

**DESTINATION MEDICAL CENTER CORPORATION
(A COMPONENT UNIT OF THE CITY OF
ROCHESTER, MINNESOTA)**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2019

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ROCHESTER, MINNESOTA
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**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
BOARD OF DIRECTORS
AS OF DECEMBER 31, 2019**

BOARD OF DIRECTORS

R.T. Rybak	Chair
Kim Norton	Vice Chair
Paul Williams	Secretary
Jim Bier	Treasurer
James Campbell	Director
Michael Dougherty	Director
Nick Campion	Director
Pamela Wheelock	Director

SECTION I – FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Board of Directors
Destination Medical Center Corporation
Rochester, Minnesota

We have audited the accompanying financial statements of the governmental activities and the general fund of the Destination Medical Center Corporation (the Corporation), a component unit of the City of Rochester, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements 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 Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Corporation as of December 31, 2019, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2020, on our consideration of the Corporation’s internal control over financial reporting and on our tests of its compliance with certain provisions of the laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Rochester, Minnesota
May 20, 2020

**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2019**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,148	\$ -	\$ 1,148
Advances to DMC EDA	50,000	-	50,000
Due from Other Governments	318,828	-	318,828
Prepays	<u>72,177</u>	<u>-</u>	<u>72,177</u>
Total Assets	<u><u>\$ 442,153</u></u>	<u>-</u>	<u>442,153</u>
LIABILITIES			
Accounts Payable	\$ 318,976	-	318,976
Due to Other Governments	51,000	-	51,000
Unearned Revenue	<u>72,177</u>	<u>-</u>	<u>72,177</u>
Total Liabilities	<u>442,153</u>	<u>-</u>	<u>442,153</u>
FUND BALANCE/NET POSITION			
Fund Balance:			
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 442,153</u></u>		
Net Position:			
Unrestricted		<u>-</u>	<u>-</u>
Total Net Position		<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Financial Statements.

**DESTINATION MEDICAL CENTER CORPORATION
 ROCHESTER, MINNESOTA
 STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCE
 YEAR ENDED DECEMBER 31, 2019**

	General Fund	Adjustments	Statement of Activities
EXPENDITURES/EXPENSES			
Economic Development:			
Building Rent	\$ 34,017	\$ -	\$ 34,017
Legal Consultants	146,785	-	146,785
Other Professional Services	14,668	-	14,668
Travel and Training	322	-	322
Insurance	13,607	-	13,607
Program Costs	2,491,338	-	2,491,338
Total Expenditures/Expenses	2,700,737	-	2,700,737
PROGRAM REVENUES			
Intergovernmental:			
Local Government	2,700,723	-	2,700,723
Total Program Revenues	2,700,723	-	2,700,723
Net Program Revenues	(14)	-	(14)
GENERAL REVENUES			
Investment Earnings	14	-	14
Total General Revenues	14	-	14
Change in Fund Balance	-	-	-
Change in Net Position	-	-	-
FUND BALANCE/NET POSITION			
Beginning of Year	-	-	-
End of Year	\$ -	\$ -	\$ -

See accompanying Notes to Financial Statements.

**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2019**

	Budgeted Amounts		Actual Amounts	Over (Under) Final Budget
	Original	Final		
REVENUES				
Intergovernmental:				
Local Government	\$ 2,897,606	\$ 2,897,606	\$ 2,700,723	\$ (196,883)
Investment Earnings	-	-	14	14
Total Revenues	<u>2,897,606</u>	<u>2,897,606</u>	<u>2,700,737</u>	<u>(196,869)</u>
EXPENDITURES				
Current:				
Building Rent	35,000	35,000	34,017	(983)
Legal Consultants	225,000	225,000	146,785	(78,215)
Other Professional Services	41,200	41,200	14,668	(26,532)
Travel and Training	5,000	5,000	322	(4,678)
Insurance	20,000	20,000	13,607	(6,393)
Program Costs	<u>2,571,406</u>	<u>2,571,406</u>	<u>2,491,338</u>	<u>(80,068)</u>
Total Expenditures	<u>2,897,606</u>	<u>2,897,606</u>	<u>2,700,737</u>	<u>(196,869)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE				
Beginning of Year			<u>-</u>	
End of Year			<u>\$ -</u>	

See accompanying Notes to Financial Statements.

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**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Destination Medical Center Corporation (the Corporation) is a component unit of the City of Rochester, Minnesota, and was incorporated on July 23, 2013. The Corporation was established by the City of Rochester, Minnesota pursuant to Minnesota Statutes Section 469.41 as a Minnesota nonprofit corporation. The Corporation was established to benefit the City, and more broadly, Olmsted County and the state of Minnesota by researching, preparing, and implementing a master development plan, including facilitating public infrastructure projects and a variety of development and redevelopment projects, all to promote and provide for the establishment of the City, the County, and the State as a world destination medical center.

The Corporation is governed by a board of directors consisting of eight directors. The composition of the board of directors include the Mayor of the City of Rochester or the Mayor's designee, the City of Rochester Council President or the President's designee, the Chair or another member of the County Board of Olmsted County, a representative of Mayo Clinic, and four directors appointed by the Governor of Minnesota.

Basis of Presentation

The financial statements of the Destination Medical Center Corporation have been prepared in conformity with accounting principles generally accepted in the United States of America. (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as generally accepted accounting principles in the United States of America for state and local governments.

Financial Reporting Entity

The Corporation was established to oversee the planning and implementation of the Destination Medical Center initiative. The Corporation works with the City of Rochester, Minnesota and the Destination Medical Center Economic Development Agency to prepare and adopt a development plan.

Component units are legally separate entities for which the Corporation (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the Corporation.

**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basic Financial Statement Presentation

The General Fund of the Destination Medical Center Corporation meets the definition of a Special-Purpose government and is involved in only one program, as specified in Minnesota Statutes, Sections 469.40 - 469.47. Accordingly, the Corporation is allowed to combine its government-wide statements with the fund statements. At December 31, 2019, and for the year then ended, there were no reconciling items between the two types of statements.

The government-wide financial statements (i.e. the statement of net position and the statement of activities) display information about the reporting government as a whole. These statements include all financial activities of the Corporation.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied is determined by its measurement focus and basis of accounting. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis of accounting, transactions are recorded in the following manner:

1. Revenue Recognition – Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State revenue is recognized in the year to which it applies according to Minnesota Statutes and U.S. generally accepted accounting principles.
2. Recording of Expenditures – Expenditures are generally recorded when a liability is incurred. However, expenditures are recorded as prepaid for approved disbursements or liabilities incurred in advance of the year in which the item is to be used.

**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The Corporation adopts an annual budget, which is adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP). Reported budget amounts represent the original adopted budget as amended by the board. For 2019, the amount budgeted for the purpose of paying the expenses of the Corporation was \$2,897,606. Actual expenditures of the Corporation were \$2,700,737 resulting in a favorable variance of \$196,869.

Assets, Liabilities, and Fund Balance/Net Position

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits in a checking account and a repurchase agreement account for any available deposits at the end of the business day.

Advances

Advances consist of monies advanced to the Destination Medical Center Economic Development Agency to fund operational expenses.

Due from Other Governments

Due from other governments consists of program costs receivable from the City of Rochester, Minnesota.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments. Prepaid items are reported using the consumption method and recorded as an expense or expenditure at the time of consumption.

Unearned Revenues

Unearned revenue is prepaid insurance and unspent dollars that were advanced to the Destination Medical Center Economic Development Agency.

Fund Balance

In the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned, or unassigned. The Corporation currently only reports unassigned fund balance. Restricted fund balances are constrained by outside parties (statute, grantors, bond agreements, etc.). Committed fund balance represents constraints on spending that the Corporation imposes upon itself by high-level formal action prior to the close of the fiscal period. The board of directors authorizes all assigned fund balances and their intended uses. Unassigned fund balances are considered remaining amounts.

**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

When an expenditure is incurred for which both restricted and unrestricted fund balance is available, it is the Corporation's policy to use restricted fund balance first, then unrestricted fund balance. When an expenditure is incurred for purposes for which committed, assigned and unassigned cash fund balance is available, it is the Corporation's policy to use committed first, then assigned and finally unassigned fund balance.

Revenues

Intergovernmental revenues are reported under the legal and contractual requirements of the individual programs. Generally, grant revenues are recognized when the corresponding expenditures are incurred. The intergovernmental revenues are entirely provided by the City of Rochester, Minnesota.

Investment income is recognized when earned, since it is measurable and available.

Expenditures

Expenditure recognition in the general fund includes only amounts represented by current liabilities. Noncurrent liabilities are not recognized as governmental fund type expenditures or fund liabilities.

Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

NOTE 2 DEPOSITS AND INVESTMENTS

A. Deposits

In accordance with Minnesota Statutes, the Corporation maintains deposits at depository banks as authorized by the Corporation's board of directors.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned in full. The Corporation's deposit policy for custodial credit risk follows Minnesota Statutes for deposits.

Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or corporate surety bonds.

**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits (Continued)

The Corporation's deposits in banks at December 31, 2019 were entirely covered by federal depository insurance or by surety bonds and collateral in accordance with Minnesota Statutes.

B. Investments

The Corporation may also invest idle funds as authorized by Minnesota Statutes as follows:

- Direct obligations or obligations guaranteed by the United States or its agencies.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, is rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less.
- General obligations rated "A" or better; revenue obligations rated "AA" or better.
- General obligations of the Minnesota Housing Finance Agency rated "A" or better.
- BANKER'S acceptances of United States banks eligible for purchase by the Federal Reserve System.
- Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by a least two nationally recognized rating agencies, and maturing in 270 days or less.
- Guaranteed investment contracts guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies if similar debt obligations of the issuer or the collateral pledged by the issuer is in the top two rating categories.
- Repurchase or reverse purchase agreement and securities lending agreements financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

The Corporation's investments consisted of a repurchase agreement with Wells Fargo Bank, N.A. having a balance of \$1,148 at December 31, 2019. The securities sold to the Corporation include US Agency Bonds with an AAA rating. The repurchase agreement bears interest at .01% and matures overnight. As such, the repurchase agreement is presented as a cash equivalent in the financial statements.

Interest Rate Risk – This is the risk that arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Corporation's investment policy limits investments to a maturity of one year, or lesser period that coincides with expected disbursements by the Corporation. Operating reserves may be invested in securities with a maximum maturity of up to three years.

**DESTINATION MEDICAL CENTER CORPORATION
ROCHESTER, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of a failure by the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Corporation follows state statutes which require that investment balances be fully collateralized. As of December 31, 2019, the securities underlying the repurchase agreement are held by the counterparty in the Corporation's name.

At December 31, 2019, the Corporation had the following deposits and investments:

Repurchase Agreement - Wells Fargo Bank, N.A.	\$ 1,148
Total Cash and Investments	<u>\$ 1,148</u>

NOTE 3 RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts, theft of assets, or errors and omissions. The Corporation purchases commercial insurance coverage for such risks. There has been no significant reduction in insurance coverage from the previous year in any of the Corporation's policies. In addition, there have been no settlements in excess of the Corporation's insurance coverage in any of the prior three fiscal years.

NOTE 4 RELATED ORGANIZATION

The Destination Medical Center Economic Development Agency (DMC EDA), a related Minnesota nonprofit corporation, was established by the Mayo Clinic pursuant to Minnesota Statutes Section 469.43. The Corporation does not have a voting majority of the board of directors of DMC EDA, which is considered a stand-alone entity apart from the Corporation and thus, is excluded from the Corporation's financial statements. Separate financial statements are issued for the DMC EDA.

NOTE 5 CONTINGENT LIABILITIES AND COMMITMENTS

The Corporation receives financial assistance from state and local governmental agencies. The disbursement of funds received under these programs generally require compliance with the terms and conditions specified in the agreements and are subject to audit by the funding agencies, regulators and other oversight agencies. Any disallowed claims resulting from such audits could become a liability of the Corporation. Management is not aware of any disallowed claims at this time.

SECTION II – COMPLIANCE LETTERS

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Destination Medical Center Corporation
Rochester, Minnesota

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Destination Medical Center Corporation (the Corporation), a component unit of the City of Rochester, Minnesota, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated May 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

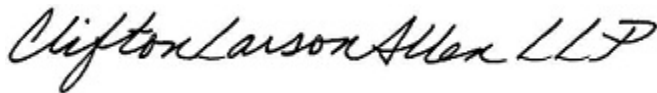
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Rochester, Minnesota
May 20, 2020



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Board of Directors
Destination Medical Center Corporation
Rochester, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Destination Medical Center Corporation (the Corporation), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated May 20, 2020.

In connection with our audit, nothing came to our attention that caused us to believe that the Corporation failed to comply with the provisions of the deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, 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 entity's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

Rochester, Minnesota
May 20, 2020

