

**MINERS' COLFAX MEDICAL CENTER  
SPECIAL MEETING OF THE BOARD OF TRUSTEES**

**Call to Order**

The meeting of the Miners' Colfax Medical Center Board of Trustees was called to order by Chairman Roy Fernandez, on March 19, 2010 at 11:02 am. The meeting was held in the Acute Care Conference Room located at 203 Hospital Dr. in Raton, New Mexico.

Members Present:                Roy Fernandez, Chairman  
   Randy Rubin, Vice Chairman  
   Dr Gordon.  
   Mike Colangelo  
   Jenny Garcia, Secretary/Treasurer

Staff Present:                    Mike Carter, CEO  
   Albino Martinez, Interim CFO  
   Jamie Marez, HR  
   Catherine DePari, Union  
   Patty Romero, Materials Manager/  
  
   Henrietta Romero Recorder

Visitors Present:                Bryan Fryar, CPA, Partner Moss-Adams, LLP

**Correction/Approval of Agenda**

*Motion:* After review of the March 19, 2010 agenda, Ms. Garcia moved to approve the agenda as presented. Dr. Gordon seconded the motion. Voice vote was taken and all Board Members present voted in favor: Motion carried.

**Recognition of Visitors & Visitors Forum**

Mr. Fernandez recognized staff present.

**Auditor's Report**

Mr. Fryar, presented an overview of the current year audit report dated December 14, 2009. They were informed that the Engagement letter was dated September 3, 2009 and the final fieldwork began on November 2, 2009. The Report was submitted to State Auditor on December 14, 2009 and released by the State Auditor on January 26, 2010.

The overview h included tested internal control over the following areas:

- Billing, Revenue, Accounts Receivable & Collections
- Payroll processing
- Cash disbursements
- Travel & per diem reimbursements

Conducted review of the Information Technology environment-general controls review and conducted fraud inquiries and designed tests in audit to respond to fraud risk factors,. Design & implementation of controls over all accounts & operating effectiveness only on those they

determined to rely on were tested. Revenues & expenses were tested primarily through analyticals. Other audit areas tested primarily through tests of details.

Mr. Fryer outlined the firm's consideration of fraud: The board was informed that the firm does not design their audit to specifically detect fraud. They consider the Hospital's internal control over financial reporting (internal control) as a basis for designing their auditing procedures but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

The firm held interview with management and Board members to discuss awareness and knowledge of risks of fraud. Conducted additional testing in the following areas:

- A/R Allowance (bad dept & contractual)
- Travel & per diem reimbursements
- Review of journal entries

Mr. Fryer informed the Board that no significant deficiencies or material weaknesses were found. Two other matters were reported to include overage & employee embezzlement (both were immaterial to the financial statements, but the State Auditor requires these to be reported). Eight findings from the prior year audit were cleared.

The Board was informed that significant audit areas included:

- ❖ Significant Management Estimates
  - Bad dept & contractual allowances (**\$856k Bad Debt, \$3.8 M Contractual**)
  - Third-party payer settlements liabilities ( payable of \$50.161 , receivable of \$283,775)
  - Trust fund income receivable receivables of \$515k
- ❖ Trust Fund
  - Principal balance of \$83M as of June 2009 & \$110M as of June 2008
  - Recover a portion of loss through October 2009- \$91M
- ❖ Confirm investments- consist of debt service reserve funds of \$1.3M

A summary of audit adjustments: The firm proposed no significant audit adjustments, which is a significant improvement of prior years.

Adjusting entries presented by management included:

- ❖ Cost report settlements (\$282k receivable, \$25k payable)
- ❖ Additional allowance on A/R of \$800k based on analysis of collections subsequent to yearend.

The Board was given a balance sheet, which provided the summary of financial results.

Required Communications with the Board

The Board was informed that Moss-Adams firm is responsible under Generally Accepted Auditing & Government Auditing Standards to provide reasonable assurance that financial statements are free of material misstatements and to consider internal control over financial reporting for purpose of expressing an opinion on financial statements & not on internal controls.

Significant accounting policies are defined in Note 2. No changes from prior year.

It was noted that the Board has a fiduciary duty to ensure that qualified staff are employed to perform duties as required.

*Motion:* Mr. Rubin moved to accept the audit report as presented. With second from Ms. Garcia, a voice vote was taken and all Board members present voted in favor. Motion carried.

**Executive Session**

*Motion:* Mr. Rubin moved to go into Executive Session at 12:12 pm pursuant to Section 10-15-1(H)(9) for the purpose of strategic planning of the Open Meetings Act. Ms Garcia seconded the motion. Roll call vote was taken; all Board members voted in favor, and the motion carried.

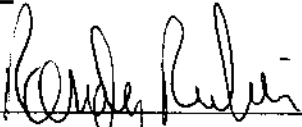
**Open Session /Announcements**

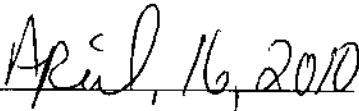
The Board of Trustees returned to Open Session at 1:19.

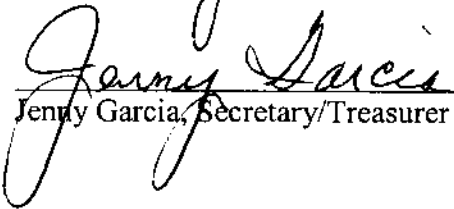
**Adjournment**

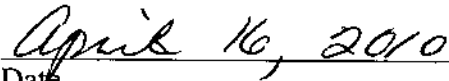
With no further business to discuss, Mr. Colangelo motioned to adjourn, with a second from Mr. Rubin, the Special Board meeting adjourned at 1:30.

**Attest**

  
\_\_\_\_\_

  
\_\_\_\_\_ Date

  
Jenny Garcia, Secretary/Treasurer

  
\_\_\_\_\_ Date