



## **AGENDA FOR FINANCE COMMITTEE MEETING**

**Administrative Conference Room**

**Wednesday, September 24, 2025 – 1:00 p.m.**

**[www.kvhd.org](http://www.kvhd.org)**

**Remote Participation – Microsoft Teams**

**Meeting ID: 262 753 746 348 1 Password: P9i3eQ33**

*Director Parks participating remotely from:*

*129 E. Fremont Street*

*Las Vegas, NV 89141*

**A. CALL TO ORDER:**

**B. CHANGES TO AGENDA:**

*(pages 1-2)*

If there are no changes, the agenda is approved as distributed.

**C. APPROVAL OF MINUTES:**

*(pages 3-5)*

If no corrections, the minutes of August 28, 2025 meeting are approved as distributed.

**D. PUBLIC COMMENT:** This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda. They may ask a question for clarification, make a referral to staff for factual information, or request staff to report back to the committee at a later meeting. Speakers are limited to three minutes. Please state your name before making your comment.

**E. FINANCIAL STATEMENTS:**

- Unaudited Financial Statement – August 2025
- Narrative Summary
- 13-Month Statistics
- Local Vendor Aging Report

*(pages 6-16)*

*(page 17)*

*(pgs 18-19)*

*(page 20)*

**F. OLD BUSINESS:** None

**G. NEW BUSINESS:**

**1. Contract Reviews**

*(page 21)*

Sally Emery, Compliance Officer

- a. Advanced Data Storage – Pick Up and Destroy PHI
- b. Bayer Healthcare – Stellant SX (CT Injector)
- c. Delta Liquid Energy – Propane Delivery
- d. Paul Giem, MD – ER Service

- e. Fangluo Liu, M D- Medical Director (Lab)
- f. Mesa Winds Apartments – Rental Units 6400 Lynch Canyon 3,4,7
- g. Nave Law Office – Legal Counsel
- h. Register.com – Website/Email/Domain KVHD
- i. Relias Learning – Employee Learning/Training
- j. The Local Pages – Phone Book Ads
- k. Zixcorp Systems – Email Encryption Large File Transfer

**2. HPSA Designation Renewal Proposals**

Greg Davis, Director of Population Health

*(pgs 22-34)*

**H. ADJOURNMENT**



**MINUTES FOR FINANCE COMMITTEE MEETING  
ADMINISTRATIVE CONFERENCE ROOM  
Thursday, August 28, 2025 – 10:00am**

**A. CALLED TO ORDER:** The meeting was called to order by Director Parks at 10:00a.m.

**PRESENT:** Gene Parks, Committee Chair  
Fred Clark, Committee Member  
John Lovrich, Chief Financial Officer  
Mark Gordon, Chief Nursing Officer  
Cary Zuber, Chief Information Officer  
Amy Smith, Controller  
Greg Davis, Director of Population Health  
Cassandra Coleman, Human Resources Manager  
Deb Hess, Marketing/PR Manager  
Nicolas Caver, Incoming Marketing/PR Manager

**B. CHANGES TO AGENDA:** Director Parks requested to table item G6, Advertising Budget, The agenda was approved as amended.

**C. APPROVAL OF MINUTES:** The minutes of the July 30, 2025 meeting were approved as distributed.

**D. PUBLIC COMMENT:** No public comment.

**E. FINANCIAL STATEMENT – July 2025:**

**Unaudited Financial Statements:** Mr. Lovrich presented the financial report for July. Mr. Lovrich reported that he has increased the contractuals by 2% in anticipation of potential cuts. This resulted in a loss for the month of July. Until we know for sure, Mr. Lovrich plans on being very conservative. For the month, the District had a net loss of \$53,058.

**Narrative Summary:**

Positive takeaways for the month:

- Long Term Care revenue was over budget.
- Net patient revenue was over budget.
- Retail Pharmacy revenue was over budget.
- Clinic revenue was over budget.
- Outpatient revenue over budget.
- Most volumes were over budget.

Negative takeaways for the month:

- There was a net loss for the month.
- Operating expenses were over budget.
- Clinic volumes was under budget.

**13-Month Statistics:** Reviewed and discussed.

**Local Vendor Aging Report:** The Local Vendor Aging Report was presented by Ms. Smith. As of 8/20/25, the balance was \$12, 681.45, with none over 30 days.

**F. OLD BUSINESS:** None

**G. NEW BUSINESS:**

**1. Contract Review/Renewal Summary:**

Sally Emery, Compliance Officer

- a. Clinicians Telemed Medical Group – Telemedicine Specialties
- b. CPSI – EHR
- c. Digi International (Smart Sense) – Asset Monitoring by Device
- d. Go Daddy (VPN) – Secure Certificates VPN (kvhd.org)
- e. Managed Care Advisory Group (MCAG) – Dispute Resolution (Hospital Council)
- f. MCG Healthcare – Interqual Criteria
- g. RLDatix (Quantros) – Safety and Risk Program
- h. Serenity Med Search – Professional Services
- i. TeleHealth Docs – Specialty Providers

The contracts were reviewed, discussed and approved by this committee and will be placed on the Board consent agenda for full Board consideration.

- 2. Capital Expenditure Request – Maxi-Move Lift (SNF):** The capital expenditure request for the Maxi-Move Lifts for SNF was submitted by Sally Markman, SNF DON. The request is for two lifts to replace the current ones that are becoming obsolete so it is becoming increasingly difficult to obtain parts for repairs. The request was approved by this committee and will be placed on the Board of Directors consent agenda for full Board consideration.
- 3. Medical Director Services Agreement – Gary Finstad, MD:** This Medical Director Services Agreement for Dr. Finstad is essentially a renewal of an existing agreement that recently expired. There were no changes made to the hourly rates or other terms. The committee approved this agreement and will be placed on the Board of Directors consent agenda for full Board consideration.
- 4. Podiatric Physician Services Agreement – Holly-Spohn-Gross, DPM:** The Podiatric Physician Services Agreement for Dr. Spohn-Gross is also a renewal of an existing agreement, with an increase in the per patient rate. After brief discussion, this agreement was approved by this committee and will be placed on the Board of Directors consent agenda for full Board consideration.
- 5. Rural Health Clinic Medical Director Agreement – Samantha Mongar, DO:** The Rural Health Clinic Medical Director Agreement for Dr. Mongar is essentially a renewal of an existing agreement that recently expired. There were no changes made to the hourly rates or other terms. The committee approved this agreement and will be placed on the Board of Directors consent agenda for full Board consideration.
- 6. Advertising Budget:** This item was tabled by Director Parks.

**H. ADJOURNMENT:** The meeting was adjourned at 10:19a.m.

Submitted by:

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Heidi Sage, Executive Assistant

Approved By:

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Gene Parks, Treasurer



**Unaudited Financial Statements**

**for**

**Second Month Ending August 31, 2025**

**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:

Amy Smith  
Controller

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**KERN VALLEY HEALTHCARE DISTRICT**  
**LAKE ISABELLA, CALIFORNIA**  
**Second Month Ending August 31, 2025**

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# Patient Statistics

## KERN VALLEY HEALTHCARE DISTRICT LAKE ISABELLA, CALIFORNIA Second Month Ending August 31, 2025

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Current Month					Year-To-Date				
	Actual 08/31/25	Budget 08/31/25	Positive/ (Negative) Variance	Prior Year 08/31/24	STATISTICS	Actual 08/31/25	Budget 08/31/25	Positive/ (Negative) Variance	Prior Year 08/31/24
<b>Discharges</b>									
[1]	21	30	(9)	32	Acute	48	59	(11)	57
[2]	1	2	(1)	3	Swing Beds	5	4	1	7
[3]	0	0	0	0	Psychiatric/Rehab	0	0	0	0
[4]	0	0	0	0	Respite	0	0	0	0
[5]	22	32	(10)	35	Total Adult Discharges	53	64	(11)	64
[6]	0	0	0	0	Newborn	0	0	0	0
[7]	22	32	(10)	35	Total Discharges	53	64	(11)	64
<b>Patient Days:</b>									
[8]	76	98	(22)	92	Acute	185	196	(11)	164
[9]	17	46	(29)	52	Swing Beds	56	92	(36)	110
[10]	0	0	0	0	Psychiatric/Rehab	0	0	0	0
[11]	0	0	0	0	Respite	0	0	0	0
[12]	93	144	(51)	144	Total Adult Patient Days	241	288	(47)	274
[13]	0	0	0	0	Newborn	0	0	0	0
[14]	93	144	(51)	144	Total Patient Days	241	288	(47)	274
<b>Average Length of Stay (ALOS)</b>									
[15]	3.6	3.3	(0.3)	2.9	Acute	3.85	3.3	(0.5)	2.9
[16]	17.0	20.8	3.8	17.3	Swing Bed	11.2	20.8	9.6	15.7
[17]	0.0	0.0	0.0	0.0	Psychiatric/Rehab	0.0	0.0	0.0	0.0
[18]	4.2	4.5	0.3	4.1	Total Adult ALOS	4.5	4.5	(0.0)	4.3
[19]	0.0	0.0	0.0	0.0	Newborn ALOS	0.0	0.0	0.0	0.0
[1]									
<b>Average Daily Census (ADC)</b>									
[20]	2.5	3.2	(0.7)	3.0	Acute	3.0	3.2	(0.2)	2.6
[21]	0.5	1.5	(0.9)	1.7	Swing Beds	0.9	1.5	(0.6)	1.8
[22]	0.0	0.0	0.0	0.0	All Other Adult	0.0	0.0	0.0	0.0
[23]	3.0	4.6	(1.6)	4.6	Total Adult ADC	3.9	4.6	(0.8)	4.4
[24]	0.0	0.0	0.0	0.0	Newborn	0.0	0.0	0.0	0.0
[2]									
<b>Long Term Care:</b>									
[25]	1,593	1,637	(44)	1,456	SNF/ECF Resident Days	3,255	3,274	(19)	2,877
[26]	0	3	(3)	4	SNF/ECF Resident Discharges	0	5	(5)	10
[27]	0	0	0	0	CBRF/Assisted Living Days	0	0	0	0
[28]	51.4	52.8	(1.4)	47.0	Average Daily Census	52.5	52.8	(0.3)	46.4
<b>Emergency Room Statistics</b>									
[29]	23	26	(3)	27	ER Visits - Admitted	47	53	(6)	52
[30]	328	290	38	414	ER Visits - Discharged	709	580	129	822
[31]	282	355	(73)	287	ER - Urgent Care Visits	598	710	(112)	593
[32]	633	671	(38)	728	Total ER Visits	1,354	1,343	11	1,467
[33]	3.63%	3.92%		3.71%	% of ER Visits Admitted	3.47%	3.92%		3.54%
[34]	104.55%	88.71%		84.38%	ER Admissions as a % of Total	97.92%	88.71%		91.23%
[3]									
<b>Outpatient Statistics:</b>									
[35]	955	931	24	1,054	Total Outpatients Visits	2,090	1,862	228	1,981
[36]	21	17	4	19	Observation Bed Days	38	33	5	39
[37]	975	1,260	(285)	1,244	Clinic Visits - Primary Care	2,143	2,520	(377)	2,634
[38]	224	270	(46)	266	Clinic Visits - Specialty Clinics	488	540	(52)	531
[39]	0	0	0	0	IP Surgeries	0	0	0	0
[40]	0	0	0	0	OP Surgeries	0	0	0	0
[41]	0	0	0	0	Outpatient Scopes	0	0	0	0
[42]	7,499	6,489	1,010	4,926	Retail Pharmacy Scripts	15,298	12,978	2,320	8,915
[43]	0	0	0	0	Clinic Visits-Mobile Van	0	0	0	0
<b>Productivity Statistics:</b>									
[44]	227.62	212.97	(14.65)	213.21	FTE's - Worked	224.17	212.97	(11.20)	208.79
[45]	248.35	242.06	(6.29)	237.06	FTE's - Paid	248.28	242.06	(6.22)	235.28
[46]	0.9270	1.0550	0.13	0.9526	Case Mix Index -Medicare	0.9624	1.0550	0.09	1.0456
[47]	0.9291	0.9968	0.07	0.9707	Case Mix Index - All payers	0.9664	0.9968	0.03	1.0452



# KERN VALLEY HEALTHCARE DISTRICT

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## EXECUTIVE FINANCIAL SUMMARY

Second Month Ending August 31, 2025

BALANCE SHEET		
	8/31/2025	6/30/2025
<b>ASSETS</b>		
Current Assets	6,692,311	7,584,064
Assets Whose Use is Limited	15,379,195	15,669,268
Property, Plant and Equipment (Net)	11,926,898	11,735,542
Other Assets	624,276	624,276
<b>Total Unrestricted Assets</b>	<b>34,622,680</b>	<b>35,613,150</b>
Restricted Assets	0	0
<b>Total Assets</b>	<b>34,622,680</b>	<b>35,613,150</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities	4,692,040	5,508,276
Long-Term Debt	9,681,318	9,790,571
Other Long-Term Liabilities	2,740,554	2,677,318
<b>Total Liabilities</b>	<b>17,113,913</b>	<b>17,976,165</b>
Net Assets	17,508,767	17,636,985
<b>Total Liabilities and Net Assets</b>	<b>34,622,680</b>	<b>35,613,150</b>
<b>STATEMENT OF REVENUE AND EXPENSES - YTD</b>		
	ACTUAL	BUDGET
<b>Revenue:</b>		
Gross Patient Revenues	24,157,190	23,215,619
Deductions From Revenue	(16,707,696)	(16,132,005)
Net Patient Revenues	7,449,495	7,083,614
Other Operating Revenue	133,056	57,672
<b>Total Operating Revenues</b>	<b>7,582,551</b>	<b>7,141,286</b>
<b>Expenses:</b>		
Salaries, Benefits & Contract Labor	4,452,807	4,092,409
Purchased Services & Physician Fees	1,045,698	1,087,146
Supply Expenses	1,640,220	1,309,642
Other Operating Expenses	575,158	619,176
Bad Debt Expense	0	0
Depreciation & Interest Expense	116,683	163,227
<b>Total Expenses</b>	<b>7,830,566</b>	<b>7,271,599</b>
<b>NET OPERATING SURPLUS</b>	<b>(248,015)</b>	<b>(130,313)</b>
Non-Operating Revenue/(Expenses)	120,095	205,106
<b>TOTAL NET SURPLUS</b>	<b>(127,920)</b>	<b>74,793</b>
<b>KEY STATISTICS AND RATIOS - YTD</b>		
	ACTUAL	BUDGET
Total Acute Patient Days	185	196
Average Acute Length of Stay	3.9	3.3
Total Emergency Room Visits	1,354	1,343
Outpatient Visits	2,090	1,862
Total Surgeries	0	0
Total Worked FTE's	224.17	209.97
Total Paid FTE's	249.41	239.06
Productivity Index	0.9585	1.0000
EBITDA - YTD	-2.28%	-0.14%
Current Ratio		
Days Expense in Accounts Payable	30.52	

## Balance Sheet - Assets

### KERN VALLEY HEALTHCARE DISTRICT

### LAKE ISABELLA, CALIFORNIA

### Second Month Ending August 31, 2025

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Second Month Ending August 31, 2025		ASSETS			
[1]	Net to Gross AR %	36.2%	37.6%		34.5%
[2]	CASH -ALL SOURCES	17,103,733	19,402,700	-2,298,967	20,764,508
		Current Month 8/31/2025	Prior Month 7/31/2025	Positive/ (Negative) Variance	Prior YR. UNAUDITED 6/30/2025
Current Assets					
[3]	Cash and Cash Equivalents	2,430,163	4,764,178	(2,334,015)	6,160,678
[4]	Gross Patient Accounts Receivable	25,514,519	25,979,798	(465,279)	25,088,793
[5]	Less: Bad Debt and Allowance Reserves	(16,280,210)	(16,216,942)	(63,268)	(16,444,711)
[6]	Net Patient Accounts Receivable	9,234,309	9,762,855	(528,547)	8,644,083
[7]	Interest Receivable	0	0	0	0
[8]	Other Receivables	(2,744,869)	(4,727,063)	1,982,194	(4,756,524)
[9]	Inventories	392,463	393,513	(1,049)	388,816
[10]	Prepaid Expenses	686,504	709,244	(22,740)	453,271
[11]	Due From Third Party Payers	(3,306,260)	(3,306,260)	0	(3,306,260)
[12]	Due From Affiliates/Related Organizations	0	0	0	0
[13]	Other Current Assets	0	0	0	0
[14]	Total Current Assets	6,692,311	7,596,467	(904,156)	7,584,064
Assets Whose Use is Limited					
[15]	Auxillary Cash	513,217	513,569	(352)	498,591
[16]	Investments -LAIF	286,699	286,699	0	286,699
[17]	Debt Payment Fund	192,408	668,341	(475,933)	566,847
[18]	UBS Funds	11,176,887	11,151,887	25,000	11,126,887
[19]	Cash Westamerica	52,607	52,606	1	52,605
[20]	Project Fund	3,157,377	3,147,330	10,047	3,137,639
[21]	Covid Stimulus Cash Assets	0	0	0	0
[22]	Total Limited Use Assets	15,379,195	15,820,432	(441,238)	15,669,268
Property, Plant, and Equipment					
[23]	Land and Land Improvements	383,800	383,800	0	383,800
[24]	Building and Building Improvements	14,947,912	14,947,912	0	14,947,912
[25]	Equipment	23,750,338	23,573,935	176,403	23,478,028
[26]	Construction In Progress	7,502,005	7,470,096	31,910	7,466,276
[27]	Capitalized Interest	0	0	0	0
[28]	Gross Property, Plant, and Equipment	46,584,055	46,375,742	208,313	46,276,015
[29]	Less: Accumulated Depreciation	(34,657,157)	(34,598,247)	(58,910)	(34,540,473)
[30]	Net Property, Plant, and Equipment	11,926,898	11,777,495	149,403	11,735,542
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	624,276	624,276	0	624,276
[32]	Total Other Assets	624,276	624,276	0	624,276
[33]	TOTAL UNRESTRICTED ASSETS	34,622,680	35,818,671	(1,195,991)	35,613,150
Restricted Assets					
		0	0	0	0
[34]	TOTAL ASSETS	34,622,680	35,818,671	(1,195,991)	35,613,150

# Balance Sheet - Liabilities and Net Assets

## KERN VALLEY HEALTHCARE DISTRICT

### LAKE ISABELLA, CALIFORNIA

Second Month Ending August 31, 2025

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		LIABILITIES AND FUND BALANCE				
		Current Month 8/31/2025	Prior Month 7/31/2025	Positive/ (Negative) Variance	Percentage Variance	Prior Yr. UNAUDITED 6/30/2025
Current Liabilities						
[1]	Accounts Payable	1,851,147	1,723,224	(127,923)	-7.42%	1,688,097
[2]	Notes and Loans Payable	0	0	0	0.00%	0
[3]	Accrued Payroll	483,468	1,081,015	597,547	55.28%	881,879
[4]	Accrued Payroll Taxes	198,052	232,833	34,781	14.94%	211,249
[5]	Accrued Benefits	1,363,918	1,351,708	(12,210)	-0.90%	1,342,995
[6]	Accrued Pension Expense (Current Portion)	(74,907)	(28,569)	46,338	-162.20%	(1,089)
[7]	Other Accrued Expenses	226,129	318,497	92,367	29.00%	295,335
[8]	Patient Refunds Payable	794,233	833,334	39,101	4.69%	828,636
[9]	Property Tax Payable	0	0	0	0.00%	0
[10]	Due to Third Party Payers	(711,376)	(683,422)	27,954	-4.09%	(652,210)
[11]	Advances From Third Party Payers	0	0	0	0.00%	0
[12]	Current Portion of LTD (Bonds/Mortgages)	458,000	910,000	452,000	49.67%	910,000
[13]	Current Portion of LTD (Leases)	103,376	108,016	4,640	4.30%	3,384
[14]	Other Current Liabilities	0	0	0	0.00%	0
	<b>Total Current Liabilities</b>	<b>4,692,040</b>	<b>5,846,635</b>	<b>1,154,595</b>	<b>19.75%</b>	<b>5,508,276</b>
Long Term Debt						
[15]	Bonds/Mortgages Payable	8,712,000	9,164,000	452,000	4.93%	9,164,000
[16]	Leases/Notes Payable	1,530,694	1,535,334	4,640	0.30%	1,539,955
[17]	Less: Current Portion Of Long Term Debt	561,376	1,018,016	456,640	44.86%	913,384
	<b>Total Long Term Debt (Net of Current)</b>	<b>9,681,318</b>	<b>9,681,318</b>	<b>0</b>	<b>0.00%</b>	<b>9,790,571</b>
Other Long Term Liabilities						
[18]	Deferred Revenue	0	0	0	0.00%	0
[19]	Accrued Pension Expense (Net of Current)	212,085	178,619	(33,466)	-18.74%	148,849
[20]	Long Term Settlements	2,528,469	2,528,469	0	0.00%	2,528,469
	<b>Total Other Long Term Liabilities</b>	<b>2,740,554</b>	<b>2,707,088</b>	<b>(33,466)</b>	<b>-1.24%</b>	<b>2,677,318</b>
[21]	<b>TOTAL LIABILITIES</b>	<b>17,113,913</b>	<b>18,235,041</b>	<b>1,121,129</b>	<b>6.15%</b>	<b>17,976,165</b>
Net Assets:						
[22]	Unrestricted Fund Balance	16,640,302	16,640,302	0	0.00%	16,640,302
[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)	868,466	943,328	(74,862)	-7.94%	996,683
[26]	<b>TOTAL NET ASSETS</b>	<b>17,508,767</b>	<b>17,583,629</b>	<b>74,862</b>	<b>0.43%</b>	<b>17,636,985</b>
[27]	<b>TOTAL LIABILITIES AND NET ASSETS</b>	34,622,680	35,818,671	1,195,991	3.34%	35,613,150

**Statement of Revenue and Expense**  
**KERN VALLEY HEALTHCARE DISTRICT**  
**LAKE ISABELLA, CALIFORNIA**  
**Second Month Ending August 31, 2025**

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		CURRENT MONTH			
	Actual 08/31/25	Budget 08/31/25	Positive (Negative) Variance	Percentage Variance	Prior Year 08/31/24
Gross Patient Revenue					
[1] Inpatient Revenue	973,987	1,197,198	(223,212)	-18.64%	1,141,085
[2] Clinic Revenue	1,434,986	1,530,341	(95,355)	-6.23%	1,662,901
[3] Outpatient Revenue	5,484,908	5,509,427	(24,519)	-0.45%	5,972,852
[4] Long Term Care Revenue	2,857,113	2,803,508	53,605	1.91%	2,601,232
[5] Retail Pharmacy Revenue	739,348	567,335	172,013	30.32%	420,392
[6] Total Gross Patient Revenue	11,490,342	11,607,809	(117,468)	-1.01%	11,798,462
Deductions From Revenue %	67%	69%			72%
[7] Discounts and Allowances (incl IGTs)	(7,555,625)	(7,903,428)	347,802	4.40%	(8,340,866)
[8] Bad Debt Expense (Governmental Providers Only)	(153,678)	(162,575)	8,896	5.47%	(112,199)
	0	0	0	0.00%	0
[9] Charity Care	0	0	0	0.00%	0
[10] Total Deductions From Revenue	(7,709,303)	(8,066,002)	356,699	4.42%	(8,453,065)
[11] Net Patient Revenue	3,781,038	3,541,807	239,231	6.75%	3,345,397
[12] Other Operating Rev (Incl HHS Stimulus)	57,207	28,836	28,371	98.39%	27,916
[13] Total Operating Revenue	3,838,245	3,570,643	267,602	7.49%	3,373,313
Operating Expenses					
[14] Salaries and Wages	1,829,589	1,661,664	(167,925)	-10.11%	1,511,053
[15] Fringe Benefits	376,530	321,810	(54,720)	-17.00%	317,239
[16] Contract Labor	71,738	62,730	(9,007)	-14.36%	107,531
[17] Professional & Physician Fees	375,135	400,464	25,329	6.32%	348,842
[18] Purchased Services	143,475	143,109	(366)	-0.26%	122,262
[19] Supply Expense	838,255	654,821	(183,434)	-28.01%	619,942
[20] Utilities	73,972	78,379	4,407	5.62%	106,849
[21] Repairs and Maintenance	9,808	5,843	(3,964)	-67.84%	1,970
[22] Insurance Expense	67,428	87,559	20,131	22.99%	66,818
[23] All Other Operating Expenses	98,026	103,722	5,696	5.49%	70,425
[24] Bad Debt Expense (Non-Governmental Providers)	0	0	0	0.00%	0
[25] Leases and Rentals	29,950	34,084	4,134	12.13%	24,400
[26] Depreciation and Amortization	58,910	81,614	22,704	27.82%	62,437
[27] Interest Expense (Non-Governmental Providers)	0	0	0	0.00%	0
[28] Total Operating Expenses	3,972,816	3,635,800	(337,016)	-9.27%	3,359,768
<b>Net Operating Surplus/(Loss)</b>	<b>(134,570)</b>	<b>(65,157)</b>	<b>(69,414)</b>	<b>106.53%</b>	<b>13,545</b>
Non-Operating Revenue:					
[29] Contributions/Grants/PPP/ERC	13,053	14,007	(955)	-6.82%	13,312
[30] Investment Income	37,278	79,434	(42,156)	-53.07%	76,545
[31] Income Derived from Property Taxes	29,931	28,511	1,421	4.98%	27,974
[32] Interest Expense (Governmental Providers Only)	(20,201)	(21,403)	(1,202)	5.61%	(22,476)
[33] Other Non-Operating Revenue/(Expenses)	(352)	2,005	(2,357)	-117.57%	11,884
[34] Total Non Operating Revenue/(Expense)	59,708	102,553	(42,845)	-41.78%	107,239
<b>Total Net Surplus/(Loss)</b>	<b>(74,862)</b>	<b>37,397</b>	<b>(112,259)</b>	<b>-300.18%</b>	<b>120,784</b>
[35] Operating Margin	-3.51%	-1.82%			0.40%
[36] Total Profit Margin	-1.95%	1.05%			3.58%
[37] EBITDA	-2.50%	-0.14%			1.59%
[38] Cash Flow Margin	0.11%	3.93%			6.10%

**Statement of Revenue and Expense**  
**KERN VALLEY HEALTHCARE DISTRICT**  
**LAKE ISABELLA, CALIFORNIA**  
**Second Month Ending August 31, 2025**

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YEAR-TO-DATE					
	Actual 08/31/25	Budget 08/31/25	Positive (Negative) Variance	Percentage Variance	Prior Year 08/31/24
Gross Patient Revenue					
[1] Inpatient Revenue	2,386,905	2,394,396	(\$7,492)	-0.31%	2,193,882
[2] Clinic Revenue	3,049,065	3,060,683	(11,617)	-0.38%	3,198,115
[3] Outpatient Revenue	11,443,446	11,018,854	424,592	3.85%	11,595,198
[4] Long Term Care Revenue	5,819,954	5,607,016	212,939	3.80%	5,161,602
[5] Retail Pharmacy Revenue	1,457,819	1,134,670	323,149	28.48%	759,462
[6] Total Gross Patient Revenue	24,157,190	23,215,619	941,571	4.06%	22,908,258
Deductions From Revenue	69%	69%			71%
[7] Discounts and Allowances (incl IGTs)	(16,402,471)	(15,806,855)	(595,616)	-3.77%	(15,847,728)
[8] Bad Debt Expense (Governmental Providers Only)	(305,224)	(325,149)	19,925	6.13%	(339,340)
	0	0	0	0.00%	0
[9] Charity Care	0	0	0	0.00%	0
[10] Total Deductions From Revenue	(16,707,696)	(16,132,005)	(575,691)	-3.57%	(16,187,068)
[11] Net Patient Revenue	7,449,495	7,083,614	365,880	5.17%	6,721,190
[12] Other Operating Rev (Incl HHS Stimulus)	133,056	57,672	75,384	130.71%	52,537
[13] Total Operating Revenue	7,582,551	7,141,286	441,265	6.18%	6,773,727
Operating Expenses					
[14] Salaries and Wages	3,592,959	3,323,328	(269,631)	-8.11%	3,061,323
[15] Fringe Benefits	722,945	643,620	(79,325)	-12.32%	574,028
[16] Contract Labor	136,903	125,461	(11,443)	-9.12%	220,707
[17] Professional & Physician Fees	752,533	800,928	48,395	6.04%	701,156
[18] Purchased Services	293,165	286,218	(6,947)	-2.43%	257,778
[19] Supply Expense	1,640,220	1,309,642	(330,578)	-25.24%	1,145,348
[20] Utilities	140,260	156,758	16,498	10.52%	187,261
[21] Repairs and Maintenance	20,662	11,687	(8,975)	-76.80%	11,788
[22] Insurance Expense	134,857	175,118	40,261	22.99%	168,835
[23] All Other Operating Expenses	212,639	207,444	(5,195)	-2.50%	150,963
[24] Bad Debt Expense (Non-Governmental Providers)	0	0	0	0.00%	0
[25] Leases and Rentals	66,740	68,169	1,429	2.10%	48,854
[26] Depreciation and Amortization	116,683	163,227	46,544	28.51%	124,935
[27] Interest Expense (Non-Governmental Providers)	0	0	0	0.00%	0
[28] Total Operating Expenses	7,830,566	7,271,599	(558,967)	-7.69%	6,652,976
<b>Net Operating Surplus/(Loss)</b>	<b>(248,015)</b>	<b>(130,313)</b>	<b>(117,702)</b>	<b>90.32%</b>	<b>120,751</b>
Non-Operating Revenue:					
[29] Contributions/Grants/PPP/ERC	13,053	28,015	(14,962)	-53.41%	13,312
[30] Investment Income	73,872	158,867	(84,995)	-53.50%	172,806
[31] Income Derived from Property Taxes	59,862	57,021	2,841	4.98%	55,948
[32] Interest Expense (Governmental Providers Only)	(41,319)	(42,806)	1,487	-3.47%	(46,193)
[33] Other Non-Operating Revenue/(Expenses)	14,627	4,009	10,617	264.82%	21,400
[34] Total Non Operating Revenue/(Expense)	120,095	205,106	(85,011)	-41.45%	217,273
<b>Total Net Surplus/(Loss)</b>	<b>(127,920)</b>	<b>74,793</b>	<b>(202,713)</b>	<b>-271.03%</b>	<b>338,024</b>
	<b>ACTUAL YTD</b>	<b>BUD YTD</b>	<b>ACT FYE 24</b>	<b>PROJ FYE 25</b>	<b>Prior YTD</b>
[35] Operating Margin	-3.27%	-1.82%			1.78%
[36] Total Profit Margin	-1.69%	1.05%			4.99%
[37] EBITDA	-2.28%	-0.14%			2.95%
[38] Cash Flow Margin	0.40%	3.93%			7.52%

# Statement of Revenue and Expense - 13 Month Trend

## KERN VALLEY HEALTHCARE DISTRICT LAKE ISABELLA, CALIFORNIA

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	31	31	30	31	30	31	28	31	31
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
	08/31/25	07/31/25	06/30/25	05/31/25	04/30/25	03/31/25	02/28/25	01/31/25	12/31/24
Gross Patient Revenue									
[1] Inpatient Revenue	973,987	1,412,918	878,031	919,766	1,178,765	1,284,233	1,211,376	1,135,510	1,306,206
[2] Clinic Revenue	1,434,986	1,614,079	1,443,923	1,506,100	1,454,900	1,455,217	1,337,711	1,539,352	1,464,884
[3] Outpatient Revenue	5,484,908	5,958,538	5,822,291	5,131,157	4,937,503	5,087,083	4,787,593	5,179,894	4,968,077
[4] Long Term Care Revenue	2,857,113	2,962,842	2,813,800	2,794,698	2,657,872	2,731,394	2,484,620	2,678,085	2,622,111
[5] Retail Pharmacy Revenue	739,348	718,471	716,476	594,645	528,898	488,497	494,336	512,293	485,298
[6] Total Gross Patient Revenue	11,490,342	12,666,849	11,674,521	10,946,365	10,757,938	11,046,425	10,315,637	11,045,134	10,846,577
Deductions From Revenue									
[7] Discounts and Allowances (incl IGTs)	67%	71%	69%	68%	68%	68%	68%	68%	68%
[8] Bad Debt Expense (Governmental Providers Only)	(7,555,625)	(8,846,846)	(7,964,781)	(7,294,455)	(7,225,317)	(7,333,013)	(6,828,153)	(7,373,039)	(7,153,760)
[7B] Medi-Cal Deductions due to IGTs	(153,678)	(151,546)	(95,513)	(108,897)	(140,024)	(133,860)	(141,973)	(129,120)	(237,723)
[9] Charity Care	0	0	0	0	0	0	0	0	0
[10] Total Deductions From Revenue	(7,709,303)	(8,998,392)	(8,060,294)	(7,403,352)	(7,365,340)	(7,466,872)	(6,970,126)	(7,502,159)	(7,391,483)
[11] Net Patient Revenue	3,781,038	3,668,456	3,614,226	3,543,013	3,392,597	3,579,553	3,345,511	3,542,974	3,455,094
[12] Other Operating Rev (Incl HHS Stimulus)	57,207	75,849	12,398	13,869	15,316	14,822	13,026	37,551	16,291
[13] Total Operating Revenue	3,838,245	3,744,306	3,626,624	3,556,882	3,407,913	3,594,375	3,358,537	3,580,525	3,471,386
Operating Expenses									
[14] Salaries and Wages	1,829,589	1,763,370	1,656,279	1,648,035	1,654,167	1,702,621	1,449,506	1,596,692	1,528,996
[15] Fringe Benefits	376,530	346,415	326,522	326,902	332,810	338,337	309,541	333,485	305,656
[16] Contract Labor	71,738	65,166	78,264	79,951	95,657	92,401	92,061	90,138	120,093
[17] Professional & Physician Fees	375,135	377,397	354,404	384,120	377,024	381,284	345,689	346,313	382,994
[18] Purchased Services	143,475	149,690	119,935	169,025	150,363	136,423	144,838	177,262	97,464
[19] Supply Expense	838,255	801,965	785,215	677,345	583,304	610,130	657,134	587,830	604,025
[20] Utilities	73,972	66,288	61,519	92,322	67,955	71,311	87,258	69,307	83,915
[21] Repairs and Maintenance	9,808	10,855	11,241	(1,411)	20,186	13,905	2,474	3,498	6,888
[22] Insurance Expense	67,428	67,428	106,726	67,043	39,371	102,241	67,042	143,408	66,818
[23] All Other Operating Expenses	98,026	114,613	93,575	125,211	89,736	126,676	122,447	116,907	102,655
[24] Bad Debt Expense (Non-Governmental Providers)	0	0	0	0	0	0	0	0	0
[25] Leases and Rentals	29,950	36,790	24,052	21,687	33,523	19,438	48,534	30,076	35,006
[26] Depreciation and Amortization	58,910	57,774	59,348	60,983	61,216	62,599	62,511	63,250	63,250
[27] Interest Expense (Non-Governmental Providers)	0	0	0	0	0	0	0	0	0
[28] Total Operating Expenses	3,972,816	3,857,750	3,677,079	3,651,213	3,505,312	3,657,368	3,389,037	3,558,166	3,397,761
Net Operating Surplus/(Loss)	(134,570)	(113,445)	(50,455)	(94,331)	(97,399)	(62,992)	(30,499)	22,359	73,625
Non-Operating Revenue:									
[29] Contributions/Grants/PPP/ERC	13,053	0	11,335	50,000	35,372	0	0	60238.75	67,285
[30] Investment Income	37,278	36,594	24,384	73,241	71,937	71,922	75,712	76,592	72,436
[31] Income Derived from Property Taxes	29,931	29,931	57,491	27,974	27,974	27,974	27,974	27,974	27,974
[32] Interest Expense (Governmental Providers Only)	(20,201)	(21,117)	(29,005)	(23,657)	(21,252)	(21,219)	(21,357)	(22,295)	(30,435)
[33] Other Non-Operating Revenue/(Expenses)	(352)	14,979	185	(26,297)	10,157	12,755	10,214	10,738	(56,167)
[34] Total Non Operating Revenue/(Expense)	59,708	60,387	64,390	101,261	124,187	91,431	92,543	153,247	81,093
Total Net Surplus/(Loss)	(74,862)	(53,058)	13,935	6,930	26,789	28,439	62,043	175,606	154,718
[35] Operating Margin	-3.51%	-3.03%	-1.39%	-2.65%	-2.86%	-1.75%	-0.91%	0.62%	2.12%
[36] Total Profit Margin	-1.95%	-1.42%	0.38%	0.19%	0.79%	0.79%	1.85%	4.90%	4.46%
[37] EBITDA	-2.50%	-2.05%	-0.55%	-1.60%	-1.69%	-0.60%	0.32%	1.77%	3.07%
[38] Cash Flow Margin	0.11%	0.69%	2.82%	2.57%	3.21%	3.12%	4.34%	7.29%	7.16%

**Statement of Revenue and Expense - 13 Month**  
**KERN VALLEY HEALTHCARE DISTRICT**  
**LAKE ISABELLA, CALIFORNIA**

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	31 Actual 11/30/24	30 Actual 10/31/24	31 Actual 09/30/24	31 Actual 08/31/24
Gross Patient Revenue				
[1] Inpatient Revenue	988,923	1,270,022	1,036,009	1,141,085
[2] Clinic Revenue	1,450,778	1,507,298	1,435,735	1,662,901
[3] Outpatient Revenue	4,910,316	5,196,913	5,140,305	5,972,852
[4] Long Term Care Revenue	2,545,925	2,941,872	2,110,792	2,601,232
[5] Retail Pharmacy Revenue	428,228	471,467	448,086	420,392
[6] Total Gross Patient Revenue	10,324,169	11,387,573	10,170,927	11,798,462
Deductions From Revenue				
[7] Discounts and Allowances (incl IGTs)	68% (6,875,691)	70% (7,866,012)	70% (7,026,774)	72% (8,340,866)
[8] Bad Debt Expense (Governmental Providers Only)	(148,462)	(125,840)	(130,120)	(112,199)
[7B] Medi-Cal Deductions due to IGTs	0	0	0	0
[9] Charity Care	0	0	0	0
[10] Total Deductions From Revenue	(7,024,153)	(7,991,852)	(7,156,895)	(8,453,065)
[11] Net Patient Revenue	3,300,016	3,395,721	3,014,032	3,345,397
[12] Other Operating Rev (Incl HHS Stimulus)	18,404	50,999	38,944	27,916
[13] Total Operating Revenue	3,318,420	3,446,720	3,052,977	3,373,313
Operating Expenses				
[14] Salaries and Wages	1,502,965	1,522,753	1,466,275	1,511,053
[15] Fringe Benefits	303,150	305,569	307,619	317,239
[16] Contract Labor	121,450	91,485	93,817	107,531
[17] Professional & Physician Fees	361,950	361,819	361,856	348,842
[18] Purchased Services	135,518	195,948	153,417	122,262
[19] Supply Expense	549,141	610,698	501,058	619,942
[20] Utilities	61,188	82,582	72,185	106,849
[21] Repairs and Maintenance	6,771	13,906	3,278	1,970
[22] Insurance Expense	66,818	74,824	66,818	66,818
[23] All Other Operating Expenses	92,438	73,727	97,345	70,425
[24] Bad Debt Expense (Non-Governmental Providers)	0	0	0	0
[25] Leases and Rentals	33,070	35,178	30,572	24,400
[26] Depreciation and Amortization	63,250	62,882	62,487	62,437
[27] Interest Expense (Non-Governmental Providers)	0	0	0	0
[28] Total Operating Expenses	3,297,709	3,431,371	3,216,728	3,359,768
<b>Net Operating Surplus/(Loss)</b>	<b>20,711</b>	<b>15,350</b>	<b>(163,751)</b>	<b>13,545</b>
Non-Operating Revenue:				
[29] Contributions/Grants/PPP/ERC	0	0	0	13,312
[30] Investment Income	72,573	75,310	74,289	76,545
[31] Income Derived from Property Taxes	27,974	27,974	27,974	27,974
[32] Interest Expense (Governmental Providers Only)	(22,342)	(22,821)	(22,492)	(22,476)
[33] Other Non-Operating Revenue/(Expenses)	10,315	9,862	9,373	11,884
[34] Total Non Operating Revenue/(Expense)	88,520	90,326	89,144	107,239
<b>Total Net Surplus/(Loss)</b>	<b>109,231</b>	<b>105,676</b>	<b>(74,607)</b>	<b>120,784</b>
[35] Operating Margin	0.62%	0.45%	-5.36%	0.40%
[36] Total Profit Margin	3.29%	3.07%	-2.44%	3.58%
[37] EBITDA	1.86%	1.61%	-4.05%	1.59%
[38] Cash Flow Margin	5.87%	5.55%	0.34%	6.10%



## Statement of Cash Flows

### KERN VALLEY HEALTHCARE DISTRICT LAKE ISABELLA, CALIFORNIA Second Month Ending August 31, 2025

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	CASH FLOW	
	Current Month 8/31/2025	Current Year-To-Date 8/31/2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
[1] Net Income (Loss)	(74,862)	(127,920)
[2] Adjustments to Reconcile Net Income to Net Cash		
[3] Provided by Operating Activities:		
[4] Depreciation	58,910	116,683
[5] (Increase)/Decrease in Net Patient Accounts Receivable	528,547	(590,226)
[6] (Increase)/Decrease in Other Receivables	(1,982,194)	(2,011,655)
[7] (Increase)/Decrease in Inventories	1,049	(3,647)
[8] (Increase)/Decrease in Pre-Paid Expenses	22,740	(233,233)
[9] (Increase)/Decrease in Other Current Assets	0	0
[10] Increase/(Decrease) in Accounts Payable	127,923	162,753
[11] Increase/(Decrease) in Notes and Loans Payable	0	0
[12] Increase/(Decrease) in Accrued Payroll and Benefits	(666,456)	(464,504)
[13] Increase/(Decrease) in Accrued Expenses	(92,367)	(69,205)
[14] Increase/(Decrease) in Patient Refunds Payable	(39,101)	(34,403)
[15] Increase/(Decrease) in Third Party Advances/Liabilities	(27,954)	(59,166)
[16] Increase/(Decrease) in Other Current Liabilities	0	0
[17] <b>Net Cash Provided by Operating Activities:</b>	<b>(2,143,766)</b>	<b>(3,314,524)</b>
CASH FLOWS FROM INVESTING ACTIVITIES:		
[18] Purchase of Property, Plant and Equipment	(208,313)	(308,040)
[19] (Increase)/Decrease in Limited Use Cash and Investments	352	(14,627)
[20] (Increase)/Decrease in Other Limited Use Assets	440,886	304,700
[21] (Increase)/Decrease in Other Assets	0	0
[22] <b>Net Cash Used by Investing Activities</b>	<b>232,925</b>	<b>(17,966)</b>
CASH FLOWS FROM FINANCING ACTIVITIES:		
[23] Increase/(Decrease) in Bond/Mortgage Debt	(452,000)	(452,000)
[24] Increase/(Decrease) in Capital Lease Debt	(4,640)	(9,261)
[25] Increase/(Decrease) in Other Long Term Liabilities	33,466	63,236
[26] <b>Net Cash Used for Financing Activities</b>	<b>(423,174)</b>	<b>(398,024)</b>
(INCREASE)/DECREASE IN RESTRICTED ASSETS	<b>0</b>	<b>0</b>
[27] <b>Net Increase/(Decrease) in Cash</b>	<b>(2,334,015)</b>	<b>(3,730,515)</b>
[28] Cash, Beginning of Period	4,764,178	6,160,678
[29] <b>Cash, End of Period</b>	<b>2,430,163</b>	<b>2,430,163</b>



**Kern Valley Healthcare District  
Financial Report**

For the month of August 2025 (2nd month in FY 26)

**Profit/Loss Summary**

Net loss in August was \$ 74,862, a (1.95%) total profit margin, and \$112,259 below budget.

**Net Patient Revenue- MTD positive-**

**Month-**The Net patient Revenue in August was \$3,781,038 (6.75%) above budget. The volume was lower in the acute areas where patient days were down by 55 from July and under budget (51 days below budget), Gross Inpatient Revenues were below budget (\$223,212). Skilled Nursing revenues decreased in August (\$105,729 below prior month) (days were down by 69, and census was down by 2.2 days and revenues were over budget by \$53,605. The decrease was primarily due to a COVID outbreak in the unit. Outpatient revenues were \$24,519 below budget (.45%) Outpatient visits were over budget by 24 and ER Visits were under budget by 38. Retail Pharmacy revenue was 30.32% over budget for the month (prescriptions were 1,010 over budget, and 300 below prior month).

**Operating Expenses- MTD Negative**

**Month-**Operating Expenses in August were \$337,016(9.27%) above budget (unfavorable). Labor expenses were over budget with salaries and wages and fringe benefits above budget by \$222,645 and contract labor was \$9,007 above budget. Supply expense was over budget by \$183,434 primarily due to the increase in retail pharmacy drug expenses related to prescriptions filled being over budget.

**Balance Sheet/Cash Flow**

Patient cash collections in August were up from \$2,518,690 in July to \$2,564,924 in August. The Gross AR Days decreased to 66 days in August from 68 in July. Gross AR decreased by \$465,279. We are still reviewing all of the accounts to get the AR days down. Cash Balances (all sources) decreased to \$17,103,733 compared to \$19,402,700 in July.

The Accounts Payable balances increased by \$127,923 in August.

**Concluding Summary**

**Positive takeaways for the month:**

- 1) Long Term Care revenue was over budget**
- 2) Net patient revenue was over budget.**
- 3) Retail pharmacy revenue was over budget.**
- 4) Gross AR days decreased by 2 days**

**Negative takeaways for the month:**

- 1) There was a net loss for the month.**
- 2) Operating expenses were over budget.**
- 3) Most volumes were under budget.**

**Prepared by John Lovrich, CFO  
September 20, 2025**

KVHD  
Patient Statistics  
Thirteen Months Ended August 31, 2025

STATISTICS		Actual 8/31/2024	Actual 9/30/2024	Actual 10/31/24	Actual 11/31/24	Actual 12/31/2024	Actual 1/31/2025	Actual 2/28/2025	Actual 3/31/2025	Actual 4/30/2025	Actual 5/31/2025	Actual 6/30/2025	Actual 7/31/2025	Actual 8/31/2025
Discharges														
[1]	Acute	32	22	27	18	26	31	27	28	29	24	22	27	21
[2]	Swing Beds	3	2	3	1	4	1	2	1	1	0	0	4	1
[3]	Psychiatric/Rehab	0	0	0	0	0	0	0	0	0	0	0	0	0
[4]	Respite	0	0	0	0	0	0	0	0	0	0	0	0	0
[5]	Total Adult Discharges	35	24	30	19	30	32	29	29	30	24	22	31	22
[6]	Newborn	0	0	0	0	0	0	0	0	0	0	0	0	0
[7]	Total Discharges	35	24	30	19	30	32	29	29	30	24	22	31	22
Patient Days:														
[8]	Acute	92	80	98	76	102	90	84	103	93	73	79	109	76
[9]	Swing Beds	52	44	51	24	54	24	20	34	13	0	0	39	17
[10]	Psychiatric/Rehab	0	0	0	0	0	0	0	0	0	0	0	0	0
[11]	Respite	0	0	0	0	0	0	0	0	0	0	0	0	0
[12]	Total Adult Patient Days	144	124	149	100	156	114	104	137	106	73	79	148	93
[13]	Newborn	0	0	0	0	0	0	0	0	0	0	0	0	0
[14]	Total Patient Days	144	124	149	100	156	114	104	137	106	73	79	148	93
Average Length of Stay (ALOS)														
[15]	Acute	2.9	3.6	3.6	4.2	3.8	2.9	3.1	3.7	3.2	3.0	3.6	4.0	3.6
[16]	Swing Bed	17.3	22.0	17.0	24.0	13.5	24.0	10.0	34.0	13.0	0.0	0.0	9.8	17.0
[17]	Psychiatric/Rehab	0	0	0	0	0	0	0	0	0	0	0	0	0
[18]	Total Adult ALOS	4.1	5.2	5.0	5.3	5.2	3.6	3.6	4.7	3.5	3.0	3.6	4.8	4.2
[19]	Newborn ALOS	0	0	0	0	0	0	0	0	0	0	0	0	0
[1]														
Average Daily Census (ADC)														
[20]	Acute	3	2.7	3.16	2.5	3.3	2.9	3.0	3.3	3.1	2.4	2.6	3.5	2.5
[21]	Swing Beds	1.7	1.5	1.64	0.8	1.7	0.8	0.7	1.1	0.4	0.0	0.0	1.3	0.5
[22]	All Other Adult	0	0	0	0	0	0	0	0	0	0	0	0	1
[23]	Total Adult ADC	4.6	4.1	4.8	3.3	5.0	3.7	3.7	4.4	3.5	2.4	2.6	4.8	3.0
[24]	Newborn	0	0	0	0	0	0	0	0	0	0	0	0	0
[2]														
Long Term Care:														
[25]	SNF/ECF Resident Days	1456	1390	1441	1425	1463	1487	1393	1531	1487	1571	1573	1662	1593
[26]	SNF/ECF Resident Discharges	4	4	1	0	1	1	1	1	1	2	1	0	3
[27]	CBRF/Assisted Living Days	0	0	0	0	0	0	0	0	0	0	0	0	0
[28]	Average Daily Census	47.0	46.3	46.5	47.5	47.2	48.0	49.8	49.4	49.6	50.7	52.4	53.6	51.4
Emergency Room Statistics														
[29]	ER Visits - Admitted	27	23	24	17	22	29	22	28	25	23	22	27	23
[30]	ER Visits - Discharged	414	358	352	330	355	308	302	343	311	324	344	381	328
[31]	ER - Urgent Care Visits	287	261	264	277	299	330	288	310	322	310	312	316	282
[32]	Total ER Visits	728	642	640	624	676	667	612	681	658	657	678	724	633
[33]	% of ER Visits Admitted	3.71%	3.58%	3.75%	2.72%	3.36%	4.35%	3.59%	4.11%	3.80%	3.50%	3.24%	3.73%	3.63%
[34]	ER Admissions as a % of Total	77.14%	95.83%	80.00%	89.47%	70.97%	85.29%	75.86%	87.50%	86.21%	79.31%	75.86%	96.43%	95.83%
Outpatient Statistics:														
[35]	Total Outpatients Visits	1054	945	1047	935	874	1001	846	868	1047	1025	1055	1135	955
[36]	Observation Bed Days	19	16	21	14	16	22	18	11	27	19	25	17	21
[37]	Clinic Visits - Primary Care	1244	1146	1342	1199	1145	1276	1138	1253	1054	1145	976	1168	975
[38]	Clinic Visits - Specialty Clinics	266	199	256	222	228	223	228	248	264	222	261	264	224

<b>KVHD</b> <b>Patient Statistics</b> <b>Thirteen Months Ended August 31, 2025</b>														
STATISTICS		Actual 8/31/2024	Actual 9/30/2024	Actual 10/31/24	Actual 11/31/24	Actual 12/31/2024	Actual 1/31/2025	Actual 2/28/2025	Actual 3/31/2025	Actual 4/30/2025	Actual 5/31/2025	Actual 6/30/2025	Actual 7/31/2025	Actual 8/31/2025
[39]	IP Surgeries	0	0	0	0	0	0	0	0	0	0	0	0	0
[40]	OP Surgeries	0	0	0	0	0	0	0	0	0	0	0	0	0
[41]	Outpatient Scopes	0	0	0	0	0	0	0	0	0	0	0	0	0
[42]	Retail Pharmacy Scripts	4926	4710	5340	4871	5360	5620	5167	5101	5541	5858	6654	7799	7499
[43]	Clinic Visits-Mobile Van	0	0	11	0	0	0	0	0	0	0	0	0	0
[44]	FTE's - Worked	213.21	211.50	212.15	211.24	211.30	221.42	217.79	222.25	223.42	220.81	216.58	220.73	227.62
[45]	FTE's - Paid	237.06	235.46	234.5	234.03	234.69	240.10	239.27	241.63	247.25	246.07	242.25	248.21	250.61
[46]	Case Mix Index -Medicare	0.9526	0.9464	1.1602	1.0987	0.9632	0.8510	0.9070	1.0770	1.1230	1.3689	1.0734	0.9978	0.9270
[47]	Case Mix Index - All payers	0.9707	0.9893	0.9767	1.0204	0.9527	0.9030	0.9520	1.0170	0.9990	1.1085	0.9517	1.0036	0.9840

KERN VALLEY HEALTHCARE DISTRICT  
AP LOCAL VENDOR AGING AS OF 09/19/2025

VENDOR NAME	VEND#	CURRENT	OVER	OVER	OVER	OVER	BALANCE
			30 DAYS	60 DAYS	90 DAYS	120 DAYS	
BUILDERS MART	01367	3,307.41	0.00	0.00	0.00	0.00	3,307.41
CRANES WASTE OIL INC	53212	2,270.00	0.00	0.00	0.00	0.00	2,270.00
KERN RIVER PROPANE	53191	15,250.17	0.00	0.00	0.00	0.00	15,250.17
KERN VALLEY EXCHANGE CLUB MG	52291	45.00	0.00	0.00	0.00	0.00	45.00
MT MESA AUTOMOTIVE	52766	1,854.75	0.00	0.00	0.00	0.00	1,854.75
MT MESA SHELL	02343	640.94	0.00	0.00	0.00	0.00	640.94
THOMAS REFUSE SERVICE 123195	52815	268.06	0.00	0.00	0.00	0.00	268.06
THOMAS REFUSE SERVICE 123623	02118	3,822.68	0.00	0.00	0.00	0.00	3,822.68
THOMAS REFUSE SERVICE 123624	52817	345.06	0.00	0.00	0.00	0.00	345.06
THOMAS REFUSE SERVICE 125578	52816	168.77	0.00	0.00	0.00	0.00	168.77
27,972.84			0.00	0.00	0.00	0.00	27,972.84

KERN VALLEY HEALTHCARE DISTRICT									
Sep-25									
CONTRACT	VEN #	CONTRACT TYPE	DESCRIPTION	COST		BEGIN	RENEW	NEXT FINANCE REVIEW	TERMS
ADS- ADVANCED DATA STORAGE	03395	SERVICE	PICK UP PHI AND DESTROY	VARIOUS		12/01/13	OPEN	09/01/25	EQUIPMENT/CONSUMABLE AGREEMENT 36 MO/
BAYER HEALTHCARE	03654	SERVICE	STELLANT SX (CT INJECTOR)	\$ 6,379.12	ANN	12/08/23	12/07/26	09/01/25	60 DAY WRITTEN NOTICE
COMPHEALTH		SERVICE	MVHC RECRUITMENT	\$30,000 placement fee		12/09/22	OPEN	09/01/25	45 DAY NOTICE
DELTA LIQUID ENERGY		SERVICE	PROPANE DELIVERY	VARIOUS		12/21/21	OPEN	09/01/25	30 DAY WRITTEN NOTICE
GIEM, PAUL M.D.	04119	PHYSICIAN	EMERGENCY SERVICE	75.00 EA VISIT 70.00 STAND BY MIN 220.00		12/01/23	11/30/26	09/01/25	ONE YEAR TO EXTEND FOR TWO ADD'L ONE YEAR TERMS
LIU, FANGLUO M.D.	52422	PHYSICIAN	MEDICAL DIRECTOR LAB	200.00 HR NOT TO EXCEED 4000.00	MO	12/01/23	11/30/26	09/01/25	30 DAY WRITTEN NOTICE. AFTER ONE YEAR MAY EXTEND FOR TWO ONE YEAR PERIODS.
MESA WINDS APARTMENTS		RENTAL UNIT 3,4,7	NURSE REGISTRY QUARTERS	\$ 650.00	EA	12/15/01	OPEN	09/01/25	INCREASED \$50.00 1/15/24
NAVE LAW OFFICE, P.C.	52118	SERVICE	LEGAL COUNSEL	RETAINER OF \$1,500.00	MO	12/01/13	OPEN	09/01/25	
REGISTER.COM (WEBSITE FORWARDING, REGISTRATION)	52365	SERVICE	WEBSITE/EMAIL/DOMAIN- KERNVALLEY HEALTHCARE	\$ 107.49	ANN	12/09/24	12/08/25	09/01/25	
RELIAS LEARNING	52064	SOFTWARE	EMPLOYEE LEARNING/TRAINING	\$ 34,580.51	ANN	12/01/23	11/30/25	09/01/25	
THE LOCAL PAGES		ADVERTISING	PHONE BOOK ADS	\$ 180.00	MO	12/11/18	OPEN	09/01/25	
ZIXCORP SYSTEMS INC	53022	SERVICE	EMAIL ENCRYPTION LARGE FILE TRANSFER	\$ 11,215.50	ANN	12/12/24	12/11/25	09/01/25	

# Health Professional Shortage Area Designation

08.12.25

# Contents

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# I. About Us

## ■ Introduction

The mission of Kern Valley Healthcare District (KVHD) operates a nonprofit, critical access hospital located in Mountain Mesa, California. KVHD also operates a rural health clinic serving the residents of the Kern River Valley.

Facktor is pleased to submit this proposal to Kern Valley Healthcare District for a Health Professional Shortage Area (HPSA) designation. The goal of this project is to renew the current Geographic High Needs designation for another three years. Facktor will use a team-based approach to complete the outlined scope of work, with project commencement occurring within a mutually agreed-upon timeframe that will meet the needs of Valley Healthcare Centers, Inc.

## ■ Background

Facktor is a national firm whose principals and staff serve Community Health Centers (CHCs), Federally Qualified Health Centers (FQHCs), health center consortia, Rural Health Centers (RHCs) hospitals, health plans, health information exchanges (HIE), and other healthcare-related enterprises nationwide. Among the leading consulting firms focusing on community healthcare, Facktor has consultants with regional and national expertise in infrastructure development, innovation, and regulatory compliance. Facktor assures a strategic focus on implementing operations, integrated clinical, health information technology (HIT), and fiscal models. Facktor has established time-tested approaches to financial modeling for FQHCs as well as strategic planning, community needs and organization assessments, and revenue management to assure operational excellence and stable and continued growth. Facktor offers a team of more than 70+ consultants and works in 40 states nationwide. The firm is considered the largest consulting agency in the country dedicated to CHCs, having served the industry since 2001.



Facktor sets itself apart from other industry leaders by offering a multi-disciplinary, team-based approach and applying national and local perspectives to its projects. Facktor works with clients nationwide operating within complex, innovative safety net health care environments. In this work, Facktor's team has developed a deep understanding of value-based care models, alternative payment methodologies, accountable care, managed care, expanded health coverage programs for underserved populations, and other innovations in providing health care services. Facktor's stable and long-tenured team has participated in these initiatives from their inception and influenced their evolution.

With consultants from all corners of the United States, Facktor constructs project teams to fit each unique engagement, including experts on national trends and regional and state-specific perspectives.



## II. Scope of Services

### **Purpose And Process**

KVHD wishes to renew the HPSA designation for primary care services for Medical Service Study Area (MSSA) 63 (Lake Isabella). We will attempt to obtain a Geographic High Needs HPSA for the area. If this type of designation does not work, we will attempt to obtain a Geographic or Population (low income) HPSA.

The following tasks outline our approach in obtaining the HPSA designation:

#### Designation Process:

- Survey primary care providers within the MSSA
- Survey primary care providers in contiguous areas, if applicable.
- Calculate migrant farm worker statistics for the area (if applicable)
- Document rationale for requesting designation
- Discuss results with Client and submit application

Any adjacent MSSA within a 30-minute radius of MSSA 63 may need to be surveyed. Due to system changes within the Health Care Access & Information (HCAI) agency, contiguous area analysis is not revealed until after application submission and may require additional hours and fees. If HCAI determines that this type of analysis is required, we will consult with you first.

If we determine that the designation will not be feasible at any time during the engagement, we will discontinue our efforts and consult with you to discuss other options. You will only be charged for services incurred up to the point where we stopped.

The estimated fee range reflects a flat-fee pricing structure based on the anticipated level of effort, expertise, complexity, and scope of services outlined. The final fee will be determined upon completion of the engagement but will not exceed the maximum amount listed, unless there is a material change in scope. Any such changes will be discussed and approved in writing prior to additional charges being incurred.

## III. Cost

Services	Estimated Time	Estimated Fees
HPSA Application (MSSA 63)	30 days	\$3,000 - \$3,500
Contiguous Area Analysis (if needed)	30-60 days	Hourly

Title	Discounted Hourly Rate
Partners	<del>\$435</del> \$410
Managing Directors	<del>\$420</del> \$395
Senior Directors	<del>\$385</del> \$365
Directors	<del>\$355</del> \$335
Senior Managers	<del>\$325</del> \$305
Managers	<del>\$295</del> \$280
Senior Associates	<del>\$270</del> \$255
Associates	<del>\$250</del> \$235
Senior Advisors	<del>\$280 – 420</del> \$260 – 395 <sup>1</sup>

## IV. Proposed Team

Facktor will assemble a team of consultants to support the proposed scope of work described above. This team will include representation and subject matter expertise (SME) from Facktor's Finance division. Below is a proposed list of Facktor consultants.

### Cecilia Murillo – Senior Manager



Cecilia Murillo will be the project lead and oversee the application process through final designation. Based in Oakland, CA, Murillo is a Senior Manager in Facktor's Finance division. She provides rate setting strategy services to help clients optimize their clinic's prospective payment system (PPS) rates to enhance reimbursements. Murillo also provides extensive knowledge to clients in the areas of licensing, certification and California compliance of community clinics, federally qualified health centers (FQHC) and rural health clinics (RHC). With over 15 years of experience in assisting rural and urban communities to improve healthcare outcomes and gain health equity, she is also adept at identifying and evaluating underserved populations to assist clients in developing Health Professional Shortage Area (HPSA) designations. Murillo is passionate about social justice issues and has served as committee chair for the multicultural business resource group (BRG) at her former job where she strived to cultivate a trusting, diverse and inclusive environment for employees. She currently serves as a Co-Chair for a local nonprofit organization that raises scholarship money for immigrant and first-generation high school students entering university. Murillo has a Bachelor of Arts in Broadcast Electronic Communications from San Francisco State University and a Master of Arts in Nonprofit Administration from the University of San Francisco.

<sup>1</sup> Varies by consultant

### **Nicole Limo, MBA – Senior Associate**



Based in Los Angeles, Nicole Limo is a Senior Associate in Facktor's Finance division. She works closely with healthcare facilities to drive financial strategy, support operational decision-making, and ensure regulatory compliance. Limo brings experience in pro forma modeling, budgeting, and interim CFO support, helping clients navigate complex financial challenges with clarity and confidence. Before joining Facktor, Limo gained healthcare industry experience as a medical device sales representative and through her work with private practices and hospitals.

She holds a Bachelor of Science in Public Health from the University of Arizona and earned her MBA with a concentration in Finance from Pepperdine University. Outside of work, Limo enjoys traveling, reading, playing tennis, and spending time with family and friends.

August 13, 2025

John Lovrich  
*CEO*  
Kern Valley Healthcare District  
6412 Laurel Ave.  
Mountain Mesa, CA 93240

Dear Mr. Lovrich:

This letter ("Engagement Letter"), together with the attached Wipfli LLP Professional Services Terms and Conditions, confirms the terms of our engagement with Kern Valley Healthcare District ("Client") and the nature and extent of services we will provide.

### Project Purpose and Objective

The objective of this work is to renew a Health Professional Shortage Area (HPSA) designation for Primary Care services in MSSA 63 (Lake Isabella). We will attempt to obtain a Geographic HPSA, as designated in previous years. If we determine that is not possible due to provider population ratios, we will attempt to apply for a Low Income Population HPSA.

The following tasks in obtaining the HPSA designations are listed below. If we determine that the designations will not be feasible at any time during the engagement, we will discontinue our efforts and consult with you and your management to discuss available options.

The following tasks outline our approach in obtaining a HPSA designation:

#### DETERMINE FEASIBILITY OF DESIGNATION:

- Document rationale for requesting HPSA designation.
- Obtain primary care provider list from the Department of Health Care Access and Information (HCAi).
- Calculate Migrant Farm Worker statistics for the area (if applicable).
- Calculate the tourist and/or homeless population (if needed).
- Survey primary care providers within the MSSAs as requested by HCAi.
- Make determination on whether a HPSA designation is feasible.
- Discuss results of analysis with management.

#### APPLICATION PREPARATION, SUBMISSION AND HPSA DESIGNATION:

- Review and compile results of survey including follow-up on validity of survey data.
- Determine the number of full-time equivalents (FTE) of primary care providers and their respective locations.
- Determine any indicators of unusually high needs or insufficient capacity of healthcare resources in the area.
- Complete the required HPSA designation worksheets including:
  - Primary care provider worksheet
  - Population to provider ratios
  - Contiguous service area populations and providers (if applicable)

- Submit designation application to HCAi in Sacramento.
- Respond and follow-up to questions for additional information from HCAi and the Shortage Designation Branch.
- Obtain HPSA designation and provide written verification to Kern Valley Healthcare District.

### Responsibilities of Management

This consulting engagement will be conducted in accordance with consulting standards established by the American Institute of Certified Public Accountants. When providing these services, Wipfli's professional standards require us to document that you understand and accept your responsibilities regarding these services, which include the following:

- Assume all management responsibilities
- Oversee the service designating an individual, preferably within senior management, who possesses suitable skills, knowledge and/or experience.
- Evaluate the adequacy and results of the services performed.
- Accept the responsibility for the results of the services.

Wipfli specifically does not have the authority to perform management functions, make management decisions or act in capacity equivalent to an employee. In no event can Wipfli perform services or functions or assume any responsibility which would compromise Wipfli's professional independence under AICPA standards.

### 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 & Expenses

Our fees and expenses for this engagement will be billed as work progresses, and progress billings may be submitted. Based upon our discussions with representatives of Client, we estimate that our fee will be \$5,700. Our fee has been determined based on our understanding obtained through discussions with you regarding your preparedness 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 will also charge our actual direct travel expenses (if any) plus a technology and administration fee equal to six percent (6%) of our professional fees. We expect payment of our billings within 30 days after submission.

### Other

Katie Raebel, 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.

Jennifer Schmidt, CPA will be part of the engagement team and your direct contact for the services specified in this Engagement Letter.

August 13, 2025

**Approval to Proceed**

If the above terms are acceptable to you and the services outlined are in accordance with your requirements, please sign and return the Engagement Letter.

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*

Wipfli LLP

ACCEPTED: KERN VALLEY HEALTHCARE DISTRICT

By: \_\_\_\_\_

\_\_\_\_\_  
(Print Name and Title)

Date: \_\_\_\_\_

Enc.

**Wipfli LLP**  
**Professional Services Terms and Conditions**

**1. Terms and Conditions and Related Engagement Documents**

These Wipfli LLP Professional Services Terms and Conditions ("Terms and Conditions") apply to and govern Wipfli LLP's provision of services to You. For the purposes of these Terms and Conditions, any reference to "Wipfli," "We," "Us," "Our," or similar is a reference to Wipfli LLP, and includes any subsidiaries or subcontractors of Wipfli LLP, and any reference to "Client," "You," or similar is a reference to the party or parties that have engaged Us to provide services, and the parties ultimately responsible for Our fees and expenses.

These Terms and Conditions may be appended to or incorporated into an engagement letter outlining the delivery of specific services by Us to You, and in that case such engagement letter and any appendices thereto and these Terms and Conditions form the entire agreement between You and Wipfli with respect to the services described therein, and supersede and merge all prior or contemporaneous agreements and understandings (oral or written) between or among the parties regarding the subject matter thereof, including prior proposals of Wipfli regarding the engagement or services, 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 by 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 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 these Terms and Conditions, any engagement letter, its appendices, 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. Notwithstanding the foregoing, where Wipfli provides services, support, and advice not covered by an engagement letter, these Terms and Conditions shall apply, including with respect to any such services, support, or advice performed or provided prior to the execution of an engagement letter related to those services.

**2. Change Orders**

Unless an engagement letter specifies otherwise, services that fall outside the agreed-upon scope of Wipfli's engagement under any engagement letter 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 scope of work or services, schedule, or the time for Wipfli's performance of the work or services under an engagement letter, or a change in the fees or the basis of the fees to be paid to Wipfli by Client, which is reduced to a writing that is executed or otherwise acknowledged by an authorized representative of each for Wipfli and Client. Services performed under a Change Order shall be subject to these Terms and Conditions.

**3. Commencement and Term**

Our engagement will commence when acceptance of these Terms and Conditions and any related engagement letter is delivered to Wipfli through execution thereof by a duly authorized representative of Client and shall continue until the services contemplated under the engagement letter are Complete (as reasonably determined by Wipfli), unless earlier terminated by either party as provided herein. 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 the same. For the purposes of this paragraph, "Complete" means the delivery by Wipfli of the report or other deliverables contemplated by the engagement letter, or where no deliverables are contemplated, three (3) months after the last date of services rendered by Wipfli with respect to the services at issue. Notwithstanding the foregoing, services, support, and advice provided by Wipfli in respect of an engagement after the termination of such engagement shall be governed by these Terms and Conditions.

**4. Termination of Services**

Wipfli's services 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 and such default is not cured within thirty (30) days after notice from the other party specifying the nature of such default, and (iii) by Wipfli or Client with or without cause upon providing thirty (30) days'

written notice. Wipfli has the right to terminate services with immediate effect if We determine applicable professional standards require Us to do so, if Client does not in a timely manner provide Us with information reasonably requested by Us to perform the contemplated services, refuses to cooperate with Our reasonable requests for assistance in connection with the delivery of Our services, or misrepresents any material facts. Our withdrawal will release Us from any obligation to complete the services and will constitute termination of Our engagement. Termination of Our engagement 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 and Client agrees to compensate Us for Our time and out-of-pocket expenses through the effective date of termination.

**5. Fee Estimates and Expenses**

An engagement letter may set forth specific fee amounts, hourly rates, or certain ranges for Wipfli's fees in respect of the services contemplated by the engagement letter. Where Wipfli provides an estimate of fees, Client acknowledges that Wipfli provides fee estimates as an accommodation to Client. These estimates depend on various assumptions, including without limitation: (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 an 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.

Unless otherwise agreed in an engagement letter, a technology and administration fee of six percent (6%) of professional fees will be added to all invoices, along with any direct travel expenses incurred. The technology and administration fee is in lieu of other direct expenses and charges which might otherwise apply. Notwithstanding the foregoing, the cost of software and software licenses or subscriptions and similar miscellaneous tools provided or acquired specifically for Client or for Client's use in connection with the performance of services may be invoiced separately.

**6. Payment of Fees and Expenses**

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 the 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 services 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. Client further acknowledges and agrees that in the event Wipfli suspends or terminates services as a result of Client's failure to pay as agreed on a timely basis for services rendered, 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, and Client agrees to indemnify and hold Wipfli harmless against any such damages or claims.

**7. Engagement Staffing**

Wipfli expressly reserves the right to replace, in Our reasonable discretion, any of Our 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).

We remain responsible to Client for the supervision of all independent contractors, 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 parties for the purpose of providing services



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to Client. 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.

**8. Confidentiality, Information Security and Electronic Information Storage**

The performance of services by Wipfli may result in the parties having 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 receiving 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 without the use of the disclosing party's Confidential Information; (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.

Except as permitted hereunder and necessary for the performance of services hereunder, without the advance written consent of the other party or as required by law, regulation, legal process, or to comply with professional standards applicable to a party, 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 the Confidential Information of the other as 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.

Wipfli may utilize third-party service providers, including cloud-based service providers, who may collect, use, transfer, transmit, store, or otherwise process Client Confidential Information in connection with the delivery of certain services and Client consents to their use. Wipfli will ensure that it maintains appropriate policies, procedures and safeguards to protect the confidentiality of Client Confidential Information. In addition, to the extent possible and practicable, We will ensure that Our agreements with all third-party service providers contain appropriate provisions to protect Client Confidential Information. We may use electronic media to transmit Client Confidential Information, and such use in itself will not constitute a breach of any security or confidentiality obligation. Client acknowledges that Wipfli has no control over the unauthorized interception or breach of any communications or electronic data once it has been transmitted or if it has been subject to unauthorized access while stored, notwithstanding all reasonable security measures employed by Us. You consent to Our use of electronic devices and applications in the delivery of Our services.

Wipfli is committed to protecting personal information that can be linked to specific individuals, including health information ("Personal Data"). Any Personal Data provided to Us by Client to receive Our services will be kept confidential and not disclosed to any third party not described above (parties providing Us assistance in rendering professional services) unless necessary to deliver services, 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 Data which will be obtained, used, and disclosed by Wipfli to render services, and Wipfli may rely on the representation that Client has obtained such consents. Notwithstanding anything to the contrary, Client acknowledges that Wipfli may collect, use, and disclose certain administrative Personal Data (such as contact information and Internet activity) to administer the contract between the parties and in accordance with Wipfli's Privacy Statement (as applicable) available at [www.wipfli.com/privacy-statement](http://www.wipfli.com/privacy-statement).

**9. Intellectual Property Rights, Client Records, Wipfli Workpapers; Use of Deliverables and Drafts**

Wipfli acknowledges that all Client materials, data, or other information provided to Wipfli to permit Wipfli to perform services ("Client IP") belongs to and shall remain the property of Client. Client acknowledges that proprietary information, documents, materials, management techniques, and other intellectual property (collectively "Wipfli IP") are a material asset to Wipfli and source of services We perform for Client and others and were developed prior to performing services for Client. Client acknowledges that Wipfli owns all right, title and interest in Wipfli IP including enhancements thereto 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 IP, all of which shall remain the property of Client. Upon completion of the services and full payment by Client of all related invoices, 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 (including embedded Wipfli IP), provided that any use or modification of such deliverable, other than for the purposes stated in the related 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, products, services, marketing material, or advertising media and shall not in any way alter any of Wipfli's products. 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.

Client's original documents, data, books, and records are the property of Client, and it is Client's responsibility to maintain all such materials. Wipfli has no responsibility to do so unless specifically undertaken by Wipfli in an engagement letter. Workpapers, documentation, and files created by Us in the course of providing services are the property of Wipfli. We will retain workpapers, documentation, and files pursuant to Our record retention policy. In the event We are required to respond to a subpoena, court order, government regulatory inquiry, 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 workpapers, documents, files and/or testimony relative to information We obtained and/or prepared during the course of rendering services, We will, to the extent permitted by law and applicable professional standards, notify You of the matter, but You agree We have no obligation to You in the event We determine We are obligated to provide documents or other information. You agree 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 reasonable attorney's fees, that We may incur. Any services under this paragraph will be deemed a separate engagement subject to these Terms and Conditions.

Client agrees that Wipfli may use Client's name and logo in experience citations and in proposals, work product and deliverables provided or directed to Client pursuant to the engagement letter or otherwise. Notwithstanding any other provision of the engagement letter or these Terms and Conditions, and except as prohibited by law, Wipfli may use the information received under the engagement letter, including tax return information, in an aggregated and anonymized manner, to develop, enhance, modify and improve technologies, tools, methodologies, services and offerings, and/or for development or performance of data analysis or other insight generation. Information developed in connection with these purposes may be used or disclosed to You or current or prospective clients to provide them services or offerings. In no event will We use or disclose the information in a way that would permit Client to be identified by third parties without Client's express consent. With respect to tax return information, Client may request in writing a more limited use and disclosure than the foregoing. The foregoing consent is valid until further notice by Client.

**10. Third-Party Software, Technology Tools and Related Products and Limitations Thereon**

Wipfli may use software, technology tools, or related products ("Third-Party Products") to deliver services to Client. Where Wipfli uses Third-Party Products or is engaged to provide services related to the selection, implementation, or use of Third-Party Products, Wipfli will employ commercially reasonable efforts to research, learn, and assist Client in the selection, implementation, and use of such Third-Party Products. However, Wipfli shall not be held liable for any issues, errors, or malfunctions related to



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or arising from the Third-Party Products not directly caused by Wipfli's fraud or willful misconduct. Client acknowledges that Wipfli does not have control over the functionality, performance, or availability of Third-Party Products and cannot assure or make any representation that the Third-Party Products are free from defects, malware, viruses, trojan horses, and similar risks. Consequently, Wipfli disclaims any warranties or guarantees, express or implied, regarding the performance, reliability, or results obtained from the use of Third-Party Products, and Client acknowledges that the use of such Third-Party Products is subject to the terms of any end user agreement associated with each of the Third-Party Products and accepts such terms. Where Client is provided access to Third-Party Products by Wipfli, Client will: 1) use and access such Third-Party Products only for the purpose for which they were provided access; 2) not tamper with, modify, or alter such Third-Party Products; and 3) comply with all reasonable instructions from Wipfli in respect of such access.

### 11. Tax Services

Tax services are subject to and will be performed in accordance with Treasury Department Circular 230, the American Institute of Certified Public Accountants (AICPA), and other professional standards applicable to tax services. Our fees for services do not include time spent responding to IRS or state or local inquiries, and Client understands that We are not responsible for IRS or state or local disallowance of doubtful deductions or deductions unsupported by adequate documentation, nor for resulting taxes, penalties, and interest. Client's tax returns may be selected for review by the taxing authorities. Any proposed adjustments by an examining agent are subject to certain rights of appeal. In the event of such tax examination, We will be available upon request to represent Client and will charge additional fees for the time and expenses incurred. Any such services will constitute a separate and distinct engagement.

If Client is an individual with respect to whom IRC 7216 and the related regulations ("7216") are applicable, Wipfli will not utilize foreign persons or resources to provide tax services without first obtaining appropriate consent from Client, and any provision of these Terms and Conditions which would contravene the requirements of 7216 shall be inapplicable.

### 12. Allocation of Risk and Limitation of Liability

In no event will Wipfli or Client be liable to the other for claims of punitive, consequential, special, or indirect damages, whether or not a party was advised of the possibility of such damages, regardless of whether they were foreseeable, and regardless of whether such damages arise under a theory of contract, tort, strict liability, or otherwise. Wipfli's liability for all claims, damages, and costs of Client arising from Wipfli's services performed under an engagement letter, Change Order, or otherwise shall be limited to the amount of fees paid by Client to Wipfli for the specific services which give rise to the claim for damages or, in the case of services provided in respect of an engagement which spans a period of more than twelve (12) months, the fees paid by Client to Wipfli in the twelve (12) months preceding the event giving rise to the claim. The limitation of liability in the preceding sentence shall not apply in the event of Wipfli's fraud or willful misconduct or where disallowed by applicable law, regulation, or professional standards applicable to the services performed under these Terms and Conditions. Because Wipfli will rely on Client and its management for the accuracy of the representations made to Wipfli to perform services, and except where indemnity is disallowed by applicable law, regulation, or professional standards applicable to the services performed under these Terms and Conditions, Client holds harmless and releases Wipfli and its owners and employees from all claims, liabilities, losses, and costs of any kind arising which arise from: (i) a knowing misrepresentation, withholding, or concealment of information by Client or its management; or (ii) a wrongful act by Client or a member of Client's management or ownership group.

### 13. Dispute Resolution; Choice of Law and Statute of Limitations

If any dispute arises regarding the subject matter hereof or services provided by Wipfli to Client, and such dispute cannot be resolved through informal negotiations and discussions, prior to resorting to litigation, the parties will try in good faith to settle the dispute by non-binding mediation administered by the American Arbitration Association under its applicable rules for resolving professional accounting and related services disputes. Either party may request mediation, and costs of any mediation proceeding shall be shared equally. IN THE EVENT OF LITIGATION, WIPFLI AND CLIENT HEREBY AGREE NOT TO ELECT OR REQUEST A TRIAL BY JURY OF ANY ISSUE TRIABLE BY RIGHT OF JURY AND WAIVE ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH RESPECT

TO THE SERVICES, THESE TERMS AND CONDITIONS, OR ANY CLAIM, COUNTERCLAIM, OR OTHER ACTION ARISING THEREWITH.

The parties agree that any dispute arising out of Wipfli's services or these Terms and Conditions shall be governed by the laws of the state of Illinois, without regard to conflict of laws principles. Except for an action by Us to collect payment of Our invoices, Wipfli and Client agree that no claim arising out of services rendered by Wipfli shall be filed after the earlier of the expiration of the applicable statute of limitations, or: (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 any related engagement letter); or (ii) in the case of any tax form or similar governmental filing, no later than three years after the extended due date of such tax form or filing.

### 14. Regulatory Matters and Impact On Independence

Where Wipfli is (a) providing services to an entity that is registered with the SEC or an affiliate of such registrant; or (b) providing services to an entity or affiliate that is subject to professional standards more stringent than those which exist under the AICPA Code of Professional Conduct, any provision of these Terms and Conditions which would be prohibited by such professional standards or deemed to impair Wipfli's independence relative to Client under such professional standards shall not apply to the extent necessary to avoid such prohibition or independence impairment, it being the intent of Wipfli and Client to ensure Wipfli and Client's compliance with applicable professional standards in respect of Wipfli's engagement by Client and to ensure, where appropriate and necessary, Wipfli's independence from Client.

### 15. Certain Sales (and Similar) Tax Responsibilities

To the extent applicable, 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.

### 16. Severability

The provisions of these Terms and Conditions shall be severable, so that the invalidity or unenforceability of any provision 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.

### 17. Independent Contractor Status and Non-Exclusivity

The relationship between Wipfli and Client is solely and exclusively that of independently contracting parties. No right of exclusivity is granted, guaranteed, or implied by Wipfli by entry into an engagement letter or the performance of services. Client acknowledges that Wipfli regularly performs the same or similar services as are being provided hereunder to third parties.

### 18. Insurance

Wipfli will carry and maintain in force at all times during the term of its engagement with Client appropriate insurance coverages, including policies covering professional liability errors and omissions, cyber liability, general liability, automotive liability, and worker's compensation.

### 19. Notices

All notices required to be given to either party hereunder shall be in writing and sent by email or traceable carrier. In the case of Client, notice shall be sent to the mailing address (or email address) indicated on any engagement letter issued to Client, or such other address as Client may indicate by at least ten (10) business days' prior written notice. In the case of Wipfli, notice shall be sent to [wipfli-legal@wipfli.com](mailto:wipfli-legal@wipfli.com). Notices shall be effective upon receipt.

### 20. Counterparts and Electronic Signatures

Any document contemplated hereby may be executed in one or more counterparts, each of which will be deemed to be an original, and all of which, when taken together, will be deemed to constitute one and the same document. Each party hereto agrees that any electronic signature of a party to any 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

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electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature.

21. Assignment

These Terms and Conditions and related engagement letters and agreements shall be binding on the parties hereto and their respective successors and assigns. Neither party may make assignment thereof without the prior written consent of the other party, except that Wipfli may assign its rights and obligations hereunder without approval of Client to an entity that acquires all or substantially all of the assets of Wipfli or to any subsidiary, 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 hereunder or under any applicable 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) hereunder or under any engagement letter or Change Order if such obligations are delayed, prevented, or rendered impractical or impossible due to circumstances beyond its reasonable control, including, without limitation, events generally understood to be "Acts of God."

23. Certain Disclosures

Wipfli's services do not constitute legal or investment advice. We are not in a fiduciary relationship with You. Wipfli does not provide investment advisory services. Wipfli owns a membership interest in Creative Planning Holdco, LLC, which in turn owns Creative Planning, LLC, an SEC-registered investment adviser ("Creative"). Certain Wipfli employees also dually serve as Creative investment adviser representatives ("IARs"). If Client requires investment advisory services, Wipfli will introduce Client to a Wipfli employee who dually serves as an IAR. If Client subsequently engages Creative, Creative will, in most cases, share a portion of its ongoing investment advisory fee with the IAR. The IAR is required to remit such amounts to Wipfli as the IAR's employer. Wipfli's receipt of a portion of the Creative advisory fee will not result in Client's payment of a higher Creative investment advisory fee than if Client had engaged Creative independent of Wipfli and the IAR. The IAR will provide Client with written disclosure of the relationship and economic arrangement by and among Wipfli, the IAR, and Creative. All investment advisory services are provided exclusively by Creative per the terms and conditions of a separate written agreement between Client and Creative. Wipfli does not provide investment advisory services, but Wipfli's receipt of compensation as described does present the potential of a conflict of interest. The IAR's role is limited to the introduction of Creative. Creative's written disclosure brochure and Form CRS discussing its advisory services and fees is available at [www.creativeplanning.com](http://www.creativeplanning.com). **No Client is under any obligation to engage Creative or to continue engaging with Creative after having decided to engage Creative.**