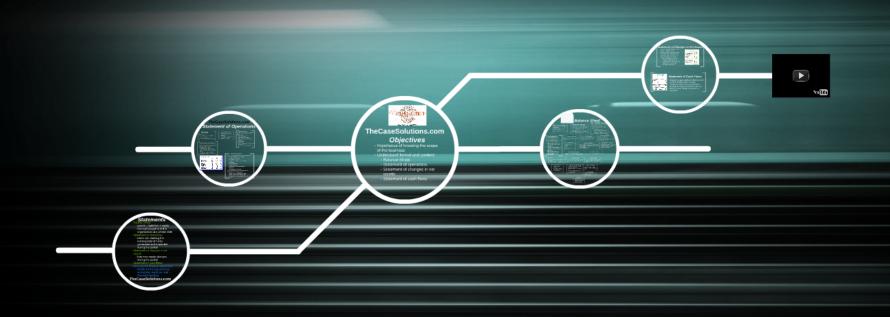
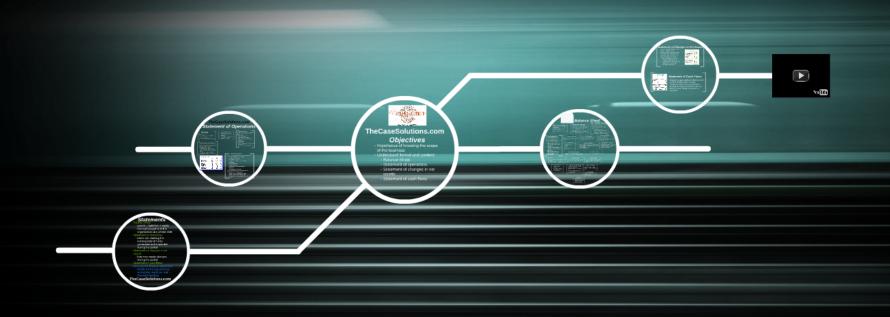
# Mitch Daniels and the State of Indiana TheCaseSolutions.com



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# TheCaseSolutions.com Objectives

- Importance of knowing the scope of the business
- Understand format and content:
  - Balance Sheet
  - Statement of operations
  - Statement of changes in net assets
  - Statement of cash flows

### Statements

- Balance sheet:
  - assets = liabilities + equity
  - financial snapshot of the organization at a certain date
- Statement of operations:
  - video clip showing the running total of funds generated and expended during the period
- Statement of changes in net assets:
  - lists how equity changes during the period
- · Statement of cash flows:
- Notes to the financial statements:
  - details on the org structure, accounting practices, and financial standing

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### TheCaseSolutions.com **Statement of Operations**

### Revenue

### Three sources

- Patient services revenue
- Other revenue
- Non operating gains (losses)

### Patient Services Revenue

- residual of gross patient less
- the list price for services

### Other Revenue

- educational programsresearch and grantsrentals of space or equipment

- investment income on malpractice trust

### Nonoperating Gains (losses)

- Result from peripheral or incidental transactions
- These items are often categorized as nonoperating gains or losses:
- Contributions or donations that are unrestricted income from endowments
- Income from the investment of unrestricted funds
- · Gains or losses on sale of property
- · Net rentals of facilities not used in the operation of the facility

Statement of Operations 2010 2012 2011 Direct Written Premium \$ 183,102 \$ 180,664 \$ 163,058 Net Written Premium Not Formed Dramium 165,712 168,161 (108,413) (15,262) (53,254) (8,768) (89,500) (10,842) (48,687) 1,401 Underwriting Expenses Underwriting Profit 8,400 3,132 25 9,369 2,891 Federal Income Taxes 9,293 2,789 10,450 Other Direct Changes in Surplus (1,998) \$791 477 \$10,927 Net Changes in Surplus

### **Operating Expenses**

- In most general-purpose financial statements. costs are reported by cost object
  - Salaries and wages
  - Employee benefits
  - · Supplies and purchased services
  - Advertising
  - Staff enrichment
  - Occupancy cost
  - · Depreciation and amortization
  - Interest
  - Provision for bad debts
- Expenses and expenditures may not be

### equivalent in any given period

- · Retirement or repayment of debt
- Investment in new fixed assets
- Increases in working capital or current assets

## Current Assets

 Assets that are expected to be exchanged for cash or consumed during the operating cycle of the entity

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# TheCaseSolutions.com Cash and Cash Equivalen.

- Cash consists of coin, currency, and available deposited funds at the bank
- Cash equivalents include savings accounts, certificates of deposit, and other temporary marketable securities
  - Two categories must be met:
    - management must intend to convert the investment into cash within 1 year or during the operating cycle
    - must be readily marketable and capable of being transformed into cash easily

### Accounts Receivable TheCaseSolutions.com

- Represent legally enforceable claims on customers for prior services or goods
- The charges actually billed to patients are often settled for substantially less amounts
- The differences are known as allowances
  - Charity allowances
    - difference between established service rates and amounts actually charged to indigent patients
  - Courtesy allowances
    - the difference between established rates for services and rates billed to special patients, such as employees, physicians, and clergy
  - Doubtful allowances
    - difference between rates billed and amounts expected to be recovered
  - Contractual allowances
  - represent the largest deduction from accounts receivable

Inventories i that are to b services

> Represent t the healthca any improve

- water ar
- roadway
- fences
- sidewalk
- shrubbe
- Land may n improvemer

The a asset

### **TheCaseSoluti**

## TheCaseSolutions.com Inventories and Supplies

Inventories in a healthcare facility represent items that are to be used in delivery of healthcare services

### Land & Improvements

Represent the historcal cost of land owned by the healthcare facility and the histocal coast of