794	\$930	\$930	\$1,128

**STOUGHTON HEALTH
SERVICES SUMMARY
for the one month ended October 31, 2022**

INPATIENT SERVICES

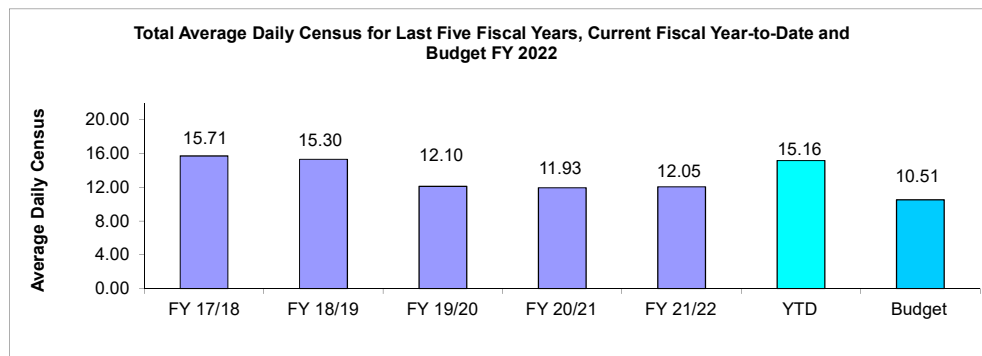
In October, inpatient admissions (including observation patients) averaged 3.87 admissions per day which was above budget by 0.70 admissions per day or 22.1%. Year-to-date inpatient admissions are 0.72 admissions per day or 22.9% above prior year.

17-18	18-19	19-20	20-21	20-22		THIS MONTH	YEAR-TO-DATE	BUDGET
1.30	1.12	1.22	1.15	1.12	Medical	1.29	1.29	1.01
0.54	0.45	0.37	0.29	0.33	Surgical	0.45	0.45	0.37
0.07	0.18	0.10	0.11	0.05	Detoxification	0.06	0.06	0.03
0.75	1.67	1.40	1.77	1.21	Observation	1.52	1.52	1.15
0.13	0.13	0.07	0.06	0.05	Swing Bed	-	-	0.07
0.09	0.10	0.08	0.08	0.11	Intensive Care	0.23	0.23	0.09
0.44	0.36	0.28	0.27	0.28	Geriatric Psychiatric	0.32	0.32	0.45
3.32	4.01	3.52	3.73	3.15	Average Admissions per day	3.87	3.87	3.17

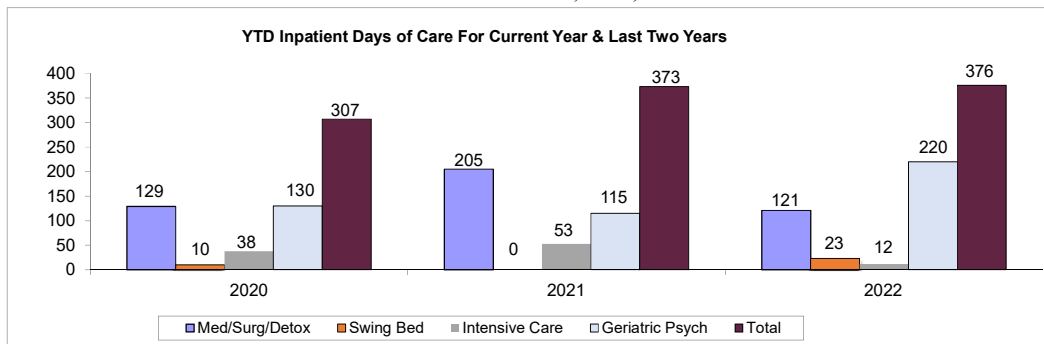
The overall average daily census in October was 15.16 which is above the budgeted average daily census of 10.51 and above the prior year average daily census of 12.05. Inpatient Average Daily Census numbers for the past thirteen months, year-to-date for Fiscal 2023, budget and prior year averages are shown in the following chart:

	OCT 2021	NOV 2021	DEC 2021	JAN 2022	FEB 2022	MAR 2022	APR 2022	MAY 2022	JUN 2022	JUL 2022	AUG 2022	SEP 2022	OCT 2022	CURRENT FISCAL 2023	BUDGET	PRIOR FISCAL YR
Medical / Surgical Unit	6.61	8.27	7.90	3.55	4.14	6.55	3.77	4.13	4.73	6.29	5.16	3.93	3.90	3.90	2.72	5.43
Observation	2.26	1.78	1.64	1.16	1.57	1.62	2.30	2.45	1.17	1.91	1.89	1.66	3.03	3.03	1.69	1.79
Swing Bed	0.00	0.00	0.29	1.39	1.21	1.16	0.67	0.97	0.30	0.16	0.00	1.27	0.74	0.74	0.66	0.61
Intensive Care Unit	1.71	1.47	1.13	1.03	0.43	0.26	0.73	0.39	0.63	0.03	0.29	0.20	0.39	0.39	0.61	0.69
Geriatric Psychiatry Unit	3.71	3.00	2.58	2.61	3.64	3.61	3.53	2.84	3.10	3.94	4.42	5.40	7.10	7.10	4.83	3.53
	14.29	14.52	13.54	9.74	10.99	13.20	11.00	10.78	9.93	12.33	11.76	12.46	15.16	15.16	10.51	12.05

Inpatient average daily census numbers for the past five fiscal years, year-to-date for Fiscal 2023, and budget are shown in the following graph:



Additional inpatient service volume statistics for the one month ended October 31, 2020, 2021 and 2022 are as follows:



**STOUGHTON HEALTH
SERVICES SUMMARY
for the one month ended October 31, 2022**

INPATIENT SERVICES - CONTINUED

					Discharge Length of Stay			
17-18	18-19	19-20	20-21	21-22		THIS MONTH	YEAR-TO-DATE	BUDGET
3.41	2.77	2.88	2.28	2.63	Medical	2.24	2.24	1.94
2.68	2.54	1.68	0.29	0.35	Surgical	0.13	0.13	0.02
6.47	9.28	9.12	9.59	16.08	Swing Bed	17.00	17.00	19.67
5.85	2.50	2.73	9.64	3.42	Intensive Care	10.00	10.00	7.00
3.18	2.48	2.22	2.94	3.38	Detoxification	9.00	9.00	5.25
2.27	3.47	4.09	3.38	2.85	Hospice Acute	2.00	2.00	1.75
16.86	11.46	13.28	12.31	10.87	Geriatric Psychiatric	11.89	11.89	10.56
5.81	4.35	4.29	3.84	3.71		3.34	3.34	4.05

OUTPATIENT SERVICES

Outpatient/Emergency services averaged 197.49 visits per day in October which was 36.16 visits per day or 22.4% above budget for the month. Year-to-date Outpatient/Emergency services is 26.47 visits or 15.5% above the prior year average visits per day of 171.02.

17-18	18-19	19-20	20-21	21-22		THIS MONTH	YEAR-TO-DATE	BUDGET
13.52	13.61	13.36	14.57	16.90	Emergency Department	17.10	17.10	17.12
35.44	41.67	37.02	34.06	54.67	Urgent Care - Stoughton	75.29	75.29	45.47
8.67	8.11	6.47	6.30	8.24	Urgent Care - Oregon	11.61	11.61	7.60
-	-	-	2.11	11.19	Urgent Care - McFarland	19.26	19.26	14.40
3.03	2.76	2.95	3.20	2.84	Ambulatory Infusion	3.26	3.26	2.88
3.87	3.71	3.12	3.72	4.37	Surgical	4.29	4.29	4.59
0.98	1.02	0.68	1.04	0.77	Sleep Lab	0.81	0.81	0.89
28.56	29.67	23.79	30.60	34.87	PT - SWAC/Hosp Rehab	33.13	33.13	32.49
20.49	20.94	15.42	19.82	19.44	PT - Oregon	19.87	19.87	20.01
12.30	13.25	9.48	15.27	17.73	Rehabilitation - Other	12.87	12.87	15.88
126.86	134.74	112.29	130.69	171.02	Average Visits per day	197.49	197.49	161.33

DIAGNOSTIC SERVICES

Diagnostic services (laboratory & medical imaging areas) averaged 268.23 service units per day in October which was (17.56) units or (6.1%) below budget. Year-to-date diagnostic services are (3.91) service units per day or (1.4%) below last year's average.

17-18	18-19	19-20	20-21	21-22		THIS MONTH	YEAR-TO-DATE	BUDGET
199.67	189.28	176.31	192.08	203.97	Lab including reference lab	203.52	203.52	216.26
23.17	21.55	20.53	20.57	26.84	Medical Imaging	25.84	25.84	25.30
4.98	6.12	5.73	8.16	8.65	Mammography	9.35	9.35	8.99
9.09	10.64	11.01	11.62	14.83	CT	14.00	14.00	14.58
1.42	1.82	1.42	2.96	4.87	Echocardiogram	3.29	3.29	4.94
5.76	5.94	4.88	5.92	6.76	Ultrasound	5.65	5.65	7.07
0.98	0.80	0.61	0.94	1.27	Nuclear Medicine	0.97	0.97	1.34
3.68	3.76	4.04	4.87	4.95	MRI	5.61	5.61	7.31
248.75	239.91	224.53	247.12	272.14	Average Service Units per Day	268.23	268.23	285.79

**STOUGHTON HEALTH
SERVICES SUMMARY
for the one month ended October 31, 2022**

GENERAL SURGERY SERVICES

In October, the General Surgery clinic had a total of 143 visits for the month which was 29.00 visits or 25.4% above the prior month but below budget by (18.00) visits or (11.2%).

FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		THIS MONTH ACTUAL	THIS MONTH BUDGET	LAST MONTH ACTUAL	YEAR- TO-DATE ACTUAL	YEAR- TO-DATE BUDGET
926	1,191	1,081	1,001	968	General Surgery Clinic Visits - Traditional	96	102	63	96	102
0	0	15	41	41	General Surgery Clinic Visits - Virtual	5	0	1	5	0
386	918	879	701	687	Wound Clinic Visits	42	59	50	42	59
1,312	2,109	1,975	1,743	1,696	Total Clinic Visits	143	161	114	143	161

Dr. Aaron Schwaab, General Surgeon, had 30 surgical cases in October. Inpatient cases were at budget for the month and outpatient cases were above budget by 4 cases or 17.4%.

FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		THIS MONTH ACTUAL	THIS MONTH BUDGET	LAST MONTH ACTUAL	YEAR- TO-DATE ACTUAL	YEAR- TO-DATE BUDGET
23	30	26	24	20	Inpatient Surgical Cases	3	3	0	3	3
234	247	212	218	201	Outpatient Surgical Cases	27	23	17	27	23
257	277	238	242	221	Total Surgical Cases	30	26	17	30	26

ORTHOPEDIC SERVICES

During the month of October, the OrthoTeam Clinic (Stoughton and Madison) had 186 visits and averaged 8.9 visits per clinic day. October visits were 57 visits or 44.2% above budget.

FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		THIS MONTH ACTUAL	THIS MONTH BUDGET	LAST MONTH ACTUAL	YEAR- TO-DATE ACTUAL	YEAR- TO-DATE BUDGET
2,453	2,497	3,002	1,489	3,265	OrthoTeam Clinic Visits - Traditional	134	129	296	134	129
0	0	261	106	399	OrthoTeam Clinic Visits - Virtual	52	0	39	52	0
2,453	2,497	3,263	1,595	3,664	Total OrthoTeam Visits	186	129	335	186	129

OrthoTeam had 25 surgical cases in October. Inpatient cases were below budget by (2) cases or (33.3%) for October. Outpatient cases were below budget by (5) cases or (19.2%) for the month of October.

FY 2018	FY 2019	FY 2020	FY 2021	FY 2022		THIS MONTH ACTUAL	THIS MONTH BUDGET	LAST MONTH ACTUAL	YEAR- TO-DATE ACTUAL	YEAR- TO-DATE BUDGET	YEAR- TO-DATE Variance
151	151	152	45	28	Inpatient Surgical Cases	4	6	2	2	6	(4)
46	116	109	197	252	Outpatient Surgical Cases	21	26	20	21	26	(5)
197	267	261	242	280	Total Surgical Cases	25	32	22	23	32	(9)

CARDIOLOGY SERVICES

The Cardiology Clinic opened in July 2021. It had 28 total visits in the month of October.

**STOUGHTON HEALTH
BALANCE SHEET
October 31, 2022**

Line	ASSETS	10/31/2022	Audited 9/30/2022
	Current Assets		
1	Cash and cash equivalents	\$ 32,353,259	\$ 31,855,002
2	Patient accounts receivable, net of allowances	7,344,170	6,935,566
3	Supplies	730,402	742,411
4	Other current assets	916,280	731,431
5	Total current assets	41,344,111	40,264,410
	Assets Limited as to Use		
6	Certificates of deposit	8,000,000	8,000,000
7	Board designated and other	10,408,361	10,025,673
		18,408,361	18,025,673
8	Property and equipment	64,469,018	64,353,062
9	Less accumulated depreciation	(38,672,462)	(38,414,453)
10	Net property and equipment	25,796,556	25,938,609
	Other Assets		
11	Interest in net assets of Stoughton Hospital Foundation Inc.	1,178,576	1,178,577
12	Other non-current assets	3,008,275	3,004,127
13	Investment in Stoughton Hospital Imaging LLC	1,223,393	1,191,232
14	Total assets	\$ 90,959,272	\$ 89,602,628

LIABILITIES AND NET ASSETS

	Current Liabilities		
15	Current portion of long-term debt	\$ 1,177,237	\$ 1,174,073
16	Accounts payable	1,390,307	1,474,730
17	Accrued salaries and related withholdings	548,294	476,282
18	Accrued vacation compensation	1,227,502	1,214,812
19	Accrued interest	30,161	29,479
20	Other current liabilities	104,332	104,527
21	Estimated third-party payor settlements	2,164,078	1,875,000
22	Total current liabilities	6,641,911	6,348,903
23	Deferred compensation liability	393,191	379,269
24	Long-term debt, net of current portion	8,544,693	8,638,464
25	Total liabilities	15,579,795	15,366,636
	Net Assets		
26	Without donor restrictions	74,133,637	72,990,152
27	With donor restrictions	1,245,840	1,245,840
28	Total net assets	75,379,477	74,235,992
29	Total liabilities and net assets	\$ 90,959,272	\$ 89,602,628

	Budget		
30	Days revenue in accounts receivable	45	45
31	Days cash on hand, all unrestricted sources	388	400
32	Current Ratio	5.1	6.3
33	Age of Plant	13.6	12.5

STOUGHTON HEALTH
 INCOME STATEMENT
 For the one month ended October 31, 2022

Variance Key: Better than (worse than) budget

Line	Current Month			Year to Date			Year to Date LAST YEAR	
	October	Budget	Variance	TOTALS	Budget	Variance		
REVENUES								
Patient service revenue:								
1	Inpatient	\$ 2,129,659	\$ 2,112,798	\$ 16,861	\$ 2,129,659	\$ 2,112,798	\$ 16,861	\$ 2,094,122
2	Outpatient	11,687,538	11,737,185	(49,647)	11,687,538	11,737,185	(49,647)	10,766,370
3	Gross patient charges	13,817,197	13,849,983	(32,786)	13,817,197	13,849,983	(32,786)	12,860,492
4	Contractual discounts and allowances	(8,846,835)	(8,788,897)	(57,938)	(8,846,835)	(8,788,897)	(57,938)	(8,576,087)
5	Charity care	(35,056)	(12,174)	(22,882)	(35,056)	(12,174)	(22,882)	(13,217)
6	Patient service revenue	4,935,306	5,048,912	(113,606)	4,935,306	5,048,912	(113,606)	4,271,188
7	Other operating revenue	67,474	79,099	(11,625)	67,474	79,099	(11,625)	60,677
8	Contributions	6,004	10,417	(4,413)	6,004	10,417	(4,413)	14
9	Rental income	73,703	75,139	(1,436)	73,703	75,139	(1,436)	73,167
10	TOTAL REVENUES	5,082,487	5,213,567	(131,080)	5,082,487	5,213,567	(131,080)	4,405,046
EXPENSES								
11	Salaries	1,704,381	1,731,117	26,736	1,704,381	1,731,117	26,736	1,516,376
12	Employee benefits	390,205	449,303	59,098	390,205	449,303	59,098	373,200
13	Professional fees	517,746	539,627	21,881	517,746	539,627	21,881	495,373
14	Purchased services	648,297	624,915	(23,382)	648,297	624,915	(23,382)	482,368
15	Supplies	657,606	715,186	57,580	657,606	715,186	57,580	549,787
16	Interest	32,060	32,060	-	32,060	32,060	-	40,343
17	Administrative and general	163,678	205,557	41,879	163,678	205,557	41,879	155,342
18	Insurance	22,284	22,788	504	22,284	22,788	504	17,494
19	Depreciation and amortization	258,009	257,351	(658)	258,009	257,351	(658)	258,006
20	Total expenses	4,394,266	4,577,904	183,638	4,394,266	4,577,904	183,638	3,888,289
21	Operating income (loss)	688,221	635,663	52,558	688,221	635,663	52,558	516,757
Other income (loss):								
22	Investment income (loss) - realized	24,837	36,500	(11,663)	24,837	36,500	(11,663)	50,341
23	Unrealized gains (losses) on investments	398,266	23,538	374,728	398,266	23,538	374,728	268,794
24	Earnings (loss) in Sto Hosp Imaging	32,161	23,333	8,828	32,161	23,333	8,828	24,585
25	Excess of revenues over expenses	\$ 1,143,485	\$ 719,034	\$ 424,451	\$ 1,143,485	\$ 719,034	\$ 424,451	\$ 860,477
26	<i>Operating Margin</i>	<i>13.5%</i>	<i>12.2%</i>		<i>13.5%</i>	<i>12.2%</i>		<i>11.7%</i>
27	<i>Total Margin</i>	<i>22.2%</i>	<i>13.6%</i>		<i>22.2%</i>	<i>13.6%</i>		<i>19.2%</i>
28	<i>Adjusted Patient Days</i>	<i>2,439</i>	<i>2,185</i>		<i>2,439</i>	<i>2,185</i>		<i>2,785</i>
29	<i>Net revenue per APD</i>	<i>\$ 2,023</i>	<i>\$ 2,311</i>		<i>\$ 2,023</i>	<i>\$ 2,311</i>		<i>\$ 1,801</i>
30	<i>Salaries per APD</i>	<i>\$ 699</i>	<i>\$ 792</i>		<i>\$ 699</i>	<i>\$ 792</i>		<i>\$ 804</i>
31	<i>Benefits per APD</i>	<i>\$ 160</i>	<i>\$ 206</i>		<i>\$ 160</i>	<i>\$ 206</i>		<i>\$ 139</i>
32	<i>Supplies per APD</i>	<i>\$ 270</i>	<i>\$ 327</i>		<i>\$ 270</i>	<i>\$ 327</i>		<i>\$ 165</i>

STOUGHTON HEALTH
STATEMENT OF CHANGES IN NET ASSETS
For the one month ended October 31, 2022

	10/31/22	Audited 9/30/22
Unrestricted net assets:		
Excess (deficit) of revenues over expenses	1,143,485	7,101,020
Net assets released from restrictions	-	89,325
Contributions and grants for purchases of property and equipment	-	178,462
Increase (decrease) in unrestricted net assets	1,143,485	7,368,807
Temporarily restricted net assets:		
Restricted contributions	-	3,151
Change in interest in net assets of the Foundation	-	(195,598)
Net assets released from restrictions	-	(89,325)
Increase (decrease) in temporarily restricted net assets	-	(281,772)
Increase (decrease) in net assets	1,143,485	7,087,035
Net assets, beginning	74,235,992	67,148,957
Net assets, ending	75,379,477	74,235,992

STOUGHTON HEALTH
STATEMENT OF CASH FLOWS
For the one month ended October 31, 2022

	Current Month	YTD October	Audited 9/30/2022
Cash Flows From Operating Activities			
Increase (decrease) in net assets	\$ 1,143,485	\$ 1,143,485	\$ 7,087,035
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:			
Change in interest in net assets of Stoughton Hospital Foundation Inc.	-	-	195,598
Depreciation and amortization	258,009	258,009	3,083,870
Amortization of debt issuance costs	2,199	2,199	28,413
Net realized and unrealized gains and losses on investments	(358,411)	(358,411)	1,785,169
Loss (gain) on disposal of property and equipment	-	-	430,776
Change in investment in Stoughton Hospital Imaging, LLC	(32,161)	(32,161)	(271,835)
Distribution from Stoughton Hospital Imaging, LLC	-	-	250,000
Contributions and grants for property and equipment	-	-	(181,613)
Increase (decrease) from changes in:			
Patient accounts receivable, net	(408,604)	(408,604)	(176,477)
Supplies	12,009	12,009	(205,535)
Estimated third-party payor settlements	289,078	289,078	425,000
Other current / non-current assets	(184,336)	(184,336)	38,051
CMS advanced payments	-	-	(4,590,548)
Accounts payable, accrued expenses and other current liabilities	190,331	190,331	(343,789)
Net cash provided by (used in) operating activities	911,599	911,599	7,554,115
Cash Flows From Investing Activities			
Acquisition of property and equipment	(291,597)	(291,597)	(2,124,612)
Purchases of other non-current assets	(537,504)	(537,504)	(6,416,108)
Sales of other non-current assets	534,707	534,707	3,415,585
Purchases of assets limited as to use	(220,374)	(220,374)	(15,399,195)
Sales/Proceeds from maturities of assets limited as to use	194,232	194,232	13,226,318
Net cash provided by (used in) investing activities	(320,536)	(320,536)	(7,298,012)
Cash Flows From Financing Activities			
Repayment of long-term debt	(92,806)	(92,806)	(2,456,263)
Restricted contributions and grants	-	-	181,613
Net cash provided by (used in) financing activities	(92,806)	(92,806)	(2,274,650)
Net increase (decrease) in cash	498,257	498,257	(2,018,547)
Cash, beginning	31,855,002	31,855,002	33,873,549
Cash, ending	\$ 32,353,259	\$ 32,353,259	\$ 31,855,002

Situation:

CMS issued a statement that effective Oct 30th 2022 they are rescinding the December 7th 2020 enforcement discretion for use of SARS-CoV-2 test on asymptomatic individuals outside of approved test instructions for use (IFU). Currently Stoughton Health is performing testing on Asymptomatic patients using an unapproved methodology (Abbott ID Now). On 10/7/22 CMS did rescind the Oct 30th enforcement decision; indicating they would not yet be enforcing adherence to the methodologies intended use. We maintain risk at some point in the future the IFU claims will be enforced.

Background:

When the discretion notice was issued in 2020, CMS was stated that they would not be enforcing that laboratories adhere to the intended use statements in the IFUs that specified a test was intended for patients with symptoms or being suspected on having Covid. This allowed laboratories to use these methodologies to test asymptomatic patients such as general screening, pre procedure, or non-respiratory admission or discharge testing without risk of sanction or non-payment.

At Stoughton Hospital we are performing asymptomatic COVID testing for scheduled procedures (surgeries, sleep studies, other invasive respiratory procedures), admissions, discharges, emergency surgeries, and surgeries/procedures where patient did not get their test done prior. The testing for the scheduled procedures is being collected at specific times 2 days prior to the procedures and sent to SSM-Madison. SSMs testing is being run on the Alinity system that does have an approved asymptomatic claim. We are performing urgent asymptomatic testing utilizing our in-house methodologies for admissions, discharges, emergency surgeries, and surgeries/procedures where patient did not get their test done prior.

Analysis:

Review of most current IFUs and discussion with manufactures showed that current methodologies are not approved for asymptomatic and while currently not being enforced, we could be non-compliant in the future. Estimates showed in past 12 months we have done around 708 of our in-house methodologies on asymptomatic patients.

Review shows 3 possible options that could be easily implemented here to ensure compliance.

Option 1: Continue to utilize our in-house methodologies for asymptomatic patients in specific circumstances: admission/discharge to a facility, stat surgeries, surgeries where covid testing was not done prior, and employee screening.

Pros:

- No changes to procedures.
- Turnaround time (TAT) of <1hr (typically <30 min)
- No delays to starting stat surgeries.

Risks./Cons:

- Risk of future CMS ruling and enforcement of adherence to IFU claims. The may result is potential citations for financial penalties.
- Methodology is not approved for asymptomatic testing so it is difficult to truly validate the results.
- Liability for use outside of IFU.

Options 2 and 3 would prepare us for future enforcement.

Option 2: All asymptomatic patient testing (both pre-procedures and testing reasons highlighted in background section) would be sent to SSM Madison for testing. Currently samples are send to SSM at 10am and 2pm daily. Turnaround times may vary from 6 to 24 hours depending on when a sample is collected and when it will be picked up by the courier. Otherwise any samples needing testing urgently would need to be sent to SSM by special courier (\$80/run) or wait till next courier. Turnaround time may still be up to 8 hrs.

Financial Impact.

This option would result in an overall cost increase of about \$35,940.

This is based on the estimated annual volume of asymptomatic covid testing performed in house and an increased in cost per test from \$45 per for our internal methodologies to \$100 per test which is the current price we are being charged by SSM for our pre-procedures test we are sending.

Pros:

- Compliance
- Alinity M is a highly sensitive reliable platform.

Cons:

- Significant Cost increase
- Significant increase in result time up to 24hrs (Per SSM website) currently TAT about 8hrs. We would need an alternate plan isolating patients till result come back or risking exposure till results. It would also delay stat surgeries or require surgery to be done with an unknown covid status.
- Special courier runs may be needed

Options 3: Purchase and implement a Cepheid GeneXpert Molecular Analyzer. The GeneXpert is a small bench top PCR analyzer that is capable of running a Covid Assay as well as other potential assays. Their stand-alone Covid assay does have a FDA clearance to be run on asymptomatic patient. The GeneXpert would have the capability of not only running the testing in questions highlighted in the Situation and Background above, but all pre procedure tests as well. This would reduce the cost of scheduled pre-procedure testing from \$100 down to \$40.50 / test, while also decreasing the turnaround times down to <1hr for STAT results. This decrease in pricing would result in a cost savings of an estimated \$46,000 annually over our current expenditures for asymptomatic testing. The GeneXpert also has the capabilities of running additional assays that could be of benefit to Stoughton Hospital such as Sexually Transmitted Infection (STI) testing or the various respiratory viruses.

The GeneXpert instrumentation come in a number of different configurations. Overall equipment cost will vary depending on the module.

- Waived 2 module and 4 module - is only approved to run the respiratory testing
- Non Waived 2 and 4 module – Can run respiratory as well as STI testing and other potential assays.

Financial Impact:

GeneXpert Configuration	Instrument Cost	Return on Investment
Waived 2 module	\$16,835	4 months
Waived 4 module	\$31,850	8 months
Non Waived 2 Module	\$39,494	10 Months
Non Waived 4 Module	\$57,694	14 Months

* ROI estimates are based on overall costs savings highlighted above vs the cost to purchase analyzer. There would be no likely change to revenues as these are tests we are already billing for.

Pros:

- Cost savings
- TATs < 1 hours for STATs.
- Easy to run, low staff time.
- Improved TAT would allow for an easier move of pre procedure to outpatients and close the garage. It will also open collection windows making it easier for patients to come in and get tested, Improving satisfaction.
- Routine testing can be closer to a procedure. This will decrease the risk of infection occurring post testing.

- Ability to bring STI and other testing in house if we purchase a Non-waived model. This will be a benefit to patient and community health by decreasing the time to result and treatment. This will help to control transmission.
- Ability to add the 4Plex respiratory virus panel – This will increase patient satisfaction as well as our testing capacity.

Con:

- Equipment and validation costs.
- We have current agreements with Abbott Dx for our current testing. We would need to balance symptomatic testing through end of the contracts.
- Can only run 1 test per module at a time, test range from 30 min to 88 min (STI). Potential for back up especially if only have a 2 module system. Combined with our current we should be able to effectively meet all needs.
- Initial work to setup and validate new instrumentation. Required IQCP.
- Some additional operational costs and maintenance work for lab.
- Delivery and implementation would take about 1-2 months

2 vs 4 unit instrument:

- A 2 or 4 unit instrument refers to the number of tests that can be performed at one time. The average analytical time for the GeneXpert is about 35 min. A 4 unit instrument would prevent potential delays due by allowing for more testing to be done at a time. This platform would run all a symptomatic pre surgical testing approximate 120 tests per month plus some additional testing for ER. This volume and observations of current workloads does create risk of instrument back up especially with a 2 unit instrument.
- A 2 unit moderately complex analyzer can be upgraded to a 4 unit for approximately \$20,000 after original purchase. Waived units cannot be upgraded.

Waived vs Moderate Complex Analyzer

- The GeneXpert Waived instrument is approved to run the following assays: Covid, Flu, RSV, and the 4plex respiratory assay. The Moderate Complexity system can perform all the same testing plus would allow to bring in additional testing such as the Sexually Transmitted Illness testing as indicted above. The moderate complexity analyzer also has a number of other assays that currently would not provide us with value, but may in the future. Whenever new assays are developed they are released for moderately complex instrument. They may or may not be made available for the waived instrument (if they were it is typically a significant time after the release moderate complex).

Recommendation:

Recommend to the Governing Board approval of unbudgeted capital of \$60,000 for the purchase and implementation of a 4 unit Moderate Complex GeneXpert with the intent to implement the stand alone asymptomatic SARS-CoV2 assay (approved for asymptomatic testing), the 4plex respiratory assay, and STI testing.



Situation Background Assessment Recommendation

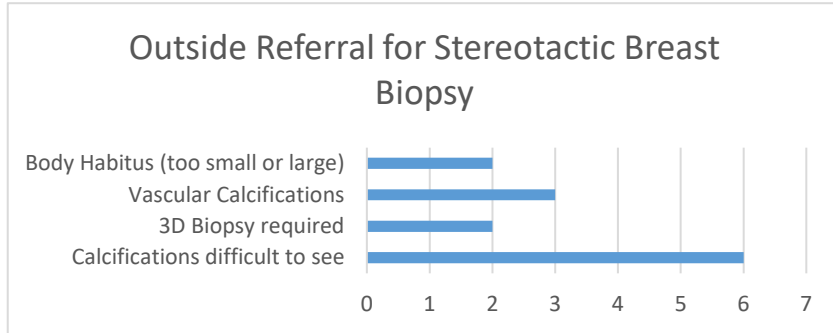
Stereotactic Breast Biopsy Replacement

<p>S</p> <p><u>Situation</u></p>	<p>We are recommending replacement of the Stereotactic Breast Biopsy system due to concerns with reliability, timeliness, and quality.</p> <p>Our current Stereotactic Breast Biopsy system is 15 years old and reached end of life support effective March 31, 2018. We are experiencing patient care and safety concerns due to poor image quality and equipment malfunctions during procedures. This has required additional needle puncture into the skin and moving the needle while in the breast to a better target area, creating increased concerns for bleeding and scarring for the patient.</p> <p>A stereotactic procedure may take 1 – 2 hours to perform on our unit due to difficulties finding lesions and issues encountered during the procedure, while a new unit may only take 15 – 30 minutes to complete.</p> <p>With the advancements in mammography and 3D imaging, we are finding smaller abnormalities in the breast tissue sooner making it impossible and/or more challenging to perform on our unit. In many situations, the lesions must be visualized on 3D imaging alone or on the high quality radiologist workstation. Our current system is only a 2D unit, which limits our ability to perform breast biopsies on lesions only seen on 3D imaging.</p>
<p>B</p> <p><u>Background</u></p>	<p>Stereotactic breast biopsy is used when an abnormality or an area of calcifications is identified on a mammogram, but cannot be visualized on an ultrasound of the breast. The tissue samples removed and sent to pathology for diagnosis.</p> <p>Offering this service to our patients and our community is part of our comprehensive breast program at Stoughton Health as indicated below.</p> <ul style="list-style-type: none">• Breast cancer risk assessment screening and counseling• Community screening, community education and counseling for high risk patients.• Mammography, Stereotactic Breast Biopsy, Mammography MRI• Surgical care in partnership with Plastics• Lymphedema Testing• Potential Chemotherapy Services in the Future <p>Without this service, we will be referring patients to another facility and we may not see these patients return for follow up care with Dr. Schwaab impacting potential volumes of the comprehensive breast program listed about, not just stereotactic volumes. Both Dr. Schwaab, General Surgeon and Dr. McGuire, Medical imaging Medical Director report stereotactic breast imaging is part of diagnosing and caring for breast cancer patients.</p>

A

Assessment

From 2011 - 2021, we have performed 80 stereotactic breast biopsies averaging 8 biopsies per year. In FY2022, we referred 13 stereotactic procedures to other facilities and performed only 3 procedures at Stoughton Health due to the concerns addressed in the "Situation" section.



From 01/01/22-09/30/22 we billed stereotactic CPT code 3 times at \$10,772 total gross revenue and received \$4,592 in total net reimbursement. When considering additional revenue for ancillary services (pharmacy medications, laboratory/pathology charges, and additional mammographic imaging), the three accounts totaled \$7132.75 in net revenue.

Further Assessment:

	Net Revenue per Procedure (70% contractual discounts)	Net Revenue 8 Scans/ Year	Net Revenue 16 scans/year
Stereotactic Breast Biopsy	\$1,077	\$ 8,616	\$ 17,232
<i>additional ancillary services</i>	\$846	\$ 6,768	\$ 13,536
Total		\$ 15,384	\$ 30,768

Potential LOSS in Revenue by not offering this service due to patient not returning for follow up care with Dr. Schwaab and having surgical lumpectomy (not inclusive of all additional ancillary charges, OR reimbursement, etc.).

Procedure	Gross Revenue per Procedure	Net Revenue per Procedure (70% contractual discounts)	Net Revenue based 8 cases to the OR	
US Guided Surgical Biopsy	\$ 1,352	\$ 946	\$ 7,568	
Breast OR Procedure (partial, total)	\$32,000	\$ 9,600	\$76,800	
	Total Net Revenue per OR Case	\$10,546	\$84,368	Potential Loss/Yr

In review of FY 2022, there is estimated to be \$84,368 in lost revenues related to care which may be referred elsewhere if we don't have this service in the future.

Payback Period = Based on above calculations, the equipment will generate net revenue in 4 years based on sustaining 16 scans per year (not including additional revenues from pharmacy and lab charges), 8 years if maintain an average of 8 scans/year. Life expectancy for the new equipment is 10+ years.

R

Recommendation

We recommend purchase of the budgeted capital item, Hologic Affirm Upright Breast Biopsy System including the Brevera Biopsy System for \$201,000.

Minor room renovations and power upgrades required with this project for additional costs up to \$15,000. This includes electrical update, physicist review, and room aesthetics.

Request Motion by Finance Committee to recommend to the Governing Board approval of capital up to \$216,000 for this machine and related costs to implement.