

**FNS** **FRONTIER NURSING SERVICE**  
Volume 76    Number 1    Fall/September 2000



SEVENTY-FIFTH ANNUAL REPORT

***Celebrating 75 Years of Service***



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Cover: Miss Kate Ireland, Honorary National Chairman of FNS Board of Governors.

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## The Frontier Nursing Service

*If you have never been introduced to the Frontier Nursing Service we would like to take this opportunity to brief you on the history and the on-going work of the Service. Please share this information with a friend.*

Born in 1881 into a prominent American family, Mary Breckinridge spent her early years in many parts of the world - Russia, France, Switzerland and the British Isles. After the death of her two children, she abandoned the homebound life expected of women of her class to devote herself to the service of others, particularly children.

Mrs. Breckinridge established the Frontier Nursing Service (FNS) in Leslie County, Kentucky in 1925, then one of the poorest and most inaccessible areas in the United States. Mrs. Breckinridge introduced the first nurse-midwives in this country. Riding their horses up mountains and across streams in blizzard, fog or flood, the FNS nurses brought modern healthcare to families throughout an area of 700 square miles.

Until her death in 1965, Mary Breckinridge was the driving force behind the work of the Service whose influence today extends far beyond eastern Kentucky. Through the Frontier School of Midwifery and Family Nursing, hundreds of nurses have been trained and this important concept of family healthcare has been carried throughout the world.

Today, the FNS is organized as a parent holding company for Mary Breckinridge Healthcare, Inc., (home health agency, two out-post clinics, one primary care clinic in the hospital, Kate Ireland Women's Healthcare Clinic) and for the Frontier School of Midwifery and Family Nursing - the largest midwifery program in the United States.

Remarkably, the purpose and philosophy of the FNS has remained constant since 1925.

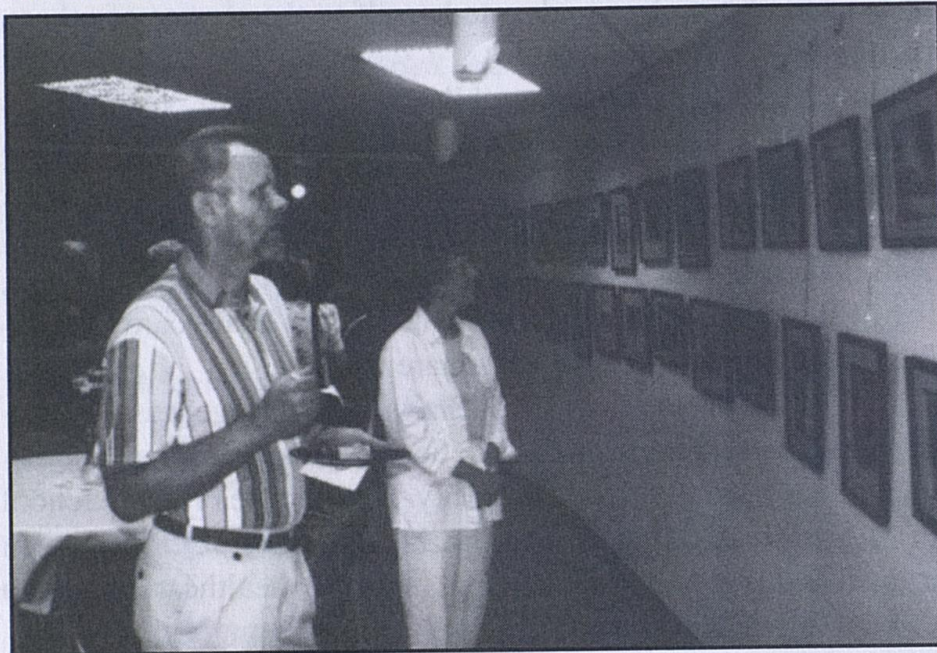
*-Deanna Severance, CEO*

### **FNS 75th Celebration Events**

*-Barb Gibson*

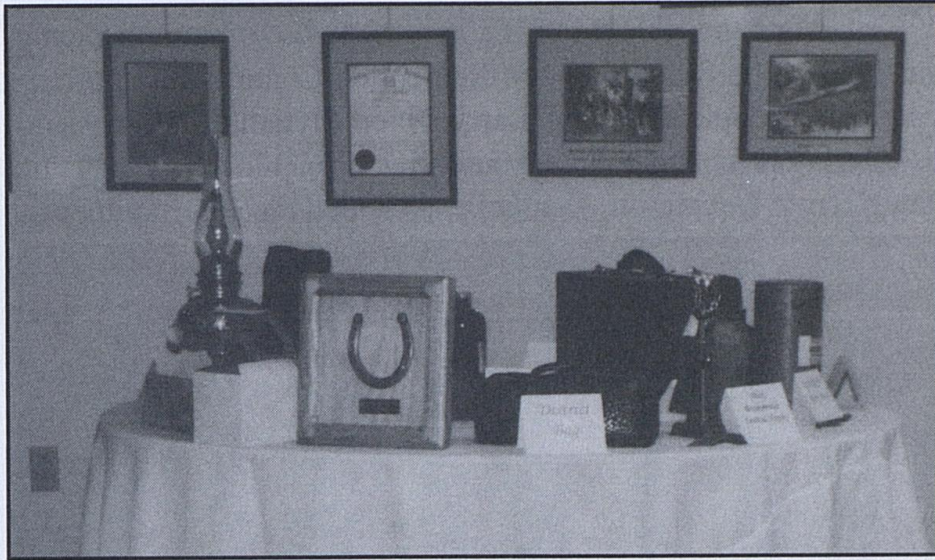
Our 75th Celebration began with a full page article published in the Louisville Courier Journal newspaper featuring the history of the organization from its beginning to today.

On May 19th, "An Evening with the Frontier Nursing Service" was held at the Lexington Public Library. The "Evening" included a walk through a collection of 115 photographs portraying the history of FNS from Mrs. Breckinridge's earliest days to our current service.



*Becky and John Galik, Versailles, Kentucky, viewing photographs at Library*

In addition to the photographic display, restored memorabilia such as saddles and saddlebags were featured. Displays included a mannequin dressed in a FNS nurse's uniform, FNS horseshoes in oak frames and the Mary Breckinridge stamp collection (the horseshoes and stamp collection may be purchased while supplies last). Our multi-media team developed the media display of pictures and prepared web-sites for viewing.



*FNS memorabilia*

The film "Forgotten Frontier" was shown continuously in the Library theater. This twenty-five minute version was originally filmed by Mrs. Jefferson Patterson (Marvin Breckinridge) and premiered at Mecca Hall in New York on January 15, 1931.

Approximately 350 friends and former staff from Kentucky and surrounding states attended this gala event.

On June 16th, FNS employees, along with friends of Miss Kate Ireland, gathered at the entrance of the Kate Ireland Drive leading to the Mary Breckinridge Hospital for a ribbon cutting ceremony and dedication of the Kate Ireland Drive. Speakers included FNS Chairman of the Board of Governors Jane Leigh Powell; County Judge Executive Onzie Sizemore; Mayor Eugene Stewart; Sheriff Fred Davidson; former County Judge Executive George Wooton; former FSMFN Dean Ruth Beeman; Senator Robert Stivers; Vice-Chairman of FNS Board of Governors Bill Hall; CEO Deanna Severance; former FNS Board Member C. Vernon Cooper; and Mary Breckinridge Endowed Chair Kitty Ernst.

After the ribbon cutting ceremony a community picnic was held at the Richard Nixon Recreation Center with approximately 650 people attending. Larry Dixon, Hyden, Kentucky, and his catering company prepared the delicious picnic food and "Blue Dawg" from Lexington, Kentucky, provided the entertainment.



### *Dedication of Kate Ireland Drive*

September 13, an "Evening with the Frontier Nursing Service" will be held at the Holiday Inn South, Louisville, Kentucky. This event is sponsored through the FNS Bluegrass Committee. The photo and other exhibits will be displayed.

October 7, the annual Mary Breckinridge Festival in Hyden will continue our 75th Celebration. October 17, the Boston Committee will meet to celebrate our 75th year and present the Mardi Perry Scholarship to a New England nurse-midwifery student. Mrs. Susan Stone, Dean of the Frontier School of Midwifery and Family Nursing, will be the featured speaker.

October 21, 2000, is CNEP graduation in Hyden, Kentucky. Graduation caps a year of 75th birthday activities.

### Reflections of FNS' 75th Year

*-Dr. Anne Wasson*

As the new year (the 75th for the FNS) began, I reflected on the past 30 years that I have been associated with the organization. There have been so many changes over the years. I am reminded that the medical needs of the local people have been met as the ancillary services have been brought up to date.

The X-ray Department now has ultrasound, CT scans and mammography. The x-ray machine is modern and automatic processing of films is done. The registration of patients is computerized and radiologists read the films and direct the department. That certainly was not available in 1970.

The lab services are automated and available to process specimens of all types and the department is under the direction of a Pathologist. This is a far cry from a lab available for CBC's and urines done at the old hospital with blood chemistries sent to Atlanta and reports sent by mail.

The Respiratory Therapy Department is active and busy with testing and therapy for our many patients with respiratory disease. Physical Therapy has made the long journey of aides instructed by the doctor for exercise routines, to Physical Therapists who use all of the modern techniques in their department and in the homes of our home health patients.

Endoscopic surgery is the order of the day now. I remember the first modern flexible sigmoidoscope bought in the early 80's. Cardiac monitors and modern equipment for resuscitative efforts is the rule. Womens' healthcare continues to be supported by the midwife/obstetrical team.

In the 70's pediatrics was a busy practice combined with general clinic where FNPs and generalists gave most of the care to children who made up 40% of the patient load. The district clinics, now two instead of five, are busy but not as closely tied to the parent organization as in the past. In the old days, hospital clinics were held until all patients were seen. This kept practitioners busy for at least two shifts.

Nurse-practitioners and doctors no longer make the tedious ambulance (hearse) trips with acute cases, to the Daniel Boone Clinic and Harlan Hospital. Over time, the local people have become accepting of referral to the tertiary care units of Lexington. The incidences of gunshot wounds have decreased remarkably since the 1970's.

Home Health, first carried out by district nurses, was brought into Hyden and standardized and maintained with a separate staff. Home Health now meets the strict standards for state regulation.

The classroom for the midwives was located high on Hospital Hill above the old hospital. A trailer was added in the parking lot for the family nursing course. Later, this classroom was moved to the recreation room of the Barn and in 1975, to the third floor of the new hospital. As the old hospital was remodeled, classroom space was available on the first floor. The old hospital on Hospital Hill has been taken over by the FSMFN with remodeling of Haggin, a student residence, and Mardi Cottage as an expanded modern classroom with clinic type exam rooms available.

In the early days before Medicare/Medicaid, the collection rate for services rendered was poor and in the 60's and 70's insurance claims were not always completed. Not until the 90's did the billing department become well controlled. In the 70's, the FNS was subdivided into five corporations and now at the turn of the century, accounting for each of the corporations are in good control.

I remember when the first copier was leased in the old hospital and when it broke down because someone was copying sheet music. Automation of record keeping with dictating stations for practitioners is the rule now.

Patient records are very carefully controlled and quality control of records and care have been established since the mid seventies and is standardized and carefully followed.

All of these changes have brought care at the MBHC into the new millennium and allows for modern, thoughtful care of the citizens of Leslie County.



## Wendover News

by Barb Gibson

### Tours

Stacey Collett, Tour Guide, has led the following tours, since May:

May 9, Central Kentucky Technical College, Danville, Kentucky - 16 students/faculty; May 10, McKendree College, Louisville, Kentucky - 20 students/faculty; May 11, Rockcastle Practical Nursing, Mount Vernon, Kentucky -



*Barb Gibson*

10 students/faculty; May 20, Lorie Pinkley, Williamston, North Carolina, and Lovey Shelton, Washington, North Carolina (Ms. Shelton knew Mrs. Breckinridge); May 22, Marsha Coulter and Betty Jo Branham, Mount Washington, Kentucky; May 22, McKendree College, Louisville, Kentucky - 17 students/faculty and May 26, Lisa Haupert, Roann, Indiana, and Heather Herville, Marion, Indiana.

June 2, former FNS Home Health nurse Sandy Mathis, Nicholasville, Kentucky, and other nursing friends visited.

July 28, Vanderbilt University, Nashville, Tennessee - 9 students/faculty.

August 2, Lisa McEvoy and John Huber, Medina, New York, brought five students from Allied Health Prep School for a three-day tour.

### Guests/Dinners

April 28th, 11 students from the University of Cincinnati, Ohio, had dinner and spent the night. Also, April 28, Mr. & Mrs. Garrett Cloud, Corbin, Kentucky, spent the night while teaching advanced cardiac life support at MBHC.

May 4, a professional staff dinner was held for 45 employees; May 9, Sheila Cooley, her mother and her father, Lakewood, Ohio, spent the night; May 10 - June 1, Noel Fernandez, New York, New York, spent some time. May 12, Mr. & Mrs. Perry Noland, Stanford, Kentucky, spent the night while Mrs. Noland (Jackie) who is an FNP student, participated in CFNP Bound; May 12, CFNP Bound dinner with 19 students/faculty in attendance; May 19, Jean Campbell and four of her friends had lunch; May 25, Madeline Sykes, New Bedford, Massachusetts, and her daughter, Marjorie Sykes, Sarasota, Florida, spent the night.

May 26, former FSMFN FNP graduate and FNS employee Judy (Haralson) Rafson ('72) and her husband, Cliff, visited Wendover. Judy and Cliff live in Greenville, North Carolina, where Judy works as an Occupational Health Nurse-Practitioner with the North Carolina Study of Estuaries and River & Cohort Health (NC SEARCH) research project. The research is designed to detect suspected health effects on humans from exposure to *Pfiesteria Piscicida* in the estuarine waters of the eastern seaboard. *Pfiesteria Piscicida* is a microscopic dinoflagellate that releases a toxin known to be lethal to fish. During Judy and Cliff's visit, we viewed "Cherish the Children", a FNS film featuring Judy when she worked at the Red Bird Nursing Center and Hyden Clinic.

May 30, Carl & Beverly Combs, Kettering, Ohio, made their annual visit to Wendover while traveling through this part of Kentucky.

June 7, Daniel & Cheryl Gentry, Fort Myers, Florida, spent the night. Mrs. Gentry interviewed for an FNP position at MBHC; June 8, Level III dinner with 20 students/faculty in attendance; June 9, Carol Panicucci, Athens, Alabama, CFNP faculty, spent the night; June 15, Level III dinner with 20 students/faculty attending; June 19, Jean Byrne, Knoxville, Tennessee, visited. Mrs. Byrne worked at FNS as the Statistician in the early 40's. June 21, Edith West, Saint Marie, Michigan, stayed at Wendover while gathering information about FNS for a screenplay; June 27, Daniel & Joanne Traver, Port Huron, Michigan, spent the night while visiting their daughter, Dana, who was a Courier.

July 16, Stephanie Vanderhorst, her husband, and her two children visited from Angola, Indiana. July 17-21, a group of seven instructors who were teaching native art in the local schools stayed at Wendover; July 27, 12 students/faculty, Vanderbilt University, Nashville, Tennessee, spent the night while touring FNS.

July 19, Mr. & Mrs. Edward Savery, Kennett Square, Pennsylvania, visited. Mrs. Savery's father, Dr. Francis M. Massie, Lexington, Kentucky, was a surgeon who held special clinics at FNS in the 1940's, 50's and 60's.

July 20, Mr. & Mrs. Ron Murray, Huntsville, Alabama, visited. In 1952, Mr. Murray frequently visited the Wendover Cabin Chapel. He served as the altar boy for Reverend Bob McGinnus, an Episcopalian minister from Beattyville, Kentucky, who performed chapel services at Wendover. Mr. Murraray remembered having tea and dinner at the the Big House with Mrs. Breckinridge.

August 2, Felecia Williams and her mother, Chicago, Illinois, spent the night.

Noel Fernandez, Pomona, New York, spent a couple of weeks at Wendover during August; August 8, Julian Campbell, Augusta Mazyrk, Jeff Sole, Chris Manor and Andy Dickerson, with the Nature Conservancy spent the night; August 16, Ruth Beeman, Lexington, Kentucky, and three of her friends had lunch; August 17, Level III dinner with 16 in attendance; August 18, Carol Holbrook, Hyden, Kentucky, and eight of her friends had dinner and August 21, Michela Biaggi and two friends spent the night while traveling to North Carolina where Michela will attend college.

### *The Osborne Brothers Hometown Festival*

The Osborne Brothers and their band members spent the night at Wendover August 5 and 6 while in Hyden for their annual hometown festival. On Wednesday of that week the Nixon Center parking areas began to fill up with campers from out of town and large groups turned out for the all of the different group

concerts. We always count it an honor to have The Osborne Brothers stay at Wendover.



*The Osborne Brothers Hometown Festival in Hyden*

#### *Other Wendover News*

August 11, we celebrated Dr. Anne Wasson's 80th birthday! The Wendover cooks prepared a special lunch of chicken & dumplings and hot fudge cake. In attendance were Wendover staff, Dr. Roy Varghese and a friend of his, Denise Kilburn, Director of Nursing, Nancy Couch, OB/Med-Surg Manager and Noel Fernandez. After lunch Dr. Anne opened her many gifts and read the following 17th Century Nun's Prayer:

*Lord, thou knowest better than I know myself that I am growing older and will some day be old. Keep me from the fatal habit of thinking I must say something on every subject and on every occasion. Release me from craving to straighten out everybody's affairs. Make me thoughtful but not moody; helpful but not bossy. With my vast store of wisdom, it seems a pity not to use it all, but Thou knowest Lord that I want a few friends at the end.*

*Keep my mind free from the recital of endless details; give me wings to get to the point. Seal my lips on my aches and pains. They are increasing, and love of rehearsing them is becoming sweeter as the years go by. I dare not ask for grace enough to enjoy the tales of others' pains, but help me to endure them with patience. I dare not ask for improved memory, but for a growing humility and a lessening cocksureness when my memory seems to clash with the memories of others. Teach me the glorious lesson that occasionally I may be mistaken. Keep me reasonable sweet; I do not want to be a Saint - some of them are so hard to live with - but a sour old person is one of the crowning works of the Devil. Give me the ability to see good things in unexpected places, and talents in unexpected people. And, give me, O Lord, the grace to tell them so. Amen.*

Contributed

A lot of work has been done at Wendover during this past summer including a tunnel being dug under the Big House so that the foundation damage can be evaluated; two new septic systems installed; handrails stained and the Garden House basement painted. In addition to the above, Dr. Anne kept everyone busy with more planting and watering.

We look forward to a busy fall with Board meetings, CNEP graduation and the Mary Breckinridge Festival. We invite our many friends to come and visit!

### Courier News

*Erin Banta*, Saranac Lake, New York, was here from April 30 - July 24; *Dana Traver*, Port Huron, Michigan, May 15 - August 11; *Megan Stumn*, Madison, Wisconsin, May 22 - August 5; *Miranda Gillespie*, Mobile, Alabama, June 11 - August 30.

All four of the Couriers had opportunities to shadow internists, midwives, home health nurses, social worker, nurse-practitioners at the outpost clinics and to observe surgery and births. In addition, all of them were a tremendous help with x-ray transports to the radiologists, rounds, and trips to the airport to pick up doctors, etc. Erin, Dana, Megan and Miranda reported having had a wonderful experience.

*Lucas McDonald*, Willets, California, was here from July 31 - August 16. Luke attends the Naval Academy at Annapolis and wasn't able to participate in the Program for more than two weeks. Luke was born at Mary Breckinridge Hospital and wanted to come back and visit his birthplace. Luke's mother, Marcia Stevenson McDonald, was a FSMFN graduate and worked in the Hyden Clinic during the late 70's. Luke's father, Keller, was the football coach at the Leslie County High School.



*Dana Traver*



*Miranda Gillespie*



### *New Couriers*

**Christine Guth**, Wellesley, Massachusetts, arrived August 1 and will be here until November. More information about Christine's Courier experience later.

We look forward to the arrival of Jennifer Balkus, Acton, Massachusetts and Mitchell Plummer, Lexington, Kentucky, on September 4th.

### *Former Courier News*

**Kim Houkom** ('99) wrote during June. She has been in Chile for two months teaching English to children, professionals, college students and housewives. Kim was accepted into medical school at the University of California at San Diego.

**Margaret (Meg) Gifford** ('00) wrote during July. She will start back to school the end of August and has a job as a lifeguard at the school recreation center. Meg said that her experience with the FNS was the best experience of her life.

**Julie Wilbur** ('99) wrote during August. She began medical school August 10 at the University of Vermont. "Cassidy" or "Little Buger" (dog) as we called her at Wendover, moved to Vermont with Julie to enjoy exploring the farms, fields and parks.

**Mariah Mottley** ('98), **Susan Mathew** ('98), **Catherine Thompson** ('98), **Jennifer Swisher** ('98) and **Karen Thomissee** ('96) wrote from Outer Banks North Carolina where they rented a cottage on an island. Catherine is in nursing school; Karen just graduated from photography school and is applying to journalism school; Jennifer is starting her third year of medical school; Susan will be leaving in September to study Public Health in Loudon; and Mariah is living in Montana and studying pre-vet and zoology. The dogs - Ruby, Ash, Jack and Mariah's new cat, Miss Trousers, are all well.

## Mary Breckinridge Healthcare News

*-Mallie Noble, Administrator*

### *Travels*

During July, Kitty Ernst, CNEP Faculty and holder of the Mary Breckinridge Endowed Chair, and I traveled to Florida for a four day meeting at the Disney World Resort. The subject of the meeting was "Quality Healthcare Disney Style". The meetings were very high-paced and informative. Each



evening after the meetings, Kitty and I reminisced and put our thoughts together about how we could serve our community better. I will always have fond memories of the time I was fortunate enough to spend with Kitty. My fondest memory will always be Kitty's vision "you can do anything as long as you believe in what you're doing and follow your dreams".

### *Congratulations*

Congratulations to Martha Browning on the birth of her grandson born on July 31, 2000, weighing 5 lbs, 7 ounces.

Congratulations to Connie Napier on the birth of her granddaughter born on August 15, 2000, weighing 7 lbs, 15 ounces.

### *New Employees and Promotions*

In July, Debbie Napier re-joined the MBHC staff as OB Charge Nurse. Welcome back Debbie!

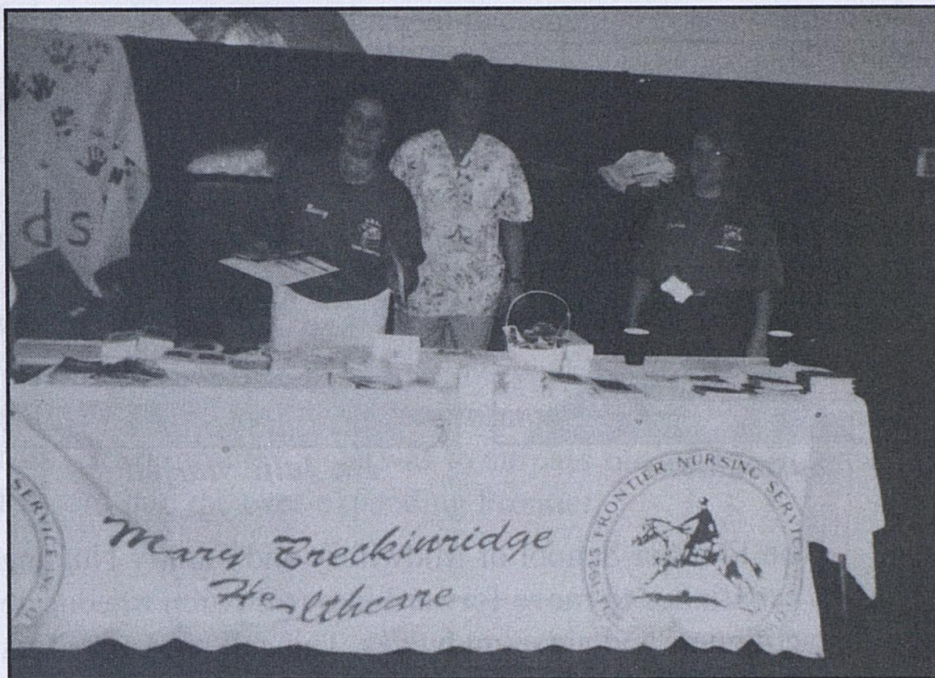
Congratulations to Deanna Slusher who has been promoted to Business Office Supervisor.

### *Staff Activities*

On July 28, 2000, with the help and support of the MBHC Care Committee, the fifth annual community-wide Health Fair was sponsored by the MBHC Quality Improvement Program. The goal of the Health Fair was to provide health education and to



keep the community members informed on health related issues as well as community services available. The Health Fair was successful with 38 booths/vendors and approximately 250 community members attending.



*Nancy Couch, OB/Med-Surg Manager, Helen Begley, Nurse Aide, and Denise Kilburn, Director of Nursing at the Health Fair*

MBHC, Inc. is working with the Kentucky Tech. Cabinet for Workforce Development in the Department for Technical Education. In collaboration with Mrs. Betty Huff, Principal, and Doug Napier, Instructor, MBHC, Inc. has employed two students. These students are Travis Smith and Frank Baker. They have worked diligently throughout the summer to upgrade, repair, and implement our information technology system at MBHC, Inc., Wendover offices, FSMFN and the FSMFN office in Lexington. We are pleased to have these fine students at our facilities.

#### *Sympathy*

Our deepest sympathy goes to the family of Denzil Collett who recently passed away. He was the uncle of Christy Morgan, Business Office Deposit Clerk, and the brother-in-law of Lonnie Dean Brown, Maintenance.

**Frontier School of Midwifery and Family Nursing  
(FSMFN) CNEP and CFNP**

*by Dr. Julie Marfell, CFNP Education Director and  
Susan Stone, FSMFN Dean*



*Susan Stone*



*Dr. Julie Marfell*

The Frontier School of Midwifery and Family Nursing (FSMFN) continues to move forward in our mission to educate nurse-practitioners and nurse-midwives. This fall marks the first combined Midwifery/FNP Bound for the Community-based Nurse-Midwifery Education Program (CNEP) and the Community-based Nurse-Practitioner (CFNP) Program students. This orientation to FSMFN will begin the journey for the students towards their goal to become CNM and FNPs. Both groups of students share a common mission of caring for the underserved in their communities. The strength that the combination of these two groups of individuals will bring to Midwifery/FNP Bound will be truly amazing. We will have approximately 40 students at the School for each orientation in September and October.

Changes to the curriculum at FSMFN will begin this fall. Not only will the students be together at Midwifery/FNP Bound, but also more of the core of the curriculum will be offered as combined courses for both groups of students. The goal is to incorporate more of the elements of primary care into the midwifery program of study. The American College of Nurse-Midwives (ACNM) has included this content in the core competencies and

students will be required to know this information for the certification exam. Health Promotion and Disease Prevention and Women's Health I are currently combined core courses. Pharmacology, Pathophysiology, Decision-making in Primary Care and Primary Care I will be changed to combined courses this fall.

The faculty and students participated in the dedication of the Kate Ireland Drive and the community picnic during the June Level III. Kitty Ernst led the singing of the CNEP song before the students returned to class that day. The weather was beautiful, sunny and mild.

Both the CNEP and the CFNP programs have continued to receive potential student inquiries from all over the globe. As we move into the next century our goal is to continue to expand our mission of providing care to mothers, babies and families. Mrs. Breckinridge's goal was to surpass ourselves . . . onward, forward into the ever-expanding Frontier.

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### WEBSITES

Frontier Nursing Service - [www.frontiernursing.org](http://www.frontiernursing.org)

FSMFN Community-based Nurse-Midwifery Education Program (CNEP) - [www.midwives.org](http://www.midwives.org)

FSMFN Community-based Nurse-Practitioner Program (CFNP) - [www.frontierfnp.org](http://www.frontierfnp.org)

## **SEVENTY-FIFTH ANNUAL REPORT OF THE FRONTIER NURSING SERVICE**

**For the Fiscal Year  
May 1, 1999 to April 30, 2000**

## PREFACE

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

We have, as in previous years, divided our report into two sections. One section is about money, and one is about work.

## FISCAL REPORT

The figures that follow are taken from the Balance Sheet, the Exhibits and Schedules of the Audit for the fiscal year which ended April 30, 20000.

## INDEPENDENT AUDITOR'S REPORT

To the Board of Governors  
FNS, Inc. and Affiliates  
Lexington, Kentucky

We have audited the accompanying combined statements of financial position of FNS, Inc. (a non-profit organization) and affiliates as of April 30, 2000 and 1999, and the related combined statements of activities and cash flows for the years then ended. These combined financial statements are the responsibility of the Service's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of FNS, Inc. and affiliates as of April 30, 2000 and 1999, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

*Potter & Company, LLP*

POTTER & COMPANY, LLP  
August 21, 2000

FNS, INC. AND AFFILIATES  
 COMBINED STATEMENTS OF FINANCIAL POSITION  
 April 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,274,551	\$ 1,433,198
Receivables:		
Patient, less allowances for uncollectible accounts of approximately \$885,500 and \$483,000 in 2000 and 1999, respectively	2,053,573	1,936,687
Student tuition, less allowance for uncollectible accounts of approximately \$34,700 in 2000 and 1999	396,095	227,280
Other	875,721	850,193
Investments	31,215,909	26,564,169
Inventories	353,303	413,533
Prepaid expenses and other assets	105,298	88,252
Total current assets	<u>37,274,450</u>	<u>31,513,312</u>
Property and equipment, net	2,923,403	3,296,973
Other assets:		
Present value of beneficial interest in outside trusts	<u>2,105,670</u>	<u>1,927,326</u>
Total assets	<u>\$ 42,303,523</u>	<u>\$ 36,737,611</u>

See accompanying notes.

	2000	1999
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 772,726	\$ 1,517,125
Accrued salaries and withholdings	345,015	341,982
Accrued vacation expense	389,099	372,806
Deferred tuition, students	671,988	243,675
Self-insured reserve	421,385	435,300
Estimated third-party payor settlements	569,535	755,141
Capital lease payable - current portion	128,797	124,530
Bond payable - current portion	100,808	102,717
Other liabilities	466,862	655,572
Total current liabilities	<u>3,866,215</u>	<u>4,548,848</u>
Long term liabilities:		
Capital lease payable, net of current portion	139,980	226,989
Bond payable, net of current portion	317,821	410,493
Total long term liabilities	<u>457,801</u>	<u>637,482</u>
Total liabilities	<u>4,324,016</u>	<u>5,186,330</u>
Unrestricted	21,542,401	17,461,077
Temporarily restricted	12,624,914	10,481,674
Permanently restricted	3,812,192	3,608,530
Total net assets	<u>37,979,507</u>	<u>31,551,281</u>
Total liabilities and net assets	<u>\$ 42,303,523</u>	<u>\$ 36,737,611</u>



FNS, INC. AND AFFILIATES  
 COMBINED STATEMENTS OF ACTIVITIES  
 Years ended April 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Change in unrestricted net assets:		
Revenues and gains:		
Net patient service revenue	\$ 14,908,338	\$ 13,885,188
Contributions	1,149,260	914,790
Education revenues:		
Tuition and educational fees	1,361,157	1,546,645
Federal grants	170,650	210,145
Other grant revenue	60,000	43,143
Net realized and unrealized gain on investments	2,640,884	1,895,774
Other revenue:		
Interest and dividend income	915,151	801,270
Other revenue	909,677	332,656
Total revenues and gains	<u>22,115,117</u>	<u>19,629,611</u>
Expenses:		
Salaries and wages	8,040,134	8,807,834
Fringe benefits	1,306,051	1,602,775
Medical services, supplies, and other expenses	6,002,091	6,039,829
Facility costs	1,687,981	1,430,824
Provider taxes	203,912	438,541
Provision for bad debts	793,624	775,138
Total expenses	<u>18,033,793</u>	<u>19,094,941</u>
Change in unrestricted net assets	<u>4,081,324</u>	<u>534,670</u>
Change in temporarily restricted net assets:		
Contributions	124,608	46,190
Net realized and unrealized gain on investments	<u>2,018,632</u>	<u>1,372,802</u>
Change in temporarily restricted net assets	<u>2,143,240</u>	<u>1,418,992</u>
Change in permanently restricted net assets:		
Contributions	25,318	175,960
Present value of beneficial interests in outside trusts	<u>178,344</u>	<u>1,187,887</u>
Change in permanently restricted net assets	<u>203,662</u>	<u>1,363,847</u>
Change in net assets	6,428,226	3,317,509
Net assets, beginning of year	<u>31,551,281</u>	<u>28,233,772</u>
Net assets, end of year	<u>\$ 37,979,507</u>	<u>\$ 31,551,281</u>

See accompanying notes.

**FNS, INC. AND AFFILIATES**  
**COMBINED STATEMENTS OF CASH FLOWS**  
 Years ended April 30, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Cash flows from operating activities:		
Change in net assets	\$ 6,428,226	\$ 3,317,509
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Present value of beneficial interest in outside trusts	(178,344)	(1,187,887)
Provision for bad debts	793,624	775,138
Depreciation	783,591	584,614
Net unrealized gain on investments	(2,722,882)	(1,376,548)
Contributions restricted for programs and investments	(25,318)	(175,960)
(Increase) decrease in:		
Patient receivables	(910,510)	(1,112,345)
Student tuition receivables	(168,815)	(134,959)
Other receivables	(25,528)	(438,888)
Inventories	60,230	(43,006)
Other assets	(17,046)	33,744
Increase (decrease) in:		
Accounts payable	(725,073)	1,174,379
Deferred tuition, students	428,313	21,433
Self-insurance reserve	(13,915)	273,852
Estimated third-party payor settlements	(185,606)	179,403
Other liabilities	(188,710)	39,212
Net cash provided by operating activities	<u>3,332,237</u>	<u>1,929,691</u>
Cash flows from investing activities:		
Purchase of property and equipment	(410,021)	(277,457)
Net purchase of investments	(1,928,858)	(1,427,168)
Net cash used in investing activities	<u>(2,338,879)</u>	<u>(1,704,625)</u>
Cash flows from financing activities:		
Payments on capital leases	(82,742)	(126,867)
Payments on bond payable	(94,581)	(89,174)
Investment subject to program restrictions	25,318	175,960
Net cash used in financing activities	<u>(152,005)</u>	<u>(40,081)</u>
Net increase in cash and cash equivalents	841,353	184,985
Cash and cash equivalents, beginning of year	<u>1,433,198</u>	<u>1,248,213</u>
Cash and cash equivalents, end of year	<u>\$ 2,274,551</u>	<u>\$ 1,433,198</u>
Supplemental cash flow information:		
Cash payments for interest	<u>\$ 72,764</u>	<u>\$ 55,952</u>

See accompanying notes.

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
April 30, 2000 and 1999

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of FNS, Inc. and Affiliates (the Service) is presented to assist in understanding the Service's financial statements. The financial statements and notes are representations of the Service's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

**Organization:**

Mary Breckinridge established Frontier Nursing Service in Leslie County, Kentucky, as the Kentucky Committee for Mothers and Babies in 1925. The name later changed to Frontier Nursing Service in 1928. The Service's original purpose was to provide needed health services in the Appalachian area, introducing the first nurse-midwives in the United States. During its early years, the Service was the only provider of health services in the area and it remains the largest provider of health services in Leslie County and the portion of surrounding counties comprising its service area. In 1939, the Service established a midwifery school. As established today, FNS, Inc. currently operates as a holding company for an accredited midwifery and family nursing school, a home health agency, and a hospital, and provides primary care services through the Hyden Clinic, the Kate Ireland Women's Health Care Center, and District Nursing Clinics. The Service has historically been dependent on charitable contributions to fund a significant portion of the costs of service and programs.

**Principles of Combination:**

The Service consists of the following nonprofit entities:

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

Mary Breckinridge Health Care, Inc. - Entity responsible for operating the hospital, home health agency, and clinics.

Frontier School of Midwifery and Family Nursing, Inc. - Entity responsible for operating the midwifery and family nursing school.

Frontier Nursing Service Foundation, Inc. - Entity responsible for maintaining the investment portfolio of the Service and contributions from donors.

FNS Real Estate, Inc. - Entity responsible for holding and managing the real estate and fixed assets owned by the Service.

The combined financial statements include the accounts and transactions of the above entities. Intercompany transactions and accounts have been eliminated in combination.

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
April 30, 2000 and 1999

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation:**

The accompanying financial statements have been prepared on an accrual basis in accordance with generally accepted accounting principles.

The Service reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Contributions and donations that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Use of Estimates:**

The preparation of consolidated 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 consolidated financial statements and 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 consists of cash and highly liquid investments having an original maturity of three months or less. The carrying amount of cash equivalents approximates fair value.

**Escrow Cash:**

As of April 30, 1999 \$17,132 was escrowed from a bond issue for the purchase of fixed assets.

**Accounts Receivable, Students and Deferred Tuition, Students:**

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

**Allowance for Doubtful Accounts:**

The Service provides an allowance for doubtful accounts receivable based upon prior experience and management's assessment of the collectability of existing accounts.

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
April 30, 2000 and 1999

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments:**

The Service carries investments in marketable securities with readily determinable fair values and all investment in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in unrestricted net assets in the accompanying statement of activities, unless the donor temporarily or permanently restricts their use.

Investments represent amounts which are unrestricted, temporarily restricted, and permanently restricted. The Board of Governors designates unrestricted assets for special uses. The Board of Governors has designated the following unrestricted funds to accumulate monies for the indicated purposes:

The Consolidated Fund accumulates funds for such operating and general purposes as the Board may determine.

The Education Fund includes all donations specified by the donor for this fund and unrestricted legacies and bequests received from May 1981 through April 1985. It accumulates funds until such time as they are needed for programs for activities that benefit nursing education.

The David D. Knox Fund accumulates funds for such uses as the Board may determine.

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

**Inventories:**

Medical supply and pharmaceutical inventories are stated at cost (first-in, first-out method), which is not in excess of market value.

**Prepaid Expenses:**

Prepaid expenses consist of insurance premiums to be expensed in the subsequent period.

**Beneficial Interest in Outside Trusts:**

The Service is a beneficiary of trust funds held by others. The Service has recorded as an asset the fair value of the trusts, which represents an estimate of the net present value of the estimated income to be received from the outside trusts and the remaining value of the trusts to be transferred.

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
April 30, 2000 and 1999

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Gift Annuity Reserve:**

Contributions received by the Service under gift annuity agreements are recorded at fair value at the date of contribution. Under the terms of the annuity agreement, the Service holds the assets contributed and makes periodic payments of a fixed amount to the annuitant for the remainder of the annuitant's lifetime. Assets held under the gift annuity agreement at April 30, 2000 and 1999 totaled \$244,000 and \$224,000, respectively. The net present value of the annuity obligation, calculated using the applicable federal rates and life expectancy tables, totaled approximately \$69,000 at April 30, 2000 and 1999.

**Property and Equipment:**

Property and equipment is stated at cost. Depreciation is provided using straight-line and accelerated methods over the estimated useful lives of the assets. Total depreciation expense was approximately \$784,000 and \$585,000 for the years ended April 30, 2000 and 1999, respectively.

**Preceptor Fees:**

During the time that students are enrolled in their clinical study, they are assisted by a preceptor. The Service accrues preceptor fees for each student as the student becomes eligible for the clinical study.

**Accrued Malpractice Reserve:**

The provision for estimated medical malpractice claims includes estimates of the ultimate costs for reported claims.

**Statements of Activities:**

The statements of activities include revenues over expenses. Changes in unrestricted net assets which are excluded from revenues over expenses include contributions from affiliates and permanent transfers to and from affiliates for other than goods and services.

**Grant Revenues:**

Grant revenues used for operating expenses are recorded as revenue in the period the expenditures are incurred.

**Net Patient Service Revenue:**

Net patient service revenue is reported at the established net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
 April 30, 2000 and 1999

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

## Net Patient Service Revenue (Continued):

Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Net patient service revenue rendered consists of the following:

	2000	1999
Gross patient revenue	\$ 23,031,077	\$ 23,098,692
Less charity and contractual adjustments	<u>8,122,739</u>	<u>9,213,504</u>
Net patient service revenue	\$ <u>14,908,338</u>	\$ <u>13,885,188</u>

## Charity Care:

The Service provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Service does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charges foregone based on established rates for charity care, determined at or near the time of service rendered by the Service were approximately \$1,161,000 and \$1,826,000 in 2000 and 1999, respectively.

## Advertising:

The Service expenses advertising costs as they are incurred. Advertising expense for the years ended April 30, 2000 and 1999 was approximately \$25,000 and \$42,000, respectively.

## Income Taxes:

All entities comprising the Service are a not-for-profit corporation and have been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code, except for REI, which is a not-for-profit corporation recognized under Section 501(c)(2) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the financial statements.

**NOTE 2 - OTHER RECEIVABLES**

Other receivables consisted of the following at April 30:

	2000	1999
KHCP receivable	\$ 871,987	\$ 811,438
PIP receivable	175	(829)
Physician receivable	0	9,852
Employee receivable	950	2,327
Trade receivable	1,175	32,100
Contracts receivable	<u>1,434</u>	<u>(4,695)</u>
	\$ <u>875,721</u>	\$ <u>850,193</u>

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
 April 30, 2000 and 1999

**NOTE 3 - INVESTMENTS**

The fair values of the Service's investments are as follows at April 30:

	2000		1999	
	Cost	Market	Cost	Market
Cash management funds	\$ 1,451,318	\$ 1,451,318	\$ 2,388,455	\$ 2,388,455
Corporate bonds	4,873,569	4,798,483	4,843,261	4,911,071
Common trust fund bonds	1,583,585	1,604,422	1,428,756	1,525,689
Common Stock	9,468,414	20,106,792	7,507,716	15,429,553
Preferred Stock	0	0	64,731	63,750
Common trust fund equities	<u>2,421,694</u>	<u>3,254,894</u>	<u>1,636,374</u>	<u>2,245,651</u>
Total investments	\$ <u>19,798,580</u>	\$ <u>31,215,909</u>	\$ <u>17,869,293</u>	\$ <u>26,564,169</u>

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment held by the Service includes the following at April 30:

	2000	1999
Land	\$ 200,529	\$ 182,174
Buildings	4,516,550	4,516,549
Equipment	7,195,694	6,782,010
Construction in progress	<u>16,906</u>	<u>38,925</u>
	11,929,679	11,519,658
Less accumulated depreciation	<u>(9,006,276)</u>	<u>(8,222,685)</u>
Property and equipment, net	\$ <u>2,923,403</u>	\$ <u>3,296,973</u>

**NOTE 5 - BENEFICIAL INTEREST IN OUTSIDE TRUSTS**

The composition of the Service's beneficial interest in outside trusts held by third parties consisted of the following:

	2000	1999
Schoff trust	\$ 85,958	\$ 87,672
Patterson trust	215,442	229,225
Stebbins trust	95,019	66,899
Ballard trust	410,561	386,679
Gage trust	1,210,900	1,067,338
Ross trust	<u>87,790</u>	<u>89,513</u>
	\$ <u>2,105,670</u>	\$ <u>1,927,326</u>



**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
 April 30, 2000 and 1999

**NOTE 6 - ACCRUED MALPRACTICE RESERVE**

The Service insures for professional and general liability losses through claims-made policies, and records reserves for deductibles for potential claims, based on their best estimates. In the opinion of management, such insurance and estimated reserves for deductibles are adequate to cover significant losses, if any. Should the claims-made policies not be renewed or replaced with equivalent insurance, claims based upon occurrences during their terms but reported subsequently will be uninsured. The Service intends to continue carrying such insurance.

Liabilities for incurred but not reported losses at April 30, 2000 are not determinable; however, in management's opinion such liabilities, if any, would not have a material adverse impact on the Service's financial statements. Accordingly, no provision for adverse loss contingencies had been made in the accompanying financial statements.

**NOTE 7 - OPERATING LEASES**

The Service leases various equipment and facilities, such as the property leased from FNS Real Estate, Inc. Total rental expense for all operating leases was approximately \$660,000 and \$608,000 in 2000 and 1999, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of April 30, 2000 are:

Year ending April 30:

2001	\$	155,971
2002		120,486
2003		94,324
2004		95,784
2005		97,245
Thereafter		<u>140,086</u>
	\$	<u>703,896</u>

The Service also contracts with certain professionals, including those who provide anesthesia, laboratory, x-ray, physical therapy, and pharmacy services.

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
 April 30, 2000 and 1999

**NOTE 8 – CAPITAL LEASES**

The Service has several pieces of Hospital equipment under capital lease. The leased property as of April 30, 2000, had a cost of \$543,882, accumulated amortization of \$282,430 and a net book value of \$261,452. Amortization of the leased property is included in depreciation expense at April 30, 2000.

The future minimum lease payments under the capital lease and the net present value of the future minimum lease payments at April 30, 2000, are as follows:

Year ending April 30:

2001	\$	147,735
2002		120,604
2003		11,174
2004		11,174
2005		4,656
		<u>295,343</u>
Less amount representing interest		<u>(26,566)</u>
Present value of minimum lease payments		268,777
Less current portion		<u>(128,797)</u>
Long-term portion	\$	<u>139,980</u>

**NOTE 9 - CONCENTRATIONS OF CREDIT RISK**

The Service maintains cash in deposit accounts with federally insured banks. At times the balances in these accounts may be in excess of federally insured limits. At April 30, 2000 and 1999, respectively, cash balances exceeded FDIC limits by approximately \$2,208,000 and \$1,249,000. The Service does not feel that it is exposed to any significant credit risk in connection with outstanding cash balances.

The Service grants credit without collateral to its patients, most of who are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at April 30, 2000 is as follows:

Medicare	22.67%	Commercial insurance	42.78%
Medicaid	20.46%	Patients	14.09%

The Service's entire tuition receivable at April 30, 2000 and 1999, represents amounts due from students.

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
 April 30, 2000 and 1999

**NOTE 10 - BONDS**

Bonds payable at April 30, 2000 and 1999 consist of the following:

	<u>2000</u>	<u>1999</u>
1997 FNS, Inc. and Leslie County, Kentucky Industrial Building Revenue Bonds, various monthly principal payments with interest payments at 5.90% payable March 15, 1997 and monthly thereafter on the fifteenth business day of each month. The interest rate may not exceed the rate permitted by law. Final principal payment due January 15, 2004.	\$ 418,629	\$ 513,210

The aggregate maturities of bonds payable for the next five years are as follows:

Year ending April 30:

2001	\$ 100,808
2002	106,919
2003	113,400
2004	<u>97,502</u>
Total bond payable	\$ <u>418,629</u>

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
 April 30, 2000 and 1999

**NOTE 11 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u>2000</u>	<u>1999</u>
Alice Adams Fund	\$ 13,084	\$ 8,409
Arronson Fund	3,094	3,940
Atwood Fund	605,380	457,443
DuPont Fund	722,960	693,413
Ernst Fund	25,785	30,892
Ferguson Fund	12,783	12,068
Endowment Fund	588,442	391,182
Friends Fund	126,583	97,500
Gift Annuity Fund	546,168	464,771
Hyden Hospital Fund	206,489	162,223
Kate Ireland Women's Healthcare	510,493	461,722
KI Scholarship Fund	164,667	130,619
KIWHCC Education Fund	597,426	494,724
Mardi Perry Fund	48,964	32,207
NEED Fund	7,877,803	6,614,329
Shockey/Bulkey Trust	370,978	278,094
Social Services Fund	186,208	146,627
Susanne Preston Wilson Fund	1,941	0
Taylor Fund	15,666	1,511
	<u>\$ 12,624,914</u>	<u>\$ 10,481,674</u>

**NOTE 12 – PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets include gifts, which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for program operation in accordance with donor restrictions.

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
 April 30, 2000 and 1999

**NOTE 12 – PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)**

Permanently restricted net assets are summarized as follows:

	<u>2000</u>	<u>1999</u>
Alice Adams Fund	\$ 22,722	\$ 22,722
Arronson Fund	110,369	110,369
Atwood Fund	344,573	344,573
DuPont Fund	376,217	376,217
Ernst Fund	47,701	47,701
Ferguson Fund	36,951	36,951
Endowment Fund	140,820	140,820
Friends Fund	34,732	34,732
Hyden Hospital Fund	48,476	48,476
Mardi Perry Fund	37,023	37,023
Nixon Billings Fund	105,155	105,155
Rodes Memorial Trust	69,957	69,957
Shockey/Bulkey Trust	165,511	165,511
Social Services Fund	41,925	41,925
Susanne Preston Wilson Fund	25,318	0
Taylor Fund	99,072	99,072
Outside Trusts	<u>2,105,670</u>	<u>1,927,326</u>
	<u>\$ 3,812,192</u>	<u>\$ 3,608,530</u>

**NOTE 13 - MEDICARE AND MEDICAID PROGRAMS**

The Service participates in the Medicare and Medicaid Programs. For the year ended April 30, 2000, approximately 71% of the Service's net patient revenue was derived from services to patients covered by these Programs. The corresponding percentage was 69% for the year ended April 30, 1999.

**Medicare:**

Medicare payments for inpatient services are made based upon the patient's diagnosis, irrespective of cost. The diagnosis upon which payment is based is subject to review by Medicare (the "Program") representatives. The Program reimburses the Service for certain outpatient services including rural health clinics and home health agency services based upon cost. Such reimbursable costs are determined from annual cost reports filed with the Program, which are subject to audit by the Program.

**FNS, INC. AND AFFILIATES**  
**NOTES TO THE COMBINED FINANCIAL STATEMENTS**  
April 30, 2000 and 1999

**NOTE 13 – MEDICARE AND MEDICAID PROGRAMS (CONTINUED)**

**Medicaid:**

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

The Commonwealth of Kentucky has developed a program to provide funds for indigent care provided by Kentucky hospitals through a provider tax. Under the provider tax program, Kentucky hospitals are taxed at rates ranging from 0.5% to 2.5% of net collections from patient services and are eligible for reimbursement for certain services provided to indigent patients. The 2000 statement of activities includes revenue of approximately \$910,000 and expenses of \$204,000 related to this program. Corresponding amounts were approximately \$1,377,000 and \$439,000 in 1999.

**NOTE 14 - RETIREMENT PLAN**

The Frontier Nursing Service, Inc. Capital Accumulation Plan (Plan), a non-contributory defined contribution retirement plan, covers substantially all of the Service's employees. Employer contributions are determined by the Board of Governors of FNS, Inc. and Affiliates annually and are allocated among Plan participants on the basis of eligible employee salaries. The Service recorded expense of approximately \$149,000 in 2000 and \$155,000 in 1999 related to the retirement plan.

**NOTE 15 – RECLASSIFICATIONS**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

### Report of Operations

The following is a comparative analysis of services provided during the two fiscal years 1999 and 2000.

	FYE 1999	FYE 2000
Percent of occupancy	41.2	42.3
Patient days (total)	6,588	6,342
Medical/Surgical	5,510	5,182
Obstetrical	509	499
Skilled Beds	569	661
Admissions (total)	1,737	1,749
Medical/Surgical	1,492	1,516
Obstetrical	200	186
Skilled Beds	45	47
Average daily census	16.5	16.9
Average length of stay	3.6	3.3
Newborn percent of occupancy	9.1	7.9
Newborn patient days	333	253
Newborn admissions	137	107
Newborn average daily census	1.0	1.4
Newborn length of stay	2.0	2.3
Deliveries (total)	137	111
Physician	41	50
Midwife	83	55
Physician/Midwife	13	6
C-sections	25	34
Operations (total)	452	496
In-patient	121	209
Out-patient	306	287

	FYE 1999	FYE 2000
Deaths		43
In-patients	33	23
Emergency Room	18	10
X-rays (total)	16,435	13,652
In-patient	1,980	1,011
Out-patient	11,399	8,704
CT scans - in-patient	313	351
CT scans - out-patient	1,009	1,432
Ultrasound - in-patient	228	280
Ultrasound - out-patient	1,122	1,510
Mammograms	384	364
Lab procedures (total)	123,358	125,714
In-patient	42,898	43,857
Out-patient	51,747	60,456
Referred in	28,713	21,401
Physical Therapy (total)	6,155	7,178
In-patient	2,072	975
Out-patient	4,083	6,203
EKG procedures (total)	2,929	3,354
In-patient	1,300	1,478
Out-patient	1,629	1,876
EEG procedures (total)	35	26
In-patient	24	9
Out-patient	11	17



	FYE 1999	FYE 2000
Respiratory Therapy (total)	58,147	57,346
In-patient	50,746	49,210
Out-patient	7,401	8,136
Home Health visits (total)	28,993	14,541
Clinics (total)	37,215	41,153
Hyden	18,085	19,817
Emergency Room	7,935	8,847
Kate Ireland's Womens	2,622	2,977
Beech Fork	2,792	3,162
CHC	2,566	3,311
Extended hours Clinic	473	3,039
Social Services (total)	737	898
In-patient	235	367
Out-patient	306	250
Home Health	196	281
Courier Services:		
Number of volunteers	16	14

### Seventy-Five Year Totals - Selected Data

Because there continues to be interest in these figures, we have reconstructed the essential information necessary to cover FNS' seventy-five years of operation. These figures should not be understood as audit totals. They are reasonable close approximations as of the close of the fiscal year that ended April 30, 2000.

* Patients registered from the beginning in 1925 (including all clinics and emergency room)	414,121
* Maternity cases delivered	24,794
* Maternity deaths (9 puerperal, 2 cardiac)	11
* Number of days of occupancy in FNS hospitals (including old Hyden Hospital, which opened during June 1928, and Mary Breckinridge Hospital which opened during February 1975). Figures exclude newborns	579,374
* Number of midwives graduated including CNEP	1,363
* Number of CNEP students currently enrolled	173
* Number of CFNP students currently enrolled	9

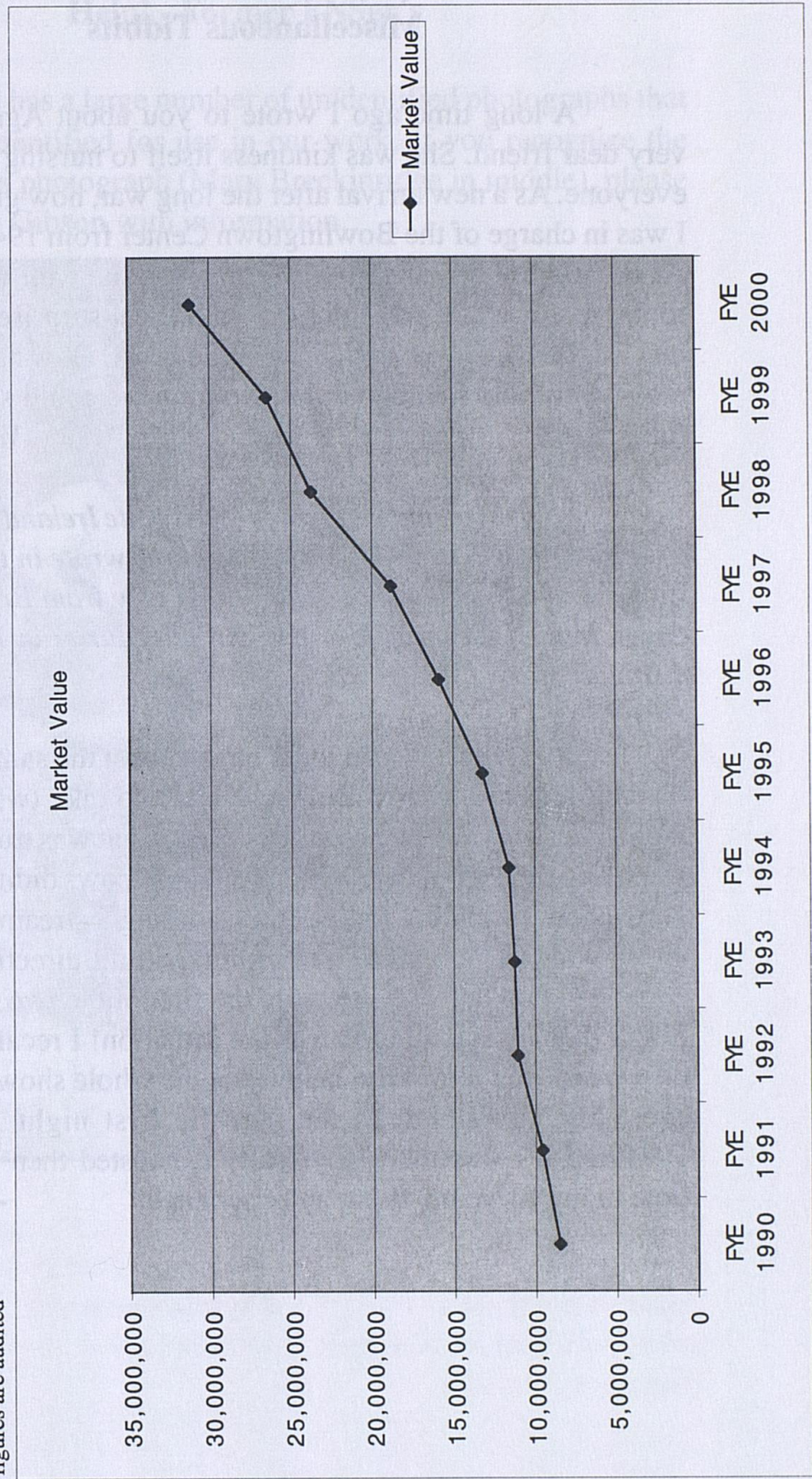
### Total Contributions

	YTD 1998-1999	YTD 1999-2000
Non-restricted	881,706	1,153,708
Restricted	275,186	149,524
Boston Committee	24,022	12,032
Bluegrass Committee	1,760	870
Daughters of Colonial Wars	8,179	377

Investment Growth 1990 through 2000

	FYE 1990	FYE 1991	FYE 1992	FYE 1993	FYE 1994	FYE 1995	FYE 1996	FYE 1997	FYE 1998	FYE 1999	FYE 2000
Market Value	8,497,240	9,566,050	11,087,766	11,239,419	11,601,974	13,179,891	15,878,213	18,808,650	23,760,453	26,499,920	31,215,909
Changes	-471,142	1,068,810	1,521,716	151,653	362,555	1,577,917	2,698,322	2,930,437	4,951,803	2,739,467	4,715,989
Total Growth Market Value :											22,247,527

All figures are audited



### Miscellaneous Tidbits

A long time ago I wrote to you about Agnes Lewis, a very dear friend. She was kindness itself to nursing staff as with everyone. As a new arrival after the long war, how grateful I was. I was in charge of the Bowlingtown Center from 1947-1950, and Agnes spent a lot of time with me when the well was drilled. I found that I was a water diviner with great surprise! Agnes visited England and was such a welcome guest. How happy I was to read what folks said about her. Nothing we could say would do full justice.

-Vera Chadwell

*Louise Ireland Humphrey (Miss Kate Ireland's sister), was a courier at FNS in 1937. Mrs. Humphrey wrote in the Quarterly Bulletin of her experience of driving a cow from Brutus to Wendover. In the following, Mrs. Mary Neel, courier in 1940, related a similar story:*

... I must tell you that I have almost the same story from my courier days. Mardi Bole and I had to take two cows from Wendover, via Confluence, to Red Bird. That was truly one of the worst experiences of my whole life! Those cows didn't know anything about following road or trail, fording a stream, or of keeping moving, which made them plunge in all directions. We encountered two bulls on the loose the first of the two day journey. It was then also a rather dangerous situation! I recall one or two men we met en route who laughed at the whole show before their eyes. My memory tells me that the first night we spent at Confluence I was more physically exhausted then at any other time in my 81 years. What an experience!

- Mary Neel

### Help! - Former FN Ser's

FNS has a large number of unidentified photographs that need to be identified for use in our work. If you recognize the people in this photograph (Mary Breckinridge in middle), please contact Barb Gibson with information.



Kate Challman  
H. Caperton Morgan  
William & Jane Nims  
Cecilia Ocasio  
Marta Lepow

Mary & John Kern  
Elizabeth Borden  
David Jerec  
Susan Dow Johnson  
Soyl Joy Kennam Waldron  
William A. Waldron

### IN MEMORIAM

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

**Scott D. Breckinridge**, Lexington, Kentucky, died during June 2000. Mr. Breckinridge was a cousin of Mary Breckinridge. He was an author, lawyer, historian and a veteran of the Central Intelligence Agency.

**Doshia Bowling**, Hyden, Kentucky, died August 24, 2000. Mrs. Bowling worked at FNS for 14 years as cook/housekeeper. Mrs. Bowling's daughter, Juanita Johnson, works at the Mary Breckinridge Hospital.

### IN MEMORY

**Agnes Lewis**

Mrs. William Grosvenor

Rosalie Culver

**Hubert Stroks**

Marge & John Smith

**Scott D. Breckinridge**

Mary L. Carter

Betty E. Borries

Elise Von Borries

Mary & John Kerr

Elizabeth Borden

**David Teece**

Susan Dow Johnson

Sybil Joy Kenniaitt Waldron

William A. Waldron

**Ileta Schutt**

Marge & John Smith

**Coy Baker**

Susie & Brad Stewart

**Marjorie Murch**

Margaret C. Williams

**Mary Ann Carrico**

Mary Ann Carrico Mitchell

**Dr. Rogers Beasley**

Kate Challman

**H. Caperton Morgan**

William & Jane Nine

**Cecelia Oseasohn**

Martha Lepow

**Sue Grandin**

Marvin Breckinridge Patterson

**Catherine Cirves**

Mr. & Mrs. Albert Squire

**Joe Roberts**

Adeline & John H. Lewis, Jr.

**Mary Morris**

Ruth & Roy Roberts

**Dorothy Newman Chase**

Theodore Chase, Jr.

**IN HONOR OF:**

**Mrs. Jefferson Patterson**

Ruth C. Newell

**Miss Kate Ireland**

Ruth C. Newell

Elizabeth Borden

**Elizabeth Breckinridge**

**Graham**

Susan Graham

**Jean Davis**

Bettie & Sydney Spector

**In Memoriam**

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

In memory of \_\_\_\_\_

Contributor's name \_\_\_\_\_

Person(s) to whom you wish acknowledgment sent

Name \_\_\_\_\_

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**In Honor Of**

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

In honor of \_\_\_\_\_

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Rejith Paiely - *Internist - Hyden Clinic*  
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**FSMFN Faculty Practice:**

Lenora Campbell, *FNP*  
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(the parent)

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### FORM OF BEQUEST

For the convenience of those who wish to remember the Frontier Nursing Service in their Wills, this form of bequest is suggested:

"I hereby give, devise and bequeath the sum of . . . dollars (or property properly described) to the Frontier Nursing Service, a corporation organized under the laws of the State of Kentucky."

### HOW ENDOWMENT GIFTS MAY BE MADE

The following are some of the ways of making gifts to the Endowment Funds of the Frontier Nursing Service:

1. **By specific gift under your Will** - you may leave outright a sum of money, specified securities, real property, or a fraction or percentage of your estate.
2. **By gift of residue under your Will** - you may leave all or a portion of your residuary estate to the Service.
3. **By life insurance** - you may have life insurance made payable direct to the Service.

The principal of the gifts will carry the donor's name unless other instructions are given. The income will be used for the work of the Service in the manner judged best by its Trustees.

Contributions to the Frontier Nursing Service, Inc. are tax deductible under Section 501(c) (3) of the Internal Revenue Code of 1954.

Gifts of stock should be sent to:

FRONTIER NURSING SERVICE  
Mr. William Hall, Treasurer  
Fifth Third Central Kentucky Trust  
250 West Main Street, Suite 100  
Lexington, Kentucky 40507

## STAFF OPPORTUNITIES

Because text for the *Bulletin* must be obtained several days before publication, it is not possible for any issue to contain an up-to-date list of job opportunities. Instead, we list types of positions that are most likely to be available and invite anyone qualified and interested to write for current information.

**Staff opportunities:** Family Nurse-Practitioners, Registered Nurses, and Physicians. For current information or to apply for a position, contact Department of Human Resources, Wendover, KY 41775 (606-672-2913)

**Courier Program:** This Program has an on-going need for all types of people, with all types of skills. The Program is not limited to those interested in a health career. It encourages applications from anyone who is willing to volunteer for a minimum of 12 weeks and would like to be exposed to the work of the Frontier Nursing Service. For current information, write or call Courier Coordinator/Courier Program, FNS, Inc., 132 FNS Drive, Wendover, Kentucky 41775 (606-672-2317).

**Nursing Volunteer Program:** This Program is designed to meet the needs of nurses and nursing students who only have a short length of time in which to come to FNS and gain experience. In this Program, if accepted, there is no required amount of time. For current information, write or call Director of Nursing, Mary Breckinridge Healthcare, Inc., 130 Kate Ireland Drive, Hyden, Kentucky 41749 (606-672-3162).

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**URGENT NEEDS**

FNS has an urgent need for the items listed below and hopes that its friends will wish to contribute toward their purchase. We sometimes receive more gifts for a particular item than needed. In those instances, your gift will be applied toward another need. Send to FNS, Inc., 132 FNS Drive, Wendover, Kentucky 41775.

**Beech Fork Clinic:**

Commercial Vacuum Cleaner	600.00
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**Dietary:**

Meat Slicer	549.00
Food Blender Processor	1,349.00
Food Storage Boxes	200.00

**Emergency Room:**

Warming Blankets	657.74
Alligator Forceps (ear, nose)	560.87
Wheelchair Accessories (for two chairs)	273.90
Leather Wrist Restraints	323.60
Electric Ring Cutter	475.00
Ultrasound Sonic Stethoscope	607.75

**Home Health:**

Weight Scales (3)	153.00
Shampoo Boards (3)	104.34
Fetal Doppler	522.75
Otosopes (2)	224.30
Elite Glucometers (3)	131.25

**Hyden Clinic:**

Chair Scales	459.99
Cast Cutter with Cast Vacuum	1,761.17
Two Welch Allen Speculum Lights	215.06
Addressograph x 2	260.00
Pediatric Papoose Board	207.35

**Kate Ireland Women's Center:**

Four Welch Allen Speculum Lights	430.12
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## URGENT NEEDS - Continued

### Infection Control:

Whiteboard & Easel	169.99
Overhead Projector	199.99

### Medical Surgical:

Pocket Halogen Otoscope/Ophthalmoscope Set	253.93
Over the Bed Covered Clipboards (36)	423.00
Sprague Rappaport Stethoscope (5)	59.10

### Nursing:

Educational Videos (Nurse Management)	1,000
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### Obstetrics:

Two Ultrasound Sonic Stethoscopes	1,066.90
Addressograph for Labor Hall	130.00
IV Poles (1)	94.95
Welch Allen Speculum Light	127.44
Patient Positioning Pads	361.75

### Operating Room:

Buffer/Scrubber	980.00
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### Physical Therapy:

SysStim 226 Neuromuscular Stimulator	1,695.00
BAPS - Knee, Ankle, Foot Exerciser System	525.00
Pro-Fitter Exercise System	499.00
Saunders Portable Cervical Traction	395.00
Cuff Weights	275.00

### Respiratory Care:

Two O2 Analyzers	628.00
Miller & MacIntosh Blades/Handles	976.45

### X-Ray:

Cool Brite High Intensity Illuminator	
Cone Instrument	654.00
Radiation Protection Equipment	850.00
Mammography Viewboxes	1,600.00

## FRONTIER NURSING SERVICE, INC.

Its motto:

“He shall gather the lambs with his arm  
and carry them in his bosom, and shall  
gently lead those that are with young.”

Isaiah 40:11

Its object:

To safeguard the lives and health of mothers and children by providing and preparing trained nurse-midwives and nurse-practitioners for rural areas where there is inadequate medical service; to give skilled care to women in childbirth; to give nursing care to the sick of both sexes and all ages; to establish, own, maintain and operate hospitals, clinics, nursing centers, and educational programs for nurse-midwives and nurse-practitioners; to carry out preventive public health measures; to educate the rural population in the laws of health, and parents in baby hygiene and child care; to provide expert social service; to obtain medical, dental and surgical services for those who need them, at a price they can afford to pay; to promote the general welfare of the elderly and handicapped; to ameliorate economic conditions inimical to health and growth, and to conduct research toward that end; to do any and all other things in any way incident to, or connected with, these objects, and, in pursuit of them to cooperate with individuals and with organizations, private, state or federal; and through the fulfillment of these aims to advance the cause of health, social welfare and economic independence in rural districts with the help of their own leading citizens.

From the Articles of Incorporations  
of the Frontier Nursing Service.  
Article III as amended June 8, 1984