

**BEAUFORT MEMORIAL HOSPITAL BOARD OF TRUSTEES  
MEETING  
BMAC BOARD ROOM 317 OR ZOOM**

**FINANCE COMMITTEE – OPEN SESSION**

**Minutes – March 24, 2025**

Victoria Viventi took roll call at 7:30 a.m.

**By Zoom:** Tommy Harmon (chair), Richardson LaBruce, Vernita Dore, Evan Kane, MD, Alice Howard, Karen Carroll, Allison Coppage, Shawna Doran, Chris Ketchie, Courtney Smith, Kim Yawn

**Present:** Tony Britton, Bill Himmelsbach, Russell Baxley, Ken Miller, Kurt Gambla, Dee Robinson, Victoria Tinsley, Cindy Gibson

**Absent:**

**Guests:** Kelly Smith (FORVIS), Amanda Penland (FORVIS)

**CALL to ORDER:** Mr. Harmon called the meeting to order at 7:30 a.m.

**APPROVAL of MINUTES – February 24, 2025:** Mrs. Dore made a motion, which was seconded by Mr. Britton to approve the minutes of the February 24, 2025, meeting. Unanimous approval.

Mr. Miller introduced the FORVIS team, Kelly Smith and Amanda Penland to review the FY24 financial audit.

**Audit Update:** Ms. Penland reviewed the audited financial statements with the committee. After reviewing the financial statements and subsequent footnotes, Ms. Penland reviewed the single audit portion of the financial statements, which outlines the total expenditure of federal funds spent in the fiscal year. She then reviewed the report on internal control over financial reporting and on compliance for both the Hospital and the Foundation. There was a significant deficiency identified in the Foundation's internal control related to an audit entry to record restricted earnings on a donor restricted endowment fund, and breaking the earnings out as "with donor restrictions". The report for compliance for the major federal programs and internal control over compliance showed the hospital complied with all material respects with compliance requirements that could have direct material effect on each of its major federal programs. In summary, the auditors issued an unmodified opinion on the financial statements prepared in accordance with GAAP, no material weaknesses identified, and one significant deficiency identified for the foundation internal control. No non-compliance material to the financial statements noted. No material weaknesses or significant deficiencies for the federal awards and an unmodified opinion issued on compliance for major federal programs, and no findings needing to be disclosed in accordance with 2 CFR 200.516(a). A corrective action plan has been submitted for the significant deficiency finding by the management team and accepted by the auditing team. Ms. Smith presented the required Report to the Board and all required communications regarding the audit strategy and approach. There were no reportable matters for significant accounting policies, no reportable matters for unusual policies or methods and no reportable matters for alternative accounting treatments, no reportable matters for financial statement disclosures or judgement about the

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quality of the entity's accounting principles. There was only one proposed and recorded adjustment related to the foundation donor restricted assets. This was:

- Entry posted to increase Foundation net assets with donor restrictions and decrease net assets without donor restrictions by approximately \$186,000 for investment earnings on the Coastal Blood Endowed Fund, as required by the funding agreement. Earnings on this fund are restricted for sickle cell research.

Ms. Smith noted to the board, operationally the funds were being used as they were intended to. The disconnect came from operations and third-party accounting on reporting, to re-iterate not a misuse of funds. Corrective action is in place moving forward. Ms. Smith identified one other required communication regarding the HAWQ payments. Quarterly revenue received from the HAWQ program has been recognized through June 30<sup>th</sup> 2024, while the hospital license tax expense has been recognized through September 30<sup>th</sup> 2024, creating a one quarter lag in the revenue recognition. Management has elected to defer revenue recognition by one quarter, until there is more clarity on the program and the State's program evaluation. Management is taking a conservative approach in the fact they do not want to recognize revenue that could potentially be owed back. If management were to have recognized the revenue through 9/30 the net patient service revenue would have been approximately \$5.1M higher and estimated third party payor settlement liability would have been approximately \$5.1M lower. Mr. Miller noted the Finance committee has had multiple conversations on this topic and are all in agreeance on the stance management has taken. No further questions.

Ms. Smith and Ms. Penland exited the meeting.

**MOTION TO ADOPT THE AUDIT FOR FISCAL YEAR ENDING SEPTEMBER 30, 2024 AS PRESENTED AND RECOMMEND TO THE BOARD OF TRUSTEES TO RECEIVE AND ACCEPT THE FINAL AUDIT.** Ms. Dore made the motion, which was seconded by Mr. Britton. Unanimous approval.

## **FINANCIAL STATEMENTS:**

### Volume Analysis:

- February volumes, in general, were lower than budget and prior year.
- Adult discharges for the month were 692, budget was 729, and prior year was 738.
  - Acute discharges were 619, budget was 657, and last year was 667.
  - Mental health discharges were 46, budget was 46 and last year was 43.
  - Rehab discharges were 27, budget was 27 and prior year was 28.
- Adult patient days were 3,323, budget was 3,070, and last year was 2,954.
- CMI adjusted Average Length of Stay (ALOS) for the month is 2.91, budget was 2.72 and last year was 2.60.
- Case Mix Index (CMI) improved again this month to 1.65, budget was 1.55 and last year was 1.54.
- The other primary indicators for the month were as follows:
  - Deliveries were 78, budget was 87 and prior year was 93.
  - Emergency room visits were 3,304, budget was 3,723, and prior year was 3,641.
  - Outpatient Registrations were 20,430, budget was 21,193 and last year was 21,438.

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- Hilton Head Imaging was 2,096, budget was 1,868, and last year was 2,098.
  - Observation days were 498, budget was 519, and prior year was 534.
- Surgical volumes were 1,018, budget was 961, and last year was 1,060.
- Beaufort Physician Partners (BPP) visits were 26,075, budget was 30,712, and last year was 24,630.
- Express Care Volumes were the following:
  - Beaufort 1,818, budget was 2,029, prior year was 1,793.
  - Okatie 1,227, budget was 1,517, prior year was 1,271.
  - Bluffton 798, budget was 1,104, prior year was 861.

Revenue:

- Gross Patient Revenue was \$89.2M, budget was \$94.7M and last year was \$92.1M.
- Uncompensated Care was \$3.2M or 3.5% of Gross Revenue, budget was \$3.4M or 3.6% of Gross and last year was \$5.7M or 6.2% of Gross.
- Total Net Patient Revenue was \$26.9M, budget was \$28.5M and last year was \$27.4M.
- Net to Gross was 30.2%, budget was 30.1%, and prior year was 29.8%.
- Total operating Revenue was \$29.0M, budget was \$30.9M and last year was \$28.4M.
- Cash for the month came in at 107.3%. Year to date we are at 98.9% or 1.5M below the goal, for the 30 day average we are at 99.1% or 1.2M below the goal.
  - Received \$7.3M of HAWQ in February.
- On the 12 month rolling cash goal, we are at 99.6% or 1.4M below the 60 day average goal and at 99.6% or 1.2M below the 30-day trailing goal
- Gross AR Days increased from 55.1 to 55.5 and net days increased from 36.9 to 37.7.

Expenses:

- Total Expenses were \$28.6M, budget was \$30.1M and last year was \$28.1M.
- Salaries were \$10.9M, budget was \$11.2M and last year was \$10.4M.
- Contract Labor was \$505k, budget was \$596k and last year was \$734k.
- Benefits were \$3.1M, budget was \$3.9M and last year was \$2.8M.
- Supplies were \$5.6M, budget was \$5.8M, and prior year was \$5.7 M.
- Purchased Services were \$2.7M, budget was \$2.8M, and prior year was \$2.5 M.
- Other Expenses were \$3.0M, budget was \$3.3M and prior year was \$3.8M.

Profitability:

- Net Profit for February was \$504k, budgeted Net Profit was \$865k, and prior year was \$336k profit.
- YTD Net Loss is (\$1.8M), budgeted Net Profit was \$4.5M and last year net profit was \$363k.
- YTD Actual to Budget variance is (\$6.3M) and Actual to Prior Year variance is (\$2.2M).
- Obligated Group Net Profit is 911k for February and YTD is a Net Loss of (\$1.8M).
- EBITDA for February was \$1.8M, budget was \$2.2M and last year was \$1.6M.
- YTD EBITDA is \$4.9M, budget was \$11.7M and prior year was \$7.2M
- YTD Actual to Budget variance is (\$6.8M) and Actual to Prior Year variance is (\$2.3M).
- Obligated Group EBITDA for February was \$2.3M profit and YTD EBITDA is \$4.9M.

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- Days Cash increased from 68.4 to 70.7. Increase in days is mainly related to the receipt of HAWQ funds

ADJOURN: A motion was made by Ms. Dore and seconded by Mr. Britton to adjourn the meeting. Unanimous approval. The meeting adjourned at 8:34 a.m.

Respectfully submitted,

Tommy Harmon, Jr., Chair

