



PUBLIC NOTICE

**KERN VALLEY HEALTHCARE DISTRICT
AGENDA FOR REGULAR BOARD OF DIRECTORS**

Thursday, September 14, 2023 – 2:00 p.m.

Location: Zoom/Administrative Conference Room

www.kvhd.org

REMOTE PARTICIPATION:

Zoom Meeting Dial-In: (669) 900-9128

Meeting ID: 890 0573 7998 Passcode: 839162

A. CALL TO ORDER

B. APPROVAL OF AGENDA

(pages 1-4)

1. Flag Salute

2. Invocation

3. Mission Statement: We will provide high quality, efficient patient-care services that respond to community and provider needs. We will provide leadership in health promotion and education for our patients, residents, medical staff, employees and community throughout the district.

C. PUBLIC COMMENT

This portion of the meeting is reserved for persons to address the Board on any matter not on this agenda but under the jurisdiction of the Board. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Also, the Board may take action to direct the staff to place a matter of business on a future agenda. The Board cannot take action on items not listed on the agenda for action. Speakers are limited to three minutes. Please state your name before making your comment.

D. CONSENT AGENDA

The following items are considered routine and non-controversial by Hospital Staff. Consent items are listed as **ACTION** items and may be approved by one motion if no member of the Board or audience wishes to comment or ask questions. If comment or discussion is desired, the item will be removed from the Consent Agenda and will be considered separately.

1. Board of Directors Meeting Minutes – August 10, 2023

(pages 5-8)

Recommendation – Approve minutes as presented

2. **Building & Planning Meeting Minutes – August 29, 2023** (pages 9-11)
Recommendation – Accept minutes pending committee approval
3. **Finance Committee Meeting Minutes – August 30, 2023** (pages 12-14)
Recommendation – Accept minutes pending committee approval
4. **Unaudited Financial Statement – July 2023** (pages 15-30)
Recommendation – Accept financial report as presented
5. **Contract Reviews:** (page 31)
 - A. Aligned Telehealth (Asana) – Psychiatric, LCSW
 - B. E-MDs – RHC Software Support
 - C. ICAHN – Patient Satisfaction Surveys
 - D. Managed Care Advisory Group - Dispute Resolution (Hospital Council)
 - E. MCG Health, LLC – Interqual Criteria
 - F. Merlin Shone Residual Trust – HR/PR Space Rent
 - G. Nave Law Office, PC – Legal Counsel
 - H. Register.com – Website/Email/Domain
 - I. Relias Learning – Employee Learning/Training
 - J. Star CPR – ACLS/PALS Training Certification
 - K. T-Systems (Corro Health) – Emergency Department EHR
6. **Board Personnel & Policy Meeting Minutes – August 28, 2023** (pages 32-33)
Recommendation – Accept minutes pending committee approval
7. **Human Resources Report – July 2023** (pages 34-35)
Recommendation – Receive and file
8. **Policies:**
 - Nursing:
 - Alcohol Withdrawal Assessment
 - Skilled Nursing Services:
 - Abuse Prevention Program – Protection
 - Abuse Prevention Program – Reporting
 - Trauma Informed Care
9. **Manuals:**
 - Nursing Services
 - Administration
10. **Medical Appointment:** None
11. **Medical Reappointment:**
 - Gregory Davis, PA-C – Allied Health – Physicians Assistant
12. **Capital Expenditure Request – ER Barcode Scanner** (pages 36-42)
Recommendation – Approve request as presented
13. **Emergency Department Physician Agreement – B. Carcelen, MD** (pages 43-50)
Recommendation – Approve agreement as presented
14. **Emergency Department Physician Agreement – P. Newell, MD** (pages 51-58)
Recommendation – Approve agreement as presented

E. REPORTS:

1. **Foundation Report:**
Monthly Report to Board of Foundation Activities
Debbie Hess, Foundation *Information*
Recommendation – Hear presentation
2. **Auxiliary Report:**
Monthly Report to Board of Auxiliary Activities
Debbie Hess, Auxiliary Liaison *Information*
Recommendation – Hear presentation
3. **Medical Staff Report:**
Monthly Report to Board of Medical Staff Activities
Gary Finstad, M.D., Chief of Staff *Information*
Recommendation – Hear presentation
4. **Chief Executive Officer Report:**
Monthly Report to Board
Tim McGlew, Chief Executive Officer *Information*
Recommendation – Hear presentation
5. **Chief Nursing Officer Report:**
Monthly Report to Board
Mark Gordon, Chief Nursing Officer *Information*
Recommendation – Hear presentation
6. **Chief Financial Officer Report:**
Monthly Report to Board
Dave Recupero, Chief Financial Officer *Information*
Recommendation – Hear presentation

F. OLD BUSINESS: None

G. NEW BUSINESS:

1. **Exploring Additional Financing Options** *(pages 59-65)*
Gary Hicks, Consultant *Information*
Recommendation – Hear presentation/discuss options
2. **MVHC Recruitment Report**
Greg Davis, MVHC Manager *Information s*
3. **JTS Change Order Proposal #5** *(pages 66-68)*
Bob Easterday, Plant Operations Manager *Action*
Recommendation – Approve change order as presented
4. **Wipfli Letter of Engagement** *(pages 69-75)*
Dave Recupero, CFO *Action*
Recommendation – Approve engagement as presented

H. DIRECTORS COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

I. CLOSED SESSION:

- Existing Litigation – Benson/Lao vs. KVHD
- Existing Litigation – Volkava vs. KVHD
- Medical Quality Council Report

J. CLOSED SESSION REPORT

Scott Nave, Legal Counsel

K. ADJOURNMENT



**KERN VALLEY HEALTHCARE DISTRICT
MINUTES FOR REGULAR BOARD OF DIRECTORS MEETING**

Location: Administrative Conference Room/Zoom
Thursday, August 10, 2023 – 2:00pm

PRESENT: Fred Clark, Chairman
Ross Elliott, 1st Vice Chair
Gene Parks, 2nd Vice Chair
Katheryn Elconin, Secretary
John Blythe, Treasurer
Tim McGlew, Chief Executive Officer
Dave Recupero, Chief Financial Officer
Mark Gordon, Chief Nursing Officer
Cary Zuber, Chief Information Officer
Barbara Figueroa, Controller
Scott Nave, Legal Counsel
Greg Davis, Mountain View Health Clinic Manager
Dena Griffith, Risk Manager
Bob Easterday, Plant Operations Manager
Deb Hess, PR/Marketing
Heidi Sage, Executive Assistant

ABSENT: Dr. Gary Finstad, Chief of Staff

- A. CALL TO ORDER:** The meeting was called to order by Director Clark, Chairman, at 2:00pm.
- B. APPROVAL OF THE AGENDA:** The agenda was approved as distributed. RE, GP 5/0
- 1. FLAG SALUTE:** Director Blythe
 - 2. INVOCATION:** Director Elconin
 - 3. MISSION STATEMENT:** We will provide high quality, efficient patient-care services that respond to community and provider needs. We will provide leadership in health promotion and education for our patients, residents, medical staff, employees and community throughout the district.
- C. PUBLIC COMMENT:** None
- D. CONSENT AGENDA:**
1. Board of Directors Meeting Minutes – July 13, 2023
 2. Governance Committee Meeting Minutes – July 25, 2023
 3. Compliance Committee Meeting Minutes – July 25, 2023
 4. Building & Planning Meeting Minutes – July 25, 2023

5. Finance Committee Meeting Minutes – July 26, 2023
6. Unaudited Financial Statement – June 2023
7. Contract Reviews:
 - a. Coca-Cola – Fountain Beverage System
 - b. Craneware – Subscription
 - c. Craneware – 340B Program
 - d. Go Staffing – Non-Exclusive Contingency Recruiting (RHC)
 - e. RX30 – Software Program MCP Billing
 - f. TeleHealth Docs – Specialty Providers
 - g. Trane Building Services – Service for Chiller 19
 - h. WestPac Lab – COVID Testing
 - i. AMN Healthcare – Professional Services
 - j. Employers Edge – Service for Unemployment
 - k. Gary Finstad, MD – Critical Access/Medical Staff
 - l. Fusion Healthcare Services – Registry/Locum Tenens
 - m. Jaime and Doris Leello Trust – Rental 4308 Birch Street
 - n. Kern River Propane – Gas for 18,000 Tank
 - o. MSDS Online – Material Safety Data Sheets
 - p. NetSmart Tech (TheraOffice) – Clinical Documentation (PT)
 - q. RLData North America (Quantros) – Safety and Risk Program
 - r. RLH Fire Protection – Fire Sprinkler Inspection
 - s. Timeclock Plus LLC – Schedule Anywhere
 - t. Zixcorp Systems – Patient File Encryption
8. Board Personnel and Policy Meeting Minutes – July 24, 2023
9. Human Resources Report – June 2023
10. Policies: None
11. Manuals:
 - Housekeeping
 - Radiology
 - Skilled Nursing Facility
 - SNF Social Services
 - SNF Pharmacy
12. Medical Appointments: None
13. Medical Reappointments: None
14. Employee Pension Contributions
15. Capital Expenditure Request – Insight HPE Support
16. Capital Expenditure Request – Ice Machine (Dietary)
17. Job Description – MVHC Medical Records Clerk

A motion was made by Director Elliott to approve the consent agenda as presented. The motion was seconded by Director Parks. Using a roll-call vote, the motion passed with a vote of 5/0.

E. REPORTS:

1. **FOUNDATION REPORT:** Mrs. Hess reported that the River Rhythms concert series is being held in Circle Park. All money raised goes to local scholarships. Crab Fest preparations continue. Mrs. Hess reported that there are only four tickets left so it is likely to be a sold-out event. The Foundation has partnered with the District to provide food for the CNA graduation ceremony, and stated that the Foundation is also willing to reimburse those

graduates who obtain their certification and successfully complete their 6-month introductory period.

2. **AUXILIARY REPORT:** Mrs. Hess reported that she is beginning to get applications for individuals who are interested in volunteering at the hospital. Mrs. Hess stated she will be meeting with the SNF DON and Activities Department to see what type of needs they have for volunteers.
3. **MEDICAL STAFF REPORT:** There was no Medical Staff report as they were primarily dark during July.
4. **CHIEF EXECUTIVE OFFICER:** The Chief Executive Officer report was given by Mr. McGlew, CEO. Mr. McGlew reported the SNF star rating is now up to 2 stars, and the SNF is working to raise that score even further. The new Pharmacist-in-Charge, Tuan Tran, started last month. The emergency generator project is continuing. The work running the conduit in the concrete walkway outside of the Emergency Department has been completed. The generator is scheduled to arrive in September. The targeted processing date of the Federal ERC for staff is August 21st. Mr. McGlew participated in the recent Kern County CEO network conference call which focused on seismic upgrade issues and 5150 issues. Mr. McGlew reported that the District will not be pursuing the consulting audit agreement with CPSI at this time, instead allowing staff to try to get some traction on accounts receivable and collections. Director Blythe asked for a more detailed report on progress related to AR be presented to the Finance Committee. Mr. McGlew also addressed the ongoing need for security to protect staff, patients and visitors, citing an incident that occurred last night. There was discussion regarding meeting with the ambulance service and sheriff's department to have a more collaborative effort in treating potentially problematic patients.
5. **CHIEF NURSING OFFICER REPORT:** The Chief Nursing Officer report was given by Mr. Gordon. Mr. Gordon reported that the COVID positivity rate through the Emergency Department has increased to 2.2%. The transportation service continues to provide 9-11 rides per day. Mr. Gordon applied for additional grant funding for the transportation service through Kern Health Systems. We should hear soon whether that request was approved.
6. **CHIEF FINANCIAL OFFICER REPORT:** The Chief Financial Officer report was given by Dave Recupero, CFO. Mr. Recupero reported that in an effort to improve AR days, the District will resurrect the Revenue Cycle/Reimbursement Committee. There was lengthy discussion regarding some of the older outstanding accounts, specifically old SNF accounts. Mr. Recupero also gave the financial report for June. For the month of June, the District saw a surplus of \$191,049, leaving a year-to-date surplus of \$2,468,536.

Positive takeaways for the month:

- Slightly improved patient volumes vs. past several months
- Higher liquidity (276 days of cash) and YTD surplus (\$2.3MM) helps Financial Strength Index to excellent category
- Other revenues (now includes HHS Stimulus) additions in months (+\$600K)
- Improvement in bad debt expense for the year

Negative takeaways for the month:

- YTD operating expenses finishes FY23 over prior year by 8.3% (Adjusted 7.1%)
- YTD gross charges below budget by 10.22%
- Days in AR temporarily high due to SNF transition to MCal HMOs

F. OLD BUSINESS: None.

G. NEW BUSINESS:

- 1. Information Systems Strategic Plan:** The Information Systems Strategic Plan for the next twelve months was presented by Cary Zuber, CIO. This item was informational only. No action was taken. Director Elliott requested an update in six months.

H. DIRECTOR'S COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA:

Director Elliott: Director Elliott stated he attended the CNA graduation yesterday and it was a very uplifting event, and he is so proud of all of them. The instructors, Ben and Joy, did a great job. Director Elliott congratulates all of those students.

Director Parks: Director Parks had no additional comments.

Director Blythe: Director Blythe had no additional comments.

Director Elconin: Director Elconin had no additional comments.

Director Clark: Director Clark stated he was sorry to miss the CNA graduation ceremony as he was tied up with a Chamber of Commerce meeting but is very pleased to see the program benefiting the valley.

I. CLOSED SESSION: The Board and Legal Counsel went into closed session at 3:30pm.

- Existing Litigation – Benson/Lao vs. KVHD
- Existing Litigation – Volkava vs. KVHD
- CEO Performance Evaluation

The Board came out of closed session at 4:33pm.

J. CLOSED SESSION REPORT: In closed session, there was no information on the Benson matter. Regarding the Volkava potential litigation, a motion was made by Director Parks and seconded by Director Blythe, the Board voted unanimously to reject the claim. The Board performed an evaluation of the CEO's performance. No other items were discussed.

K. ADJOURNMENT: The meeting was adjourned at approximately 4:34pm.

Approved by:

Katheryn Elconin, Secretary

Fred Clark, Chairman



**BUILDING AND PLANNING COMMITTEE
AND SPECIAL MEETING OF THE BOARD OF DIRECTORS MINUTES
Tuesday, August 29, 2023 – 1:00pm
Administrative Conference Room**

In Attendance: Fred Clark, Chairman
Ross Elliott, 1st Vice Chair
Gene Parks, 2nd Vice Chair
John Blythe, Treasurer
Katheryn Elconin, Secretary
Dave Recupero, Chief Financial Officer
Mark Gordon, Chief Nursing Officer
Bob Easterday, Plant Operations Manager
Greg Davis, MVHC Manager
Cary Zuber, Chief Information Officer
Deb Hess, Public Relations

- A. **Call to Order:** The meeting was called to order at 1:00pm by Director Clark.
- B. **Approval of Agenda:** The agenda was approved as distributed. JB, KE, 5/0
- C. **Public Comment:** None
- D. **Approval of Minutes from July 25, 2023 Meeting:** The minutes of the July 25, 2023 meeting were approved as distributed. RE, JB, 5/0.
- E. **Project Update:** The project update summary was given by Mr. Easterday.
 - 1. **Master Plan:** Third plan review from HCAI/OSHPD is complete and the plans sent back to the architect with 41 comments. This is down from 232 the first round and 93 comments on the second round. The plans should be resubmitted to OSHPD in approximately 6 weeks. Mr. Easterday also updated the committee on the grant application the District submitted for reimbursement for the 4D sampling (\$124,000). There is a slight delay in processing of the grant applications, but KVHD is at the top of the award list due to the qualifying nature of the project and its completion. It looks very likely that we will be awarded reimbursement. We are still waiting for the outcome of the FEMA grant application, which is also delayed but it is still looking promising as our project is one that was selected for further review. There was also discussion regarding using Gary Hicks to help secure additional financing options to allow for inflationary concerns regarding the project, specifically a revenue bond. Director Blythe suggested having Mr. Hicks attend the next Board meeting to discuss the options and answer questions for the Board.

2. **New Administration Building:** Work should resume next week in suite A. The plans for suite B and C are in plan review with Kern County Building Department.
3. **Emergency Generator:** The underground conduits are installed, backfilled, and the concrete sidewalks have been poured. The sprinkler contractor is here today finishing running the lines through the building, and then testing will occur. The Fire Marshall will be onsite on September 19th to make the tie-in. The generator should arrive around the beginning of October. Mr. Easterday also brought up a potential change order for running additional conduit to transfer the load from the old generator so we can get rid of the rental unit. After brief discussion, the committee requested this change order be placed on the Board of Directors consent agenda for action.
4. **Boiler #2 Replacement:** The plans came back and the corrections are just about done. The plans should be resubmitted to OSHPD by RED Architects shortly.
5. **Patient Monitoring Equipment Replacement:** We are waiting to put the submit the Notice of Start of Construction until mounting details are approved.
6. **Laundry Doors:** Temporary wall and door are in place, the old door and frame are removed, and the new door and frame are in the process of being installed. The second door will follow once this one is complete.
7. **Surgery/Decontamination Room Hand Wash Sink:** Received the plans back with minor corrections (goose neck height, etc). The corrections will be submitted back to OSHPD shortly.
8. **NPC Seismic Upgrade of Dietary, Surgery, and Central Plant Buildings:** The architect has put together a team to come assess the scope of required upgrades. Waiting on a date for the on-site visit. The plan will need to be submitted to OSHPD by January 1, 2024.
9. **Assembly Bill 1882 OSHPD PIN 75 Notice:** This is a requirement to have a notice in the lobby of the hospital stating to the public the status of the seismic compliance of the hospital's buildings. We are required to have a notice for each of the hospital's buildings, so we have submitted the signs for each of the six buildings for review and approval. After approval, the signs will be posted in the lobby.

F. Invoice Review/Approval: The invoices below were considered in one motion. The motion to approve these invoices was made by Director Elconin. The motion was seconded by Director Blythe. The motion passed with a vote of 5/0.

1. JTS Construction – Emergency Power/Generator Upgrade
2. Greenbough Design – Invoice 828 – Seismic Upgrade
3. Greenbough Design – Invoice 829 – Patient Monitoring System
4. Greenbough Design – Invoice 830 – Plan for PIN 75 Posting
5. Earth Systems – Invoice 842012 – Emergency Generator

G. Discussion Regarding Direction if FEMA Grant Denied: Director Parks stated this item was discussed in enough detail under the project update and there is no need to discuss it further at this time.

H. Discussion Regarding School District Grant for Healthcare: Director Parks asked for an update from Greg Davis, Clinic Manager, about KVHD's participation in the school's grant. Mr. Davis explained that the clinic is struggling at the moment to keep up with the patient load and is actively recruiting for a physician and an advanced practice provider.

There is benefit in being involved with the school because we are finding that we are having trouble meeting some of the requirements for the QIP grant. The clinic is looking at taking the mobile unit to the school and doing some well-child checks. Mr. Davis stated that there is no plan right now to partner with the school to build a clinic/wellness center. Director Elliott stated that recruitment of additional providers is key to getting the mobile unit out into the community. Mr. Davis updated the Board on the current recruitment efforts and issues that we are having attracting new providers. Director Elliott informed Mr. Davis that Kern Health Systems is offering a grant opportunity to secure new providers. Director Elliott stated he will forward the parameters of the grant to Mr. Davis. In an effort to support recruiting efforts, Director Elliott requested a monthly update at the regular Board meeting as this will ensure the Board is aware of any possible hurdles and provide support where needed.

1. **Adjournment:** The meeting was adjourned at approximately 2:07pm by Director Clark.

Submitted By: _____

Approved By: _____



**MINUTES FOR FINANCE COMMITTEE MEETING
ADMINISTRATIVE CONFERENCE ROOM
Wednesday, August 30, 2023 – 1:00pm**

A. CALLED TO ORDER: The meeting was called to order by Director Blythe at 1:00p.m.

PRESENT: John Blythe, Committee Chair
Katheryn Elconin, Committee Member
Dave Recupero, Chief Financial Officer
Barbara Figueroa, Controller
Mark Gordon, Chief Nursing Officer
Cary Zuber, Chief Information Officer
Fred Clark, Board Chair (did not participate)
Ross Elliott, Board Member (did not participate)

B. CHANGES TO AGENDA: The agenda was approved as distributed.

C. APPROVAL OF MINUTES: The minutes of the July 26, 2023, meeting were approved as distributed.

D. PUBLIC COMMENT: None.

E. FINANCIAL STATEMENT – July 2023:

Unaudited Financial Statements – Mr. Recupero gave the financial report for the month of July. For the month of July, the District saw a loss of \$18,448.

Positive takeaways for the month:

- Operating expenses 5.7% lower than budget (mostly due to slower volumes)
- Recent excellent news on future IGT increases later this year (not factored into this month's report)
- AR collections, payment percentages and old account balances all improve.

Negative takeaways for the month:

- Lower cash and higher AP balances than prior month
- Gross charges below budget by 9.33% for the month
- Almost all statistical categories are lower this month compared to budget and prior year.

* There was lengthy discussion regarding the continued low census in the Skilled Nursing Facility. One of the current issues is reported to be the new HMO arrangement for the residents. Director Elconin requested copies of the managed care contracts for the SNF. Cary Zuber suggested having regular weekly meetings of a multidisciplinary team to focus on the SNF census.

- * Mr. Recupero reported that he spent a number of hours this month providing information for a SNF consultant that may be able to identify opportunities to improve the department.
- * IGTs are expected to be \$2.5 MM higher than last year.
- * Regarding the concern about the 2% reduction in reimbursement from MediCare due to a missed deadline to respond, Mr. Recupero stated this does not apply to us which is positive news.
- * There was also discussion about bringing back the product line summary and the monthly departmental budget reports. Mr. Recupero said he has those reports ready every month and it would be easy for him to share those with the department managers. Director Blythe requested the product line summary beginning in September.
- * Mr. Recupero stated Gary Hicks would be available to come out for the next Board meeting to discuss additional financing options related to the building project. Director Blythe stated he is in favor of him participating in the next meeting.

Local Vendor Aging Report: The Local Vendor Aging Report was presented by Mrs. Figueroa. As of 8/24/23, the balance was \$22,439.61, with none over 30 days.

F. OLD BUSINESS: None

G. NEW BUSINESS:

1. Contract Review/Renewal Summary:

Barbara Figueroa, Controller

- a. Aligned Telehealth (Asana) – Psychiatric and Other Specialties, LCSW
- b. E-MDs – RHC Software Support
- c. ICAHN – Patient Satisfaction Surveys
- d. Managed Care Advisory Group – Dispute Resolution (Hospital Council)
- e. MCG Health LLC – Interqual Criteria
- f. Merlin Shone Residual Trust – HR/PR Space Rent
- g. Nave Law Office, PC – Legal Counsel
- h. Register.com – Website/Email/Domain
- i. Relias Learning – Employee Training/Learning
- j. Star CPR – ALCS/PALS Training Certification
- k. T-Systems (Corro Health) – EHR for Emergency Department

The contracts were reviewed and discussed. The agreements will be placed on the Board of Directors consent agenda for full Board consideration.

- 2. Capital Expenditure Request – ER Barcode Scanner:** The capital expenditure request for the ER barcode scanner was presented by Mr. Gordon. Mr. Gordon stated this item is to assist with the five rights of medication administration. After brief discussion, the committee approved the request, and it will be placed on the Board of Directors consent agenda for full Board consideration.
- 3. Emergency Department Physician Agreement – Byron Carcelen, MD:** The Emergency Department Physician Agreement for Byron Carcelen was revised to increase the minimum hourly rate as well as per patient rate to bring more in line with other ER MD agreements. The committee approved the agreement, and it will now be placed on the Board of Directors consent agenda for full Board consideration.
- 4. Emergency Department Physician Agreement – Peter Newell, MD:** The Emergency Department Physician Agreement for Peter Newell is a new agreement for this returning

physician. The hourly rate was also adjusted to be more in line with other ER MD agreements. The committee approved the agreement, and it will now be placed on the Board of Directors consent agenda for full Board consideration.

5. **Wipfli Letter of Engagement:** Mr. Recupero presented the Letter of Engagement with Wipfli for the cost reports. After a brief discussion, Mr. Zuber expressed his concern with the last paragraph of page 3 of the agreement regarding accessing our accounting systems and requested clarification about what exactly that entails. This will be clarified prior to the agreement going to the Board on September 14th.

H. **ADJOURNMENT:** The meeting was adjourned by Director Blythe at 1:46pm.

Submitted by:

Heidi Sage, Executive Assistant

Approved By:

John Blythe, Treasurer



Unaudited Financial Statements

for

One Month Ending July 31, 2023

Certification Statement:

To the best of my knowledge, I certify for the hospital that the attached financial statements do not contain any untrue statement of a material fact or omit to state a material fact that would make the financial statements misleading. I further certify that the financial statements present in all material respects the financial condition and results of operation of the hospital and all related organizations reported herein.

Certified by:

David Recupero
Chief Financial Officer

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**KERN VALLEY HEALTHCARE DISTRICT
LAKE ISABELLA, CALIFORNIA
One Month Ending July 31, 2023**

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Patient Statistics

KERN VALLEY HEALTHCARE DISTRICT
LAKE ISABELLA, CALIFORNIA
One Month Ending July 31, 2023

PAGE 2

Current Month					STATISTICS	Ytd VAR Vs Prior	Year-To-Date			
Actual 07/31/23	Budget 07/31/23	Positive/ (Negative) Variance	Prior Year 07/31/22	Actual 07/31/23			Budget 07/31/23	Positive/ (Negative) Variance	Prior Year 07/31/22	
Discharges										
[1]	23	29	(6)	22	Acute	4.5%	23	29	(6)	22
[2]	2	2	(0)	3	Swing Beds		2	2	(0)	3
[3]	0	0	0	0	Psychiatric/Rehab		0	0	0	0
[4]	0	0	0	0	Respirs		0	0	0	0
[5]	25	32	(7)	25	Total Adult Discharges		25	32	(7)	25
[6]	0	0	0	0	Newborn		0	0	0	0
[7]	25	32	(7)	25	Total Discharges		25	32	(7)	25
Patient Days:										
[8]	85	115	(30)	85	Acute	-11.5%	85	115	(30)	85
[9]	18	66	(48)	47	Swing Beds		18	66	(48)	47
[10]	0	0	0	0	Psychiatric/Rehab		0	0	0	0
[11]	0	0	0	0	Respirs		0	0	0	0
[12]	103	181	(78)	143	Total Adult Patient Days		103	181	(78)	143
[13]	0	0	0	0	Newborn		0	0	0	0
[14]	103	181	(78)	143	Total Patient Days		103	181	(78)	143
Average Length of Stay (ALOS)										
[15]	3.7	3.9	0.2	4.4	Acute		3.70	3.9	0.2	4.4
[16]	9.0	29.9	20.9	15.7	Swing Bed		9.0	29.9	20.9	15.7
[17]	0.0	0.0	0.0	0.0	Psychiatric/Rehab		0.0	0.0	0.0	0.0
[18]	4.1	5.7	1.6	5.7	Total Adult ALOS		4.1	5.7	1.6	5.7
[19]	0.0	0.0	0.0	0.0	Newborn ALOS		0.0	0.0	0.0	0.0
Average Daily Census (ADC)										
[20]	2.7	3.7	(1.0)	3.1	Acute		2.7	3.7	(1.0)	3.1
[21]	0.6	2.1	(1.5)	1.5	Swing Beds		0.6	2.1	(1.5)	1.5
[22]	0.0	0.0	0.0	0.0	All Other Adult		0.0	0.0	0.0	0.0
[23]	3.3	5.8	(2.5)	4.6	Total Adult ADC		3.3	5.8	(2.5)	4.6
[24]	0.0	0.0	0.0	0.0	Newborn		0.0	0.0	0.0	0.0
Long Term Care:										
[25]	1,288	1,473	(185)	1,474	SNF/ECF Resident Days		1,288	1,473	(185)	1,474
[26]	2	3	(1)	3	SNF/ECF Resident Discharges		2	3	(1)	3
[27]	0	0	0	0	CRRF/Assisted Living Days		0	0	0	0
[28]	41.5	47.5	(6.0)	47.5	Average Daily Census	-12.6%	41.5	47.5	(6.0)	47.5
Emergency Room Statistics										
[29]	17	25	(8)	24	ER Visits - Admitted		17	25	(8)	24
[30]	310	280	30	331	ER Visits - Discharged		317	280	37	331
[31]	325	338	(13)	334	ER - Urgent Care Visits		325	338	(13)	334
[32]	635	640	(5)	680	Total ER Visits	-7.8%	635	640	(5)	680
[33]	2.68%	3.80%	(1.12%)	3.46%	% of ER Visits Admitted		2.68%	3.80%	(1.12%)	3.46%
[34]	68.90%	85.47%	(16.57%)	82.31%	ER Admissions as a % of Total		70.83%	85.47%	(14.64%)	82.31%
Outpatient Statistics:										
[35]	882	1,013	(131)	1,048	Total Outpatients Visits	-15.8%	882	1,013	(131)	1,048
[36]	13	25	(12)	11	Observation Bed Days		13	25	(12)	11
[37]	1,068	1,313	(245)	1,291	Clinic Visits - Primary Care	-17.3%	1,068	1,313	(245)	1,291
[38]	247	213	34	204	Clinic Visits - Specialty Clinics		247	213	34	204
[39]	0	0	0	0	IP Surgeries		0	0	0	0
[40]	2	11	(9)	9	OP Surgeries		2	11	(9)	9
[41]	0	0	0	0	Outpatient Scopes		0	0	0	0
[42]	2,474	210	2,264	2,360	Retail Pharmacy Scripts		2,474	210	2,264	2,360
[43]	0	10	(10)	6	Clinic Visits-Mobile Van		0	10	(10)	213
Productivity Statistics:										
[44]	197.55	205.93	8.39	199.49	FTE's - Worked		197.55	205.93	8.39	199.49
[45]	223.64	230.99	7.35	227.17	FTE's - Paid		223.64	230.99	7.35	227.17
[46]	1.2335	1.1289	(0.10)	1.2420	Case Mix Index - Medicare		1.2335	1.1289	(0.10)	1.2420
[47]	1.0120	1.1188	0.11	1.2210	Case Mix Index - All payers		1.0120	1.1188	0.11	1.2210

KERN VALLEY HEALTHCARE DISTRICT

EXECUTIVE FINANCIAL SUMMARY

One Month Ending July 31, 2023

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BALANCE SHEET

	7/31/2023	6/30/2023
ASSETS		
Current Assets	\$6,245,126	\$6,049,599
Assets Whose Use is Limited	23,309,668	23,114,138
Property, Plant and Equipment (Net)	8,521,263	7,972,268
Other Assets	687,148	687,148
Total Unrestricted Assets	38,763,205	37,823,153
Restricted Assets	0	0
Total Assets	\$38,763,205	\$37,823,153
LIABILITIES AND NET ASSETS		
Current Liabilities	\$6,917,808	\$6,250,290
Long-Term Debt	11,761,750	11,961,141
Other Long-Term Liabilities	6,364,187	5,873,813
Total Liabilities	25,043,745	24,085,244
Net Assets	13,719,460	13,737,909
Total Liabilities and Net Assets	\$38,763,205	\$37,823,153

STATEMENT OF REVENUE AND EXPENSES - YTD

	ACTUAL	BUDGET
Revenue:		
Gross Patient Revenues	\$9,584,208	\$10,570,355
Deductions From Revenue	(6,920,239)	(7,746,802)
Net Patient Revenues	2,663,969	2,823,553
Other Operating Revenue	146,872	171,290
Total Operating Revenues	2,810,841	2,994,843
Expenses:		
Salaries, Benefits & Contract Labor	1,779,274	1,898,328
Purchased Services & Physician Fees	500,790	482,992
Supply Expenses	361,523	392,707
Other Operating Expenses	225,127	253,958
Bad Debt Expense	0	0
Depreciation & Interest Expense	60,553	62,903
Total Expenses	2,927,267	3,090,888
NET OPERATING SURPLUS	(116,426)	(96,046)
Non-Operating Revenue/(Expenses)	97,977	194,288
TOTAL NET SURPLUS	(\$18,448)	\$98,243

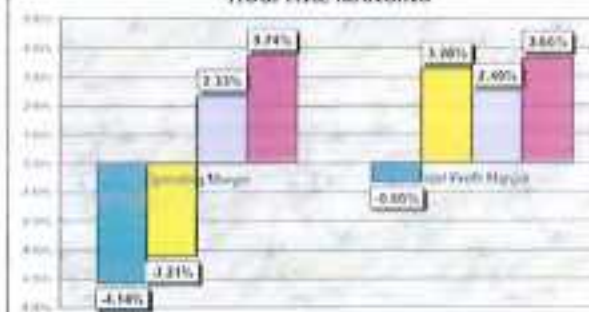
KEY STATISTICS AND RATIOS - YTD

	ACTUAL	BUDGET
Total Acute Patient Days	85	115
Average Acute Length of Stay	3.7	3.9
Total Emergency Room Visits	635	649
Outpatient Visits	882	1,013
Total Surgeries	2	11
Total Worked FTE's	197.55	205.93
Total Paid FTE's	223.64	230.99
Productivity Index	0.9191	1.0000
EBITDA - YTD	-2.90%	-1.91%
Current Ratio	0.90	
Days Expense in Accounts Payable	49.29	

NET DAYS IN ACCOUNTS RECEIVABLE



HOSPITAL MARGINS



DAYS CASH ON HAND



SALARY AND BENEFIT EXPENSE AS A PERCENTAGE OF NET REVENUE



KERN VALLEY HEALTHCARE DISTRICT	
Budget	07/31/23
California	Hospitals
CAH Hospitals	Rural
Prior Fiscal Year End	06/30/23
ADJ FINANCIAL STRENGTH INDEX - 4.23	
Excellent - Greater than 3.0	Good - 3.0 to 0.0
Fair - 0.0 to (2.0)	Poor - Less than (2.0)

KERN VALLEY HEALTHCARE DISTRICT

FINANCIAL/STATISTICAL TRENDS

One Month Ending July 31, 2023

PAGE 4

Kern Valley Healthcare District Financial Report

As of 07/31/23

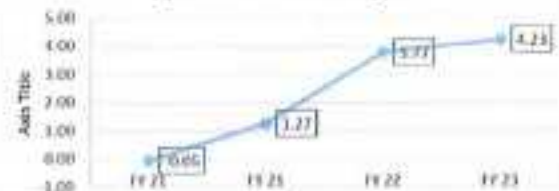
Adj FINANCIAL STRENGTH INDEX - **4.23**

Excellent - Greater than 3.0 Good - 3.0 to 2.0
Fair - 2.0 to (2.0) Poor - Less than (2.0)

Current Rating = **"EXCELLENT"**

(Restated Financial Strength Index formula to include Board Designated funds per Bond Covenant approval)

Adj Financial Strength Index



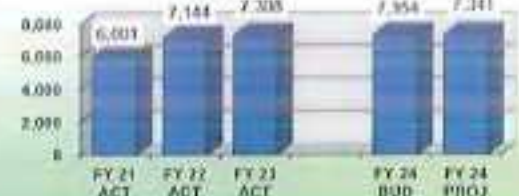
Kern Valley Healthcare District

NET INCOME



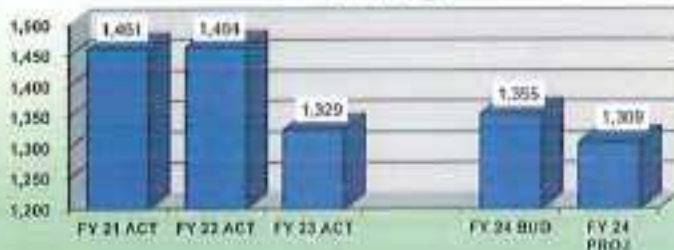
Kern Valley Healthcare District

ER Visits



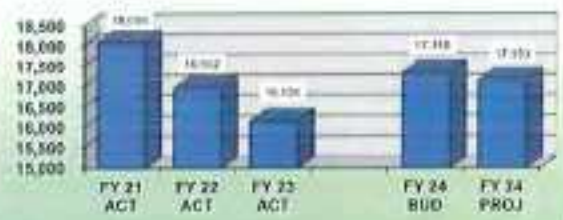
Kern Valley Healthcare District

Patient Days



Kern Valley Healthcare District

Skilled Nursing Days



Concluding Summary

Positive takeaways for the month:

- 1) Operating expenses 5.7% lower than budget (mostly due to slower volumes)
- 2) Recent excellent news on future IGT increases later this year. (not factored into this month's report)
- 3) AR collections, payment percentages and old account balances all improve.

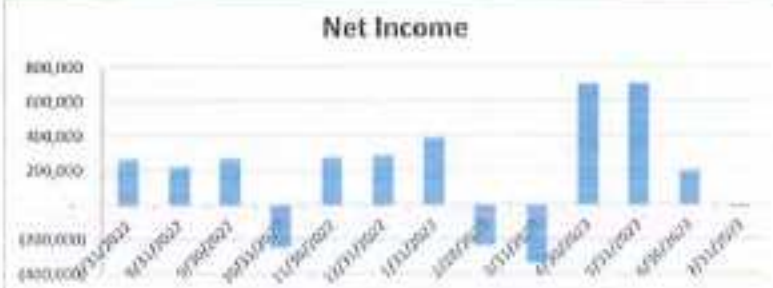
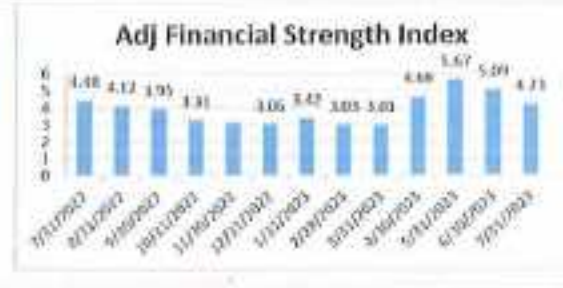
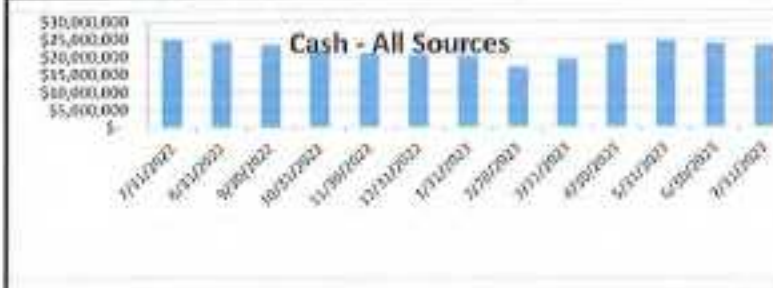
Negative takeaways for the month:

- 1) Lower cash and higher AP balances than prior month.
- 2) Gross Charges below budget by 9.33% for the month.
- 3) Almost all statistical categories lower this month compared to budget and prior year.

Prepared 8/22/2023

Dave Recupero, CFO

PAST 13 MONTH TREND- STATS/KEY INDICATORS



CASH FLOW	FY 22 Act	FY 23 Act	FY 24 QTR 1	FY 24 QTR 2	FY 24 QTR 3	FY 24 QTR 4	As of 7/31/23	FY 24 BUDGET
Beginning Balance (Oct 1)	29,394,472	25,405,784	25,405,784	19,560,653	16,995,815	8,617,717	23,847,430	24,288,588
Patient Collections	23,774,503	22,749,106	6,032,400	5,958,656	5,958,656	5,958,656	2,059,963	23,747,432
Other Operating Revenue	416,428	364,285	76,408	93,803	93,803	93,803	13,872	375,213
COVID/RCFEMA	1,714,734	3,377,270	226,175	339,263	339,263	339,263	0	1,357,051
IGT & OTHER Suppliers	7,165,593	5,948,493	426,727	2,319,670	-3,293,590	12,687,095	0	10,750,615
Proceeds from new loans	0	0	0	0	0	0	0	0
Other Misc Receipts/Trans	571,789	613,158	109,808	20,211	25,644	44,845	93,723	860,813
Interest Income	281,439	468,317	245,901	239,077	233,643	214,443	89,127	933,063
TOTAL RECEIPTS	33,924,485	33,520,628	7,117,419	8,970,679	3,357,419	19,336,105	2,256,685	38,030,188
Payroll/ Benefits	17,343,088	17,858,700	4,635,011	5,123,582	5,123,582	5,123,582	1,219,289	21,037,521
Other Operating Costs	13,428,115	11,423,485	2,930,928	1,716,480	1,716,480	1,716,480	1,015,865	14,712,236
Capital Spending (incl. Misc)	1,069,701	386,335	33,985	64,462	249,324	40,000	97,293	454,798
State/Insurance Pmt	852,330	-	#####	2,334,584	2,334,584	2,334,584	599,219	9,338,336
Debt Service payments	1,443,999	1,245,422	297,041	292,336	292,336	292,336	102,151	1,169,343
Third Party Self-Other M	3,775,930	4,282,749	1,351,622	2,004,074	2,019,211	2,288,537	-144,967	200,000
TOTAL DISBURSEMENTS	37,913,173	35,196,600	11,404,196	11,535,517	11,735,517	11,795,519	2,888,851	46,912,233
Net Change in Cash/Posble	-3,988,689	-1,676,063	-4,286,777	-2,564,838	-8,378,098	7,542,586	-632,166	-8,882,045
Ending Net Cash Balance	25,405,784	23,847,430	19,560,653	16,995,815	8,617,717	16,160,302	23,215,264	15,406,543
Days of Cash on Hand	301.36	283.33	224.49	188.52	92.38	167.41	232.40	170.89

Balance Sheet - Assets

KERN VALLEY HEALTHCARE DISTRICT LAKE ISABELLA, CALIFORNIA One Month Ending July 31, 2023

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		ASSETS			
		12.2%	12.1%		12.1%
		Current Month 7/31/2023	Prior Month 6/30/2023	Positive/ (Negative) Variance	Prior YR. UNAUDITED 6/30/2023
[1]	Net to Gross AR %				
[2]	CASH -ALL SOURCES	23,116,701	23,847,430	-730,728	23,847,430
Current Assets:					
[3]	Cash and Cash Equivalents	\$974,415	\$1,693,463	(\$719,048)	\$1,693,463
[4]	Gross Patient Accounts Receivable	25,774,238	27,051,652	(1,277,414)	27,051,652
[5]	Less: Bad Debt and Allowance Reserves	(22,629,781)	(23,774,526)	1,144,745	(23,774,526)
[6]	Net Patient Accounts Receivable	3,144,457	3,277,126	(132,669)	3,277,126
[7]	Interest Receivable	0	0	0	0
[8]	Other Receivables	920,302	10,030	910,272	10,030
[9]	Inventories	395,720	401,984	(6,264)	401,984
[10]	Prepaid Expenses	578,225	316,996	261,230	316,996
[11]	Due From Third Party Payers	232,006	350,000	(117,994)	350,000
[12]	Due From Affiliates/Related Organizations	0	0	0	0
[13]	Other Current Assets	0	0	0	0
[14]	Total Current Assets	6,245,126	6,049,599	195,527	6,049,599
Assets Whose Use is Limited					
[15]	Auxiliary Cash	421,003	315,943	105,060	315,943
[16]	Investments -LAIF	1,262,073	1,252,269	9,803	1,252,269
[17]	Debt Payment Fund	746,380	644,229	102,151	644,229
[18]	UBS Funds	16,744,070	16,681,061	63,010	16,681,061
[19]	Cash Westamerica	366,734	465,291	(98,557)	465,291
[20]	Project Fund	3,769,408	3,755,345	14,063	3,755,345
[21]	Covid Stimulus Cash Assets	0	0	0	0
[22]	Total Limited Use Assets	23,309,668	23,114,138	195,530	23,114,138
Property, Plant, and Equipment					
[23]	Land and Land Improvements	383,800	383,800	0	383,800
[24]	Building and Building Improvements	14,930,002	14,930,002	0	14,930,002
[25]	Equipment	23,329,589	23,319,260	10,329	23,319,260
[26]	Construction In Progress	3,133,555	2,534,336	599,219	2,534,336
[27]	Capitalized Interest	0	0	0	0
[28]	Gross Property, Plant, and Equipment	41,776,947	41,167,399	609,548	41,167,399
[29]	Less: Accumulated Depreciation	(33,265,684)	(33,195,131)	(60,553)	(33,195,131)
[30]	Net Property, Plant, and Equipment	8,521,263	7,972,268	548,995	7,972,268
Other Assets					
	Unamortized Loan Costs	0	0	0	0
[31]	Assets Held for Future Use	0	0	0	0
	Investments in Subsidiary/Affiliated Org.	0	0	0	0
	Other	687,148	687,148	0	687,148
[32]	Total Other Assets	687,148	687,148	0	687,148
[33]	TOTAL UNRESTRICTED ASSETS	38,763,205	37,823,153	940,052	37,823,153
Restricted Assets					
		0	0	0	0
[34]	TOTAL ASSETS	\$38,763,205	\$37,823,153	\$940,052	\$37,823,153

Balance Sheet - Liabilities and Net Assets

KERN VALLEY HEALTHCARE DISTRICT

LAKE ISABELLA, CALIFORNIA

One Month Ending July 31, 2023

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LIABILITIES AND FUND BALANCE					
	Current Month 7/31/2023	Prior Month 6/30/2023	Positive/ (Negative) Variance	Percentage Variance	Prior Yr. AUDITED 6/30/2023
Current Liabilities					
[1] Accounts Payable	\$2,410,401	\$1,375,617	(\$1,034,784)	-75.22%	\$1,375,617
[2] Notes and Loans Payable	0	0	0	0.00%	0
[3] Accrued Payroll	703,553	580,951	(122,602)	-21.10%	580,951
[4] Accrued Payroll Taxes	10,237	4,748	(5,490)	-115.63%	4,748
[5] Accrued Benefits	1,063,797	1,112,961	49,165	4.42%	1,112,961
[6] Accrued Pension Expense (Current Portion)	1,356	22,970	21,614	94.10%	22,970
[7] Other Accrued Expenses	482,484	436,648	(45,846)	-10.50%	436,648
[8] Patient Refunds Payable	296,123	323,623	27,500	8.50%	323,623
[9] Property Tax Payable	0	0	0	0.00%	0
[10] Due to Third Party Payers	918,051	1,554,772	636,721	40.95%	1,554,772
[11] Advances From Third Party Payers	0	0	0	0.00%	0
[12] Current Portion of LTD (Bonds/Mortgages)	862,000	838,000	(24,000)	-2.86%	838,000
[13] Current Portion of LTD (Leases)	169,796	0	(169,796)	0.00%	0
[14] Other Current Liabilities	0	0	0	0.00%	0
Total Current Liabilities	6,917,808	6,250,290	(667,517)	-10.68%	6,250,290
Long Term Debt					
[15] Bonds/Mortgages Payable	10,912,000	10,912,000	0	0.00%	10,912,000
[16] Leases/Notes Payable	1,881,546	1,887,141	5,595	0.30%	1,887,141
[17] Less: Current Portion Of Long Term Debt	1,031,796	838,000	(193,796)	-23.13%	838,000
Total Long Term Debt (Net of Current)	11,761,750	11,961,141	199,391	1.67%	11,961,141
Other Long Term Liabilities					
[18] Deferred Revenue	0	0	0	0.00%	0
[19] Accrued Pension Expense (Net of Current)	139,136	115,721	(23,415)	-20.23%	115,721
[20] Long Term Settlements	6,225,051	5,758,092	(466,959)	-8.11%	5,758,092
Total Other Long Term Liabilities	6,364,187	5,873,813	(490,374)	-8.35%	5,873,813
[21] TOTAL LIABILITIES	25,043,745	24,085,244	(958,501)	-3.98%	24,085,244
Net Assets:					
[22] Unrestricted Fund Balance	13,737,909	11,269,373	(2,468,536)	-21.90%	11,269,373
[23] Inter-Departmental Transfer (DSH)	0	0	0	0.00%	0
[24] Restricted Fund Balance	0	0	0	0.00%	0
[25] Net Revenue/(Expenses)	(18,448)	2,468,536	(2,486,984)	-100.75%	2,468,536
[26] TOTAL NET ASSETS	13,719,460	13,737,909	18,448	0.13%	13,737,909
[27] TOTAL LIABILITIES AND NET ASSETS	\$38,763,205	\$37,823,153	(\$940,052)	-2.49%	\$37,823,153
	\$0	\$0			\$0

Statement of Revenue and Expense
KERN VALLEY HEALTHCARE DISTRICT
LAKE ISABELLA, CALIFORNIA
One Month Ending July 31, 2023

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		CURRENT MONTH			
		Actual 07/31/23	Budget 07/31/23	Positive (Negative) Variance	Prior Year 07/31/22
Gross Patient Revenue					
[1] Inpatient Revenue		\$939,372	\$1,441,056	(501,684)	51,190,625
[2] Clinic Revenue		1,315,791	1,360,494	(44,703)	1,377,887
[3] Outpatient Revenue		4,903,239	5,059,486	(156,258)	5,093,292
[4] Long Term Care Revenue		2,219,191	2,473,980	(254,790)	2,508,252
[5] Retail Pharmacy Revenue		206,816	235,329	(28,513)	203,788
[6] Total Gross Patient Revenue		9,584,208	10,570,355	(986,147)	10,373,834
Deductions From Revenue %					
		72%	73%		73%
[7] Discounts and Allowances (incl IGTs)		(6,788,169)	(7,515,442)	746,333	(7,468,366)
[8] Bad Debt Expense (Governmental Providers Only)		(151,120)	(239,604)	79,374	(95,414)
[9] Charity Care		0	0	0	0
[10] Total Deductions From Revenue		(6,920,259)	(7,746,602)	826,563	(7,570,564)
[11] Net Patient Revenue		2,663,969	2,823,553	(159,584)	2,802,869
[12] Other Operating Rev (Incl HHS Stimulus)		148,872	171,290	(24,418)	25,936
[13] Total Operating Revenue		2,810,841	2,994,843	(184,001)	2,827,905
Operating Expenses					
[14] Salaries and Wages		1,348,928	1,483,408	133,481	1,246,762
[15] Fringe Benefits		275,794	298,458	22,664	273,426
[16] Contract Labor		153,553	116,462	(37,091)	92,492
[17] Professional & Physician Fees		315,942	346,055	30,113	277,279
[18] Purchased Services		184,848	136,937	(47,911)	137,087
[19] Supply Expense		361,523	392,707	31,184	405,667
[20] Utilities		66,137	68,619	2,482	53,319
[21] Repairs and Maintenance		9,195	10,739	1,544	21,435
[22] Insurance Expense		40,942	64,778	23,836	66,850
[23] All Other Operating Expenses		68,377	84,452	16,075	64,322
[24] Bad Debt Expense (Non-Governmental Providers)		0	0	0	0
[25] Leases and Rentals		40,475	25,389	(15,107)	16,772
[26] Depreciation and Amortization		60,553	62,903	2,350	62,248
[27] Interest Expense (Non-Governmental Providers)		0	0	0	0
[28] Total Operating Expenses		2,927,267	3,090,898	163,621	2,737,861
Net Operating Surplus/(Loss)		(116,426)	(96,046)	(26,380)	90,044
Non-Operating Revenue:					
[29] Contributions/Grants/PPPI/ERC		0	92,170	(92,170)	0
[30] Investment Income		89,127	78,093	11,034	167,530
[31] Income Derived from Property Taxes		27,974	27,527	447	26,715
[32] Interest Expense (Governmental Providers Only)		(25,621)	(24,041)	1,580	(27,788)
[33] Other Non-Operating Revenue/(Expenses)		6,497	20,540	(14,042)	8,885
[34] Total Non Operating Revenue/(Expense)		97,977	194,288	(96,311)	175,342
Total Net Surplus/(Loss)		(\$16,448)	\$98,243	(\$116,691)	\$265,386
[35] Operating Margin		-4.14%	-3.21%		3.18%
[36] Total Profit Margin		-0.68%	3.28%		9.38%
[37] EBITDA		-2.90%	-1.91%		4.40%
[38] Cash Flow Margin		2.41%	6.18%		12.57%
[39] Monthly IGT Payments:		0	411,494		0

Statement of Revenue and Expense
KERN VALLEY HEALTHCARE DISTRICT
LAKE ISABELLA, CALIFORNIA
One Month Ending July 31, 2023

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	YEAR-TO-DATE				
	Actual 07/31/23	Budget 07/31/23	Positive (Negative) Variance	Percentage Variance	Prior Year 07/31/22
Gross Patient Revenue					
[1] Inpatient Revenue	5939,372	\$1,441,055	(5,601,684)	-34.81%	\$1,190,625
[2] Clinic Revenue	1,315,791	1,300,494	(44,703)	-3.29%	1,377,897
[3] Outpatient Revenue	4,903,239	5,059,408	(156,268)	-3.09%	5,093,282
[4] Long Term Care Revenue	2,219,191	2,473,989	(254,799)	-10.30%	2,508,252
[5] Retail Pharmacy Revenue	208,616	235,329	(26,713)	-12.29%	203,788
[6] Total Gross Patient Revenue	9,584,209	10,570,355	(986,147)	-9.33%	10,373,834
Deductions From Revenue	72%	73%			73%
[7] Discounts and Allowances (incl IGTs)	(6,769,109)	(7,515,442)	746,333	9.93%	(7,488,399)
[8] Bad Debt Expense (Governmental Providers Only)	(151,130)	(230,504)	79,374	34.44%	(99,414)
[9] Charity Care	0	0	0	0.00%	0
[10] Total Deductions From Revenue	(6,920,239)	(7,746,002)	826,563	10.67%	(7,570,664)
[11] Net Patient Revenue	2,663,969	2,823,553	(159,584)	-5.65%	2,802,869
[12] Other Operating Rev (incl IHS Stimulus)	146,872	171,290	(24,418)	-14.26%	25,036
[13] Total Operating Revenue	2,810,841	2,994,843	(184,001)	-6.14%	2,827,905
Operating Expenses					
[14] Salaries and Wages	1,349,928	1,483,408	133,481	9.00%	1,246,762
[15] Fringe Benefits	275,794	298,458	22,664	7.59%	273,426
[16] Contract Labor	153,553	116,462	(37,091)	-31.85%	92,492
[17] Professional & Physician Fees	315,942	346,055	30,113	8.70%	277,279
[18] Purchased Services	184,848	136,937	(47,911)	-34.99%	137,067
[19] Supply Expense	361,523	392,707	31,184	7.94%	405,867
[20] Utilities	66,137	68,619	2,482	3.62%	53,319
[21] Repairs and Maintenance	9,195	10,739	1,544	14.38%	21,435
[22] Insurance Expense	40,942	64,776	23,836	36.80%	96,850
[23] All Other Operating Expenses	68,377	84,452	16,075	19.03%	64,322
[24] Bad Debt Expense (Non-Governmental Providers)	0	0	0	0.00%	0
[25] Leases and Rentals	40,475	25,389	(15,107)	-59.55%	16,772
[26] Depreciation and Amortization	80,553	82,903	2,350	3.74%	62,248
[27] Interest Expense (Non-Governmental Providers)	0	0	0	0.00%	0
[28] Total Operating Expenses	2,927,267	3,096,888	169,621	5.29%	2,737,861
Net Operating Surplus/(Loss)	(116,426)	(96,946)	(20,389)	21.22%	99,044
Non-Operating Revenue:					
[29] Contributions/Grants/PPP/ERC	0	82,170	(82,170)	-100.00%	0
[30] Investment Income	89,127	78,093	11,034	14.13%	187,530
[31] Income Derived from Property Taxes	27,974	27,527	447	1.62%	26,715
[32] Interest Expense (Governmental Providers Only)	(25,621)	(24,041)	(1,580)	6.57%	(27,700)
[33] Other Non-Operating Revenue/(Expenses)	6,497	20,540	(14,042)	-68.37%	8,885
[34] Total Non Operating Revenue/(Expense)	97,977	194,288	(96,311)	-49.57%	175,342
Total Net Surplus/(Loss)	(18,449)	\$98,243	(\$116,691)	-118.76%	\$265,386
	ACTUAL YTD	BUD YTD	ACT FYE 23	PROJ FYE 24	Prior YTD
[35] Operating Margin	-4.14%	-3.21%			3.18%
[36] Total Profit Margin	-0.66%	3.28%			9.38%
[37] EBITDA	-2.90%	-1.91%			4.40%
[38] Cash Flow Margin	2.41%	6.18%			12.57%
[39] IGT Receipts: (Gross Amts)	0	0		12,139,902	0

Statement of Revenue and Expense - 13 Month Trend

KERN VALLEY HEALTHCARE DISTRICT LAKE ISABELLA, CALIFORNIA

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	31	30	31	30	31	28	31
	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	07/31/23	06/30/23	05/31/23	04/30/23	03/31/23	02/28/23	01/31/23
Gross Patient Revenue							
[1] Inpatient Revenue	\$939,372	\$1,063,386	\$1,050,997	\$1,037,339	\$1,289,454	\$1,071,035	\$1,864,160
[2] Clinic Revenue	1,315,791	1,467,414	1,385,878	1,343,922	1,286,499	1,133,952	1,267,897
[3] Outpatient Revenue	4,903,239	5,052,264	5,016,895	4,483,126	4,474,938	3,912,588	4,362,173
[4] Long Term Care Revenue	2,219,191	2,098,690	2,187,471	2,258,243	2,289,233	2,041,947	2,147,477
[5] Retail Pharmacy Revenue	206,616	249,186	242,341	206,534	284,300	219,267	233,519
[6] Total Gross Patient Revenue	9,584,208	9,930,940	9,883,582	9,329,164	9,624,484	8,378,789	9,875,227
Deductions From Revenue	72%	76%	80%	82%	89%	59%	71%
[7] Discounts and Allowances (incl IGTs)	(0,739,612)	(7,085,073)	(7,702,132)	(7,475,020)	(8,351,513)	(4,873,462)	(6,950,388)
[8] Bad Debt Expense (Governmental Pri	(180,627)	311,675	(148,037)	(173,109)	(176,978)	(77,962)	(81,316)
[7B] Medi-Cal Deductions due to IGTs	0	0	0	0	0	0	0
[9] Charity Care	0	0	0	0	0	0	0
[10] Total Deductions From Revenue	(6,920,239)	(7,573,397)	(7,930,169)	(7,648,929)	(8,528,591)	(4,951,424)	(7,031,704)
[11] Net Patient Revenue	2,663,969	2,357,543	1,953,413	1,680,235	1,095,893	3,427,365	2,843,523
[12] Other Operating Rev (Incl HHS Stimul	146,872	653,647	11,711	519,544	1,552,143	19,259	19,475
[13] Total Operating Revenue	2,810,841	3,011,190	1,965,124	2,199,779	2,648,036	3,446,624	2,862,998
Operating Expenses							
[14] Salaries and Wages	1,349,928	1,337,783	1,222,300	1,750,669	1,381,238	1,203,601	1,303,350
[15] Fringe Benefits	275,794	273,199	263,588	310,354	286,415	269,020	275,496
[16] Contract Labor	153,553	108,551	77,370	127,185	139,877	134,080	111,549
[17] Professional & Physician Fees	315,942	316,421	335,922	263,917	321,397	265,216	281,735
[18] Purchased Services	184,848	159,071	313,110	323,274	180,422	131,786	128,971
[19] Supply Expense	361,523	375,026	329,423	364,040	398,521	315,981	333,373
[20] Utilities	66,137	55,138	46,831	79,231	125,824	44,411	66,056
[21] Repairs and Maintenance	9,195	(1,322)	14,172	15,924	4,855	5,174	12,194
[22] Insurance Expense	40,942	54,360	54,360	19,209	54,360	54,360	86,773
[23] All Other Operating Expenses	68,377	99,058	71,765	143,286	72,324	63,937	67,904
[24] Bad Debt Expense (Non-Government	0	0	0	0	0	0	0
[25] Leases and Rentals	40,475	19,087	17,489	22,150	19,631	22,831	23,293
[26] Depreciation and Amortization	60,553	60,701	55,665	60,850	60,850	60,850	60,704
[27] Interest Expense (Non-Governmental	0	0	0	0	0	0	0
[28] Total Operating Expenses	2,927,267	2,857,071	2,801,993	3,480,089	3,044,712	2,571,245	2,751,398
Net Operating Surplus/(Loss)	(116,426)	154,119	(836,869)	(1,280,310)	(396,676)	875,379	111,601
Non-Operating Revenue:							
[29] Contributions/Grants/PPP/ERC	0	0	1,470,680	1,874,393	0	1,190	50,843
[30] Investment Income	89,127	10,332	67,418	96,199	50,695	(1,116,919)	227,860
[31] Income Derived from Property Taxes	27,974	40,203	26,715	26,715	26,715	26,715	26,715
[32] Interest Expense (Governmental Prov	(25,621)	(34,704)	(25,577)	(25,691)	(25,616)	(25,725)	(26,721)
[33] Other Non-Operating Revenue/(Exp	6,497	21,099	57	9,213	7,359	2,117	(4,602)
[34] Total Non Operating Revenue/(E	97,977	36,930	1,530,293	1,980,829	59,153	(1,112,622)	273,895
Total Net Surplus/(Loss)	(\$18,448)	\$191,049	\$702,423	\$700,519	(\$337,523)	(\$237,244)	\$385,495
[35] Operating Margin	-4.14%	5.12%	-42.59%	-58.20%	-14.98%	25.40%	3.90%
[36] Total Profit Margin	-0.66%	6.34%	35.74%	31.84%	-12.75%	-6.88%	13.46%
[37] EBITDA	-2.90%	5.98%	-41.05%	-56.60%	-13.65%	26.42%	5.08%
[38] Cash Flow Margin	2.41%	9.51%	39.88%	35.78%	-9.48%	-4.37%	16.52%

Statement of Revenue and Exp
KERN VALLEY HEALTHCARE I
LAKE ISABELLA, CALIFORNIA

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	31 Actual 12/31/22	30 Actual 11/30/22	31 Actual 10/31/22	30 Actual 09/30/22	31 Actual 08/31/22	31 Actual 07/31/22
Gross Patient Revenue						
[1] Inpatient Revenue	\$1,896,299	\$1,473,170	\$1,034,909	\$1,267,900	\$1,224,668	\$1,190,625
[2] Clinic Revenue	1,431,167	1,369,667	1,326,912	1,296,576	1,524,914	1,377,887
[3] Outpatient Revenue	4,904,076	4,645,701	4,552,470	4,696,701	5,278,397	5,093,282
[4] Long Term Care Revenue	2,312,885	2,275,204	2,422,822	2,301,166	2,481,241	2,508,252
[5] Retail Pharmacy Revenue	205,195	221,286	202,094	202,386	240,287	203,788
[6] Total Gross Patient Revenue	10,749,422	9,985,029	9,539,207	9,764,729	10,749,507	10,373,834
Deductions From Revenue	71%	73%	77%	76%	74%	73%
[7] Discounts and Allowances (incl IGTs)	(7,591,800)	(7,089,988)	(7,253,084)	(7,347,430)	(7,846,254)	(7,408,388)
[8] Bad Debt Expense (Governmental Pro	(91,120)	(190,815)	(47,462)	(86,777)	(75,913)	(95,414)
[7B] Medi-Cal Deductions due to IGTs	0	0	0	0	0	0
[9] Charity Care	0	0	0	0	0	(7,164)
[10] Total Deductions From Revenue	(7,683,015)	(7,280,804)	(7,300,546)	(7,434,207)	(7,922,167)	(7,570,964)
[11] Net Patient Revenue	3,066,407	2,704,225	2,238,661	2,330,522	2,827,340	2,802,869
[12] Other Operating Rev (incl HHS Stimul	17,149	74,876	26,757	62,071	12,617	25,036
[13] Total Operating Revenue	3,083,555	2,779,101	2,265,418	2,392,594	2,839,957	2,827,905
Operating Expenses						
[14] Salaries and Wages	1,425,664	1,235,996	1,281,810	1,174,274	1,291,921	1,248,762
[15] Fringe Benefits	273,819	258,520	252,246	259,070	265,663	273,426
[16] Contract Labor	105,456	148,167	180,117	77,254	85,352	92,492
[17] Professional & Physician Fees	306,344	292,895	268,603	277,450	365,171	277,279
[18] Purchased Services	153,532	146,264	121,357	143,229	154,454	137,087
[19] Supply Expense	406,433	346,971	363,900	377,277	355,318	405,867
[20] Utilities	77,054	56,650	52,092	61,059	55,637	53,118
[21] Repairs and Maintenance	5,622	10,053	5,175	4,479	2,340	21,435
[22] Insurance Expense	54,360	53,937	22,498	53,937	53,937	86,850
[23] All Other Operating Expenses	95,055	68,894	73,738	62,023	82,838	64,322
[24] Bad Debt Expense (Non-Government	0	0	0	0	0	0
[25] Leases and Rentals	23,492	27,732	23,808	21,745	29,847	16,973
[26] Depreciation and Amortization	61,502	61,502	61,782	61,964	61,964	62,248
[27] Interest Expense (Non-Governmental	0	0	0	0	0	0
[28] Total Operating Expenses	2,988,334	2,707,580	2,707,126	2,573,762	2,894,443	2,737,861
Net Operating Surplus/(Loss)	95,222	71,521	(441,708)	(181,168)	35,514	90,044
Non-Operating Revenue:						
[29] Contributions/Grants/PPP/ERC	1,761	0	0	258,376	13,433	0
[30] Investment Income	184,494	176,050	198,562	172,807	170,621	167,530
[31] Income Derived from Property Taxes	26,715	26,715	26,715	26,715	26,715	26,715
[32] Interest Expense (Governmental Prov	(35,909)	(26,778)	(26,783)	(26,813)	(27,409)	(27,788)
[33] Other Non-Operating Revenue/(Exper	(6,836)	26,048	(1,868)	14,663	1,756	8,885
[34] Total Non Operating Revenue/(E	170,425	202,035	196,626	445,748	185,115	175,342
Total Net Surplus/(Loss)	\$265,647	\$273,556	(\$245,082)	\$264,581	\$220,629	\$265,386
[35] Operating Margin	3.09%	2.57%	-19.50%	-7.57%	1.25%	3.16%
[36] Total Profit Margin	8.61%	9.84%	-10.82%	11.06%	7.77%	9.36%
[37] EBITDA	3.92%	3.82%	-17.95%	-6.10%	2.47%	4.40%
[38] Cash Flow Margin	11.77%	13.02%	-6.91%	14.77%	10.92%	12.57%

Statement of Cash Flows

KERN VALLEY HEALTHCARE DISTRICT
LAKE ISABELLA, CALIFORNIA
One Month Ending July 31, 2023

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	CASH FLOW	
	Current Month 7/31/2023	Current Year-To-Date 7/31/2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
[1] Net Income (Loss)	(\$18,448)	(\$18,448)
[2] Adjustments to Reconcile Net Income to Net Cash		
[3] Provided by Operating Activities:		
[4] Depreciation	60,553	60,553
[5] (Increase)/Decrease in Net Patient Accounts Receivable	132,669	132,669
[6] (Increase)/Decrease in Other Receivables	(910,272)	(910,272)
[7] (Increase)/Decrease in Inventories	6,264	6,264
[8] (Increase)/Decrease in Pre-Paid Expenses	(261,230)	(261,230)
[9] (Increase)/Decrease in Other Current Assets	0	0
[10] Increase/(Decrease) in Accounts Payable	1,034,784	1,034,784
[11] Increase/(Decrease) in Notes and Loans Payable	0	0
[12] Increase/(Decrease) in Accrued Payroll and Benefits	57,313	57,313
[13] Increase/(Decrease) in Accrued Expenses	45,846	45,846
[14] Increase/(Decrease) in Patient Refunds Payable	(27,500)	(27,500)
[15] Increase/(Decrease) in Third Party Advances/Liabilities	(518,728)	(518,728)
[16] Increase/(Decrease) in Other Current Liabilities	0	0
[17] Net Cash Provided by Operating Activities:	(398,749)	(398,749)
CASH FLOWS FROM INVESTING ACTIVITIES:		
[18] Purchase of Property, Plant and Equipment	(609,548)	(609,548)
[19] (Increase)/Decrease in Limited Use Cash and Investments	(114,863)	(114,863)
[20] (Increase)/Decrease in Other Limited Use Assets	(80,667)	(80,667)
[21] (Increase)/Decrease in Other Assets	0	0
[22] Net Cash Used by Investing Activities	(805,078)	(805,078)
CASH FLOWS FROM FINANCING ACTIVITIES:		
[23] Increase/(Decrease) in Bond/Mortgage Debt	0	0
[24] Increase/(Decrease) in Capital Lease Debt	(5,595)	(5,595)
[25] Increase/(Decrease) in Other Long Term Liabilities	490,374	490,374
[26] Net Cash Used for Financing Activities	484,779	484,779
(INCREASE)/DECREASE IN RESTRICTED ASSETS	0	0
[27] Net Increase/(Decrease) in Cash	(719,048)	(719,050)
[28] Cash, Beginning of Period	1,693,463	1,693,465
[29] Cash, End of Period	\$974,415	\$974,415

KERN VALLEY HEALTHCARE DISTRICT

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Days in Accounts Receivable by Payor

All Services

One Month Ending July 31, 2023

AR & CASH FLOW TRENDS

CHARGES BY PAYOR			Monthly Trends			
		FY 24	FY 23	FY 23	FY 23	FY 24
		YTD ACTUAL	YTD PRIOR	APR	MAY	JUNE
						JULY
1	SELF PAY	2,170,273	312,674	63,653	200,388	407,690
2	HMO/PPO	2,516,717	399,567	132,882	292,961	308,440
3	INSURANCE	11,709,598	846,100	1,666,627	1,192,545	1,018,548
4	MEDICARE	20,004,654	2,603,012	1,640,907	1,842,695	1,769,218
5	MEDI-CAL	29,075,028	2,710,861	2,374,609	2,319,321	2,371,365
6	SENIOR HMO	21,653,849	1,738,201	2,108,110	1,627,511	1,709,637
7	MCAL HMO	27,146,494	2,186,645	2,885,471	2,409,768	2,305,214
8	TOT GROSS CHARGES	118,193,914	10,603,278	9,379,184	8,693,567	8,938,840

GROSS ACCTS RECEIVABLE BY PAYOR			Monthly Trends			
		FY 24	FY 23	FY 23	FY 23	FY 24
		YTD ACTUAL	YTD PRIOR	APR	MAY	JUNE
						JULY
9	SELF PAY	1,807,493	3,748,425	1,259,048	1,210,859	1,183,421
10	HMO/PPO	586,860	619,132	766,028	817,558	626,678
11	INSURANCE	3,643,717	2,134,378	2,367,957	2,868,614	2,241,836
12	MEDICARE	3,685,385	1,874,756	4,201,733	4,388,253	4,223,838
13	MEDI-CAL	6,737,853	6,583,986	6,272,358	10,390,176	8,587,358
14	SENIOR HMO	6,505,360	4,685,876	5,388,539	5,183,656	5,943,656
15	MCAL HMO	2,319,333	2,534,418	8,418,057	4,075,163	4,084,417
16	TOT GROSS AR	26,608,920	26,550,452	28,825,321	28,625,321	28,880,400

PATIENT CASH COLLECTIONS			Monthly Trends			
		FY 24	FY 23	FY 23	FY 23	FY 24
		YTD ACTUAL	YTD PRIOR	APR	MAY	JUNE
						JULY
17	Medicare	379,556	286,139	337,847	177,838	266,103
18	Medi-Cal	281,304	925,873	188,925	246,410	120,684
19	Insurance	338,195	285,542	281,826	298,203	221,374
20	HMO	790,327	557,658	641,895	1,101,078	888,276
21	Private	72,948	176,345	58,560	73,052	106,113
22	Retail Pharmacy	193,235	290,518	227,055	174,934	186,966
23	TOT CASH COLLECTIONS	2,659,863	2,163,447	1,637,517	2,131,514	1,738,765

Percent Change vs. Prior>

24	% change vs. Prior yr.>	-4.9%
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GROSS DAYS IN AR BY PAYOR			TARGET	FY 23	FY 23	FY 23	FY 24
		FY 24	FY 23	FY 23	FY 23	FY 23	FY 24
		YTD ACTUAL	YTD PRIOR	APR	MAY	JUNE	JULY
24	SELF PAY	208.8	243.9	209.0	262.3	195.7	208.8
27	HMO/PPO	77.1	83.1	163.8	124.1	89.8	77.1
28	INSURANCE	85.5	117.2	78.3	78.7	83.4	85.5
29	MEDICARE	61.8	68.3	76.8	77.1	73.3	61.8
30	MEDI-CAL	111.1	102.9	67.9	134.7	112.2	111.1
31	SENIOR HMO	127.0	105.4	74.2	76.3	87.8	121.0
32	MCAL HMO	29.8	30.3	150.8	59.8	54.2	29.8
33	TOT GROSS DAYS IN AR	80.66	84.9	95.44	97.26	84.47	80.66

Key Financial Ratios

KERN VALLEY HEALTHCARE DISTRICT
LAKE ISABELLA, CALIFORNIA
 One Month Ending July 31, 2023

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	Comparison: Unsupervised vs. CAH1	Percentile (High/Low)	Year to Date 7/31/2023	Prior Fiscal Year End 6/30/2022	Year End FY 20	Year End FY 21	Peer California Hospitals (See Note 1)	National Rural CAH Hospitals (See Note 2)
Profitability:								
[1] Operating Margin	U	"H"	-4.14%	6.01%	6.87%	-5.44%	2.33%	5.74%
[2] Total Profit Margin	U	"H"	-6.66%	13.23%	10.02%	8.46%	2.49%	3.66%
[3] Cash Flow Margin	U	"H"	1.50%	15.34%	8.70%	9.87%	8.40%	5.91%
[4] Total Profit Margin (13 month average)	O	"H"	7.92%	13.05%	10.02%	8.46%		1.23%
[5] Contractual Allowance %	U	"L"	70.32%	60.81%	73.42%	71.58%	50.62%	50.92%
[6] Inpatient Gross Revenue as a % of Total	O	"H"	46.68%	50.30%	49.07%	50.00%	38.85%	26.48%
[7] Outpatient Gross Revenue as a % of Total	U	"H"	53.32%	49.70%	50.13%	50.00%	61.03%	74.43%
[8] Average Daily Census Acute Care	U	"H"	2.74	4.01	2.80	4.17	5.57	3.22
[9] Average Daily Census Swing Bed	U	"H"	0.58	1.74	2.13	0.67	0.37	1.52
Liquidity:								
[10] Days of Cash on Hand, Short Term	U	"H"	10.54	44.84	51.40	43.98	23.32	24.20
[11] Days Cash, All Sources(per Bank)	O	"H"	188.52	302.95	259.04	354.21	67.67	72.50
[12] Net Days in Accounts Receivable	O	"L"	41.48	37.78	60.10	82.35	59.54	49.73
[13] Average Payment Period	U	"L"	84.85	64.64	249.95	209.19	56.65	53.00
[14] Current Ratio	U	"H"	0.82	1.36	0.60	0.60	2.31	1.12
[15] Medicare Cost to charge ratio	U	"H"	23.20%	23.20%	23.20%	23.20%	38.00%	47.00%
Capital Structure:								
[16] Average Age of Plant (Annualized)	U	"L"	14.21	14.21	14.09	14.19	11.13	11.58
[17] Capital Costs as a % of Total Expenses	O	"L"	2.92%	3.44%	3.32%	2.65%	7.51%	6.70%
[18] Long Term Debt to Equity	U	"L"	79.6%	115.8%	1530.5%	222.2%	53.99%	60.32%
[19] Long Term Debt to Capitalization	U	"L"	44.3%	53.7%	93.9%	69.0%	20.13%	38.87%
[20] Debt Service Coverage Ratio	U	"H"	1.42	4.11	1.95	4.02	2.27	2.05
[21] Medicare In Patient Payer mix	U	"L"	64.37%	58.33%	38.45%	42.30%	57.90%	59.43%
[22] Medicare Out Patient Payer mix	U	"L"	48.41%	48.43%	30.21%	26.48%	38.89%	39.53%
Productivity and Efficiency:								
[23] Paid FTE's per Adjusted Occupied Bed	U	"L"	6.60	5.10	4.04	4.80	10.34	5.86
[24] Total Net Revenue per FTE	O	"H"	\$147,988	\$154,784	\$129,749	\$146,442	\$117,848	\$93,215
[25] Salary Expense per Paid FTE	U	"L"	\$70,437	\$65,575	\$67,335	\$70,599	\$59,647	\$50,845
[26] Salary and Benefits as a % of Net Rev	U	"L"	63.30%	59.03%			41.52%	45.57%
[27] Employee Benefits %	O	"L"	20.43%	20.87%	23.32%	24.23%	41.29%	25.20%
[28] Supply Expense Per Adj. Disch - CMI Adj	U	"L"	\$1,400.54	\$1,461.60	\$1,271.93	\$1,303.93	\$2,476.27	\$1,050.00
[29] FTE's Per Occupied Bed	U	"L"	8.32	6.36	4.53	5.58	5.31	5.80
			YTD - Actual 7/31/2023	6/30/2022			BUD 23	
Other Ratios:								
[30] Gross Days in Accounts Receivable	"L"		80.68	91.70	79.59	89.82	70.00	55.25
[31] Net Revenue per Adjusted Discharge	"H"		\$11,020	\$13,570	\$9,890	\$11,442	\$13,283	
[32] Operating Expenses per Adj. Discharge	"L"		\$11,476	\$12,713	\$10,223	\$11,793	\$13,030	

Note 1 - CHA Financial Indicators Report 2016 (U. of North Carolina)

Note 2 - Per CAH Financial Indicators Report 2016 (U. of North Carolina)

OR-Median Scores Per CAH Financial Indicators Report 2020 (WIPFLI)

Accounts Receivable Tracking Report
KERN VALLEY HEALTHCARE DISTRICT
LAKE ISABELLA, CALIFORNIA

Jul-23
PAGE 14

	Current Month Actual	Current Month Target
[1] Gross Days in Accounts Receivable - All Services	80.66	60.00
[2] Gross Days in Accounts Receivable - Inpatient	108.12	60.00
[3] Gross Days in Accounts Receivable - Outpatient	82.04	60.00
[4] Gross Days in Accounts Receivable - LTC	90.61	50.00
[5] Number of Gross Days in Unbilled Revenue	5.20	3.00
[6] Number of Days Gross Revenue in Credit Balances	1.11	1.0
[7] Self Pay as a Percentage of Total Receivables	2.42%	10.00%
[8] Charity as a % of Gross Patient Revenue - Current Month	0.00%	0.01%
[9] Charity as a % of Gross Patient Revenue -Year-To-Date	0.00%	0.01%
[10] Bad Debts as a % of Gross Patient Revenue - Current Month	1.88%	2.18%
[11] Bad Debts as a % of Gross Patient Revenue - Year-To-Date	1.88%	2.18%
[12] Collections as a % of Net Revenue - Curr. Mo. (included IGTs)	77.33%	100%
[13] Collections as a % of Net Revenue - YTD (included IGTs)	77.33%	100%
[14] Percentage of Insurance Receivable > 90 Days	37.24%	15%
[15] Percentage of Medicaid Receivable > 90 Days	22.96%	20%
[16] Percentage of Medicare Receivable > 60 Days	26.71%	10%
[17] Registration Accuracy Percentage	93.00%	95%
[18] % of Denials (Based on Gross Charges) - Current Month	1.11%	2%
[19] % of Denials (Based on Gross Charges) - Year-To-Date	1.93%	2%
[20] % of Rebills (Based on Total Claims Billed) - Current Month	0.83%	4%
[21] % of Rebills (Based on Total Claims Billed) - Year-To-Date	0.84%	4%

KERN VALLEY HEALTHCARE DISTRICT FINANCE REVIEW 8/1/2023									
COMPANY		CONTRACT	DESCRIPTION	COST	PER	BEGIN	END	NEXT REVIEW	
ALIGNED TELEHEALTH(ASANA)	52541	PHYSICIAN	PSYCHIATRIC AND OTHER SPECIALTIES, LC-SW	VARIOUS		11/01/19	ANNUALLY	08/01/23	AUTO RENEWAL ANNUALLY, 30 DAY WRITTEN NOTICE
E-MDS	04109	SERVICE	RHC SOFTWARE SUPPORT	\$ 11,880.91	ANN	12/01/19	11/30/20	08/01/23	
ICAHN	52109	SERVICE	PATIENT SATISFACTION SURVEYS	\$ 1.50	PER MAILING	11/07/13	11/06/16	08/01/23	ANNUAL AUTO RENEWAL UNLESS GIVEN 30 DAY WRITTEN NOTICE
MANAGED CARE ADVISORY GROUP, LLC (MCAG)		SERVICE	DISPUTE RESOLUTIONS IN CONJUNCTION WITH HOSPITAL COUNCIL OF NORTHERN AND CENTRAL CALIF.	0 RETAIN 20% OF ANY SETTLEMENT		11/01/16	OPEN	08/01/23	MAY TERMINATE ANY TIME WITH OR WITHOUT CAUSE WITH 90 DAY WRITTEN NOTICE IN ADVANCE
MCG HEALTH LLC	52473	SERVICE	INTERQUAL CRITERIA	\$ 16,445.74	RATE INCREASE ANNUALLY	11/05/20	11/14/25	08/01/23	CAN BE RENEWED ONLY BY MUTUAL WRITTEN AGREEMENT ON TERMINATION DATE
MERLIN SHONE, RESIDUAL TRUST	02358	LEASE/RENTAL	SPACE HR & PUBLIC RELATIONS	\$ 725.00	MO	11/01/02	ANNUALLY	08/01/23	60 DAY WRITTEN NOTICE
NAVE LAW OFFICE, P.C.	52116	SERVICE	LEGAL COUNSEL	RETRAINER OF \$1,500.00	MO	12/01/13	ANNUALLY	08/01/23	TERM AT ANY TIME. ADDITIONAL HOURLY RATES FOR WORK OUTSIDE OF BOARD MEETINGS
REGISTER.COM	52385	SERVICE	WEBSITE/EMAIL/DOWNS KERN VALLEY HEALTHCARE	\$ 189.74	ANN	11/05/22	11/06/23	08/01/23	
RELIAS LEARNING	52064	SOFTWARE	LEARNING/TRAINING	\$ 24,566.31	ANN	12/01/22	11/30/23	08/01/23	
STAR CPR		SERVICE	ACLS/SPALS TRAINING CERTIFICATION	COST TO ENROLLEE		11/12/19	OPEN	08/01/23	CLASSES TO BE ESTABLISHED IN ADVANCE
T-SYSTEM (CORRO HEALTH CO)	60555	SOFTWARE	E.H.R. IN ER	\$ 3,600.00	MO	02/01/13	12/31/20	08/01/23	INITIAL 5 YEAR TERM WILL THEN RENEW ANNUALLY FOR 1 YEAR TERMS



**MINUTES FOR
BOARD PERSONNEL AND POLICY COMMITTEE
Monday, August 28, 2023 – 9:00 A.M.**

- 1. CALL TO ORDER:** The meeting was called to order by Katheryn Elconin, Committee Chair, at 9:03am in the Administrative Conference Room.

PRESENT: Katheryn, Elconin, Committee Chair
Gene Parks, Committee Member
Dave Recupero, Chief Financial Officer
Mark Gordon, Chief Nursing Officer
Cary Zuber, Chief Information Officer
Cassandra Coleman, Human Resources Manager
Ross Elliott, Board Member (did not participate)

- 2. APPROVAL OF AGENDA:** The agenda was approved with the removal of the Safety Manual under item 5 as this was approved last month and placed on the agenda in error.
- 3. APPROVAL OF MINUTES:** The minutes of July 24, 2023 meeting were approved as distributed.

4. REPORTS:

- A. Human Resources Report:** Ms. Coleman presented the Human Resources report for the month of July, updating the committee on open positions, hires, terms, and transfers. There were no new workers compensation claim for the month of July.
- B. FTE Report:** The FTE reports were presented by Mr. Recupero. For pay period ending 7/29/23, the District was 13.77 FTEs over target based on actual volume. For pay period ending 8/12/23, the District was 9.21 FTEs over target based on actual volume.
- C. Efficiency Report:** The efficiency report was given by Mr. Recupero. Mr. Recupero reported that the paid FTE's per adjusted occupied bed was 6.60 versus prior YTD same month of 5.10. Mr. Recupero stated we definitely have room to improve in the area of productivity.
- D. Chief Nursing Officer Report:** Mr. Gordon reported the COVID positivity rate through the Emergency Department is increasing and is up to 3%. The transportation service is still doing well. Mr. Gordon has applied for the next round of grants through Kern Health Systems to help cover the costs of the service. The next CNA training program begins next week. We graduated 7 students from the last class and they are schedule to take their certification exams in early September. Volumes in the Emergency Department remain high. Mr. Gordon also reported that the manager of the Physical Therapy Department is talking a leave of absence for a family matter, but coverage is being arranged.

E. Chief Executive Officer Report: There was no CEO report this morning.

5. POLICY/PROCEDURES FOR REVIEW:

Manuals:

- **Nursing Services** – The Nursing Services manual was reviewed and approved by this committee. The manual will be placed on the Board of Directors consent agenda for full Board consideration.
- **Administration** – The Administration manual was reviewed and approved by this committee. The manual will be placed on the Board of Directors consent agenda for full Board consideration.

Policies:

Nursing:

- **Alcohol Withdrawal Assessment:** This existing policy was revised to include the Riker Sedation Agitation Scale. The policy was approved by this committee and will be placed on the Board of Directors consent agenda for final approval.

Skilled Nursing Facility:

- **Abuse Prevention Program – Protection:** This existing policy was revised to clarify procedure "B" regarding suspension of employees accused of abuse pending investigation. This policy was approved by this committee and will be placed on the Board of Directors consent agenda for final approval.
- **Abuse Prevention Program – Reporting:** This existing policy was also revised to clarify the process of suspending employees accused of abuse pending investigation. This policy was approved by this committee and will be placed on the Board of Directors consent agenda for final approval.
- **Trauma Informed Care:** This is a new policy that came out of a plan of correction. The policy was approved by this committee and will be placed on the Board of Directors consent agenda for final approval.

Policy Tracking Form: The tracking forms for both clinical and non-clinical policies were briefly reviewed.

6. OLD BUSINESS:

A. Review of Evaluation Tracking Form: The evaluation tracking form was briefly reviewed and discussed.

7. NEW BUSINESS: None

8. ADJOURNMENT: The meeting was adjourned at 9:38am.

Submitted by: _____
Heidi Sage, Executive Assistant

Approved by: _____
Katheryn Elconin, Committee Chair

**Kern Valley Healthcare District
HUMAN RESOURCES REPORT
July 2023 – FY 23**

	Jul '23	Jun '23	May '23	Jul '22	
TOTAL NUMBER OF POSITIONS:	413	411	409	384	
Full Time:	250	250	251	244	
Part Time:	30	29	29	24	
Part Time w/o Benefits:	25	26	25	23	
Per Diem:	83	82	82	75	
Temporary:	25	24	22	18	
Headcount:	254	255	257	246	
Turnover Rate:	1.6%	2.7%	3.9%	2.4%	
POSITIONS OPEN: 30			Department	Position	Status
*New posting	3		Acute Care	RN	FT
	1		Acute Care	RN	PT
	1		Acute Care	RN	PD
	1		SNF	RN Charge	FT
	1		SNF	RN/ADON	FT
	1		SNF	LVN	FT
	7		SNF	CNA	FT
	1		SNF	CNA	PT
	3		SNF	CNA	PD
	1		SNF	LVN	PD
	1		Emergency	ER Tech	PD
	2		Emergency	RN	PD
	1		Lab	CLS	FT
	1		Lab	CLS I	PD
	1		Lab	Phlebot/Lab Tech	PD
	1		Radiology	Rad Tech	PD
	1		Retail Pharm	Pharmacist/Float	PT
	1		MVHC	FNP	FT
	1		MVHC	Receptionist	PD
NEW HIRES:	New				
	1		Nutrition	Diet Tech	PTW
	1		SNF	PRM	Temp
	1		Pharmacy	PIC	FTE
Separation From Employment: 4	Voluntary	Invol.			
		1	Acute Care	LVN	FT
	1		Pharmacy	PIC	FT
	1		Retail Pharm	Pharmacist	PD
	1		SNF	CNA	PD

Capital Expenditure Request

Exhibit B

Hospital: Kern Valley Healthcare District	CER#	Date Submitted 08/11/2023
	Department: Emergency Department	Vendor: T System

A. DEPARTMENT HEAD OR MANAGER

Budgeted: ☐ Yes ☒ No

Budgeted project cost \$

B. HOSPITAL APPROVALS:

Equipment 15000.00

Purchasing Agent _____ Date: _____

Construction _____

Department Head [Signature] Date: 8-11-23

Shipping, Tax, Etc. _____

CFO _____ Date: _____

Discount, Trade In _____

Total amount requested \$ 15,000.00

Administrator [Signature] Date: 8-11-23

C. JUSTIFICATION: Write a brief narrative describing use or purpose of project and justification of request. Attach catalog or brochure, if available.

The MERP committee tracks medication errors throughout the facility. The barcode scanner on med/surg has shown a significant decrease in medication errors, as it assists the nurse with the five rights for medication administration. We are requesting that same technology be installed in the ER EHR known as T-system.

D. CLASSIFICATION:

E. SUBSTITUTIONS

NOTE: Indicate those items in the current budget that have been used as a substitute.

- ☐ Improve profit ☒ New
☒ Improve patient care ☐ Used
☐ Required by regulations
☐ Marketing
☐ Emergency
☐ Replacement

Item Number	Description	Amount

F. CAPITAL EXPENDITURE REQUEST SUMMARY

	Current Year	Carryover
Total Budget for Current Year	\$	\$
Total Requested to Date	\$	\$
Total Approved to Date	\$	\$

G. EFFECT ON PROFITS:

Estimated average annual increase/(decrease) in pre-tax \$

Average pre-tax and interest return on original investment %

????? and interest payback period

CAPITAL EQUIPMENT PRICE QUOTATION SUMMARY

Date: 08-11-2023

Item:

Manufacturer: T System Electronic Health Record

Model #: _____

VENDOR	PRICE	DEL. DATE	TERMS	P.O.B.	
T system	\$15,000				

Remarks:

This is a one time fee and it is proprietary. There is an additional cost of \$1,187.95 per month which will be added to our T system monthly dues.

Administrator_____
Purchasing Agent/Other

NOTE: Please attached copies of all bids submitted by vendors.

PROJECT ANALYSIS - PAGE ONE

EXHIBIT D

1)

FACILITY NAME: Kern Valley Healthcare District	FACILITY NO.
DEPARTMENT NAME: Emergency Department	DEPARTMENT NO.
PROJECT NAME:	BUDGET ITEM NO.

2) WHAT DOES THE EQUIPMENT DO?

Assists the nurse by confirming medication administration 5 rights.

COMPLETE QUESTION 3 ONLY IF A CODE VIOLATION EXISTS

3) HAVE YOU BEEN CITED?

BY WHOM? _____

HOW LONG DO YOU HAVE TO CORRECT THE PROBLEM? _____

COMPLETE QUESTIONS 4 AND 5 IF THE PROJECT IS A MARKETING PROJECT

4) HOW WILL THIS PROJECT IMPROVE MARKET POSITION OR HELP MEETING MARKETING OBJECTIVES?

5) DOES THIS ITEM IMPROVE PUBLIC PERCEPTION OF THE FACILITY, IMPROVE PHYSICIAN RELATIONS, IMPROVE THE PROMOTION OF A SPECIFIC SERVICE, OR ACHIEVE A SPECIFIC MARKETING OBJECTIVE?

COMPLETE QUESTIONS 6 THROUGH 13 IF PROJECT IS TO REPLACE EQUIPMENT

6) AGE OF REPLACED EQUIPMENT?

7) USEFUL LIFE OF NEW EQUIPMENT?

8) REASONS FOR REPLACEMENT?

9) YEAR-TO-DATE REPAIR COSTS/DOWN TIME:

10) COST OF REFURBISHMENT? \$ _____

11) WOULD REFURBISHED UNIT BE GUARANTEED? 9 YES 9 NO
FOR HOW LONG? _____
ADDED USEFUL LIFE AFTER REFURBISHMENT?

WHY IS REFURBISHMENT UNACCEPTABLE?

12) IF THE ORIGINAL EQUIPMENT HAS NOT REACHED THE END OF ITS USEFUL LIFE, EXPLAIN WHY IT SHOULD BE REPLACED?

WHAT IS THE REMAINING BOOK VALUE OF THE EQUIPMENT TO BE REPLACED? \$ _____
REMAINING LIFE: _____

13) ARE THERE SIGNIFICANT IMPROVEMENTS IN THE DESIGN OR CAPABILITIES OF THE NEW ITEM?
EXPLAIN THEM:

Multiple tasks are performed by this single device

PROJECT ANALYSIS - PAGE TWO

ANSWER QUESTIONS 14 THROUGH 16 IF THE PROJECT WILL INCREASE PROFIT

14) WHAT SERVICE DOES THIS EQUIPMENT PERFORM?

15) DOES IT: ☐ INCREASE VOLUME ☐ INCREASE REVENUE ☐ INCREASE RATES ☐ REDUCE COSTS?

HOW MUCH? \$ _____

16) IF PROJECT REDUCES COST, ARE SAVINGS LABOR OR SUPPLIES? IF LABOR SAVINGS ARE EXPECTED, HOW DO YOU PLAN TO INSURE SAVINGS ACTUALLY RESULT? IF SUPPLIES OR MATERIALS SAVINGS ARE EXPECTED, WHERE WILL THE SAVINGS OCCUR? ARE COST SAVINGS FIXED OR VARIABLE IN NATURE?

ANSWER QUESTIONS 17 THROUGH 20 IF PROJECT IMPROVES PATIENT CARE

17) WHAT SERVICES DOES THIS EQUIPMENT PERFORM?

Helps the nursing staff identify that they have the right patient, right medication, right dose, right route of administration and the right time. The barcode scanner has been proven to help prevent medication related errors in our own med surgery area and in countless other facilities.

18) HOW IS THIS FUNCTION BEING DONE NOW, AND HOW WILL THIS EQUIPMENT IMPROVE PATIENT CARE? HOW SIGNIFICANT IS THE IMPROVEMENT?

Avoiding costly and potentially harmful medication errors. This task is currently achieved at the bedside by the nurses

19) WILL THE IMPROVEMENT RESOLVE A DOCUMENTED PROBLEM OR RESOLVE A PHYSICIAN COMPLAINT? WHAT? Medication Error Reduction is a quality measure that is required by multiple state and federal entities.

20) WHAT FINANCIAL IMPLICATIONS WILL THE PROJECT HAVE?

ANSWER QUESTION 21 ONLY IF THE PROJECT IS AN EMERGENCY ACTION

21) IDENTIFY WHAT HAPPENED AND WHY NORMAL APPROVAL COULD NOT WAIT. WAS VERBAL APPROVAL GIVEN? BY WHOM? IDENTIFY WHAT WAS DONE.



Quote #:
Date:
APV:

Q-01196-1
3/20/2023 12:11 PM

T-System, Inc.

Prepared For:
Kern Valley Healthcare District
6412 Laurel Ave
Mountain Mesa, CA 93240
US

LICENSE

Product Name	Price
Bar Code Med Admin (BCMA) - Subscription Fee	Included

IMPLEMENTATION

Product Name	Price
Bar Code Med Admin (BCMA) - Implementation Fee	Included

Total Monthly License Fees
Total One Time Payment Required
Total Annual Fees

\$1,187.50
\$15,000.00
\$0.00

T-SYSTEM CONTACT	EMAIL
Casey Zandt	casey.zandt@corrohealth.com

Terms & Conditions

The fees quoted do not include end-user hardware, system software and other third-party software that may be required. Quotes are valid for 30 days and may be reissued due to price adjustments. Included items are indicated. Travel expenses are not included and will be billed separately.

THANK YOU FOR YOUR BUSINESS!

EMERGENCY DEPARTMENT PHYSICIAN AGREEMENT

This Emergency Department Physician Agreement ("Agreement") is entered into by and between Kern Valley Healthcare District ("District") and Byron Carcelen, M.D. ("PHYSICIAN"), as of September 1, 2023.

RECITALS

A. District owns and operates Kern Valley Hospital ("Hospital") located in Mountain Mesa, California, a Critical Access Hospital, and desires to retain PHYSICIAN to provide emergency medicine services in Hospital's Emergency Department ("ED").

B. PHYSICIAN is duly licensed in California with a background and experience in providing emergency medicine services, and desires to be retained by District.

NOW, THEREFORE, the parties agree as follows:

TERMS

1. SCOPE OF SERVICES

District retains PHYSICIAN, and PHYSICIAN agrees, to provide those services identified in Exhibit A, attached hereto and incorporated by reference (the "Services").

2. PHYSICIAN'S REPRESENTATIONS AND WARRANTIES

PHYSICIAN represents and warrants at the time of signing this Agreement, and at all times during the term of this Agreement, that:

2.1 PHYSICIAN is duly licensed, registered and in good standing, or will become duly licensed, registered and in good standing under the laws of the State of California, to engage in the practice of medicine, and that said license and registration have not been suspended, revoked, or restricted in any manner.

2.2 PHYSICIAN is qualified for and has applied for, or will apply for within a reasonable time after the signing of this Agreement, and has obtained, or will obtain within a reasonable time after the signing of this Agreement, membership (including appropriate clinical privileges) in good standing with the Medical Staff of District.

2.3 PHYSICIAN has disclosed and will at all times during the term of this Agreement promptly disclose to the District: (a) the existence and basis of any legal, regulatory, professional or other proceeding against PHYSICIAN instituted by any person, organization, governmental agency, health care facility, peer review organization, or professional society which involves any allegation of substandard care or professional misconduct raised against PHYSICIAN and (b) any allegation of substandard care or professional misconduct raised against PHYSICIAN by any person, organization, governmental agency, health care facility, peer review organization or professional society;

2.4 PHYSICIAN is board-certified or board-qualified in emergency medicine, or possesses knowledge and skill in emergency medicine comparable to other physicians practicing emergency medicine in the District's service area.

2.5 PHYSICIAN shall at all times render the Services in a competent, professional, and ethical manner, in accordance with prevailing standards of medical care and practice, and all applicable statutes, regulations, rules, orders, and directives of any and all applicable governmental and regulatory bodies having competent jurisdiction.

2.6 In connection with the provision of the Services, PHYSICIAN shall use the equipment, instruments, and supplies of the District for the purposes for which they are intended and in a manner consistent with sound medical practice.

2.7 PHYSICIAN shall complete and maintain, in a timely manner, adequate, legible and proper medical records, claims and correspondence with respect to the Services.

2.8 PHYSICIAN shall participate in Medicare, Medi-Cal and other federal and state reimbursement programs, commercial insurance reimbursement programs, health maintenance organization, preferred provider organizations, self-insured employer reimbursement programs and any other health benefit program with which the District may contract for the provision of professional medical services.

2.9 PHYSICIAN shall abide by the Medical Staff Bylaws, rules, regulations and policies.

2.10 PHYSICIAN shall participate in continuing medical education and training programs required to maintain skills comparable with the standards of care in emergency medicine in the District's service area.

2.11 PHYSICIAN shall satisfy all qualifications of insurability for professional liability policy or policies required, maintained or reimbursed by the District.

2.12 PHYSICIAN shall deliver to the District promptly upon request copies of all certificates, registrations, certificates of insurance and other evidence of Physician's compliance with the foregoing as reasonably requested by the District.

3. RESPONSIBILITIES OF HOSPITAL

3.1 HOSPITAL shall provide appropriate space and necessary equipment within the ED for the use of Physician in the performance of the Services under this Agreement.

3.2 HOSPITAL shall make all reasonable efforts to make available ancillary services necessary for effective operation of the ER, including laboratory, imaging, pharmacy, etc.

3.3 HOSPITAL shall not involve itself in those aspects of Physician's professional practice of medicine for which a license to practice medicine is required.

4. COVERAGE.

PHYSICIAN will provide emergency physician coverage in the ED as scheduled by HOSPITAL and MEDICAL DIRECTOR.

5. COMPLIANCE WITH LAWS

PHYSICIAN shall comply with all applicable provisions of law, and other valid rules and regulations of all governmental agencies having jurisdiction over: (i) the operation of the ED; (ii) the licensing of health care practitioners; and (iii) the delivery of services to patients of governmentally regulated third party payers whose members/beneficiaries receive services at HOSPITAL. This shall specifically include, but not by way of limitation: (i) compliance with applicable provisions of Title 22, California Administrative Code; and (ii) compliance with Medicare billing, time allocation, record keeping, and record access requirements.

6. PHYSICIAN COMPENSATION.

6.1 District agrees to pay the following fees to Physician:

6.1.1 Patient Visits. District will bill patients and their payors for services provided by PHYSICIAN to those patients. Such charges shall be consistent with prevailing community charges.

6.1.2 Advance on Patient Visits. District will pay PHYSICIAN \$75.00 per visit for all patients treated with their charts completed by the end of that ER physician's shift and \$70.00 per visit for charts not completed by the end of the shift.

6.1.3 Stand By Hours. District will compensate PHYSICIAN at \$70.00 per hour for all hours worked on site covering the Emergency Department.

6.1.4 Minimum Payment. The total amount of monthly fees compensation for the combined patient visits and stand-by hours by physician will be compared to the total hours worked by physician times two hundred twenty dollars (\$220.00) per hour and that physician will be paid the greater of these two methodologies.

6.1.5 HOSPITAL is responsible for the payments due to PHYSICIAN. Therefore, PHYSICIAN should only look to the HOSPITAL for amounts due and not to MEDICAL DIRECTOR.

6.2 Timing of Payment. HOSPITAL will pay PHYSICIAN monthly by the 15th day of the next month following that month in which the services are rendered.

6.3 Holiday Minimum. The minimum payment for the following holidays will be at time and one-half the current non-holiday minimum: New Year's Day, Easter Sunday, Memorial Day, 4th of July, Labor Day, Thanksgiving Day, and Christmas Day.

7. INDEPENDENT CONTRACTOR

7.1 PHYSICIAN is an independent contractor, and is not, by virtue of this Agreement, an employee, partner of, or joint venturer with District.

7.2 PHYSICIAN may not make any claim against District under this Agreement for social security benefits, worker's compensation benefits, unemployment insurance benefits, health benefits, vacation pay, sick leave, or any other employee benefits of any kind.

7.3 District shall not exercise any direct control over any medical decisions made by Physician in the course of performing the Services at the ED.

8. INSURANCE AND INDEMNIFICATION

8.1. Coverage. PHYSICIAN will be covered by the District's Professional and Liability Insurance through BETA Healthcare Group ("BETA") for a minimum of \$1,000,000 per occurrence, \$3,000,000 aggregate, for the Services rendered under this Agreement. It is understood and agreed that BETA provides Continuous Coverage for departed providers, except the coverage is limited to claims made and reported against the provider for Services provided during the term of this Agreement.

8.2. Indemnification. Each party ("Indemnitor") agrees to defend, indemnify and hold the other party ("Indemnitee") and its representatives, agents, successors and assigns harmless from any and all damages, claims, judgments, losses, costs and expenses, including attorney's fees, which may hereinafter at any time be incurred, suffered, sustained by or imposed upon Indemnitee or its representatives, agents, successors or assigns, which may be due or required to be paid or performed by reason of, arising out of, by virtue of, or incident to the performance or the rendering of any of the obligations of Indemnitor hereunder, including but not limited to, any such damages, claims, judgments, losses, costs or expenses attributable to bodily injury, sickness, disease or death or injury or to destruction of tangible property which is caused in whole or in part by the negligent act or omission of Indemnitor, or anyone directly employed by or acting on behalf of Indemnitor but not as a result of the negligence of Indemnitee, its representatives, servants or agents.

9. NONDISCRIMINATION

Services are to be available to all patients, in accordance with District's nondiscrimination policies, and in accordance with any established policies relating to free or charity care. PHYSICIAN shall not refuse to provide services to any patient at the Hospital, regardless of ability to pay.

10. TERM AND TERMINATION

10.1 Term. This Agreement shall be effective as of September 1, 2023, and shall terminate on August 31, 2024. Upon mutual agreement, not later than 90 days prior to expiration of the current term, the District and PHYSICIAN may extend this Agreement for two additional one-year terms.

10.2 Termination without cause. During the initial 120 days of this Agreement, either party may, without cause, terminate this Agreement with 30-days written notice to the other party. Thereafter, this Agreement may be terminated upon 60-days written notice to the other party. This agreement may be terminated at any time by the mutual consent of both parties.

10.3 Termination for cause. Either party may terminate this Agreement for cause if the other party is in material breach of this Agreement and the default is not cured within seven days of receipt of written notice specifying the material breach.

10.4 Other grounds for termination. This Agreement may be terminated immediately for the following reasons:

10.4.1 PHYSICIAN's loss or restriction of their license for any reason.

10.4.2 PHYSICIAN becomes legally incompetent; is convicted of a felony; or uses, possesses, or is found under the influence of alcohol, drugs, or other controlled substances while performing his duties under this Agreement.

10.4.3 PHYSICIAN fails to maintain a professional standard of conduct in accordance with District policies.

10.4.4 PHYSICIAN becomes ineligible to participate in the Medical or Medicare programs for any reason.

10.4.5 A fraud control unit of a state or federal agency determines Medical Director has or may be placing the health and safety of a patient at risk.

10.4.6 Loss or restriction of DISTRICT'S license to operate the Hospital.

10.5 Change in Law. In the event that any federal, state or local law or regulation, or any final, non-appealable interpretation of law or regulations by a court of law or governmental agency, makes or will make substantial performance of this Agreement illegal or renders any provision hereof illegal or unenforceable, the parties shall meet and negotiate and use best efforts to modify the Agreement to resolve the concern. If the parties are unable to resolve the issue within ten (10) days after it arose, either party may elect to terminate this Agreement on ten (10) days prior written notice.

10.6 Rights on Expiration or Termination. Custody of all District records, including patient medical records, equipment, and supplies shall be turned over to District upon termination for any reason. Duplicate copies of records may be retained by PHYSICIAN, at its own expense.

11. GENERAL PROVISIONS

11.1. Other Agreements. No other agreements between the parties exist at this time.

11.2. Assignment. Neither party may assign, delegate or transfer any rights, obligations or duties hereunder without the express written approval of the other party, which approval shall not be unreasonably withheld.

11.3. Notice. All notices required by this Agreement shall be in writing, and shall be deemed effective when personally delivered; when mailed by certified or registered mail, return receipt requested; or when deposited with a comparably reliable postage delivery service (such as Federal Express); addressed to the other party as follows:

IF TO PHYSICIAN:

Byron Carcelen, M.D.

IF TO DISTRICT:

Kern Valley Healthcare District
Attn: CEO
P.O. Box 1628
Lake Isabella, CA 93240

11.4. Records. Until the expiration of four (4) years after the furnishing of any service pursuant to this Agreement, PHYSICIAN shall make available upon written request, to the Secretary of the United States Department of Health and Human Services, or upon written request to the United States Comptroller, or any of their duly authorized representatives, under 42 C.F.R. & 420.300 et seq., or the California Department of Health Services, this Agreement, and such books, documents and records of the Physician that are necessary to certify the nature and extent of the reasonable costs of services.

11.5. No Third-Party Beneficiaries. Nothing contained in this Agreement is intended, nor shall it be construed, to create rights running to the benefit of third parties.

11.6. Attorney's Fees. In the event of a legal action or proceeding between the parties arising from this Agreement, the prevailing party shall be entitled to receive reasonable attorney's fees, costs, and other expenses, including those incurred on appeal and in the enforcement of a judgment, in addition to whatever other relief may be awarded.

11.7. Force Majeure. Neither party shall be liable or deemed in default of this Agreement for any delay or failure to perform caused by acts of God, war, disasters, strikes, or any cause reasonably beyond the control of the non-performing party.

11.8. Severability. In the event any portion of this Agreement is declared invalid or void by a court or arbitrator, such portion shall be severed from this Agreement, and the remaining provisions shall remain in effect, unless the effect of such severance would be to substantially alter the agreement or obligations of the parties, or would place either party in violation of its articles of in District or its bylaws, in which case the Agreement may be immediately terminated.

11.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to its conflict of laws principles, and is made and to be performed in the County of Kern, California.

11.10 No Referrals. Nothing in this Agreement is intended to obligate, and shall not obligate, any party to this Agreement to refer patients to any other party.

11.11 Waiver. Any failure of a party to insist upon strict compliance with any term, undertaking or condition of this Agreement shall not be deemed to be a waiver of such term, undertaking or condition. To be effective, a waiver must be in writing, signed and dated by the parties.

11.12 Entire Agreement; Modification. This Agreement contains the entire agreement of the parties relating to this subject matter. The Agreement may only be modified in writing, signed by both parties, effective on the date set forth therein.

11.13 Execution. By their signatures below, each of the following represent that they have authority to execute this Agreement and to bind the party on whose behalf their execution is made.

Kern Valley Healthcare District

PHYSICIAN

By _____
Timothy McGlew, CEO

Byron Carcelen, M.D.

EXHIBIT A

SCOPE OF SERVICES

PHYSICIAN shall devote sufficient time and his or her best abilities to the responsibility of treating patients in the normal and customary hours of operation of the ED.

Patient Transfers. PHYSICIAN shall consult with the primary care physician, the hospitalist and the CEO of the Hospital when necessary regarding problems with the need for the permanent transfer of patients from the ED to other hospitals or health care providers.

Medical Care Plan System. PHYSICIAN shall participate in the development and review of a system for providing a medical care plan for ED patient covering medications, nursing care, ancillary services, admission, discharge or transfer planning, and other relevant services.

Medical Records. PHYSICIAN shall be responsible for the development and maintenance of an adequate medical record in the ED. This shall include assuring that the appropriate medical record entries are made by PHYSICIAN concerning all medical procedures and other services performed in the ED in the electronic medical record system of Hospital and completed timely.

Service and Equipment Adequacy. PHYSICIAN shall advise the Medical Director concerning the adequacy of the patient care services and medical equipment.

Responses to Administrative Questions. PHYSICIAN shall be available to respond to administrative questions regarding patients, facility bed availability, intra-facility transfer problems, and patient status.

Responses to Nursing Questions. PHYSICIAN shall be available to assist with nursing questions at the ED, including questions regarding patient transfers and patient clinical status.

Responses to Patient Problems. PHYSICIAN, when on duty, shall be available to respond to patient problems in the ED by means of chart review and patient visits, as appropriate, and respond to all in-house patient emergencies when required.

Medical Staff Commitments. PHYSICIAN shall serve on such committees of Medical Staff of the District as may be appropriate after consultation with the ED Medical Director and Hospital CEO.

Utilization Review Services. Physician shall, as requested by the District, assist in the ED Utilization Review program of the District.

EMERGENCY DEPARTMENT PHYSICIAN AGREEMENT

This Emergency Department Physician Agreement ("Agreement") is entered into by and between Kern Valley Healthcare District ("District") and Peter Newell, M.D. ("PHYSICIAN"), as of October 1, 2023.

RECITALS

A. District owns and operates Kern Valley Hospital ("Hospital") located in Mountain Mesa, California, a Critical Access Hospital, and desires to retain PHYSICIAN to provide emergency medicine services in Hospital's Emergency Department ("ED").

B. PHYSICIAN is duly licensed in California with a background and experience in providing emergency medicine services, and desires to be retained by District.

NOW, THEREFORE, the parties agree as follows:

TERMS

1. SCOPE OF SERVICES

District retains PHYSICIAN, and PHYSICIAN agrees, to provide those services identified in Exhibit A, attached hereto and incorporated by reference (the "Services").

2. PHYSICIAN'S REPRESENTATIONS AND WARRANTIES

Physician represents and warrants at the time of signing this Agreement, and at all times during the term of this Agreement, that:

2.1 Physician is duly licensed, registered and in good standing, or will become duly licensed, registered and in good standing under the laws of the State of California, to engage in the practice of medicine, and that said license and registration have not been suspended, revoked, or restricted in any manner.

2.2 Physician is qualified for and has applied or will apply for within a reasonable time after the signing of this Agreement, and has obtained, or will obtain within a reasonable time after the signing of this Agreement, membership (including appropriate clinical privileges) in good standing with the Medical Staff of District.

2.3 Physician has disclosed and will at all times during the term of this Agreement promptly disclose to the District: (a) the existence and basis of any legal, regulatory, professional or other proceeding against Physician instituted by any person, organization, governmental agency, health care facility, peer review organization, or professional society which involves any allegation of substandard care or professional misconduct raised against Physician and (b) any allegation of substandard care or professional misconduct raised against Physician by any person, organization, governmental agency, health care facility, peer review organization or professional society;

2.4 Physician is board certified or board qualified in emergency medicine, or possesses knowledge and skill in emergency medicine comparable to other physicians practicing emergency medicine in the District's service area.

2.5 Physician shall at all times render the Services in a competent, professional, and ethical manner, in accordance with prevailing standards of medical care and practice, and all applicable statutes, regulations, rules, orders, and directives of applicable governmental and regulatory bodies having competent jurisdiction.

2.6 In connection with the provision of the Services, Physician shall use the equipment, instruments, electronic medical record documentation system and supplies of the District for the purposes for which they are intended and in a manner consistent with sound medical practice and District policies and procedures.

2.7 Physician shall complete and maintain, in a timely manner and using the District's electronic medical record, adequate, legible and proper medical records, claims and correspondence with respect to the Services.

2.8 Physician shall participate in Medicare, Medi-Cal and other federal and state reimbursement programs, commercial insurance reimbursement programs, health maintenance organization, preferred provider organizations, self-insured employer reimbursement programs and any other health benefit program with which the District may contract for the provision of professional medical services.

2.9 Physician shall abide by the Medical Staff Bylaws, rules, regulations and policies.

2.10 Physician shall participate in continuing medical education and training programs required to maintain skills comparable with the standards of care in emergency medicine in the District's service area.

2.11 Physician shall satisfy all qualifications of insurability for professional liability policy or policies required, maintained or reimbursed by the District.

2.12 Physician shall deliver to the District promptly upon request copies of all certificates, registrations, certificates of insurance and other evidence of Physician's compliance with the foregoing as reasonably requested by the District.

3. RESPONSIBILITIES OF HOSPITAL

3.1 HOSPITAL shall provide appropriate space and necessary equipment within the ED for the use of Physician in the performance of the Services under this Agreement.

3.2 HOSPITAL shall employ all reasonable efforts to make available ancillary services necessary for effective operation of the ER, including laboratory, imaging, pharmacy, etc.

3.3 HOSPITAL shall not involve itself in those aspects of Physician's professional practice of medicine for which a license to practice medicine is required.

4. COVERAGE.

PHYSICIAN will provide emergency physician coverage in the ED as scheduled by HOSPITAL and MEDICAL DIRECTOR and agreed to by PHYSICIAN.

5. COMPLIANCE WITH LAWS

PHYSICIAN shall comply with all applicable provisions of law, and other valid rules and regulations of all governmental agencies having jurisdiction over: (i) the operation of the ED; (ii) the licensing of health care practitioners; and (iii) the delivery of services to patients of governmentally regulated third party payers whose members/beneficiaries receive services at HOSPITAL. This shall specifically include, but not by way of limitation: (i) compliance with applicable provisions of Title 22, California Administrative Code; and (ii) compliance with Medicare billing, time allocation, record keeping, and record access requirements.

6. PHYSICIAN COMPENSATION.

6.1 District agrees to pay the following fees to Physician:

6.1.1 Patient Visits. District will bill patients and their payors for services provided by PHYSICIAN to those patients. Such charges shall be consistent with prevailing community charges.

6.1.2 Emergency Department Patient Visit Fees. District will pay PHYSICIAN \$75.00 per visit for all patients treated with their charts completed by the end of that ER physician's shift and \$70.00 per visit for charts not completed by the end of the shift.

6.1.3 Stand By Hours. District will compensate PHYSICIAN at \$70.00 per hour for all hours worked on site covering the Emergency Department.

6.1.4 Minimum Payment. The total amount of monthly fees compensation for the combined patient visits and stand-by hours by PHYSICIAN will be compared to the total hours worked by PHYSICIAN times two hundred twenty (\$220.00) per hour and the physician will be paid the greater of these two methodologies. Should PHYSICIAN not adhere to the provisions of Patient Transfers under Schedule A of this agreement, the provisions of this minimum payment will be considered voluntarily waived until compliance with that provision resumes.

6.1.5 HOSPITAL is responsible for the payments due to PHYSICIAN. Therefore, PHYSICIAN should only look to the HOSPITAL for amounts due and not to MEDICAL DIRECTOR.

6.2 Timing of Payment. HOSPITAL will pay PHYSICIAN monthly by the 15th day of the next month following that month in which the services are rendered.

6.3 **Holiday Minimum.** The minimum payment for the following holidays will be at 1.5 times the base rate per hour: New Year's Day, Easter Sunday, Memorial Day, 4th of July, Labor Day, Thanksgiving Day, and Christmas Day.

6.4 **Physician Lodging.** HOSPITAL will provide PHYSICIAN, at HOSPITAL'S expense, a location for lodging and meals from the cafeteria while working in the ED and between scheduled shifts should the physician choose to take advantage of this offering.

7. INDEPENDENT CONTRACTOR

7.1 PHYSICIAN is an independent contractor, and is not, by virtue of this Agreement, an employee, partner of, or joint venturer with District.

7.2 Physician may not make any claim against District under this Agreement for social security benefits, worker's compensation benefits, unemployment insurance benefits, health benefits, vacation pay, sick leave, or any other employee benefits of any kind.

7.3 District shall not exercise any direct control over any medical decisions made by Physician in the course of performing the Services at the ED.

8. INSURANCE AND INDEMNIFICATION

8.1. **Coverage.** PHYSICIAN will be covered by the District's Professional and Liability Insurance through BETA Healthcare Group ("BETA") for a minimum of \$1,000,000 per occurrence, \$3,000,000 aggregate, for the Services rendered under this Agreement. It is understood and agreed that BETA provides Continuous Coverage for departed providers, except the coverage is limited to claims made and reported against the provider for Services provided during the term of this Agreement.

8.2. **Indemnification.** Each party ("Indemnitor") agrees to defend, indemnify and hold the other party ("Indemnitee") and its representatives, agents, successors and assigns harmless from any and all damages, claims, judgments, losses, costs and expenses, including attorney's fees, which may hereinafter at any time be incurred, suffered, sustained by or imposed upon Indemnitee or its representatives, agents, successors or assigns, which may be due or required to be paid or performed by reason of, arising out of, by virtue of, or incident to the performance or the rendering of any of the obligations of Indemnitor hereunder, including but not limited to, any such damages, claims, judgments, losses, costs or expenses attributable to bodily injury, sickness, disease or death or injury or to destruction of tangible property which is caused in whole or in part by the negligent act or omission of Indemnitor, or anyone directly employed by or acting on behalf of Indemnitor but not as a result of the negligence of Indemnitee, its representatives, servants or agents.

9. NONDISCRIMINATION

Services are to be available to all patients, in accordance with District's nondiscrimination policies, and in accordance with any established policies relating to free or charity care. Physician shall not refuse to provide services to any patient at the Hospital, regardless of ability to pay.

10. TERM AND TERMINATION

10.1 Term. This Agreement shall be effective as of October 1, 2023, and shall terminate on September 30, 2024. Upon mutual agreement, not later than 90 days prior to expiration of the current term, the District and Physician may extend this Agreement for two additional one-year terms.

10.2 Termination without cause. During the initial 120 days of this Agreement, either party may, without cause, terminate this Agreement with 30-days written notice to the other party. Thereafter, this Agreement may be terminated upon 60-days written notice to the other party. This agreement may be terminated at any time by the mutual consent of both parties.

10.3 Termination for cause. Either party may terminate this Agreement for cause if the other party is in material breach of this Agreement and the default is not cured within seven days of receipt of written notice specifying the material breach.

10.4 Other grounds for termination. This Agreement may be terminated immediately for the following reasons:

10.4.1 Physician's loss or restriction of their license for any reason.

10.4.2 Physician becomes legally incompetent; is convicted of a felony; or uses, possesses, or is found under the influence of alcohol, drugs, or other controlled substances while performing his duties under this Agreement.

10.4.3 Physician fails to maintain a professional standard of conduct in accordance with District policies.

10.4.4 Physician becomes ineligible to participate in the Medi-Cal or Medicare programs for any reason.

10.4.5 A fraud control unit of a state or federal agency determines Physician has or may be placing the health and safety of a patient at risk.

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termination for any reason. Duplicate copies of records may be retained by PHYSICIAN, at its own expense.

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IF TO PHYSICIAN:

Peter Newell, M.D.

IF TO DISTRICT:

Kern Valley Healthcare District

Attn: CEO

P.O. Box 1628

Lake Isabella, CA 93240

11.4. Records. Until the expiration of four (4) years after the furnishing of any service pursuant to this Agreement, PHYSICIAN shall make available upon written request, to the Secretary of the United States Department of Health and Human Services, or upon written request to the United States Comptroller, or any of their duly authorized representatives, under 42 C.F.R. & 420.300 et seq., or the California Department of Health Services, this Agreement, and such books, documents and records of the Physician that are necessary to certify the nature and extent of the reasonable costs of services.

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11.13 Execution. By their signatures below, each of the following represent that they have authority to execute this Agreement and to bind the party on whose behalf their execution is made.

Kern Valley Healthcare District

Physician

By _____
Tim McGlew, CEO

Peter Newell, M.D.

EXHIBIT A

SCOPE OF SERVICES

PHYSICIAN shall devote sufficient time and his or her best abilities to the responsibility of treating patients in the normal and customary hours of operation of the ED.

Patient Transfers. Except in circumstances of immediate jeopardy for the life of the patient, PHYSICIAN shall consult with the hospitalist of the Hospital prior to the permanent transfer of patients from the ED to other hospitals or health care providers.

Medical Care Plan System. PHYSICIAN shall participate in the development and review of a system for providing a medical care plan for ED patients covering medications, nursing care, ancillary services, admission, discharge or transfer planning, and other relevant services.

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Medical Staff Commitments. The PHYSICIAN shall serve on such committees of Medical Staff of the District as may be appropriate after consultation with the ED Medical Director and Hospital CEO.

Utilization Review Services. PHYSICIAN shall, as requested by the District, assist in the ED utilization review program of the District.

Kern Valley Healthcare District

New Hospital Construction Program Plan of Finance - Basic Infrastructure

Presented by
Gary Hicks, President
G.L. Hicks Financial, LLC
September 14, 2023

Project Costs & Funding Sources

- Estimated Project Costs & Funding Sources:
 - Seismic Upgrade (FEMA) Project \$38.9 million
 - Other District Projects (non-FEMA projects) \$ 8.3 million
 - Total project cost estimate \$47.2 million
 - FEMA Grant – Primary Funding Source (\$22.7 million)
 - District equity contribution from cash reserves (\$10.0 million)
 - Project Fund from 2021 Bonds as of 7/31/23 (\$ 3.7 million)
- Financing Shortfall - USDA Loans or Revenue Bonds \$10.8 million
- Due to the District's recent financial performance, its improved liquidity and low leverage, it has several financing options available

USDA Direct Loan Program – The Basics

- Must validate that commercial banks will not provide the needed debt
 - Secure turn-down letters/emails from local, regional & national banks
- Must demonstrate an ability to repay the debt (financial feasibility study)
- Must comply with Build America, Buy America Act (new & still evolving)
- Must select project team via an open & competitive process
- Must comply with CEQA & NEPA (national environmental regulations)
- Interest Rate adjusts quarterly before approval then is fixed for loan term
- Secured by revenues of the District instead of tax revenues
- May not be available to fund FEMA seismic upgrade project

USDA Direct Loan Program - Advantages

- Advantages:
 - Up to 35-year fixed rate financing
 - Rates are below tax-exempt market rates (current quarterly rate is 3.50%)
 - Interest Rate lock at time of approval (issuance of Letter of Conditions)
 - Interest Rate for loan term is the lowest, at time of approval or loan closing
 - Early prepayment provision at par prior to maturity (no prepayment penalty)
 - Reasonable financial covenants (1.25x DSCR & 65 DCOH)
 - USDA may refinance other outstanding debt (limits apply)
 - Lenient credit approval criteria (will require state & national credit approvals)
 - Very flexible with terms, conditions and additional funding, if needed
 - Excellent support in California, in particular at the state and regional level

USDA Direct Loan Program - Process

- Process – two distinct steps:
 - Preapplication
 - Confirms the District meets the criteria to submit a formal application
 - Includes the requirement to provide turn-down letters from banks
 - Requires a month or so to complete and submit preapplication
 - Formal/Final Application Requirements
 - Preliminary Architect's Report to be prepared by the project's design architect
 - Environmental Assessment Report (meets NEPA requirements) & Phase I Report
 - Third-party Financial Feasibility Study certified by CPA firm (5-year projection)
 - Audits, interim financials, operating budget and documentation of local support
 - Project drawings, plans, specifications and conservative estimate of project costs
 - Public hearing wherein the project's construction, services & financing are discussed
 - Requires at least three to five months to complete and submit final package

Revenue Bonds – Terms & Conditions

- Two options are available:
 - Private Placement
 - Similar to the District's 2021 Bonds purchased by First Foundation Bank
 - Maximum term will likely be 15 to 20 years with 20 to 30 year amortization
 - Maximum Price construction contract would likely be required to be in place
 - Current interest rates are in the 6.00% to 6.50% range
 - Requires about three months to close the financing
 - Public Offering
 - Third-party Financial Feasibility Study certified by CPA firm (5-year projection)
 - Official Statement describing the District, the Bonds and their security
 - Maximum term can be up to 30 years with level debt service
 - Current interest rates are in the 6.00% to 6.50% range
 - Requires about four months to close the financing

KERN VALLEY HEALTHCARE DISTRICT
SUMMARY OF AUDITED FINANCIAL STATEMENTS AND RATIO ANALYSIS
000's OMITTED

	Fiscal Year Ended June 30										3-Year Average	Additional Debt Service			S&P BBB Median Ratio*
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023**		\$7M	\$10M	\$13M	
Net Patient Service Revenue	\$ 21,946	\$ 24,237	\$ 25,893	\$ 28,843	\$ 31,192	\$ 29,822	\$ 30,701	\$ 29,740	\$ 35,354	\$ 29,328	\$ 31,141				
Other Operating Revenue	431	321	213	577	328	299	348	550	335	2,994	1,293				
Total Operating Revenues	\$ 22,377	\$ 24,558	\$ 26,106	\$ 29,420	\$ 31,520	\$ 30,121	\$ 31,049	\$ 29,290	\$ 35,689	\$ 32,322	\$ 32,434				
Total Operating Expenses	22,639	24,117	25,881	27,542	28,117	27,457	28,002	30,962	31,338	34,036	32,111				
Operating Income (Loss)	\$ 338	\$ 441	\$ 425	\$ 1,878	\$ 3,403	\$ 2,664	\$ 3,047	\$ (1,672)	\$ 4,353	\$ (1,714)	\$ 322				
Net Nonoperating Revenues (Expenses)	(257)	(77)	(181)	(141)	(77)	10	63	4,150	164	4,182	2,832				
Increase in Net Assets	\$ 81	\$ 364	\$ 244	\$ 1,737	\$ 3,326	\$ 2,674	\$ 3,110	\$ 2,478	\$ 4,517	\$ 2,408	\$ 3,154				
Add Depreciation & Amortization Expense	510	759	628	624	439	528	505	549	709	731	663				
Add Interest Expense	708	668	643	635	576	497	439	398	378	330	371				
Available for Debt Service (EBITDA)	\$ 1,299	\$ 1,791	\$ 1,515	\$ 2,998	\$ 4,341	\$ 3,700	\$ 4,054	\$ 3,425	\$ 5,604	\$ 3,535	\$ 4,188	\$ 4,188	\$ 4,188	\$ 4,188	
Annual Debt Service	\$ 1,157	\$ 1,157	\$ 1,157	\$ 1,157	\$ 1,157	\$ 1,157	\$ 1,157	\$ 1,157	\$ 1,157	\$ 1,157	\$ 1,157	\$ 1,532	\$ 1,003	\$ 1,054	
Debt Service Coverage Ratio	1.12x	1.55x	1.31x	2.59x	3.76x	3.20x	3.50x	2.96x	4.84x	3.06x	3.62x	2.73x	2.47x	2.26x	2.79x
Operating Margin	1.51%	1.80%	1.63%	6.38%	10.80%	8.64%	9.81%	-5.71%	12.20%	-5.30%	0.99%				0.00%
Excess Margin	0.36%	1.48%	0.93%	5.90%	10.55%	8.08%	10.92%	8.40%	12.60%	7.64%	9.73%				1.70%
EBITDA Margin	5.81%	7.29%	5.80%	10.18%	13.77%	12.20%	13.05%	11.69%	15.70%	10.94%	12.91%				8.16%
Long-term Debt	\$ 12,214	\$ 10,604	\$ 9,352	\$ 9,075	\$ 8,242	\$ 7,426	\$ 6,651	\$ 13,441	\$ 12,799	\$ 11,981		\$ 18,081	\$ 21,981	\$ 24,981	
Unrestricted Net Assets	5,124	6,060	891	1,957	3,702	4,923	5,563	9,288	11,269	13,738		13,738	13,738	13,738	
Total Capital	\$ 17,338	\$ 16,664	\$ 10,286	\$ 11,032	\$ 11,944	\$ 12,349	\$ 12,514	\$ 22,729	\$ 24,068	\$ 25,699		\$ 32,099	\$ 35,699	\$ 38,699	
L-T Debt as a % of Capital	70%	64%	91%	82%	69%	60%	53%	59%	53%	47%		58%	62%	65%	36%
Cash and Cash Equivalents	\$ 870	\$ 935	\$ 1,337	\$ 2,437	\$ 6,880	\$ 8,361	\$ 15,687	\$ 18,519	\$ 18,049	\$ 1,693		\$ 1,693	\$ 1,693	\$ 1,693	
Assets Limited as to Use (Unrestricted)	939	1,145	1,104	1,565	2,240	2,047	3,195	6,120	5,765	18,398		\$ 5,398	\$ 8,398	\$ 11,398	
Total Cash & Investments	\$ 1,809	\$ 2,080	\$ 2,441	\$ 4,002	\$ 9,120	\$ 10,308	\$ 18,882	\$ 24,639	\$ 23,814	\$ 20,091		\$ 7,091	\$ 10,091	\$ 13,091	
Daily Cash Requirements	\$ 59	\$ 64	\$ 69	\$ 74	\$ 78	\$ 74	\$ 75	\$ 83	\$ 84	\$ 91		\$ 91	\$ 91	\$ 91	
Days Cash on Hand	31	33	36	55	120	141	251	296	260	220		78	111	143	158
Cash to L-T Debt	15%	20%	26%	44%	111%	140%	284%	183%	170%	168%		37%	46%	52%	113%

* Ratings for Stand-alone Small Hospitals.

** Based on unaudited financial statements.

	Annual Debt Service	6/30/2022 Principal Balance	Proposed New Debt Service		
			\$7M	\$10M	\$13M
Maximum Annual Debt Service:					
2021 Bonds due 6/34 @ 2.75%	\$ 1,157	\$ 11,750	\$ 1,157	\$ 1,157	\$ 1,157
Mortgage Note due 6/25 @ 5.00%	57	181	-	-	-
Note to CA ERDC due 12/25 @ 1.00%	744	1,830	-	-	-
Other Minor Notes and Leases		47	-	-	-
Current Debt & Max. Annual Debt Service		\$ 13,808	\$ 1,157	\$ 1,157	\$ 1,157
Additional Debt Service for 35 yrs. @ 4.0%			\$ 375	\$ 536	\$ 607
Proposed Maximum Annual Debt Service			\$ 1,532	\$ 1,693	\$ 1,764



August 25, 2023

Bob Easterday
Kern Valley Health Care District
Plant Operations Manager

Re: Kern Valley Health Care District
Electrical Upgrade
6412 Laurel Ave
Mountain Mesa, CA 93240
COP #05 – Add Conduit per ACD 0004

Bob,
I am providing a cost for the additional spare conduit as described in ACD0004. This conduit will be 18" below finish concrete. We will incase the conduit in concrete. Please see attached back up.

Electrical	\$21,912.00
OH&P (10%)	<u>\$ 2,191.20</u>
Total	\$24,103.20

Thank you for this opportunity.

Respectfully,

Troy Brookins

Troy Brookins
Project Manager
JTS Construction



43631 East 4th Street
Lancaster, CA. 93535
818 262-3669
661 947-4551 Fax
www.gbielelectric.com

GBI Electric Co., Inc.

Lic#927175

CHANGE ORDER PROPOSAL

8/26/2023

Troy Brookings
JTS Construction, Inc
7001 McDivitt Ave
Bakersfield, CA. 93313

REF: Kern Valley Healthcare Electrical Upgrades
Project#: GBI#23-173

Description:

Pursuant to request from JTS and Owner, we are submitting our cost for the following
Change In Scope Of Work:

1. Provide and Install additional Spare conduit as described in
latest revision plans dated 8-24-23 ACD0004.

Total Cost : \$ \$ 21,912.00 See attached breakdown on Sheet 2

Please process and adjust our contract accordingly to reflect added Cost.

Sincerely,

Gilbert Gonzalez
Project Manager

COST BREAKDOWN:

Project: Kern Valley Healthcare Electrical Upgrades
Location: Mountain Mesa, CA
REF: ACD0004 8-24-25

[illegible]

September 5, 2023

David Recupero
Chief Financial Officer
Kern valley Healthcare District
6412 Laurel Avenue
Mountain Mesa, CA 93240

Dear David:

This letter ("Engagement Letter"), together with the attached Terms and Conditions – Non-Attest Non-Tax Services, confirms the terms of our engagement with Kern valley Healthcare District ("Client") and the nature and extent of services we will provide.

Objective

The objective of our engagement is to:

1. Prepare the Medicare cost report(s) (Form 2552-10) for the year ended June 30, 2023, in accordance with the guidelines established by the Department of Health and Human Services – Centers for Medicare & Medicaid Services ("CMS") based on information provided by you for the following:
 - 05-1314
2. Prepare the Medi-Cal Report(s) (Form 2552-10) for the year ended June 30, 2023, in accordance with the guidelines established by the Department of Health Care Services ("DHCS") based on information provided by you for the following:
 - 1427049964
3. Apply accounting and financial reporting expertise to assist you in the presentation of the reports described above without an undertaking to obtain or provide any assurance that there are no material modifications that should be made to the reports in order for them to be in accordance with the guidelines established by CMS, and DHCS, as identified above.

Additional Services

From time to time, you may request that we provide services outside the scope of the services listed in the objective section of this letter ("Additional Services"). We will provide such Additional Services subject to the terms and conditions of this Engagement Letter. However, nothing in this Engagement Letter related to Additional Services is intended to require us to provide these Additional Services or is intended to create a duty, either express or implied, to provide such Additional Services or otherwise to bring to your attention matters or advice that we were not specifically requested to provide or address.

Fees

Our fees for this engagement will be billed as work progresses, and progress billings may be submitted. Based upon our discussions with representatives of Client, the fee for this engagement will be \$12,300 for the Medicare cost report, \$2,800 for the Medi-Cal cost report, \$5,200 for the Crossover Bad Debts, \$9,500 for the annual OSHPD report, \$2,700 for the SCO Special Districts report, \$3,800 for the OP supplemental report, and \$2,700 for the DPNF supplemental report. In addition, expenses for items such as travel, telephone, postage, clerical time, printing, and reproduction of form(s) and/or report(s) are billed for reimbursement as incurred. Our fee has been determined based on our understanding obtained through discussions with you regarding your preparation for the engagement and your current business operations. To the extent we encounter circumstances outside of our expectations that warrant additional procedures and time, we will communicate that fact and advise you of options and the additional fees necessary to complete the engagement. We expect payment of our billings within 30 days after submission.

If, upon our receipt of information provided by you, we identify accuracy or completeness issues with such information which may affect preparation of the reports in accordance with the guidelines established by CMS, and DHCS, any research and other efforts undertaken to address those issues will be considered Additional Services and billed at our standard hourly rates.

Our fees for the services listed above is based on the timely and accurate completion of our Data Request List ("DRL"). Failure to fully complete the DRL in a timely manner may result in additional fees at our standard hourly rates.

Wipfli will invoice Client 50% of the above agreed upon fee on September 30, 2023. The remaining balance will be invoiced as work progresses. Any additional fees for work performed outside of the scope of services specified in this Engagement Letter will be invoiced at our standard hourly rates.

Please note: All cost report information requested in the DRL must be submitted to Wipfli 45 days prior to the applicable cost report due date or we will assess a minimum late fee of 25% of our fees related to such cost report. In addition, if information is not provided to Wipfli at least 45 days prior to the due date, Client's report(s) may be filed late and Client will be responsible for all late fees and penalties associated with such late filing, if any.

Procedures, Limitations, and Independence

We will use our judgment in resolving questions where the guidelines established by CMS, and DHCS are unclear or where there may be conflicts between the Medicare Administrative Contractors ("MAC") or state Medicaid agency interpretations of the guidelines established by CMS, and DHCS, law, and other supportable positions.

Where we disagree with respect to your obligation to disclose a position, you have the right to choose another professional to prepare your reports. In such event, you agree to compensate us for our services rendered to the date of withdrawal. Such withdrawal will release us from any obligation to complete your reports and will constitute completion of our engagement.

We do not perform a review or audit of the information that is provided to us as it relates to your reports. We are not required to, and will not, verify the accuracy or completeness of the information you will provide for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or conclusion nor provide any assurance on the reports.

Your reports may be selected for review or audit by their respective oversight agency(ies). Any proposed adjustments made during review or audit may be subject to certain rights of appeal. In the event of such review or audit, we will be available upon request to assist you. Such assistance will be considered Additional Services.

Our work in connection with preparation of your reports does not include any procedures designed to discover defalcations or other irregularities, should any exist. Our engagement cannot be relied upon to identify or disclose misstatements in the reports, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations.

Responsibilities of Management

You acknowledge and understand that our role is to prepare the reports in accordance with guidelines established by CMS, and DHCS and assist you in the presentation of the reports in accordance with guidelines established by CMS, and DHCS. You have the following overall responsibilities that are fundamental to our undertaking the engagement:

1. The selection of guidelines established by CMS, and DHCS to be applied in the preparation of the reports.
2. The preparation and fair presentation of reports in accordance with guidelines established by CMS, and DHCS and the inclusion of all informative disclosures that are appropriate for guidelines established by CMS, and DHCS, if applicable.
3. The design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the reports.
4. The prevention and detection of fraud.
5. To ensure that Client complies with the laws and regulations applicable to its activities.
6. Ensuring the accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement.
7. To provide us with:
 - a. Access to all information of which you are aware is relevant to the preparation and fair presentation of the reports, such as records, documentation, and other matters.
 - b. Additional information that we may request from you for the purpose of the engagement.
 - c. Unrestricted access to persons within Kern valley Healthcare District of whom we determine it necessary to make inquiries.

You are also responsible for all management decisions and responsibilities and for designating an individual with suitable skills, knowledge, and experience to oversee the preparation of your reports. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services.

In addition, management has the final responsibility for the reports. Therefore, management should review the reports carefully before signing and submitting them.

Furthermore, failure to submit the reports or submitting the reports late may subject you to penalties, including suspension of reimbursement until the reports are received, and interest.

Management Assistance

Assistance by your employees in the preparation of the reports will be discussed with you and your staff. Their timely response and assistance is crucial to our ability to timely and efficiently complete our work.

Other

Eric Volk, CPA will be the engagement partner for the services specified in this Engagement Letter. The engagement partner's responsibilities include supervising the firm's services performed as part of this engagement.

Matt Falkner will be part of the engagement team and your direct contact for the services specified in this Engagement Letter.

If the contents of this Engagement Letter, together with the attached Professional Terms and Conditions – Non-Attest Non-Tax Services, agrees with your understanding of the terms of our engagement, please sign below where indicated and return it to us.

We look forward to our continued association with you and management and appreciate the opportunity to serve you. Please do not hesitate to call us if you have any questions about the work we are to perform or any other aspect of the services we can provide.



Wipfli LLP

ACCEPTED: KERN VALLEY HEALTHCARE DISTRICT

By: _____

(Print Name and Title)

Date: _____

MF/gh
Enc.

1. Entire Agreement

These Terms and Conditions, together with the engagement letter ("Engagement Letter") to which these Terms and Conditions are attached, the Engagement Letter's other appendices, and applicable Change Orders, if any, constitute the entire agreement between the parties on the subject matter thereof and supersede and merge all prior proposals (including prior proposals of Wipfli regarding the engagement), understandings, and agreements (oral or written) between the parties relating to the subject matter including, without limitation, the terms of any request for proposal issued to Client or the standard printed terms on any purchase order issued by Client and any non-disclosure or confidentiality agreement between Wipfli and Client dated prior to the date of the Engagement Letter. No modification, amendment, supplement to, or waiver of these Terms and Conditions or the Engagement Letter shall be binding upon the parties unless made in writing and duly signed by both parties. To the greatest extent reasonably possible, the provisions of the Engagement Letter, its Appendices (including these Terms and Conditions), Implementation Plan, Change Orders, and any other exhibit, attachment, schedule, or other document referenced in or by the Engagement Letter shall be read together and harmonized to give effect to the parties' intent. In the event of a direct conflict among the express provisions of the foregoing, the Engagement Letter shall be given controlling effect. No provision of these terms and conditions will apply to any attest services that may be performed by Wipfli for Client if such provision would impair Wipfli's independence from Client required pursuant to applicable professional standards, such services being governed exclusively by the Engagement Letters issued with respect thereto. Wipfli may be referred to herein as "we" or "us" or in a similar manner, and Client may be referred to as "you" or in a similar manner, and such references shall be read in context.

2. Commencement and Term

The Engagement Letter or Change Order shall become effective when signed by duly authorized representatives of both parties and shall remain in full force and effect until the services to be delivered under the Engagement Letter are complete (as reasonably determined by Wipfli) unless earlier terminated by either party as provided in the Engagement Letter or these Terms and Conditions. Each person executing an Engagement Letter or Change Order on behalf of a party represents and warrants to the other that he or she has all power and authority to bind the party on whose behalf he or she is executing same.

3. Termination of Agreement

The Engagement Letter may be terminated as follows: (i) by either party immediately upon written notice to the other if either party hereto becomes the subject of voluntary or involuntary bankruptcy or other insolvency proceeding; (ii) by Wipfli or Client if either party defaults in the performance of any of its covenants and agreements set forth in the Engagement Letter or Change Order (except when such default is due to a cause beyond the control of the party) and such default is not cured within thirty (30) days after notice from either party specifying the nature of such default; and (iii) by Wipfli or Client with or without cause upon providing thirty (30) days written notice. Termination of the Engagement Letter shall have no effect on either party's obligation to pay any amount due and owing with respect to such periods prior to the effective date of such termination.

Wipfli has the right to withdraw from this engagement with immediate effect if Client does not provide us with the information we request in a timely manner, refuses to cooperate with our reasonable requests, or misrepresents any facts. Our withdrawal will release us from any obligation to complete the engagement and will constitute completion of our engagement. Client agrees to compensate us for our time and out-of-pocket expenses through the date of our withdrawal.

4. Fee Estimates and Change Orders

Wipfli's Engagement Letter may set forth certain ranges for Wipfli's fees charged on any project or services. Wipfli provides fee estimates as an accommodation to Client. These estimates depend on certain assumptions, including: (a) anticipated cooperation from Client personnel; (b) timely responses to our inquiries; (c) timely completion and delivery of Client assistance requests; (d) timely communication of all significant accounting and financial reporting matters; (e) the assumption that

unexpected circumstances will not be encountered during the engagement; and (f) where applicable, the assumption that Client's hardware platform/computer system will, at the commencement of the services, be fully operable as intended and designed, functioning as necessary and available to Wipfli without material restriction for the duration of the services. Unless otherwise indicated in the Engagement Letter, fee estimates shall not be construed as or deemed to be a minimum or maximum fee quotation. Although Wipfli reasonably believes suggested fee ranges are accurate, Wipfli's actual fees may vary from its fee estimates.

Services that fall outside the agreed-upon scope of Wipfli's engagement shall be covered by a Change Order, or, if the nature and amount of such services are not material to the overall engagement, shall be delineated and included on Wipfli's invoice for such services. A "Change Order" means a mutually agreed-upon change in the schedule or the time for Wipfli's performance of the services on a project, the scope of specifications of a project, and/or the fees chargeable by Wipfli to Client, which is reduced to writing using an agreed-upon form that is executed by an authorized representative of each for Wipfli and Client.

Unless otherwise agreed in the Engagement Letter, miscellaneous expenses incurred by Wipfli in the course of performing the service will be charged in addition to Wipfli's professional fees. Miscellaneous expenses may include, but are not limited to: travel, lodging, transportation, and meals for projects requiring travel; clerical processing; telecommunications charges; technology fees; delivery expenses; and all sales, use, ad valorem, excise, or other taxes or other governmental charges.

5. Payment of Fees

Unless otherwise agreed, all invoices are due and payable within thirty (30) days of the invoice date. All business or commercial accounts will be charged interest at the lesser of one percent (1%) per month or the maximum rate permitted by law, except where prohibited by law, on Client's balance due to Wipfli that is outstanding over thirty (30) days. At our discretion, services may be suspended if Client's account becomes overdue and will not be resumed until Client's account is paid in full. Client acknowledges and agrees that we are not required to continue services in the event of a failure to pay on a timely basis for services rendered as required. Client further acknowledges and agrees that in the event Wipfli stops services or withdraws from this engagement as a result of Client's failure to pay on a timely basis for services rendered as required by this Engagement Letter, Wipfli shall not be liable to Client for any damages that occur whether direct or indirect, foreseen or unforeseen, and whether or not the parties have been advised of the possibility of such damages.

In the event Wipfli is required to respond to a subpoena, court order, government regulatory inquiries, or other legal process related to Client or its management (other than a matter in which Wipfli is named as a party) for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this or any prior engagements, Client agrees to compensate us for all time we expend in connection with such response, at our regular rates, and to reimburse us for all related out-of-pocket costs, including attorney's fees, that we incur. Any services under this paragraph will be deemed a separate engagement and, to the extent permitted by law and applicable professional standards, we will promptly notify you of the matter.

6. Privacy and Engagement Staffing

Wipfli expressly reserves the right to replace, in its sole discretion, any of our professional project team members, as necessary, to provide quality and timely service to Client. From time to time, and depending upon circumstances, Wipfli may use third-party service providers, such as independent contractors, specialists, or vendors to assist us in providing professional services, including tax services. These parties and their personnel may be located within or outside the United States. We may also use personnel from affiliates of Wipfli and other Wipfli-related entities (including our wholly-owned subsidiary based in India and contractors in the Philippines) or any of their respective affiliates. In addition, Wipfli may utilize third-party service providers, including cloud-based service providers, who may collect, use, transfer, transmit, store,

or otherwise process Client information in connection with the delivery of certain services. Wipfli is committed to maintaining the confidentiality and security of Client's information, and accordingly, Wipfli maintains policies, procedures and safeguards to protect the confidentiality of Client information. In addition, our agreements with all service providers appropriately maintain and protect the confidentiality of Client information, provided we may use electronic media to transmit Client information and such use in itself will not constitute a breach of any confidentiality obligation. We remain responsible to Client for the supervision of all service providers, entities, and personnel who assist us in rendering professional services hereunder and for protecting the confidentiality of Client information. Client hereby consents and authorizes us to disclose Client information to the foregoing entities and parties for the purpose of providing professional services, including tax services, to Client.

Wipfli is committed to protecting personal information that can be linked to specific individuals, including health information ("Personal Data") and will maintain such Personal Data in confidence in accordance with professional standards and governing laws. Client will not provide any Personal Data to Wipfli unless necessary to perform professional services described in the Engagement Letter. When providing any Personal Data to us, Client will comply with all applicable laws (both foreign and domestic) and will anonymize, mask, obfuscate, and/or de-identify, if reasonably possible, all Personal Data that is not necessary to perform the professional services described in the Engagement Letter. Any Personal Data provided to us by Client will be kept confidential and not disclosed to any third party not described above (parties providing us assistance in rendering professional services) unless expressly permitted by Client or required by law, regulation, legal process, or to comply with professional standards applicable to Wipfli. Client is responsible for obtaining, pursuant to law or regulation, consents from parties that provided Client with their personal information, which will be obtained, used, and disclosed by Wipfli for its required purposes, and Wipfli may rely on the representation that Client has obtained such consents.

Please see Wipfli's Privacy Statement located at www.wipfli.com/privacy-statement for further information.

Applicable rules in some states require that we advise you that some persons who own an interest in Wipfli may not be licensed as Certified Public Accountants and may provide services related to this engagement.

7. Terms of Ongoing Support and Advice

Any ongoing support and advice provided by Wipfli, whether or not it is covered by an engagement letter or Change Order, shall be subject to Wipfli's Terms and Conditions and will be provided under the same terms and conditions that would apply to services defined in Wipfli's Engagement Letters or Change Orders.

8. Intellectual Property Rights

Client acknowledges that Wipfli owns all intellectual property rights, title, and interest to all materials and information produced or developed by Wipfli throughout the duration of this engagement, excluding any pre-existing ownership right of Client and without implying any ownership interest in any Client materials, data or other information, all of which shall remain the property of Client. Upon completion of the services contemplated by the Engagement Letter, Wipfli grants to Client a perpetual paid-up license to use or modify, for internal purposes only, any deliverable produced by Wipfli and actually delivered to Client, provided that any use or modification of such deliverable, other than for the stated purposes in the Engagement Letter, is not authorized. In addition, Client shall not alter or remove any of Wipfli's trademarks, copyright registration marks, patent, or other intellectual property notices applicable to any of Wipfli's goods, marketing material, or advertising media and shall not in any way alter any of Wipfli's products. Client shall promptly notify Wipfli in writing of any infringement of Wipfli's intellectual property by third parties of which Client becomes aware. Neither party shall acquire any right, title, or interest in or to the other party's code, data, business processes, or other information to which such party may have access during the term of the engagement hereunder.

All such code, data, business process, and other information shall be solely and exclusively the property of the originating party.

9. Mutual Confidentiality

During the course of performing services, the parties may have access to information that is confidential to one another, including, without limitation, source code, documentation, specifications, databases, system design, file layouts, tool combinations, development methods, or business or financial affairs, which may incorporate business methods, marketing strategies, pricing, competitor information, product development strategies and methods, customer lists, customer information, and financial results (collectively "Confidential Information"). Confidential Information may include information received from third parties, both written and oral, that each party is obligated to treat as confidential.

Confidential Information shall not include any information that (i) is already known by the recipient party or its affiliates, free of any obligation to keep it confidential, (ii) is or becomes publicly known through no wrongful act of the receiving party or its affiliates, (iii) is received by the receiving party from a third party without any restriction on confidentiality, (iv) is independently developed by the receiving party or its affiliates, (v) is disclosed to third parties by the disclosing party without any obligation of confidentiality, or (vi) is approved for release by prior written authorization of the disclosing party.

Without the advance written consent of the other party, except as required by law, regulation, or to comply with professional standards applicable to a party or for the performance of the services, neither party shall disclose to a third party Confidential Information of the other party. Each party agrees to maintain at least the same procedures regarding Confidential Information that it maintains with respect to its own Confidential Information. Each party may use the Confidential Information received from the other party only in connection with fulfilling its obligations under this Agreement. The parties further agree that expiration or termination of this Agreement, for any reason, shall not relieve either party, nor minimize their obligations with respect to Confidential Information, as set forth herein.

10. Third-Party Products and Subcontractors

When Wipfli is requested by Client through an engagement letter or Change Order to provide assistance with third-party products, Wipfli will use commercially reasonable efforts (as defined by Wipfli) to research, learn, and assist Client in the use of third-party products. However, Wipfli shall not be held liable for the use of or results derived from software or other products or services that have been written, produced, or provided by third parties. Client accepts all responsibility for, and risk of loss associated with, all such use of third-party software, hardware, and products and services. Client accepts full responsibility for all communications with, and indemnifies and holds Wipfli harmless from, claims by third-party software developers, vendors, contractors, and/or subcontractors who have not been directly commissioned, engaged, retained, or hired by Wipfli. Wipfli hereby expressly disclaims all liability to Client or to any third parties that might be affected by the services performed or equipment installed by a third party who has not been directly commissioned, engaged, retained, or hired by Wipfli.

11. Tax Responsibilities

Client shall pay and be solely and exclusively liable for all sales, use, ad valorem, excise, or other taxes or governmental charges imposed on the installation, implementation, licensure, or sale of goods or services by Wipfli or third parties to Client related to the Engagement Letter.

12. Independent Contractor

The relationship between Wipfli and Client is solely and exclusively that of independently contracting parties.

13. Non-Exclusivity

No right of exclusivity is granted, guaranteed, or implied by Wipfli and Client entering into any engagement letter or Change Order. Client acknowledges that Wipfli regularly performs the same or similar services as are being provided hereunder to third parties.

14. Allocation of Risk and Limitation of Liability

In no event will either party to this Engagement Letter be liable to the other for claims of punitive, consequential, special, or indirect damages. Wipfli's liability for all claims, damages and costs of Client arising from this engagement shall be limited to the amount of fees paid by Client to Wipfli for the services rendered under this Engagement Letter and any corresponding Change Order, provided that the foregoing limitation shall not apply in the event of Wipfli's fraud or willful misconduct. Because Wipfli will rely on Client and its management for the accuracy of the representations made to Wipfli to perform the services described in the Engagement Letter, Client holds harmless and releases Wipfli and its owners and employees from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation made by a member of Client's management that has caused, in any respect, Wipfli's breach of contract or negligence.

15. Dispute Resolution

If any dispute arises among the parties regarding the subject matter hereof and such dispute cannot be resolved through informal negotiations and discussion, the parties agree to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its applicable rules for resolving professional accounting and related services disputes before resorting to arbitration or litigation. Costs of any mediation proceeding shall be shared equally by all parties. Except for an action by us to collect payment of our invoices, Wipfli and Client agree that no claims arising out of services rendered pursuant to the Engagement Letter or any Change Order shall be filed: (i) in the case of any report or deliverable issued by Wipfli under the Engagement Letter, no later than two years from the date of such report or deliverable (or if no report or deliverable is issued, two years from the date of the Engagement Letter), or (ii) in the case of any tax form or similar governmental filing, no later than two years after the initial due date of such tax form or filing.

16. Governing Law

Any and all claims relating to agreements between Wipfli and Client for any service shall be governed by and construed in accordance with the internal laws of the state in which the Wipfli office which issues the Engagement Letter related to the services is located.

17. Severability

The provisions of these Terms and Conditions shall be severable, so that the invalidity or unenforceability of any provisions will not affect the validity or enforceability of the remaining provisions; provided that no such severability shall be effective if it materially changes the economic benefit of these Terms and Conditions to either party.

18. Notices

All notices required to be given to either party under the Engagement Letter shall be in writing and sent by traceable carrier to each party's address indicated on the Engagement Letter, or such other address as a party may indicate by at least ten (10) business days' prior written notice to the other party. Notices shall be effective upon receipt. A copy of such notice should be provided to Wipfli's General Counsel at wipfli.lgal@wipfli.com.

19. Electronic Signature

Each party hereto agrees that any electronic signature of a party to the Engagement Letter or any electronic signature to a document contemplated hereby is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed, and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to: (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities, or (iv) a digital signature. Neither party shall contest

the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

20. Record Retention

We will retain records related to this engagement pursuant to our record retention policy. At the end of the relevant time period, we will destroy our records related to this engagement. However, Client's original records will be returned to Client upon the completion of the engagement. When records are returned, it is Client's responsibility to retain and protect the records for possible future use, including potential examination by governmental or regulatory agencies.

21. Assignment

The Engagement Letter to which these Terms and Conditions are attached shall be binding on the parties hereto and their respective successors and assigns. Neither party may assign this Engagement Letter without prior written consent of the other, except that Wipfli may assign its rights and obligations under this Engagement Letter without approval of Client to an entity that acquires all or substantially all of the assets of Wipfli or to any subsidiary or affiliate or successor in a merger, acquisition, or change of control of Wipfli provided that in no event shall such assignment relieve Wipfli of its obligations under this Engagement Letter.

22. Force Majeure

Either party may suspend (or if such suspension continues for more than thirty (30) days, terminate) its obligations (except the obligation to pay for services previously rendered) under the Engagement Letter or any amendment or Change Order, if such obligations are delayed, prevented, or rendered impractical or impossible due to circumstances beyond its reasonable control, including, without limitation, fires, floods, storms, washouts, tsunamis, earthquakes, wars (declared or undeclared), civil disturbances, accidents, terrorist acts (including biochemical attacks), health pandemics, acts of any governmental body, damage to its plants and equipment, computer network problems caused by any Internet Service Provider or telecommunications company servicing Wipfli and/or Client, or acts of God or events beyond a party's control (collectively referred to herein as "Force Majeure"). Each party will use reasonable efforts to promptly minimize the duration and consequences of any failure of or delay in performance resulting from a Force Majeure event. In such event, the affected party will not be liable to the other for delay or failure to perform its obligations under this Engagement Letter.