



AGENDA

**REGULAR MEETING OF THE FINANCE COMMITTEE
A COMMITTEE OF THE BOARD OF DIRECTORS**

**Tuesday, December 27, 2022 – 9:00 AM
Classroom B
600 N. Highland Springs Avenue, Banning, CA 92220**

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at (951) 769-2101. **Notification 48 hours prior to the meeting** will enable the Hospital to make reasonable arrangement to ensure accessibility to this meeting. [28 CFR 35.02-35.104 ADA Title II].

Daniel Heckathorne, CFO, will attend this meeting via Webex at 4601 West Shaggy Bark Road, Show Low, AZ 85901

TAB

- I. Call to Order S. DiBiasi

- II. Public Comment

A five-minute limitation shall apply to each member of the public who wishes to address the Finance Committee of the Hospital Board of Directors on any matter under the subject jurisdiction of the Committee. A thirty-minute time limit is placed on this section. No member of the public shall be permitted to “share” his/her five minutes with any other member of the public. (Usually, any items received under this heading are referred to staff for future study, research, completion and/or future Committee Action.) (PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.)

On behalf of the San Gorgonio Memorial Hospital Board of Directors, we want you to know that the Board/Committee acknowledges the comments or concerns that you direct to this Committee. While the Board/Committee may wish to occasionally respond immediately to questions or comments if appropriate, they often will instruct the CEO, or other Administrative Executive personnel, to do further research and report back to the Board/Committee prior to responding to any issues raised. If you have specific questions, you will receive a response either at the meeting or shortly thereafter. The Board/Committee wants to ensure that it is fully informed before responding, and so if your questions are not addressed during the meeting, this does not indicate a lack of interest on the Board/Committee’s part; a response will be forthcoming.

OLD BUSINESS

- III. * Proposed Action – Approval of Minutes S. DiBiasi
 - November 29, 2022, regular meeting A

NEW BUSINESS

- IV. * **Proposed Action – Recommend approval to Hospital Board** D. Heckathorne **B**
• **November 2022 Financial Report (Unaudited)**
▪ **ROLL CALL**
- V. * **Proposed Action – Recommend approval to Hospital Board and Healthcare District Board** D. Heckathorne **C**
• **Resolution No. 2023-01**
(A RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO LINE OF CREDIT WITH FIRST FOUNDATION PUBLIC FINANCE, A DELAWARE STATUTORY TRUST AND A WHOLLY-OWNED SUBSIDIARY OF FIRST FOUNDATION BANK, AND APPROVING CERTAIN OTHER ACTIONS)
▪ **ROLL CALL**
- VI. * **Proposed Action – Recommend approval to Hospital Board and Healthcare District Board** D. Heckathorne **D**
• **The replacement of SGMH’s Acudose ADCs with Omnicell ADCs at the current price of \$562,831.60 plus taxes and shipping.**
▪ **ROLL CALL**
- VII. * **Proposed Action – Recommend approval to Hospital Board and Healthcare District Board** D. Heckathorne **E**
• **Renewal of the 3M Software Coding Agreement**
▪ **ROLL CALL**
- VIII. Future Agenda Items
- IX. Next Meeting – January 31, 2023
- X. Adjournment S. DiBiasi

*** Requires Action**

In accordance with The Brown Act, Section 54957.5, all public records relating to an agenda item on this agenda are available for public inspection at the time the document is distributed to all, or a majority of all, members of the Committee. Such records shall be available at the Hospital office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

Certification of Posting

I certify that on December 23, 2022, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of San Gorgonio Memorial Hospital - Finance Committee, and on the San Gorgonio Memorial Hospital website said time being at least 72 hours in advance of the regular meeting of the Finance Committee (*Government Code Section 54954.2*).

Executed at Banning, California, on December 23, 2022



Ariel Whitley, Executive Assistant

TAB A

REGULAR MEETING OF THE
SAN GORGONIO MEMORIAL HOSPITAL
BOARD OF DIRECTORS

FINANCE COMMITTEE
Tuesday, November 29, 2022

The regular meeting of the San Gorgonio Memorial Hospital Board of Directors Finance Committee was held on Tuesday, November 29, 2022, in Classroom B, 600 N. Highland Springs Avenue, Banning, California.

Members Present: Susan DiBiasi, Ron Rader, Steve Rutledge, Siri Welch

Members Absent: Ehren Ngo (Chair)

Required Staff: Steve Barron (CEO), Daniel Heckathorne (CFO), Annah Karam (CHRO), Ariel Whitley (Executive Assistant), Angela Brady (ED Director)

| AGENDA ITEM | DISCUSSION | ACTION / FOLLOW-UP |
|--|---|--|
| Call To Order | Susan DiBiasi called the meeting to order at 9:03 am. | |
| Public Comment | No public present. | |
| OLD BUSINESS | | |
| Proposed Action - Approve Minutes October 25, 2022, regular meeting | Susan DiBiasi asked for any changes or corrections to the minutes of the October 25, 2022, regular meeting. There were none. | The minutes of the October 25, 2022, regular meeting will stand correct as presented. |
| NEW BUSINESS | | |
| Proposed Action – Recommend Approval to Hospital Board of Directors - Monthly Financial Report (Unaudited) – October 2022 | <p>Daniel Heckathorne, CFO, reviewed the Unaudited October 2022 finance report as included in the committee packets.</p> <p>The month of October resulted in negative \$1.25M EBIDA compared to budgeted EBIDA loss of \$1.55M. Adjustments and items of note include:</p> <ul style="list-style-type: none"> • Surgery visits remained high at 157 plus 13 G.I. procedures. • Emergency visits were high again at 3,619. • Deductions from Revenues were favorably impacted by \$41K for the Residency Program. • Total Operating Expenses were \$812K below budget. <p>It was noted that approval is recommended to the Hospital Board.</p> | M.S.C. (Rader/Welch), the SGMH Finance Committee voted to recommend approval of the Unaudited October 2022 Financial report to the Hospital Board of Directors. |

| AGENDA ITEM | DISCUSSION | ACTION / FOLLOW-UP | | | | | | | | | | | | |
|---|--|--------------------|--------|-----|--------|-------|-----|----------|-----|-------|-----|-----------------|--|---|
| | <p>ROLL CALL:</p> <table border="1" data-bbox="394 327 1219 443"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Ngo</td> <td>Absent</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table> | DiBiasi | Yes | Ngo | Absent | Rader | Yes | Rutledge | Yes | Welch | Yes | Motion carried. | | |
| DiBiasi | Yes | Ngo | Absent | | | | | | | | | | | |
| Rader | Yes | Rutledge | Yes | | | | | | | | | | | |
| Welch | Yes | Motion carried. | | | | | | | | | | | | |
| <p>Proposed Action – Recommend Approval to Hospital Board and Healthcare District Board of District Hospital Leadership Forum (DHLF) Annual Dues Renewal</p> | <p>San Gorgonio Memorial Healthcare District & Hospital have been members of the DHFL for many years. The DHFL is the group which formally oversees the overall guidance and planning for all matters related to Supplemental Funding on behalf of California Healthcare Districts. DHLF also coordinates their efforts with numerous California agencies (including CHA) in areas that impact the Healthcare Districts.</p> <p>It was noted that approval is recommended to the Hospital Board and Healthcare District Board.</p> <p>ROLL CALL:</p> <table border="1" data-bbox="394 877 1219 993"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Ngo</td> <td>Absent</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table> | DiBiasi | Yes | Ngo | Absent | Rader | Yes | Rutledge | Yes | Welch | Yes | Motion carried. | | <p>M.S.C. (Rutledge/Rader), the SGMH Finance Committee voted to recommend approval of the District Hospital Leadership Forum (DHLF) Annual Dues Renewal to the Hospital Board and Healthcare District Board.</p> |
| DiBiasi | Yes | Ngo | Absent | | | | | | | | | | | |
| Rader | Yes | Rutledge | Yes | | | | | | | | | | | |
| Welch | Yes | Motion carried. | | | | | | | | | | | | |
| <p>Proposed Action – Recommend Approval to Hospital Board and Healthcare District Board – FYE 22 Financial Audit</p> | <p>Dan Heckathorne, CFO, introduced David Imus of Wipfli, LLP. David presented the FYE 22 Financial Audit.</p> <p>It was noted that approval is recommended to the Hospital Board and Healthcare District Board.</p> <p>ROLL CALL:</p> <table border="1" data-bbox="394 1308 1219 1423"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Ngo</td> <td>Absent</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table> | DiBiasi | Yes | Ngo | Absent | Rader | Yes | Rutledge | Yes | Welch | Yes | Motion carried. | | <p>M.S.C. (Rader/Rutledge), the SGMH Finance Committee voted to recommend approval of the FYE 22 Financial Audit to the Hospital Board and Healthcare District Board.</p> |
| DiBiasi | Yes | Ngo | Absent | | | | | | | | | | | |
| Rader | Yes | Rutledge | Yes | | | | | | | | | | | |
| Welch | Yes | Motion carried. | | | | | | | | | | | | |
| <p>Future Agenda Items</p> | <ul style="list-style-type: none"> Line of Credit Renewal | | | | | | | | | | | | | |
| <p>Next Meeting</p> | <p>The next regular Finance Committee meeting will be held on December 27, 2022.</p> | | | | | | | | | | | | | |
| <p>Adjournment</p> | <p>The meeting was adjourned 10:07 am.</p> | | | | | | | | | | | | | |

In accordance with The Brown Act, *Section 54957.5*, all reports, and handouts discussed during this Open Session meeting are public records and are available for public inspection. These reports and/or handouts are available for review at the Hospital Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

Minutes respectfully submitted by Ariel Whitley, Executive Assistant

TAB B



SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA

Unaudited Financial Statements

for

FIVE MONTHS ENDING NOVEMBER 30, 2022

FY 2023

Certification Statement:

To the best of my knowledge, I certify for the hospital that the attached financial statements, except for the uncertainty of IGT revenue accruals, 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.

Note: Because these reports are prepared for internal users only, they do not purport to conform to the principles contained in U.S. GAAP.

Certified by:

Daniel R. Heckathorne

Daniel R. Heckathorne

CFO

San Gorgonio Memorial Hospital

Financial Report - Executive Summary

For the Month of November, 2022 and Five Months Ended November 30, 2022 (Unaudited)

Profit/Loss (EBIDA) Summary (MTD) Negative and (YTD) Negative

The month of November resulted in negative \$1.33M Earnings before Interest, Depreciation and Amortization (EBIDA) compared to budgeted EBIDA loss of \$1.26M.

YTD – The YTD November results were a negative \$5.77M Earnings before Interest, Depreciation and Amortization (EBIDA) compared to budgeted EBIDA loss of \$6.68M.

Month – Adjustments and Items of note:

- The November Surgery visits again were quite high.
- The Emergency visits were also very high at 4,006 (including some record daily visits).
- Deductions from Revenues were increased by \$327K for 5 months' activities related to the true-up of O/P vs. I/P collection ratios and Medicare Sequestration payment reductions.
- An accrual of \$427K was made to Non-Patient Revenues for HQAF Supplemental Funding.
- Total Operating Expenses were \$875K below budget (see comments below)
- An accrual estimate for \$75K was made to Purchased Services for annual audit fees.
- An accrual estimate for \$150K was made to Other Expenses for November election fees.

November's inpatient average daily census was 23.5. Adjusted Patient Days were 3.7% under budget (1,819 vs. 1,889) which includes the Patient Days which were 26% below budget (704 vs. 949). Emergency Visits were 26% over budget (4,006 vs. 3,177), and overall Surgeries were over budget, but the final numbers are still being validated against the budgeted 119.

YTD - Inpatient average daily census was 21.4. Adjusted Patient Days were 7.6% under budget (8,870 vs. 9,597) and Patient Days were 32% below budget (3,271 vs. 4,821). Emergency Visits were 12.6 % over budget (18,365 vs. 16,313), and overall Surgeries are still being validated compared to the budgeted 611.

Patient Revenues (MTD) Negative (YTD) Negative

Month - The Net Patient Revenue in November was \$969K (21.6%) below budget. This is impacted by the "true-ups" to Deductions from Revenue discussed above, plus a low volume of Inpatient Days, again being somewhat offset by the high Outpatient revenues. The Residency Program recovery was \$76K and is included in the Deductions from Revenues. Managed care rate increases negotiated a year ago were estimated at \$178K for the month.

YTD – Net Patient Revenues were \$2.8M (11%) below budget. This is impacted by the Deductions from Revenues which were increased by \$327K for 5 months' activities related to the true-up of O/P vs. I/P collection ratios and Medicare Sequestration payment reductions. Also, the biggest impact relates to the low count of Inpatient Days, which is somewhat offset by the high Outpatient revenues and the \$165K Residency Program recovery. Managed care rate increases negotiated a year ago are estimated at \$903K combined for the five months.

Total Operating Revenues (MTD) Negative & (YTD) Negative

Month – Operating Revenue in November was \$948K below budget. This was impacted by the negative variances in Net Patient Revenues offset by a favorable \$21K variance in Other Income.

YTD - Operating Revenue was \$2.89M below budget. This was impacted by the \$2.79M negative variance in Net Patient Revenues for the five months and a \$101K negative variance in Other Income.

Operating Expenses (MTD) Positive & (YTD) Positive

Month - Operating Expenses in November were \$6.83M and were under budget by \$874K. Key items that impacted overall Expenses were as follows: 1) Salaries and Wages, Benefits, and Contract Labor

were collectively \$362K below budget, primarily impacted by the lower inpatient workloads. 2) Physician fees were under budget by \$73K primarily due to reversal of over-accrued anesthesia fees back in August; 3) Purchased Services were \$153K below budget due to Altera (Allscripts) , Guidehouse, and other service agreements being under budget; 4) Supplies were under budget by \$363K, which can be attributed to a) much lower than expected Inpatient Admissions, b) no covid surges thus far, and c) not experiencing the full impact of inflation which is expected to accelerate over the remainder of the year. Large variances included Drugs (\$203K), Medical Supplies (\$57K), and Non-Medical Supplies (\$45K); 5) Other Expense had a negative variance of \$90K which included the \$150K accrual for the November election.

YTD – Operating Expenses were \$34.6M and were under budget by \$3.8M. Key items that impacted overall Expenses were as follows: 1) Salaries, Benefits, and Contract Labor were a combined \$1.14M under budget which was impacted by the PTO Flex-Down variance during the summer months along with the much lower than expected Patient Days workloads; 2) Physician fees were \$323K under budget and some of the major variances are related to the Residency Program (\$252K), Anesthesia fees (\$46K) and Physician On-Call costs (\$46K) all being lower than expected ; 3) Purchased Services showed a favorable variance of \$899K due to legal fees variance (\$212K), Allscripts/Navigant (\$435K), Dialysis (\$116K), along with various other Service Agreements being lower than expected; 4) Supplies were under budget by \$1.49M, and large favorable variances, as in the current month, can be attributable to a) much lower than expected Inpatient Admissions, b) no covid surges thus far, and c) not experiencing the full impact of inflation which is expected to accelerate over the remainder of the year; 5) Utilities were under budget by \$82K which is due to “monthly historical allocation methodology” and some avoidance to date of inflationary costs to these areas (which we don’t think have fully materialized. Note: Although there has been great success in controlling expenses and there are some significant favorable variances, it is good to remember that there may be some expenses which have not fully materialized in the first 5 months of the year, and this could have some impact on future months’ expenses.

Balance Sheet/Cash Flow

Patient cash collections in November were \$4.27M compared to \$5.89M in October. The Gross A/R Days increased from 70.1 in November compared to 64.1 in October. This was impacted by some I/T system down-time along with the Thanksgiving holiday time.

Cash balances were \$3.98M compared to \$3.3M in October. Again, the major factor causing the low Cash balance was that the Line of Credit, which was paid down to -0- starting on September 16, and it was not accessed until early November for \$2M. The Accounts Payable increased slightly to \$11.6M in November compared to \$10.1M in October (there was a delay in the last A/P run of November of \$830K due to the Controller’s illness, and these payments went out the first week of December). Other notable activity on the Balance Sheet included accrual of the HQAF Receivable (\$427K).

Concluding Summary

Positive takeaways:

- 1) Total Emergency Visits and Surgeries were over budget.
- 2) Operating Expenses were \$874K under budget.

Negative takeaways:

- 1) Inpatient Days are less than expected.
- 2) EBIDA was \$73K below budget.

San Gorgonio Memorial Hospital

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Concluding Summary

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Negative takeaways:

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- 2) EBIDA was \$73K below budget.

STATISTICS

Inpatient Admissions/Discharges (Monthly Average)

Represents number of patients admitted/discharged into and out of the hospital.

Patient Days (Monthly Average)

Each day a patient stays in the hospital is counted as a patient day. This count is normally done at midnight.

Average Daily Census (Inpatient)

Equals the average number of inpatients in the hospital on any given day or month.

Average Length of Stay (Inpatient)

Represents that average number of days that inpatients stay in the hospital.

Emergency Visits (Monthly Average)

Represents the number of patients who sought services at the emergency room.

Surgery Cases - Excluding G.I. (Monthly Average)

Equals the number of patients who had a surgical procedure(s) performed.

G.I. Cases (Monthly)

Number of patients who had a gastrointestinal exam performed.

Newborn Deliveries (Monthly)

Number of babies delivered.

PRODUCTIVITY

Worked FTEs (includes Registry FTEs)

Represents an equivalency of full-time staff worked. One FTE is equivalent of working 40 hours per week, 80 hours per pay period, 173.3 hours per 30 day month, or 2,080 hours in a 52 week year. This calculation divides the number of hours worked by the number of hours in the respective work period (40, 80, etc.) Example: 340 hours worked in an 80 hour pay period = 4.25 FTE's

Worked FTEs per APD

Divides the Total Worked FTE's by the daily average of the Adjusted Patient Days.

Paid FTEs (includes Registry FTEs)

Represents an equivalency of full-time staff paid. One FTE is equivalent of working 40 hours per week, 80 hours per pay period, 173.3 hours per 30 day month, or 2,080 hours in a 52 week year. This calculation divides the number of hours paid (includes all hours paid consisting of worked hours, PTO hours, sick pay, etc.) by the number of hours in the respective work period (40, 80, etc.) Example: 500 hours paid in an 80 hour pay period = 6.25 FTE's.

Paid FTEs per APD

Divides the Total Paid FTE's by the daily average of the Adjusted Patient Days.

ADJUSTED PATIENT DAYS

This is a blend of total patient days stayed in the hospital for a month, plus an equivalency factor (based on average inpatient revenue per patient day) applied to the outpatient revenues in order to account for outpatient workloads.

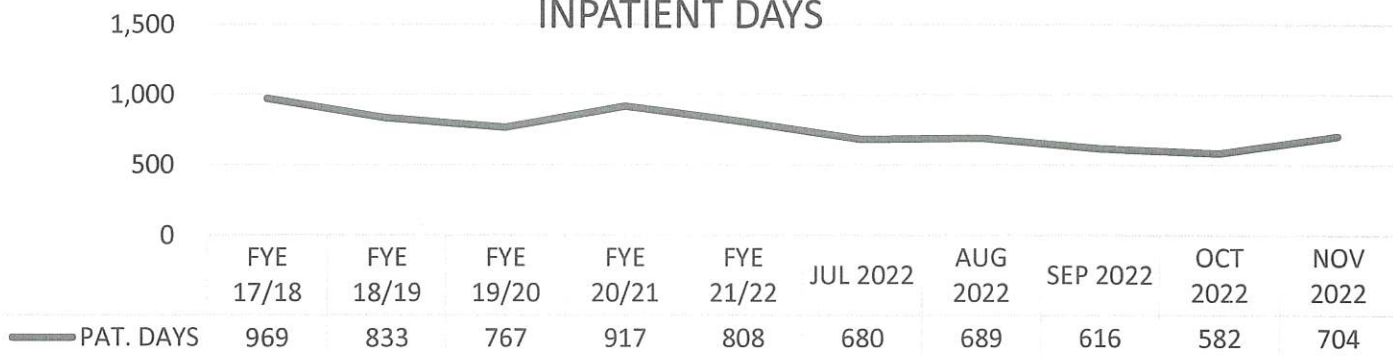
3-A

SAN GORGONIO MEMORIAL HOSPITAL

INPATIENT DISCHARGES



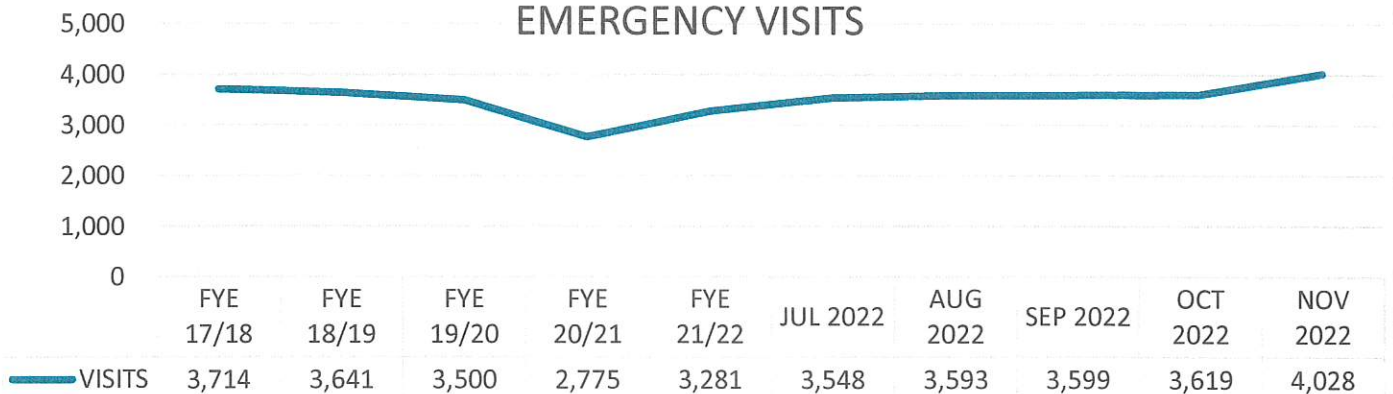
INPATIENT DAYS



AVERAGE LENGTH OF STAY



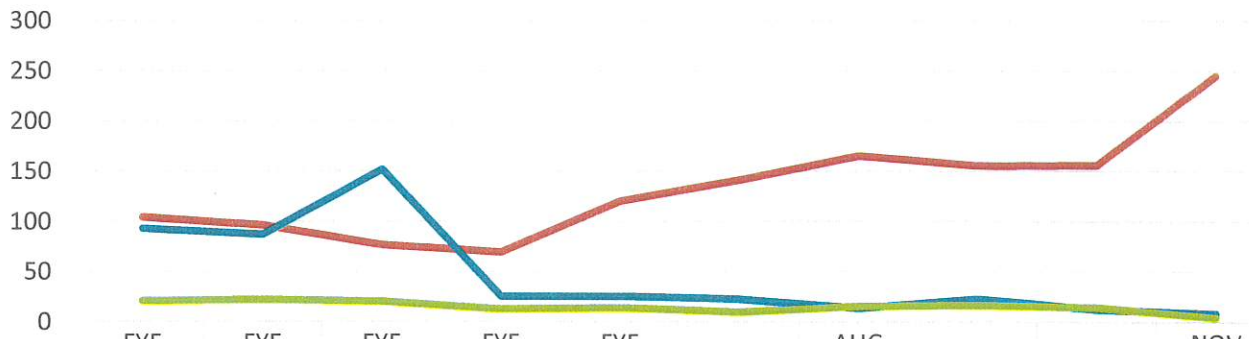
EMERGENCY VISITS



3-B

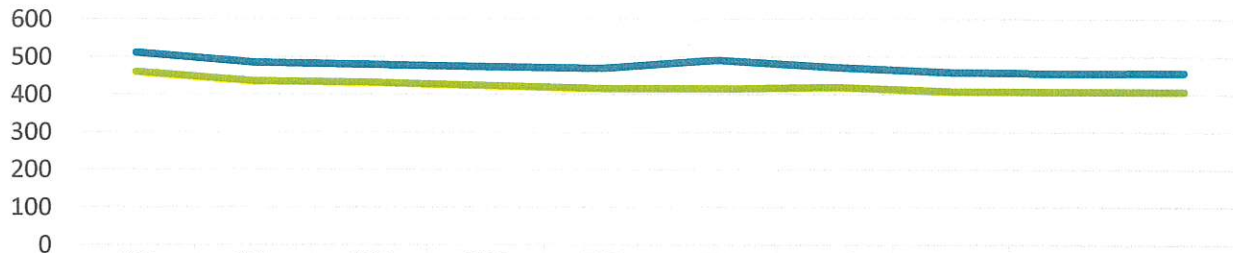
SAN GORGONIO MEMORIAL HOSPITAL

SURGERY CASES, G.I. CASES, N/B DELIVERIES



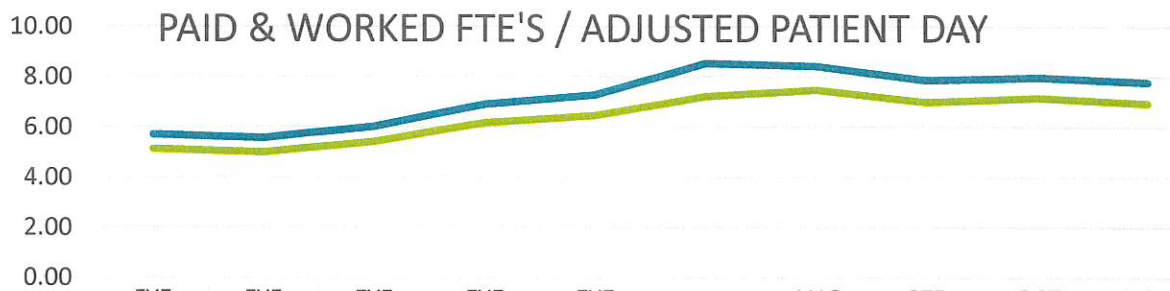
| | FYE 17/18 | FYE 18/19 | FYE 19/20 | FYE 20/21 | FYE 21/22 | JUL 2022 | AUG 2022 | SEP 2022 | OCT 2022 | NOV 2022 |
|--------------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|----------|
| — SURG. | 105 | 97 | 77 | 70 | 121 | 142 | 166 | 156 | 157 | 246 |
| — G.I. CASES | 93 | 87 | 152 | 26 | 26 | 23 | 14 | 23 | 13 | 9 |
| — BIRTHS | 21 | 22 | 21 | 13 | 15 | 10 | 16 | 17 | 15 | 5 |

PAID & WORKED FTE'S



| | FYE 17/18 | FYE 18/19 | FYE 19/20 | FYE 20/21 | FYE 21/22 | JUL 2022 | AUG 2022 | SEP 2022 | OCT 2022 | NOV 2022 |
|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|----------|
| — P FTE's | 511 | 484 | 479 | 474 | 470 | 491 | 473 | 459 | 457 | 458 |
| — W FTE's | 461 | 436 | 431 | 425 | 417 | 416 | 419 | 409 | 409 | 409 |

PAID & WORKED FTE'S / ADJUSTED PATIENT DAY



| | FYE 17/18 | FYE 18/19 | FYE 19/20 | FYE 20/21 | FYE 21/22 | JUL 2022 | AUG 2022 | SEP 2022 | OCT 2022 | NOV 2022 |
|-------------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|----------|
| — PFTES/APD | 5.69 | 5.55 | 6.01 | 6.89 | 7.27 | 8.54 | 8.43 | 7.85 | 7.99 | 7.80 |
| — WFTES/APD | 5.13 | 5.00 | 5.41 | 6.18 | 6.45 | 7.22 | 7.48 | 6.99 | 7.16 | 6.96 |

3-C

INCOME STATEMENT

Gross Patient Revenue (000's) (Monthly Ave.)

Represents total charges (before discounts and allowances) made for all patient services provided.

Net Patient Revenue (NPR) (000's) (Monthly Ave.)

Equals the sum of all (patient) charges for services provided that are due to the hospital, less estimated adjustments for discounts and other contractual disallowances for which the patients may be entitled.

NPR as % of Gross

Reflects the percentage of Gross Patient Revenues (charges) that are expected to be collected. Calculated by dividing Net Patient Revenue by the Gross Patient Revenue.

Total Operating Revenue (000's) (Monthly Ave.)

This reflects all Revenues available for payment of Operating Expenses. This includes Net Patient Revenue plus all other forms of miscellaneous Revenues.

Salaries, Wages, Benefits & Contract Labor (000's) (Monthly Ave.)

Represents the total staffing expenses of the Hospital

SWB + Contract Labor as % of Total Operating Revenue

Identifies what portion the Operating Revenues are spent on staffing costs.

Total Operating Expense (TOE) (000's)(Monthly Ave.)

Operating Expense reflects all costs needed to fund the Hospital's business operations.

TOE as % of Total Operating Revenue

Identifies the relationship that Operating Expenses have to the Total Operating Revenues.

EBIDA (000's)(Monthly Average)

Earnings Before Interest, Depreciation, and Amortization. This reflects the difference between Net Operating Revenues and Total Operating Expense. This is a quick measurement of the Hospital's ability to meet its financial obligations and have additional funds for equipment replacement and future growth of the organization.

EBIDA as % of NPR

This measurement is a gauge of the surplus (or deficit) of funds available for operations and future growth.

Net Patient Revenue vs. Total Labor Expense

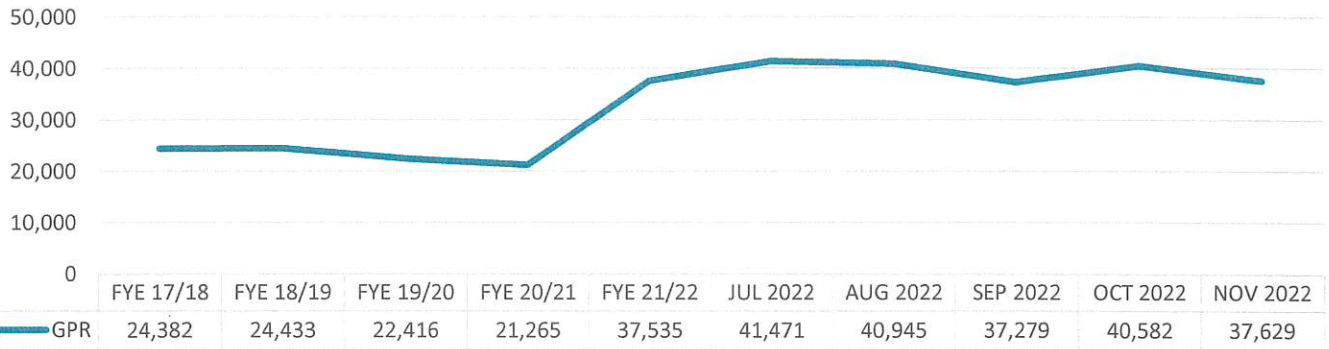
This measurement illustrates that Net Patient Revenues basically only cover Total Labor Expense, and that all of the Other Revenues and Supplemental Incomes are necessary to cover the remaining operational Expenses and EBIDA required to operate the Hospital.

Operating Revenues (Normalized), Expenses, Staffing Expenses, and EBIDA (Normalized)

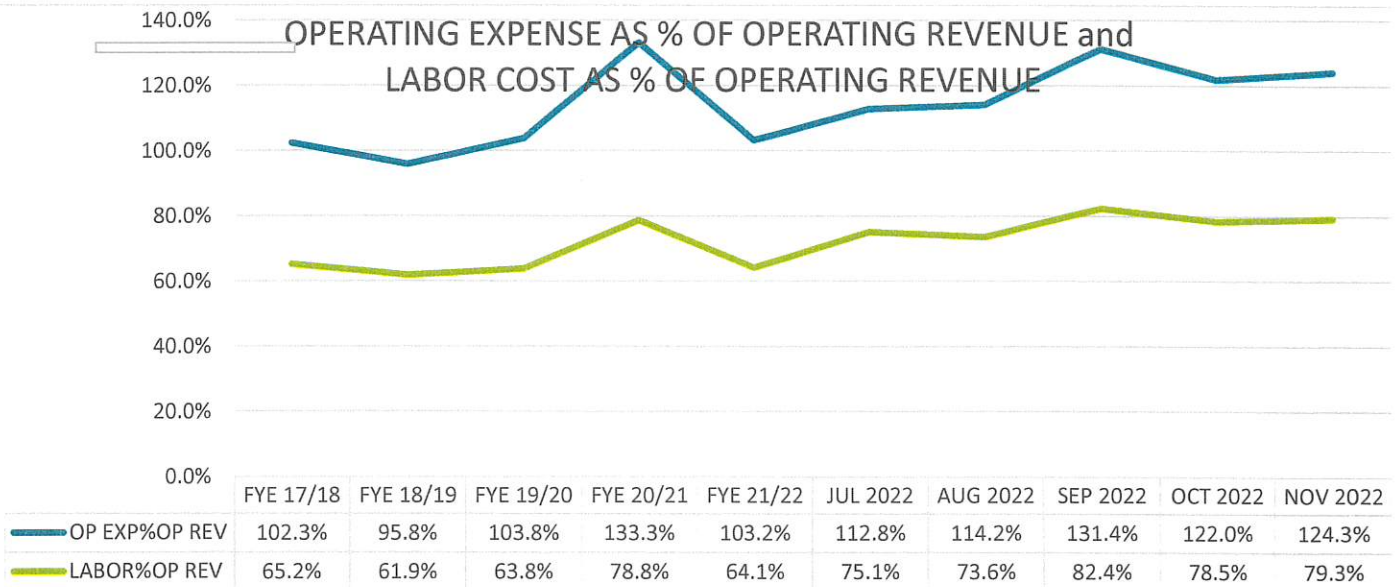
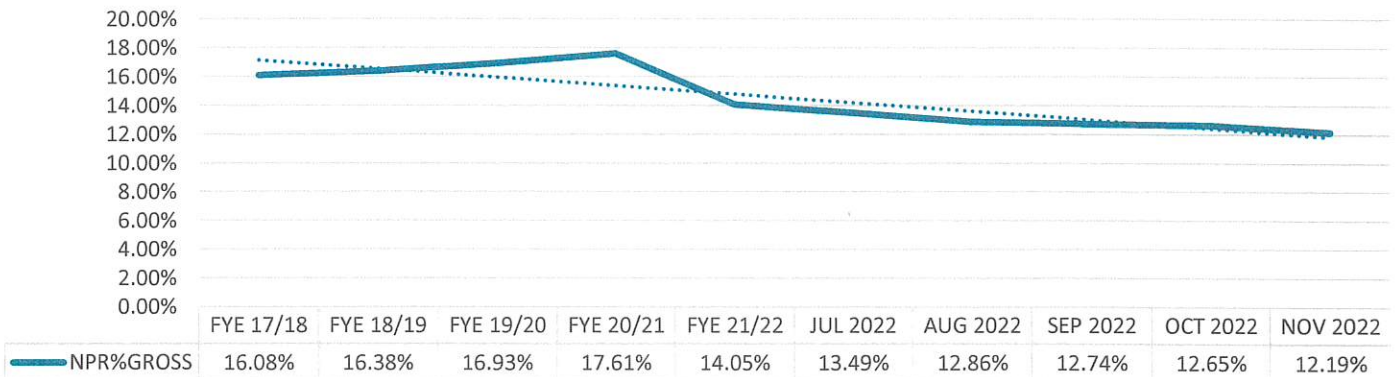
This graph illustrates the "normalization" of Operating Revenues and EBIDA, by reallocating proportionate Supplemental Revenues and related Expenses into the current month and YTD results.

SAN GORGONIO MEMORIAL HOSPITAL

GROSS PATIENT REVENUE

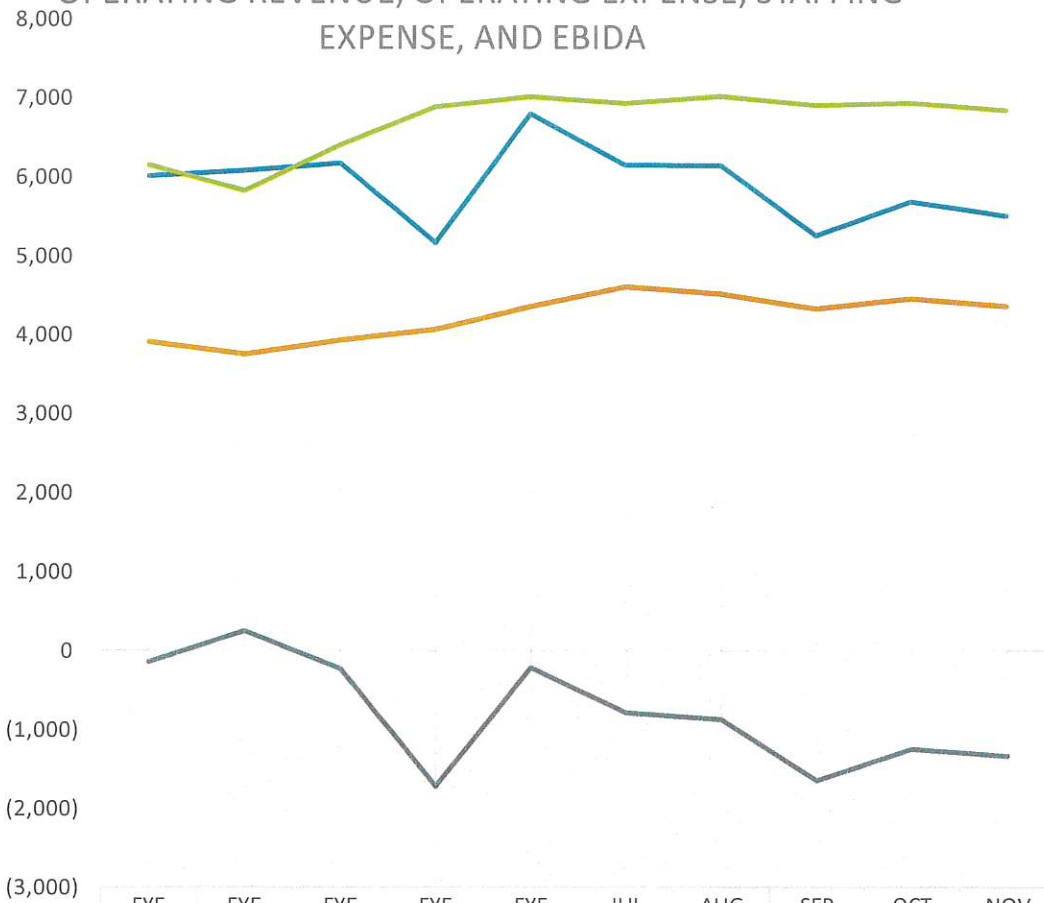


NET PATIENT REVENUE AS % OF GROSS



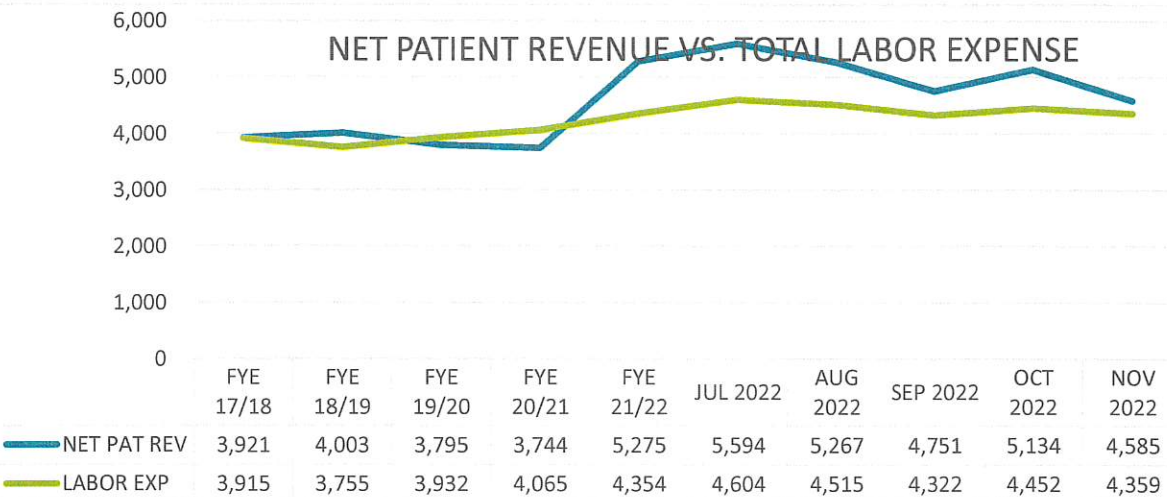
SAN GORGONIO MEMORIAL HOSPITAL

OPERATING REVENUE, OPERATING EXPENSE, STAFFING EXPENSE, AND EBIDA



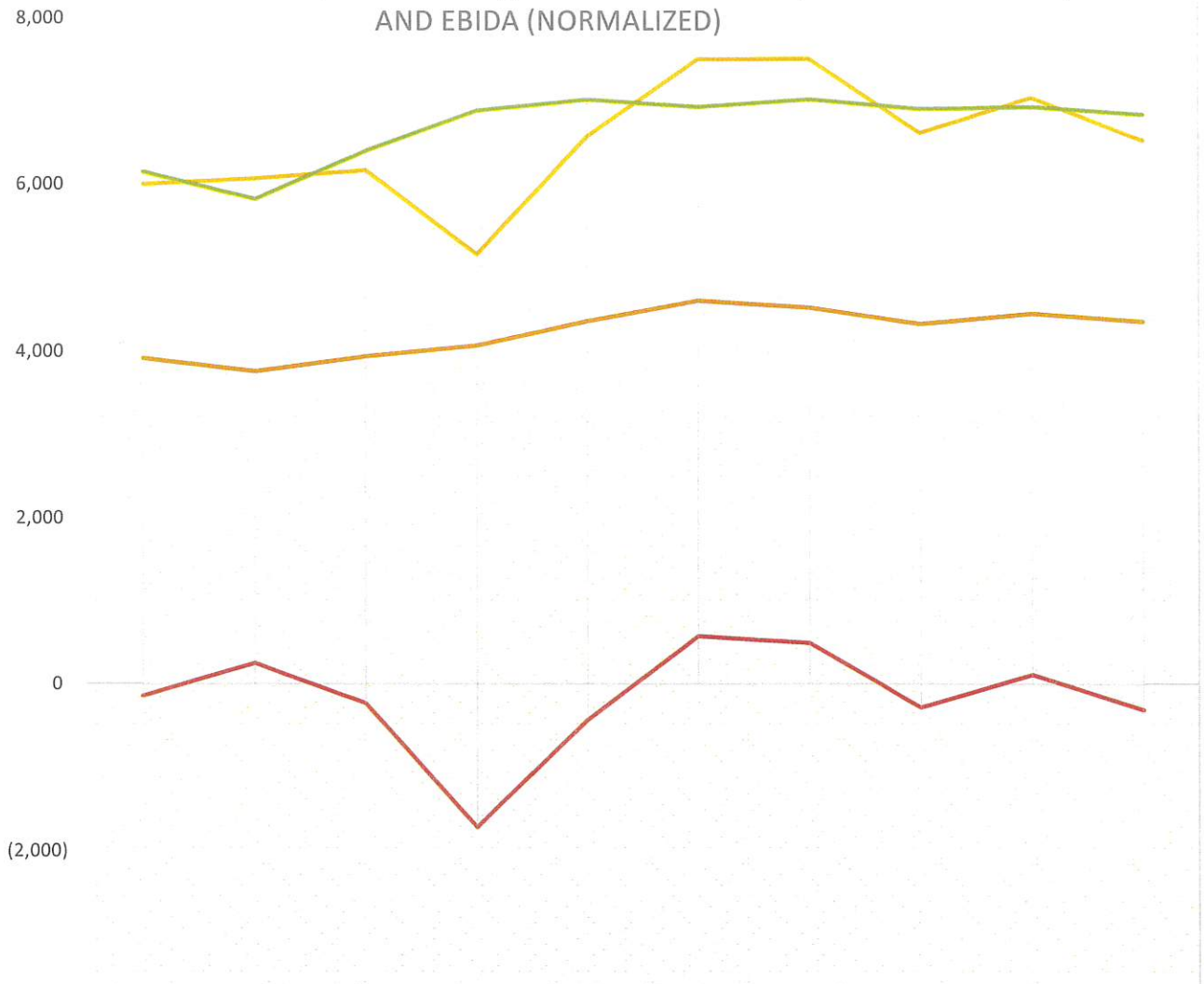
| | FYE 17/18 | FYE 18/19 | FYE 19/20 | FYE 20/21 | FYE 21/22 | JUL 2022 | AUG 2022 | SEP 2022 | OCT 2022 | NOV 2022 |
|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|----------|
| OP REV | 6,006 | 6,069 | 6,165 | 5,160 | 6,791 | 6,132 | 6,137 | 5,246 | 5,674 | 5,499 |
| OP EXP | 6,147 | 5,817 | 6,398 | 6,878 | 7,007 | 6,920 | 7,010 | 6,893 | 6,923 | 6,834 |
| STAFF EXP | 3,915 | 3,755 | 3,932 | 4,065 | 4,354 | 4,604 | 4,515 | 4,322 | 4,452 | 4,359 |
| EBIDA | (141) | 252 | (233) | (1,719) | (216) | (788) | (873) | (1,648) | (1,249) | (1,335) |

NET PATIENT REVENUE VS. TOTAL LABOR EXPENSE



SAN GORGONIO MEMORIAL HOSPITAL

OPERATING REVENUE (NORMALIZED), OPERATING EXPENSE, STAFFING EXPENSE,
AND EBIDA (NORMALIZED)



| | FYE 17/18 | FYE 18/19 | FYE 19/20 | FYE 20/21 | FYE 21/22 | JUL 2022 | AUG 2022 | SEP 2022 | OCT 2022 | NOV 2022 |
|--------------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|----------|----------|
| REV NORMAL | 6,006 | 6,069 | 6,165 | 5,160 | 6,569 | 7,494 | 7,499 | 6,608 | 7,037 | 6,525 |
| OP EXP | 6,147 | 5,817 | 6,398 | 6,878 | 7,007 | 6,920 | 7,010 | 6,893 | 6,923 | 6,834 |
| LABOR EXP | 3,915 | 3,755 | 3,932 | 4,065 | 4,354 | 4,604 | 4,515 | 4,322 | 4,452 | 4,359 |
| EBIDA NORMAL | (141) | 252 | (233) | (1,719) | (438) | 574 | 489 | (285) | 113 | (308) |

SAN GORGONIO HEALTHCARE DISTRICT & HOSPITAL - BANNING, CA
Month-to Month FYE June 30, 2023

Statement of Revenue and Expense

| | FYE17/18 | FYE18/19 | FYE19/20 | FYE 20/21 | FYE 21/22 | FYE 22/23 | FYE 22/23 | FYE 22/23 | FYE 22/23 | FYE 22/23 | FYE 22/23 | FYE 22/23 | FYE 22/23 | FYE 22/23 | FYE 22/23 |
|---|---------------------|---------------------|-----------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------|--------------|--------------|
| | MONTHLY AVE. | MONTHLY AVE. | MONTHLY AVE. | MONTHLY AVE. | MONTHLY AVE. | MONTHLY AVE. | MONTHLY AVE. | MONTHLY AVE. | MONTHLY AVE. | MONTHLY AVE. | MONTHLY AVE. | MONTHLY AVE. | MONTHLY AVE. | MONTHLY AVE. | MONTHLY AVE. |
| Gross Patient Revenue | | | | | | | | | | | | | | | |
| Inpatient Revenue | \$ 8,652,325 | \$ 7,667,883 | \$ 7,401,282 | \$ 9,331,371 | \$ 16,603,390 | \$ 14,034,706 | \$ 15,786,344 | \$ 13,463,161 | \$ 13,156,157 | \$ 13,207,417 | \$ 14,560,451 | \$ 70,173,530 | | | |
| Inpatient Psych/Rehab Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Outpatient Revenue | 15,730,069 | 16,765,365 | 15,067,104 | 11,933,682 | 20,832,075 | 25,546,568 | 25,684,830 | 27,481,674 | 24,122,862 | 27,374,507 | 23,068,968 | 127,732,840 | | | |
| Long Term Care Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Home Health Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Total Gross Patient Revenue | 24,382,394 | 24,433,247 | 22,468,386 | 21,265,053 | 37,635,465 | 39,581,274 | 41,471,174 | 40,944,835 | 37,279,018 | 40,581,924 | 37,629,419 | \$ 197,906,370 | | | |
| Discounts and Allowances | | | | | | | | | | | | | | | |
| Discounts and Allowances | (19,635,639) | (19,588,148) | (17,845,730) | (16,635,734) | (31,267,149) | (33,468,783) | (34,966,058) | (34,797,135) | (30,986,845) | (34,683,286) | (32,035,399) | (167,343,914) | | | |
| Bad Debt Expense | (806,002) | (858,023) | (653,280) | (824,395) | (1,045,570) | (903,403) | (883,157) | (813,947) | (1,113,485) | (734,463) | (971,962) | (4,517,014) | | | |
| GI HMO Discounts | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Charity Care | (80,410) | (56,168) | (86,517) | (41,362) | (136,847) | (117,834) | (28,117) | (66,596) | (427,789) | (29,952) | (36,715) | (589,169) | | | |
| Total Deductions From Revenue | (20,522,051) | (20,502,339) | (18,585,527) | (17,507,490) | (32,449,666) | (34,490,019) | (35,877,331) | (35,677,679) | (32,526,120) | (35,447,702) | (33,044,076) | (172,450,097) | | | |
| Net Patient Revenue | 3,860,343 | 3,930,908 | 3,882,859 | 3,763,563 | 5,085,799 | 5,091,255 | 5,593,843 | 5,267,156 | 4,750,899 | 5,134,222 | 4,585,343 | \$ 25,456,273 | | | |
| Non-Patient Revenues | | | | | | | | | | | | | | | |
| IGT/DSH Revenues | 1,530,975 | 1,485,337 | 1,157,326 | 869,707 | 501,407 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Grants & Other Op.Revenues | 193,507 | 205,590 | 750,434 | 505,190 | 725,066 | 269,824 | 136,873 | 468,018 | 93,358 | 138,568 | 512,304 | 1,349,122 | | | |
| Clinic Net Revenues | 20,106 | 22,382 | 15,743 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Tax Subsidies Measure D | 174,852 | 196,524 | 199,469 | 209,744 | 229,405 | 246,994 | 246,994 | 246,994 | 246,994 | 246,994 | 246,994 | 1,234,969 | | | |
| Tax Subsidies Prop 13 | 105,376 | 116,388 | 114,061 | 114,061 | 146,104 | 154,500 | 154,500 | 154,500 | 154,500 | 154,500 | 154,500 | 772,500 | | | |
| Tax Subsidies County Supplmt Funds | 16,858 | 16,159 | 9,064 | 16,163 | 25,561 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Non-Patient Revenues | 2,041,675 | 2,041,381 | 2,245,097 | 1,743,355 | 1,627,542 | 671,318 | 538,367 | 869,512 | 494,852 | 540,062 | 913,798 | \$ 3,356,591 | | | |
| Total Operating Revenue | 5,902,018 | 5,972,289 | 6,128,956 | 5,506,919 | 6,713,341 | 5,762,573 | 6,132,210 | 6,136,668 | 5,245,751 | 5,674,284 | 5,499,141 | \$ 28,812,864 | | | |
| Operating Expenses | | | | | | | | | | | | | | | |
| Salaries and Wages | 3,000,485 | 2,941,226 | 3,104,224 | 3,125,159 | 3,420,974 | 3,480,941 | 3,566,637 | 3,581,670 | 3,344,149 | 3,505,628 | 3,406,624 | 17,404,707 | | | |
| Fringe Benefits | 784,204 | 702,477 | 752,708 | 856,889 | 830,599 | 898,837 | 898,552 | 868,467 | 904,958 | 895,221 | 926,984 | 4,494,183 | | | |
| Contract Labor | 130,625 | 106,628 | 59,516 | 114,886 | 99,977 | 70,363 | 138,575 | 64,443 | 72,561 | 50,991 | 25,244 | 351,813 | | | |
| Physicians Fees | 211,630 | 246,631 | 331,858 | 350,783 | 330,533 | 300,598 | 273,621 | 277,977 | 293,059 | 308,777 | 291,979 | 1,502,988 | | | |
| Purchased Services | 513,857 | 513,857 | 772,336 | 892,521 | 863,256 | 829,624 | 829,624 | 848,417 | 1,003,052 | 802,604 | 890,157 | 4,316,279 | | | |
| Supply Expense | 699,167 | 685,518 | 751,025 | 903,883 | 995,446 | 808,174 | 888,903 | 823,019 | 836,128 | 735,602 | 630,602 | 3,536,285 | | | |
| Utilities | 74,205 | 75,471 | 80,680 | 92,287 | 111,192 | 107,253 | 104,925 | 97,819 | 113,507 | 99,363 | 120,651 | 536,285 | | | |
| Repairs and Maintenance | 53,574 | 58,325 | 58,592 | 139,712 | 77,524 | 85,707 | 74,098 | 124,767 | 51,558 | 111,348 | 66,765 | 428,537 | | | |
| Insurance Expense | 86,537 | 85,277 | 103,277 | 110,683 | 112,745 | 128,076 | 137,478 | 127,547 | 133,709 | 119,141 | 122,505 | 640,380 | | | |
| All Other Operating Expenses | 68,163 | 70,922 | 160,745 | 148,752 | 101,142 | 94,249 | 97,102 | 53,610 | 47,279 | 84,177 | 189,078 | 471,246 | | | |
| IGT Expense | 217,249 | 58,743 | 109,484 | 172,366 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Leases and Rentals | 57,507 | 76,150 | 79,233 | 79,424 | 37,952 | 78,636 | 101,241 | 76,060 | 106,555 | 51,072 | 58,251 | 393,179 | | | |
| 1206 (b) CLINIC | 80,927 | 98,810 | 94,628 | 34,096 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Total Operating Expenses | 6,045,502 | 5,720,023 | 6,377,306 | 6,901,255 | 7,010,605 | 6,916,089 | 6,920,067 | 7,009,680 | 6,893,407 | 6,923,449 | 6,833,839 | \$ 34,580,443 | | | |
| EBIDA | (143,485) | 252,266 | (248,351) | (1,394,337) | (297,264) | (1,153,516) | (787,858) | (873,012) | (1,647,656) | (1,249,165) | (1,334,698) | \$ (5,767,579) | | | |
| Interest, Depreciation, and Amortization | | | | | | | | | | | | | | | |
| Depreciation and Amortization | 512,466 | 497,808 | 506,497 | 494,721 | 472,317 | 447,168 | 550,044 | 406,450 | 406,450 | 446,580 | 426,319 | 2,235,842 | | | |
| Interest Expense | 432,490 | 418,193 | 422,094 | 447,994 | 391,606 | 444,779 | 427,682 | 571,834 | 409,794 | 394,794 | 419,794 | 2,223,897 | | | |
| Total Interest, Depr. & Amort. | 944,956 | 916,000 | 928,591 | 942,715 | 863,923 | 891,948 | 977,726 | 978,283 | 816,243 | 841,374 | 846,112 | 4,459,739 | | | |
| Non-Operating Revenue: | | | | | | | | | | | | | | | |
| Contributions & Other | 14,354 | 7,745 | 27,759 | 7,121 | 25,068 | 279,742 | 1,387,913 | 2,599 | 3,065 | 2,068 | 3,065 | 1,398,710 | | | |
| Tax Subsidies for GO Bonds - M-A | 652,487 | 692,457 | 666,966 | 598,410 | 616,059 | 627,353 | 627,353 | 627,353 | 627,353 | 627,353 | 627,353 | 3,136,766 | | | |
| Total Non Operating Revenue/(Expense) | 666,841 | 700,202 | 694,725 | 605,531 | 641,127 | 907,095 | 2,015,266 | 629,952 | 630,418 | 629,421 | 630,418 | 4,536,475 | | | |
| Total Net Surplus/(Loss) | (421,599) | 36,467 | (482,217) | (1,731,521) | (620,060) | (1,138,369) | 249,682 | (1,221,343) | (1,833,481) | (1,461,118) | (1,550,393) | \$ (5,691,843) | | | |
| Change in Interest in Foundation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Extra-ordinary Loss | 0 | 0 | (689,574) | (650) | (284,792) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Increase/(Decrease in Unrestricted Net, \$ | (421,599) | \$ 36,467 | (\$ 1,171,791) | (\$ 1,732,171) | (\$ 804,852) | (\$ 1,138,369) | \$ 249,682 | (\$ 1,221,343) | (\$ 1,833,481) | (\$ 1,461,118) | (\$ 1,550,393) | (\$ 5,691,843) | | | |
| Total Profit Margin | -7.1% | 0.6% | -7.9% | -31.4% | -7.7% | -19.8% | 4.1% | -19.9% | -35.0% | -25.7% | -28.2% | -19.8% | | | |
| EBIDA % | -2.4% | 4.2% | -4.1% | -25.3% | -4.4% | -20.0% | -12.8% | -14.2% | -31.4% | -22.0% | -24.3% | -20.0% | | | |

Note: Variances in the FYE 22/23 monthly columns are explained in the respective monthly financial reports.

| | | | | | | | | | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Estimated Value of Supplemental Accruals (Updated 12/21/22) | 1,362,273 | 1,362,273 | 1,362,273 | 1,362,273 | 1,362,273 | 1,362,273 | 1,362,273 | 1,362,273 | 1,362,273 | 1,362,273 | 1,362,273 | 1,026,209 | 6,475,299 |
| Estimated EBIDA if Supplementals were Accrued Monthly (Updated 12/21/22) | 574,415 | 489,261 | (285,383) | 124,810 | 113,108 | (308,490) | 707,720 | | | | | | |

3-H

BALANCE SHEET (Period End)

Cash (000's)

Represents all unrestricted cash in the bank at each month-end.

Days Cash on Hand

Calculated by dividing amount of Cash on Hand by the historical average daily amount of cash requirements to cover operating expenses.

Accounts Receivable - Net (000's)

Equals the sum of all (patient) accounts that are due to the hospital, less estimated adjustments for discounts and other contractual disallowances for which the patients may be entitled.

A/R Days - Net

This measures the average number of days it takes to collect payment of the Net Accounts Receivable. Lower values are desired.

Current Ratio (Current Assets/Current Liabilities)

A measure that illustrates the ability for the hospital to pay its obligations that come due over the course of the next year. The greater the Current Assets as compared to the Current Liabilities, the stronger position the organization is in to pay its upcoming obligations. Desired position is greater than 1:00 to 1:00, preferably at least 1:25 to 1:00 or greater.

Quick Ratio

3-1

This measures the Cash + Net Accounts Receivable compared to the Current Liabilities. Desired ratio is greater than 1:00 : 1:00.

Accounts Payable (000's)

Reflects payment obligations of the Hospital as of a point in time. Excludes Loans, Payroll and other Debt obligations. Lower values are desired.

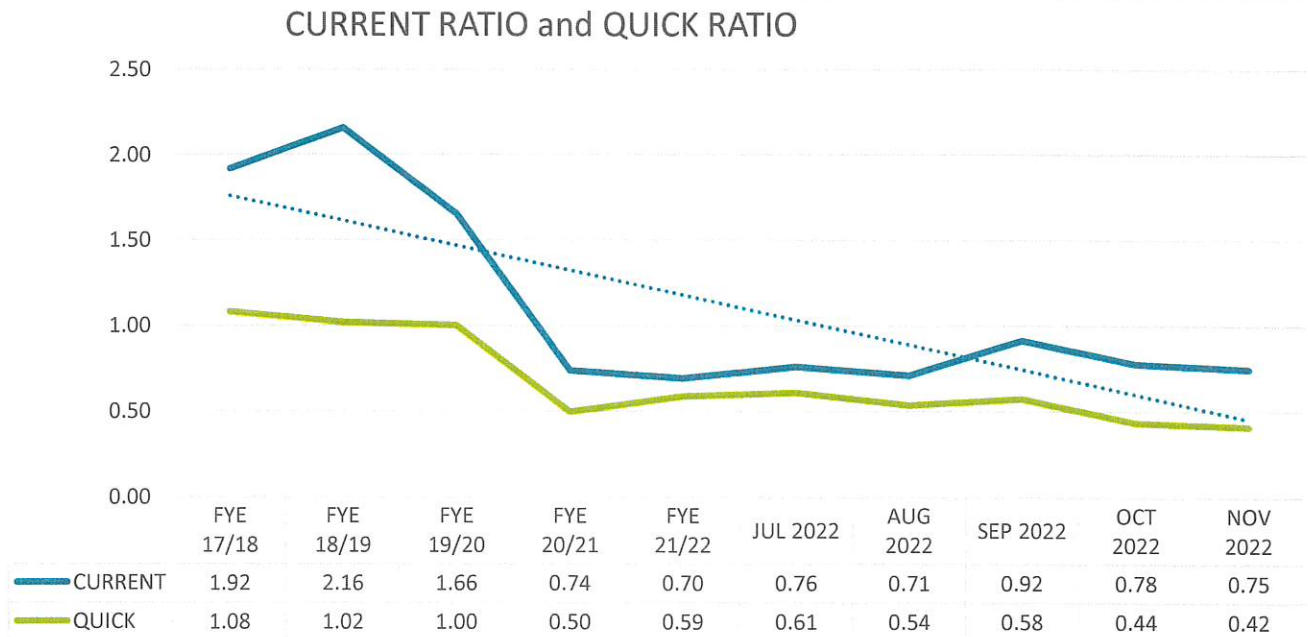
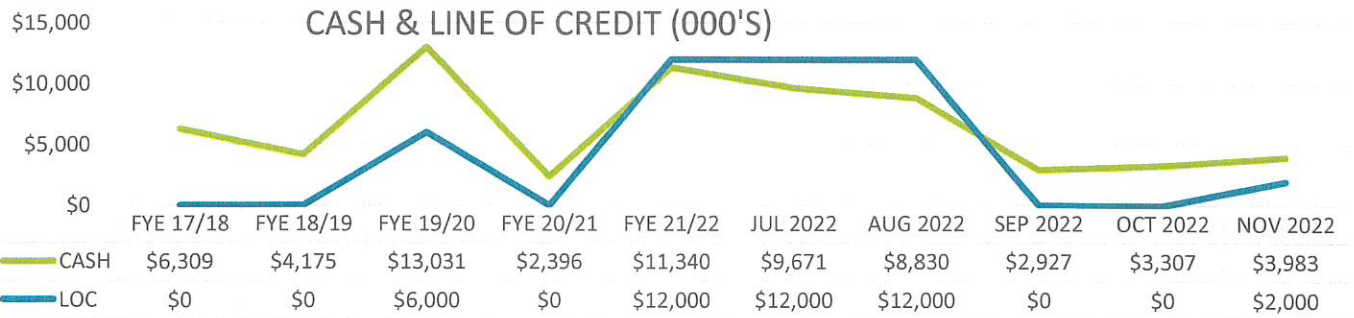
Accounts Payable Days

Reflects the average number of days that it takes to pay routine bills. Lower numbers are desired. Calculated by dividing the Accounts Payable amount by the historical average daily cost of routine expenses.

Line of Credit Balance (000's)

The amount that is currently borrowed from a lending institution as of a given point in time.

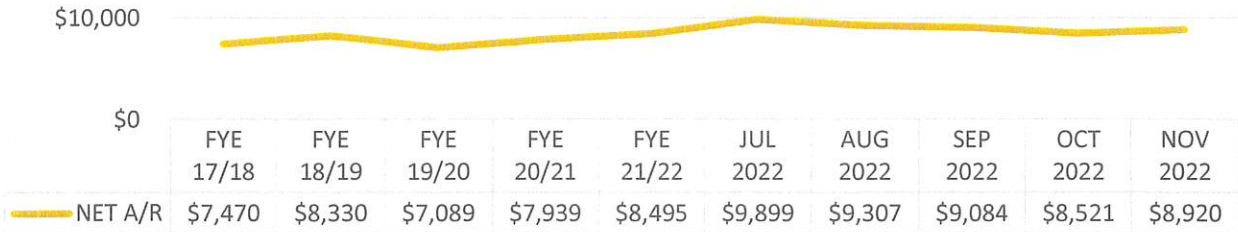
SAN GORGONIO MEMORIAL HOSPITAL



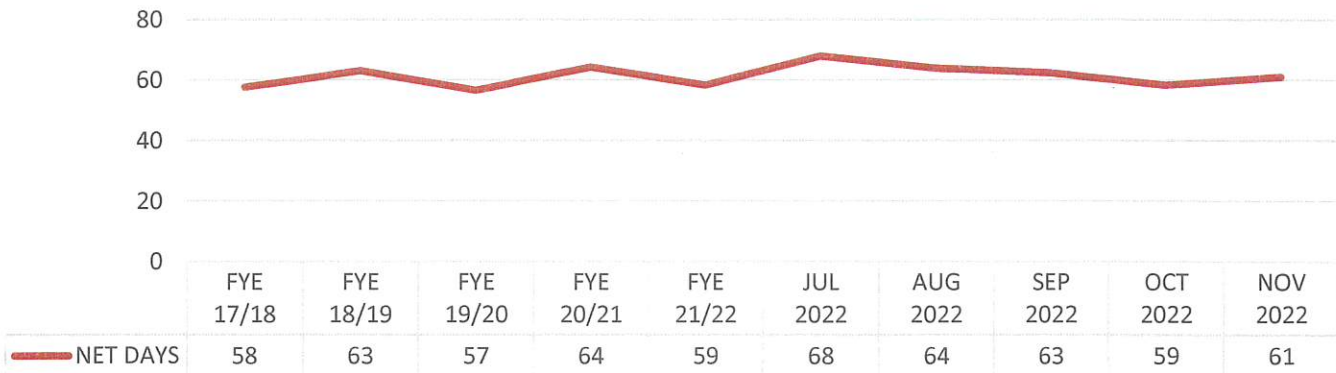
3-K

SAN GORGONIO MEMORIAL HOSPITAL

NET ACCOUNTS RECEIVABLE (000'S)



AVE. DAYS OF COLLECTIONS IN NET A/R



ACCOUNTS PAYABLE (000'S)



AVERAGE DAYS IN ACCOUNTS PAYABLE



SAN GORGONIO MEMORIAL HOSPITAL
EXECUTIVE FINANCIAL SUMMARY
FIVE MONTHS ENDING NOVEMBER 30, 2022

| STATEMENT OF REVENUE AND EXPENSES - MONTH & YTD | | | | | | |
|--|---------------------------------|-----------------------|-----------------------|-----------------------|---------------------|--|
| REF LINE# | 11/30/22 ACTUAL | 11/30/22 BUDGET | YTD ACTUAL | YTD BUDGET | YTD DIFFERENCE | |
| | Revenue: | | | | | |
| [1] | \$ 37,629,419 | \$ 42,552,364 | \$ 197,906,370 | \$ 216,411,557 | \$ (18,505,187) | |
| [2] | (33,044,076) | (36,998,335) | (172,450,098) | (188,165,038) | 15,714,940 | |
| [3] | 4,585,343 | 5,554,030 | 25,456,272 | 28,246,519 | (2,790,247) | |
| [4] | - | - | - | - | - | |
| [5] | 913,798 | 893,094 | 3,356,591 | 3,457,277 | (100,686) | |
| [6] | 5,499,141 | 6,447,123 | 28,812,863 | 31,703,797 | (2,890,933) | |
| | Total Operating Revenues | | | | | |
| | 4,333,608 | 4,643,900 | 21,898,890 | 23,017,077 | 1,118,188 | |
| [7] | 25,244 | 76,517 | 351,813 | 373,913 | 22,100 | |
| | 291,979 | 365,231 | 1,502,988 | 1,826,155 | 323,167 | |
| | 890,157 | 1,042,961 | 4,316,279 | 5,214,806 | 898,527 | |
| [8] | 1,207,380 | 1,484,709 | 6,171,080 | 7,414,874 | 1,243,794 | |
| [9] | 735,602 | 1,098,493 | 4,040,866 | 5,530,674 | 1,489,808 | |
| [10] | 557,250 | 481,530 | 2,469,607 | 2,422,598 | (47,009) | |
| [11] | - | - | - | - | - | |
| [12] | \$ 6,833,839 | \$ 7,708,633 | \$ 34,580,443 | \$ 38,385,223 | \$ 3,804,780 | |
| | (1,334,698) | (1,261,509) | (5,767,579) | (6,681,426) | \$ 913,847 | |
| [13] | | | | | 0 | |
| | 846,112 | 1,061,344 | 4,459,739 | 5,033,211 | 573,472 | |
| [14] | 630,418 | 1,092,982 | 4,535,475 | 5,464,908 | (929,433) | |
| [15] | | | | | | |
| [16] | \$ (1,550,393) | \$ (1,229,872) | \$ (5,691,843) | \$ (6,249,729) | \$ 557,886 | |
| | TOTAL NET SURPLUS (LOSS) | | | | | |

KEY STATISTICS AND RATIOS

| | 10/31/22 ACTUAL FY 23 | 11/30/22 ACTUAL FY 23 | 11/30/22 BUDGET FY 23 | 2023 YTD FY 23 | 2022 YR END TOTAL FY 22 |
|----------------------------------|-----------------------------|-----------------------------|-----------------------------|----------------------|-------------------------------|
| [1] Total Acute Patient Days | 582 | 704 | 949 | 3,271 | 9,689 |
| [2] Average Daily Census | 18.8 | 23.5 | 31.6 | 21.4 | 26.5 |
| [3] Average Acute Length of Stay | 3.2 | 3.9 | 4.1 | 3.5 | 3.9 |
| [4] Patient Discharges | 184 | 182 | 234 | 931 | 2,502 |
| [5] Observation Days | 239 | 249 | 233 | 1,266 | 2,775 |
| [6] Total Emergency Room Visits | 3,619 | 4,028 | 3,177 | 18,387 | 39,374 |
| [7] Average ED Visits Per Day | 117 | 134 | 106 | 120 | 108 |
| [9] Total Surgeries | 157 | 246 | 119 | 867 | 1,446 |
| [10] Deliveries/Births | 15 | 5 | 15 | 63 | 175 |

Statement of Revenue and Expense
SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA
FIVE MONTHS ENDING NOVEMBER 30, 2022

| | DISTRICT ONLY | CURRENT MONTH | | | |
|--|---------------|----------------|-----------------|----------------|------------|
| | | FY 23 | FY 23 | Positive | Percentage |
| | | ACTUAL | CUR MO BUD | (Negative) | |
| ACTUAL | ACTUAL | ACTUAL | Variance | Variance | |
| | 11/30/22 | 11/30/22 | 11/30/22 | | |
| Gross Patient Revenue | | | | | |
| [1] Inpatient Revenue | \$ - | \$ 14,560,451 | \$ 20,860,976 | \$ (6,300,524) | -43.3% |
| [2] Inpatient Psych/Rehab Revenue | - | - | - | - | - |
| [3] Outpatient Revenue | - | 23,068,968 | \$ 21,691,389 | 1,377,579 | 6.0% |
| [4] Long Term Care Revenue | - | - | - | - | - |
| [5] Home Health Revenue | - | - | - | - | - |
| [6] Total Gross Patient Revenue | \$ - | \$ 37,629,419 | \$ 42,552,364 | \$ (4,922,946) | -13.1% |
| Deductions From Revenue | | | | | |
| [7] Discounts and Allowances | - | (32,035,399) | \$ (35,422,754) | \$ 3,387,355 | -10.6% |
| [8] Bad Debt Expense | - | (971,962) | \$ (1,498,486) | 526,524 | -54.2% |
| [9] Prior Year Settlements | - | - | \$ - | - | - |
| [10] Charity Care | - | (36,715) | \$ (77,094) | 40,380 | -110.0% |
| [11] Total Deductions From Revenue | - | (33,044,076) | (36,998,335) | \$ 3,954,259 | -12.0% |
| [12] | | 87.8% | -86.9% | | |
| [13] Net Patient Revenue | \$ - | \$ 4,585,343 | \$ 5,554,030 | \$ (968,687) | -21.1% |
| Non Patient Operating Revenues | | | | | |
| [14] IGT/DSH Revenues | - | - | \$ - | \$ - | 0.0% |
| [15] Grants & Other Op Revenues | - | 512,304 | \$ 480,350 | 31,954 | 6.2% |
| [16] Clinic Net Revenues | - | - | \$ - | - | - |
| [17] Tax Subsidies Measure D | 246,994 | 246,994 | \$ 246,994 | (0) | 0.0% |
| [18] Tax Subsidies Prop 13 | 154,500 | 154,500 | \$ 154,500 | - | 0.0% |
| [19] Tax Subsidies County Supplemental Funds | - | - | \$ 11,250 | (11,250) | 0.0% |
| Non- Patient Revenue | \$ 401,494 | \$ 913,798 | \$ 893,094 | \$ 20,704 | 2.3% |
| Total Operating Revenue | \$ 401,494 | \$ 5,499,141 | \$ 6,447,123 | \$ (947,983) | -17.2% |
| Operating Expenses | | | | | |
| [20] Salaries and Wages | - | 3,406,624 | 3,724,600 | \$ 317,976 | 9.3% |
| [21] Fringe Benefits | - | 926,984 | 919,300 | (7,684) | -0.8% |
| [22] Contract Labor | - | 25,244 | 76,517 | 51,273 | 203.1% |
| [23] Physicians Fees | - | 291,979 | 365,231 | 73,252 | 25.1% |
| [24] Purchased Services | 2,147 | 890,157 | 1,042,961 | 152,804 | 17.2% |
| [25] Supply Expense | - | 735,602 | 1,098,493 | 362,892 | 49.3% |
| [26] Utilities | - | 120,651 | 120,716 | 65 | 0.1% |
| [27] Repairs and Maintenance | 8,000 | 66,765 | 75,564 | 8,799 | 13.2% |
| [28] Insurance Expense | - | 122,505 | 122,979 | 474 | 0.4% |
| [29] All Other Operating Expenses | 150,565 | 189,078 | 99,325 | (89,753) | -47.5% |
| [30] Supplemental and Grant Expense | - | - | 0 | - | 0.0% |
| [31] Leases and Rentals | - | 58,251 | 62,946 | 4,695 | 8.1% |
| [32] Clinic Expense | - | - | 0 | - | 0.0% |
| [33] Total Operating Expenses | \$ 160,712 | \$ 6,833,839 | \$ 7,708,633 | \$ 874,793 | 12.8% |
| [34] EBIDA | \$ 240,782 | \$ (1,334,698) | \$ (1,261,509) | \$ (73,189) | 5.5% |
| Interest Expense and Depreciation | | | | | |
| [35] Depreciation | 406,450 | 426,319 | 589,143 | \$ 162,824 | 38.2% |
| [36] Interest Expense and Amortization | 355,607 | 419,794 | 472,201 | 52,407 | 12.5% |
| [37] Total Interest & depreciation | 762,056 | 846,112 | 1,061,344 | 215,232 | 25.4% |
| Non-Operating Revenue: | | | | | |
| [38] Contributions & Other | 2,538 | 3,065 | 466,744 | (463,679) | -15127.5% |
| [39] Tax Subsidies for GO Bonds - M-A | 627,353 | 627,353 | 626,237 | 1,116 | 0.2% |
| [40] Total Non Operating Revenue/(Expense) | 629,891 | 630,418 | 1,092,982 | \$ (462,563) | -73.4% |
| [41] Total Net Surplus/(Loss) | \$ 108,616 | \$ (1,550,393) | \$ (1,229,872) | \$ (320,521) | 20.7% |
| [42] Extra-ordinary loss on Financing | - | - | - | - | - |
| [43] Increase/(Decrease in Unrestricted Net Assets | \$ 108,616 | \$ (1,550,393) | \$ (1,229,872) | \$ (320,521) | 20.7% |
| [44] Total Profit Margin | 27.05% | -28.19% | -19.08% | | |
| [45] EBIDA % | 59.97% | -24.27% | -19.57% | | |

Statement of Revenue and Expense
SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA
FIVE MONTHS ENDING NOVEMBER 30, 2022

| | YEAR-TO-DATE | | | | |
|--|---------------------|-----------------------|-----------------------|------------------------------------|------------------------|
| | DISTRICT ONLY | | | Positive (Negative) Variance | Percentage Variance |
| | Actual 11/30/22 | Actual 11/30/22 | Budget 11/30/22 | | |
| Gross Patient Revenue | | | | | |
| [1] Inpatient Revenue | \$ - | \$ 73,078,750 | \$ 105,025,389 | \$ (31,946,639) | -43.7% |
| [2] Inpatient Psych/Rehab Revenue | - | - | - | - | - |
| [3] Outpatient Revenue | - | 124,827,620 | \$ 111,386,169 | 13,441,451 | 10.8% |
| [4] Long Term Care Revenue | - | - | - | - | - |
| [5] Home Health Revenue | - | - | - | - | - |
| [6] Total Gross Patient Revenue | \$ - | \$ 197,906,370 | \$ 216,411,557 | \$ (18,505,187) | -9.4% |
| Deductions From Revenue | | | | | |
| [7] Discounts and Allowances | - | (167,343,914) | \$ (180,151,998) | \$ 12,808,084 | 7.7% |
| [8] Bad Debt Expense | - | (4,517,014) | \$ (7,620,956) | 3,103,942 | 68.7% |
| [9] Prior Year Settlements | - | - | \$ - | - | - |
| [10] Charity Care | - | (589,169) | \$ (392,084) | (197,085) | -33.5% |
| [11] Total Deductions From Revenue | - | (172,450,098) | (188,165,038) | \$ 15,714,940 | 9.1% |
| [12] Net Patient Revenue | \$ - | \$ 25,456,272 | \$ 28,246,519 | \$ (2,790,247) | -11.0% |
| [13] Net Patient Revenue | | 87.1% | -86.9% | | |
| Non Patient Operating Revenues | | | | | |
| [14] IGT/DSH Revenues | - | - | \$ - | \$ - | 0.0% |
| [15] Grants & Other Op Revenues | - | 1,349,122 | \$ 1,393,558 | (44,436) | -3.3% |
| [16] Clinic Net Revenues | - | - | \$ - | - | - |
| [17] Tax Subsidies Measure D | 1,234,969 | 1,234,969 | \$ 1,234,969 | (0) | 0.0% |
| [18] Tax Subsidies Prop 13 | 772,500 | 772,500 | \$ 772,500 | - | 0.0% |
| [19] Tax Subsidies County Supplemental Funds | - | - | \$ 56,250 | (56,250) | 0.0% |
| [19] Non- Patient Revenue | \$ 2,007,469 | \$ 3,356,591 | \$ 3,457,277 | \$ (100,686) | -3.0% |
| Total Operating Revenue | \$ 2,007,469 | \$ 28,812,863 | \$ 31,703,797 | \$ (2,890,933) | -10.0% |
| Operating Expenses | | | | | |
| [20] Salaries and Wages | - | 17,404,707 | \$ 18,436,062 | \$ 1,031,355 | 5.9% |
| [21] Fringe Benefits | - | 4,494,183 | \$ 4,581,015 | 86,833 | 1.9% |
| [22] Contract Labor | - | 351,813 | \$ 373,913 | 22,100 | 6.3% |
| [23] Physicians Fees | - | 1,502,988 | \$ 1,826,155 | 323,167 | 21.5% |
| [24] Purchased Services | 6,159 | 4,316,279 | \$ 5,214,806 | 898,527 | 20.8% |
| [25] Supply Expense | - | 4,040,866 | \$ 5,530,674 | 1,489,808 | 36.9% |
| [26] Utilities | 8,909 | 536,265 | \$ 618,530 | 82,265 | 15.3% |
| [27] Repairs and Maintenance | 49,416 | 428,537 | \$ 377,818 | (50,718) | -11.8% |
| [28] Insurance Expense | - | 640,380 | \$ 614,894 | (25,486) | -4.0% |
| [29] All Other Operating Expenses | 159,363 | 471,246 | \$ 496,623 | 25,377 | 5.4% |
| [30] Supplemental and Grant Expense | - | - | \$ - | - | 0.0% |
| [31] Leases and Rentals | - | 393,179 | \$ 314,732 | (78,447) | -20.0% |
| [32] Clinic Expense | - | - | \$ - | - | 0.0% |
| [32] Total Operating Expenses | \$ 223,847 | \$ 34,580,443 | \$ 38,385,223 | \$ 3,804,780 | 11.0% |
| [34] EBIDA | \$ 1,783,622 | \$ (5,767,579) | \$ (6,681,426) | \$ 913,847 | -15.8% |
| Interest Expense and Depreciation | | | | | |
| [35] Depreciation | 2,175,842 | 2,235,842 | \$ 2,874,288 | \$ 638,446 | 28.6% |
| [36] Interest Expense and Amortization | 1,735,325 | 2,223,897 | \$ 2,158,923 | (64,974) | -2.9% |
| [37] Total Interest & depreciation | 3,911,167 | 4,459,739 | 5,033,211 | 573,472 | 12.9% |
| Non-Operating Revenue: | | | | | |
| [38] Contributions & Other | 1,395,664 | 1,398,710 | \$ 2,333,721 | (935,011) | -66.8% |
| [39] Tax Subsidies for GO Bonds - M-A | 3,136,766 | 3,136,766 | \$ 3,131,187 | 5,579 | 0.2% |
| [40] Total Non Operating Revenue/(Expense) | 4,532,430 | 4,535,475 | 5,464,908 | (929,433) | -20.5% |
| [41] Total Net Surplus/(Loss) | \$ 2,404,884 | \$ (5,691,843) | \$ (6,249,729) | \$ 557,886 | -9.8% |
| [42] Extra-ordinary loss on Financing | - | - | \$ - | - | - |
| [43] Increase/(Decrease in Unrestricted Net Assets) | \$ 2,404,884 | \$ (5,691,843) | \$ (6,249,729) | \$ 557,886 | -9.8% |
| [44] Total Profit Margin | 119.80% | -19.75% | -19.71% | | |
| [45] EBIDA % | 88.85% | -20.02% | -21.07% | | |

Balance Sheet - Assets

SAN GORGONIO MEMORIAL HOSPITAL

BANNING, CALIFORNIA

FIVE MONTHS ENDING NOVEMBER 30, 2022

| | | ASSETS | | | | |
|---------------------------------------|---|--------------------------------|--------------------------------|------------------------------|-------------------------------------|--------------------------------|
| | | DISTRICT ONLY | | | | |
| | | Current Month 11/30/2022 | Current Month 11/30/2022 | Prior Month 10/31/2022 | Positive/ (Negative) Variance | Prior Year End 6/30/2022 |
| Current Assets | | | | | | |
| [1] | Cash and Cash Equivalents | 2,077,409 | \$3,983,464 | \$3,306,606 | \$ 676,858 | \$ 11,340,002 |
| [2] | Gross Patient Accounts Receivable | \$0 | \$88,863,121 | \$82,740,982 | \$ 6,122,139 | 77,594,807 |
| [3] | Less: Bad Debt and Allowance Reserves | \$0 | (\$79,943,069) | (\$74,220,043) | \$ (5,723,025) | (\$69,099,845) |
| [4] | Net Patient Accounts Receivable | \$0 | \$8,920,053 | \$8,520,939 | \$ 399,114 | 8,494,961 |
| [5] | Taxes Receivable | \$5,836,289 | \$5,836,289 | \$5,136,355 | \$ 699,935 | 1,178,859 |
| [6] | Other Receivables (includes advances) | 660,465 | \$579,481 | \$449,019 | \$ 130,462 | 738,141 |
| [7] | Inventories | \$0 | \$2,354,710 | \$2,270,526 | \$ 84,184 | 2,297,204 |
| [8] | Prepaid Expenses | 126,169 | \$3,007,735 | \$3,051,852 | \$ (44,116) | 1,197,395 |
| [9] | Due From Third Party Payers-DSH | \$0 | (\$1,769,774) | (\$1,332,477) | \$ (437,297) | (1,845,477) |
| [10] | Malpractice Receivable | \$0 | \$0 | \$0 | \$ - | - |
| [11] | Supplemental Receivables | \$0 | \$426,574 | \$0 | \$ 426,574 | - |
| | Total Current Assets | 8,700,332 | 23,338,532 | 21,402,819 | \$ (736,481) | \$ 23,401,085 |
| Assets Whose Use is Limited | | | | | | |
| [12] | Cash | | | | | |
| [13] | Investments | | | | | |
| [14] | Bond Reserve/Debt Retirement Fund | \$8,809,050 | \$8,809,050 | \$8,439,726 | \$ 369,323 | 12,704,494 |
| [15] | Trustee Held Funds | | | | | |
| [16] | Funded Depreciation | | | | | |
| [17] | Board Designated Funds | | | | | |
| [18] | Other Limited Use Assets | | | | | 0 |
| | Total Limited Use Assets | 8,809,050 | 8,809,050 | 8,439,726 | \$ (223,324) | \$ 12,704,494 |
| Property, Plant, and Equipment | | | | | | |
| [19] | Land and Land Improvements | 4,828,182 | 4,828,182 | 4,828,182 | \$ - | \$ 4,828,182 |
| [20] | Building and Building Improvements | 129,281,491 | 129,281,491 | 129,281,491 | \$ - | 129,281,491 |
| [21] | Equipment | 27,112,216 | 27,112,216 | 27,060,543 | \$ 51,674 | 26,856,789 |
| [22] | Construction In Progress | 2,082,369 | 2,082,369 | 1,862,472 | \$ 219,898 | 1,694,007 |
| [23] | Capitalized Interest | | | | | |
| [24] | Gross Property, Plant, and Equipment | 163,304,259 | 163,304,259 | 163,032,688 | \$ 271,572 | 162,660,469 |
| [25] | Less: Accumulated Depreciation | (\$90,394,360) | (\$90,394,360) | (\$89,987,911) | \$ (406,450) | (89,145,667) |
| [26] | Net Property, Plant, and Equipment | 72,909,899 | 72,909,899 | 73,044,777 | \$ (475,050) | \$ 73,514,801 |
| Other Assets | | | | | | |
| [27] | Unamortized Loan Costs | \$627,385 | \$592,272 | \$594,861 | \$ (2,589) | \$ 614,440 |
| [28] | Assets Held for Future Use | | \$0 | \$0 | \$ - | 485 |
| [29] | Investments in Subsidiary/Affiliated Org. | \$28,967,972 | \$0 | \$0 | \$ - | (111,925) |
| [30] | Other | | | | | |
| [31] | Total Other Assets | 29,595,356 | 592,272 | 594,861 | \$ (2,589) | \$ 503,000 |
| [32] | TOTAL UNRESTRICTED ASSETS | 120,014,636 | 105,649,752 | 103,482,183 | \$ 2,167,569 | \$ 110,123,381 |
| Restricted Assets | | | | | | |
| | | 0 | 0 | 0 | 0 | 0 |
| [33] | TOTAL ASSETS | \$120,014,636 | \$105,649,752 | \$103,482,183 | \$ 2,167,569 | \$ 110,123,381 |

Balance Sheet - Liabilities and Net Assets
SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA
FIVE MONTHS ENDING NOVEMBER 30, 2022

| | DISTRICT ONLY | LIABILITIES AND FUND BALANCE | | | |
|---|-----------------------------|------------------------------|---------------------------|-------------------------------------|-----------------------------|
| | Current Month 11/30/2022 | Current Month 11/30/2022 | Prior Month 10/31/2022 | Positive/ (Negative) Variance | Prior Year End 6/30/2022 |
| Current Liabilities | | | | | |
| [1] Accounts Payable | \$ 506,662 | \$ 11,607,919 | \$ 10,172,892 | \$ (1,435,027) | \$ 10,600,622 |
| [2] Notes and Loans Payable (Line of Credit) | - | 2,000,000 | 0 | \$ (2,000,000) | 12,000,000 |
| [3] Accounts Payable- Tax advance | - | - | - | \$ - | - |
| [4] Accrued Payroll Taxes | - | 7,536,546 | 7,417,886 | \$ (118,660) | 5,597,527 |
| [5] Accrued Benefits | - | - | - | \$ - | - |
| [6] Accrued Benefits Current Portion | - | - | - | \$ - | - |
| [7] Other Accrued Expenses | - | - | - | \$ - | - |
| [8] Accrued GO Bond Interest Payable | 1,615,481 | 1,615,481 | 1,248,544 | \$ (366,936) | 2,526,756 |
| [9] Lease Liabilities | - | 1,946,599 | 1,929,972 | \$ (16,627) | 4,259 |
| [10] Due to Third Party Payers (Settlements) | - | 3,417,500 | 3,417,500 | \$ - | - |
| [11] Advances From Third Party Payers | - | - | - | \$ - | - |
| [12] Current Portion of LTD (Bonds/Mortgages) | 2,335,000 | 2,335,000 | 2,335,000 | \$ - | 2,335,000 |
| [13] Current Portion of LTD (Leases) | - | - | - | \$ - | - |
| [14] Other Current Liabilities | - | 598,834 | 593,374 | - | 585,411 |
| Total Current Liabilities | 4,457,143 | 31,057,880 | 27,115,169 | \$ 791,861 | 33,649,575 |
| Long Term Debt | | | | | |
| [15] Bonds/Mortgages Payable (net of Cur Portion) | 99,542,891 | \$99,996,548 | \$ 101,877,891 | \$ 1,881,343 | \$ 103,030,598 |
| [16] Leases Payable (net of current portion) | \$11,779,417 | \$11,779,417 | \$11,793,043 | \$ 13,626 | \$2,293,348 |
| [17] Total Long Term Debt (Net of Current) | 111,322,308 | 111,775,965 | 113,670,934 | \$ 313,358 | 105,323,946 |
| Other Long Term Liabilities | | | | | |
| [18] Deferred Revenue | - | - | - | \$ - | - |
| [19] Accrued Pension Expense (Net of Current) | - | - | - | \$ - | - |
| [20] Other-Bridge Loan | 0 | 2,231,628 | 2,231,628 | \$ - | 2,231,628 |
| [21] Total Other Long Term Liabilities | 0 | 2,231,628 | 2,231,628 | 0 | 2,231,628 |
| TOTAL LIABILITIES | \$ 115,779,451 | \$ 145,065,473 | \$ 143,017,731 | \$ (2,047,742) | \$ 141,205,148 |
| Net Assets: | | | | | |
| [22] Unrestricted Fund Balance | 1,830,302 | (33,723,878) | \$ (37,490,905) | \$ (3,767,028) | \$ (25,347,940) |
| [23] Temporarily Restricted Fund Balance | - | - | - | - | - |
| [24] Restricted Fund Balance | - | - | - | - | - |
| [25] Net Revenue/(Expenses) | 2,404,884 | (5,691,843) | (2,044,642) | 3,647,201 | (5,733,827) |
| [26] TOTAL NET ASSETS | 4,235,186 | (39,415,721) | \$ (39,535,547) | \$ (119,827) | \$ (31,081,767) |
| [27] TOTAL LIABILITIES AND NET ASSETS | \$ 120,014,637 | \$ 105,649,752 | \$ 103,482,184 | \$ (2,167,569) | \$ 110,123,381 |
| | \$ 0 | \$ 0 | \$ 0 | (\$0) 0 | \$ - |

Statement of Cash Flows

**SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA
FIVE MONTHS ENDING NOVEMBER 30, 2022**

| | | CASH FLOW | |
|------------------------------------|---|-------------------|-----------------------|
| | | Current | |
| | | Month | |
| | | 11/30/2022 | |
| | | <hr/> | |
| HEALTHCARE SYSTEM CASH FLOW | | | |
| BEGINNING CASH BALANCES | | | |
| [1] | Cash: Beginning Balances- HOSPITAL | \$ | 1,229,197 |
| [2] | Cash: Beginning Balances- DISTRICT | | 2,077,409 |
| [3] | Cash: Beginning Balances TOTALS | \$ | <hr/> 3,306,606 |
| Receipts | | | |
| [4] | Pt Collections | \$ | 4,229,230 |
| [5] | Tax Subsidies Measure D/Prop 13 | | - |
| [6] | Misc Tax Subsidies | | - |
| [7] | Donations/Grants | | 421,730 |
| [8] | IGT & other Supplemental (Net) | | - |
| [9] | Draws/(Paydown) of LOC Balances | | 2,000,000 |
| [10] | Other Misc Receipts/Transfers | | 229,905 |
| | TOTAL RECEIPTS | \$ | <hr/>6,880,865 |
| Disbursements | | | |
| [11] | Payroll/ Benefits | \$ | 4,333,608 |
| [12] | Other Operating Costs | | 3,307,449 |
| [13] | Capital Spending | | 0 |
| [14] | Debt serv payments (Hosp onlyw/ LOC interest) | | |
| [15] | Other (increase) in AP /other bal sheet | | (1,435,027) |
| [16] | TOTAL DISBURSEMENTS | \$ | <hr/>6,204,007 |
| [17] | TOTAL CHANGE in CASH | \$ | <hr/>676,858 |
| ENDING CASH BALANCES | | | |
| [18] | Ending Balances- HOSPITAL | \$ | 1,906,055 |
| [19] | Ending Balances- DISTRICT | | 2,077,409 |
| [20] | Ending Balances- TOTALS | \$ | <hr/> 3,983,464 |
| ADDITIONAL INFO | | | |
| [21] | LOC CURRENT BALANCES | \$ | 2,000,000 |
| | | | <hr/> \$80,000 |

TAB C

San Gorgonio Memorial Hospital and San Gorgonio Memorial Health Care District

To: Finance Committee, Board of Directors, and District Board

Agenda Item for December 27, 2022 Finance Committee and January 3, 2023 Board Meetings

Subject:

RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO LINE OF CREDIT WITH FIRST FOUNDATION PUBLIC FINANCE, A DELAWARE STATUTORY TRUST AND A WHOLLY-OWNED SUBSIDIARY OF FIRST FOUNDATION BANK, AND APPROVING CERTAIN OTHER ACTIONS

San Gorgonio Memorial Healthcare District & Hospital have been accessing the Operating Line of Credit since January 7, 2021. Key terms of the LOC include the following:

- 1) Total amount available for revolving LOC: \$12 million
- 2) Interest Rate: Prime plus 50 basis points (.50%), with a minimum rate of 3.75%
- 3) 30 Day -0- Balance requirement during each 12-month period
- 4) Budgeted Debt service Coverage Ratio of at least 1:50 : 1:00
- 5) Debt Service Coverage Ratio of at least 1.25 : 1.00 (waived for FY 2021 and FY 2022)
- 6) Days Cash on Hand Ratio of at least 50 Days (waived for FY 2021 and FY 2022)
- 7) Current Expiration Date: January 6, 2023

Recommended Action: To approve the Resolution providing for the renewal of the First Foundation Public Finance Line of Credit based on the same terms listed above, except with a 12- month (vs. 24 month) expiration date.

A copy of the FIRST AMENDMENT TO LINE OF CREDIT is included in the packet.

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT

RESOLUTION NO. 2023-01

RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO LINE OF CREDIT WITH FIRST FOUNDATION PUBLIC FINANCE, A DELAWARE STATUTORY TRUST AND A WHOLLY-OWNED SUBSIDIARY OF FIRST FOUNDATION BANK, AND APPROVING CERTAIN OTHER ACTIONS

RESOLVED, by the Board of Directors (the "Board") of the San Gorgonio Memorial Healthcare District (the "District"), as follows:

WHEREAS, the District has issued its San Gorgonio Memorial Healthcare District (Riverside County, California) Revenue Bonds, Series 2021, in the aggregate principal amount of up to \$2,350,000 (the "2021 Bonds") pursuant to an Indenture of Trust, dated as of January 1, 2021 (as amended and supplemented, the "Indenture"), by and between the District and U.S. Bank National Association, as trustee;

WHEREAS, pursuant to the Line of Credit dated January 7, 2021 (the "Original Agreement"), between the District and First Foundation Public Finance, a Delaware statutory trust and a wholly-owned subsidiary of First Foundation Bank (formally referred to as First Foundation Public Finance Trust), including its successors and permitted assigns (the "Bank"), the Bank provided a revolving taxable credit facility in the aggregate principal amount of up to twelve million dollars (\$12,000,000) (the "Credit Facility"), for the purpose of providing capital to the District for working capital purposes of the District, such Credit Facility is secured by gross revenues of the District on a parity with the 2021 Bonds; and

WHEREAS the Bank is willing to amend the Original Agreement pursuant to the First Amendment to Line of Credit (the "Amendment") to (i) extend the Termination Date of the Original Agreement from January 6, 2023 to January 5, 2024, and (ii) make certain additional changes to the Original Agreement on the terms and conditions set forth therein.

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

Section 1. The Amendment, in the form presented to this meeting, is hereby approved. The Chair of the Board, the Vice Chair of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District or their designees, are hereby authorized and directed, for and in the name of the District, to execute and deliver the Amendment, with such changes, additions and deletions therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery of the Agreement.

Section 2. The Chair of the Board, the Vice Chair of the Board, the Secretary of the Board, the Assistant Secretary of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District or their designees are hereby authorized and directed, for and in the name of the District, to execute and deliver any other documents as may be deemed necessary or appropriate to approve the Amendment, such approval to be conclusively evidenced by the execution and delivery of such documents.

Section 3. The Secretary or the Assistant Secretary of the Board is hereby authorized and directed to attest the signature of the Chair of the Board, the Vice Chair of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District, or the designee thereof, as may be required in connection with the execution and delivery of the Amendment and such other documents referenced above in accordance with this resolution.

Section 4. This resolution shall take effect immediately upon its passage.

* * * * *

PASSED AND ADOPTED this 3rd day of January 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

By _____
Chair, Board of Directors
San Gorgonio Memorial Healthcare District

I hereby certify that the foregoing resolution was duly adopted at a meeting of the Board of Directors of the San Gorgonio Memorial Healthcare District held on the 3rd day of January 2023.

By _____
Secretary, Board of Directors
San Gorgonio Memorial Healthcare District

FIRST AMENDMENT TO LINE OF CREDIT

This First Amendment to Line of Credit (this “Amendment”) is dated as of January 6, 2023, by and between SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT, a local health care district organized and existing under the Constitution and laws of the State of California (including its successors, the “Borrower”), and FIRST FOUNDATION PUBLIC FINANCE, a Delaware statutory trust and a wholly-owned subsidiary of First Foundation Bank (and formally referred to as First Foundation Public Finance Trust) (including its successors and assigns, the “Lender”).

WITNESSETH:

A. The Borrower and the Lender previously executed the Line of Credit dated as of January 7, 2021 (the “Original Agreement”), pursuant to which the Lender agreed to provide a line of credit in the initial aggregate principal amount of up to \$12,000,000 (the “Original Line of Credit”), and the Borrower executed a promissory note in the amount thereof (the “Original Line of Credit Note”) to evidence amounts due and owing under the Original Line of Credit.

B. The Borrower and the Lender have agreed (i) to extend the Termination Date of the Original Line of Credit from January 6, 2023 to January 5, 2024, and (ii) make certain additional changes to the Original Line of Credit as set forth in this Amendment.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Amendments.

The Original Agreement is hereby amended as follows:

(a) Section 1.1 of the Original Agreement is hereby amended by the addition of the following definitions which are to be situated therein by alphabetical order:

““First Amendment” means the First Amendment to Line of Credit dated January 6, 2023, by and between the Borrower and the Lender.”

““First Amendment Effective Date” means January 6, 2023.”

(b) Section 2.6 of the Original Agreement is hereby amended by deleting “January 6, 2023” therein and replacing it with “January 5, 2024”.

(c) The Original Agreement and the Original Line of Credit Note are hereby amended by replacing all references to “First Foundation Public Finance Trust” with “First Foundation Public Finance.”

Section 2. Conditions to Delivery of This Amendment.

The amendments to the Original Agreement provided for in Section 1 hereof shall become effective on the date hereof; *provided*, that each of the following conditions shall be fulfilled to the satisfaction of the Lender:

(a) The Lender shall have received:

(i) executed counterparts of this Amendment, signed by an authorized representative of the Borrower and the Lender, and

(ii) all other legal matters pertaining to the execution and delivery of this Amendment shall be satisfactory to the Lender and the execution and delivery hereof and thereof by the Lender shall constitute conclusive evidence that all such legal matters have been completed to the satisfaction of the Lender.

(b) The representations and warranties of the Borrower contained in Article IV of the Original Agreement shall be true and correct in all material respects with the same effect as though made on and as of the date hereof (except (i) to the extent a representation or warranty relates specifically to an earlier date, in which case, such representation and warranty shall have been true and correct as of such earlier date, (ii) as otherwise previously disclosed in writing to the Lender or otherwise waived by the Lender, and (iii) to the extent a representation or warranty relates specifically to financial statements that were not prepared in accordance with GAAP, such financial statements were otherwise provided to and accepted by the Lender);

In addition to the foregoing representations, the Borrower hereby represents and warrants as follows:

(i) the execution, delivery and performance by it of this Amendment are within its respective powers, have been duly authorized by all necessary action and do not contravene any law or any contractual restriction binding on or affecting it,

(ii) it has performed, and is in compliance with, all agreements and conditions set forth in the Agreement that it is required to satisfy in connection with the execution, delivery and performance of the Amendment on and prior to the date hereof and the Original Agreement, as amended by this Amendment, constitute the legal, valid and binding obligations of it and are enforceable against it in accordance with their terms, and

(iii) no further authorization, approval or other action by, and no notice to or filing is required for its due execution, delivery and performance of this Amendment.

(c) There shall not have occurred any material adverse change in the financial condition or operations of the Borrower since the date of the most recent financial information provided to the Lender pursuant to the Original Agreement, except as otherwise disclosed by the Borrower to the Lender. On or prior to the date hereof, (i) there shall not have occurred a change in the laws, rules, guidelines or regulations (or the interpretation or administration thereof) applicable to the Borrower which materially adversely affects the ability of the Borrower to perform its obligations under the Agreement, or the other Loan Documents, as determined by

the Lender in its sole discretion, and (ii) no law, regulation, ruling or other action of the United States or the State of California or any political subdivision or authority therein or thereof shall be in effect or shall have occurred, the effect of which would be to prevent the Lender from fulfilling its obligations under this Amendment. No event has occurred which constitutes a Default or an Event of Default under the Agreement.

(d) The Lender shall have received such other approvals, opinions, certificates, instruments and documents as it may reasonably request.

(e) The Borrower shall pay all costs and expenses incurred by the Lender in connection with this Amendment by the Lender's counsel Nixon Peabody LLP, in the amount of \$5,000 pursuant to an invoice provided by such counsel, which such invoice shall be paid no later than 15 days after the receipt thereof.

Section 3. Miscellaneous

(a) The parties hereto acknowledge and confirm that, from and after the date hereof, any reference in the Original Agreement, or Related Documents to the "Agreement" shall mean and refer to, collectively, the Original Agreement, as amended hereby.

(b) Except as provided in this Amendment, the Original Agreement shall remain in full force and effect and unaffected hereby except, as set forth herein, from and after the date hereof.

(c) This Amendment and the Original Agreement, as amended hereby, shall be subject to Section 7.13 of the Original Agreement.

(d) This Amendment may be executed by the parties in counterparts, each such counterpart shall be deemed an original, and all such counterparts taken together shall constitute one and the same binding instrument. A facsimile signature to this Amendment or a signature transmitted electronically shall count as an original signature.

(e) If any provision of this Amendment shall be held invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

(f) The parties hereto shall perform any further acts and execute and deliver any further documents which may be reasonably necessary or otherwise required in furtherance of the transactions contemplated hereby.

[Signatures follow.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above.

SAN GORGONIO MEMORIAL HEALTHCARE
DISTRICT

By: _____
Steven Barron
Chief Executive Officer

[Signatures continue on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above.

FIRST FOUNDATION PUBLIC FINANCE

By: _____
Trevor Mael
Director of Public Finance

[End of signature pages.]

TAB D

San Gorgonio Memorial Hospital and San Gorgonio Memorial Health Care District
 To: Finance Committee, Board of Directors, and District Board

Agenda Item for December 27, 2022, Finance Committee and January 3, 2023 Board Meetings

Subject:

Replacement of current Acudose Automated Medication Dispensing Cabinets (ADCs) with Omnicell Automated Dispensing Cabinets –

San Gorgonio Memorial Healthcare District & Hospital have been using the current Acudose automated medication dispensing (ADCs) cabinets since 2007. The ADCs are a standard of care for patient safety for dispensing medications in a hospital setting. Our ADCs are currently supported and serviced under a contract with Omnicell. Omnicell is known as the industry leader for hospital pharmacy automation, and is currently used by JFK Hospital, Eisenhower Health, Desert Regional Medical Center, Redlands Hospital and Loma Linda University Medical Center in our surrounding area. Our ADCs are at the end of life and our service contract expires on December 31, 2022. A new service agreement will start on Jan 1, 2023, and we will be credited for any time remaining if we were to purchase Omnicell ADCs.

We have researched three different vendors, and the Omnicell system is best suited for SGMH. Not only is the price differential slightly better than the Pyxis system, but the Omnicell system is highly respected as illustrated by the number of regional Hospitals which use that system and have an expected life of at least 10 years. Finally, a third vendor was reviewed, however, it only has installed its system at one surgery hospital in California, and we don't feel comfortable being only the second California hospital and only general acute care hospital installation for that vendor. We intend to finance this project with funds from Measure A. Measure A balance is \$276,296 and the check from the trust fund was \$305,010.88 for a total of \$581,306.88 available for the purchase.

Omicell: SGMH currently has a contract in place for service and support with Omnicell for existing ADC. The pricing we have right now is the best in the past 2 years and the quote will expire at the end of the calendar year. The total amount due for the PO would be equipment, annual server subscription, Windows annual license and shipping. The service agreement will begin when our new equipment is installed. The invoice will be sent upon shipping of equipment.

| Omicell Equipment Costs | |
|--|---------------------|
| (Like to like replacement of existing equipment) | |
| Equipment Purchase | \$562,831.60 |
| Shipping | \$16,738.33 |
| Taxes | \$43,619.45 |
| Total Equipment Cost | \$623,489.38 |
| Omicell Annual Estimate Service and Support Expenses | |
| * (This items is not new, these fees are currently in place and necessary for current ADC operation) | |
| Windows 10 Software Licensing | \$4,800 |
| Cloud Hosted Server | \$13,440 |
| *System Maintenance and Support | \$20,796 |
| Total Annual Service and Support | \$39,036 |

Recommended Action: To approve the replacement of SGMH’s Acudose ADCs with Omnicell ADCs at the current price of \$562,831.60 plus taxes and shipping. Annual support and licensing fees will be \$39,036. A Purchase Order to secure this price is required to be generated before December 30, 2022, and will include the language “Subject to final Board approval”. Funding applied toward this equipment purchase will come from remaining Measure A Funds (\$276,296) and a check from the donated trust fund (\$305,010.88) for a total amount of \$581,306.88. The remaining funding of \$41,992.50 will come from the Hospital’s Capital Equipment budget.

XT Automated Dispensing Cabinets and Drawers

No other medication dispensing system offers more cabinet choices to meet the needs of acute and post-acute care sites. The scalable Omnicell® XT Automated Dispensing System can easily be expanded with additional cabinets, and drawers can be added or changed on-site as clinical needs evolve. Medications and supplies can be combined in a single cabinet, promoting convenience and saving space.



XT Automated Dispensing Cabinets



One-Cell Cabinet
Height: 77.5"
Width: 26.5"
Depth: 27.0"



Two-Cell Cabinet
Height: 77.5"
Width: 51.5"
Depth: 27.0"



Three-Cell Cabinet
Height: 77.5"
Width: 76.5"
Depth: 27.0"



Half-Height Cabinet
Height: 53.3"
Width: 26.5"
Depth: 27.0"



Quarter-Height Cabinet
Height: 25.4"
Width: 26.5"
Depth: 27.0"

Omnicell XT Cabinet Drawers

Metal Locking Lid Drawers

Durable metal locking lids keep medications secure. All drawers include Guiding Lights.



6-Bin Double-Deep Wide

Largest locked bin in the industry—fits IV bags and other bulky items.

Bins:
Double Deep Wide
Height: 4.0"
Width: 10.1"
Length: 6.3"



10-Bin

Larger bin fits up to three 60 mL PCA units.

Bins:
5 Extended-Wide 5 Long
Height: 1.7" Height: 1.7"
Width: 6.6" Width: 13.8"
Length: 3.4" Length: 3.4"



15-Bin Double-Deep Narrow

Accommodates medium-sized bulkier items such as 100 mL premixed bags.

Bins:
Double Deep Narrow
Height: 3.8"
Width: 3.5"
Length: 6.6"



18-Bin

Securely stores a variety of items, including prefilled syringes.

Bins:
Extended
Height: 1.7"
Width: 6.6"
Length: 2.6"



27-Bin

Larger bin accommodates prefilled syringes and other larger items.

Bins:
18 Standard 9 Extended
Height: 1.7" Height: 1.7"
Width: 2.9" Width: 6.6"
Length: 2.6" Length: 2.6"



36-Bin

Securely stores oral solids, vials, and small par level items.

Bins:
Standard
Height: 1.7"
Width: 2.9"
Length: 2.6"

Open Configurable Drawers

Greater configurability and brighter Guiding Lights than previous generation.



24-Bin Double-Deep

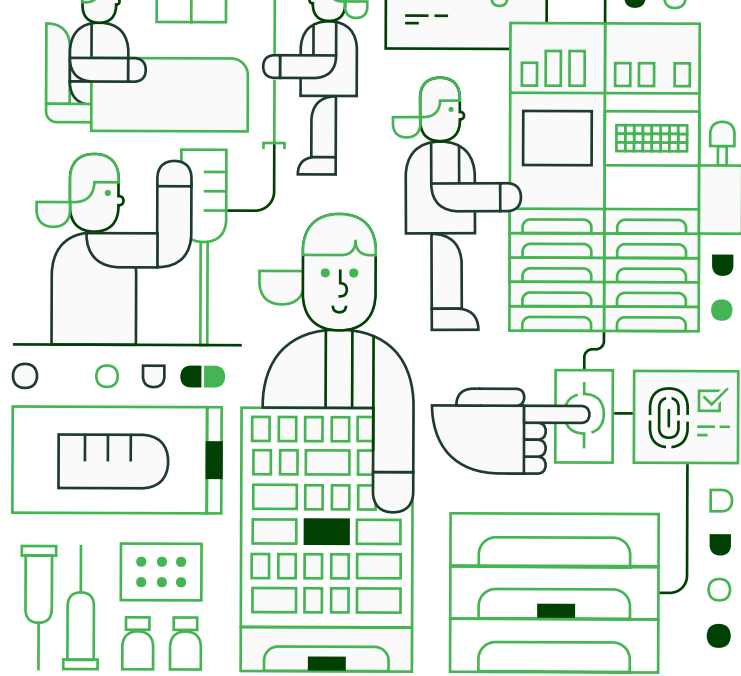
Double-deep drawer can be configured to include up to 24 bins.



48-Bin

Drawer can be configured to include up to 48 bins.

XT Auxiliary Cabinets



One-Cell Auxiliary Cabinet

Height: 77.5"
Width: 26.5"
Depth: 27.0"



Two-Cell Auxiliary Cabinet

Height: 77.5"
Width: 51.5"
Depth: 27.0"



Three-Cell Auxiliary Cabinet

Height: 77.5"
Width: 76.5"
Depth: 27.0"

Are you ready to make medication management easier?
Learn more about the XT series at [omnicell.com](https://www.omnicell.com).

TAB E

San Gorgonio Memorial Hospital and San Gorgonio Memorial Health Care District

To: Finance Committee, Board of Directors, and District Board

Agenda Item for December 27, 2022 Finance Committee and January 3, 2023 Board Meetings

Subject:

Renewal of 3M Software Coding Agreement –

San Gorgonio Memorial Healthcare District & Hospital have been using the 3M coding software for many years. This is the software that facilitates the coding needed for each medical chart. This coding is then used for billing purposes and reporting purposes for each patient's medical record.

3M is known as the industry leader for this software, and they work closely with CMS as their product is customized to facilitate the coding and gathering all of the specific services and treatments that are provided to each patient. The current agreement expires on January 6, 2023.

Recommended Action: To approve the renewal of the 3M software agreement for a 3-year term, at a price of \$71, 996.97 for the first year. We anticipate moving this software to be "cloud based" in the near future, which will enhance access and ease of use for our external providers such as Guidehouse.

Copies of the supporting documents are included in the packet.



MASTER SOFTWARE AND SERVICES AGREEMENT

SIGNATURE PAGE

THIS MASTER SOFTWARE AND SERVICES AGREEMENT ("Agreement") between **3M Health Information Systems, Inc.** ("3M") having an office at 575 West Murray Boulevard, Murray, Utah 84123-4611 and **San Gorgonio Memorial Hospital** ("Client") with offices at **600 N Highland Springs Ave, Banning, CA 92220-3046** (collectively the "Parties" or individually the "Party") shall be effective as of the date last signed ("Effective Date").

The Parties acknowledge that the agreements(s) listed below, shall be terminated as of **January 6, 2023**, with the exception of any Services being contracted for (but not yet completed and invoiced) under the agreement(s) below which were not added to this Agreement ("Outstanding Services"). Such Outstanding Services under the agreement(s) below shall not be cancelled and shall continue to be completed and invoiced under the agreement(s) they were originally contracted for, and such agreement(s) will be extended to the extent necessary to complete such Outstanding Services. After the completion of any such Outstanding Services, the agreement(s) below shall terminate in their entirety.

| DESCRIPTION OF AGREEMENT | DATED | AGREEMENT NUMBER (IF APPLICABLE) |
|----------------------------|-----------------|----------------------------------|
| Software License Agreement | January 6, 2005 | 99-1641 |

| | |
|---|--|
| REMIT ALL PAYMENTS DUE UNDER THIS AGREEMENT TO: 3M Health Information Systems Dept. 0881 PO Box 120881 Dallas, TX 75312-0881 | ACH AND WIRE TRANSFERS TO: JPMorganChase 1 Chase Manhattan Plaza New York NY 10081 Beneficiary A/C Name: 3M Health Information Systems, Inc. ABA # 021000021 Account # 192825864 Swift address: CHASUS33 (for International Use) |
|---|--|

| | |
|---|---|
| WRITTEN NOTICES UNDER THIS AGREEMENT SHALL BE SENT TO: San Gorgonio Memorial Hospital 600 N Highland Springs Ave Banning, CA 92220-3046 Attention: Email Address: | 3M HEALTH INFORMATION SYSTEMS 575 West Murray Boulevard Murray, UT 84123-4611 Attention: Pricing and Contract Director With copy to: Legal |
|---|---|

To indicate acceptance and agreement to be bound by the terms and conditions of this Agreement, the Parties have executed this Agreement on the date(s) indicated below.

SAN GORGONIO MEMORIAL HOSPITAL

3M HEALTH INFORMATION SYSTEMS, INC.

| | |
|--------|---|
| BY: | BY: <i>John C. Mathison</i> ^{SA} |
| NAME: | NAME: John C. Mathison |
| TITLE: | TITLE: HIS Operations |
| DATE: | DATE: December 15, 2022 |

Please email or fax a purchase order in the amount of **\$71,996.97**, this signed Agreement and applicable Tax-Exempt forms to:
hisilverspringcontractrequests@mmm.com or **(651) 732-8469**

| ISSUE DATE / BY: | GPO: | BATCH NUMBER: | CLIENT SITE ID: | AGREEMENT NUMBER: | CLIENT EMR: |
|---------------------|---------------|---------------|-----------------|-------------------|-------------|
| 12/13/22 CM | ***** | 039699 | 2930109 | 039699-22 MSSA | |
| REVISION DATE / BY: | VERSION: MSSA | | | | |
| 12/15/2022 TA | | | | | |

GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

- 1.1. **"3M Information"** means all items, information, and data (technical and non-technical and tangible and intangible), provided by 3M or 3M Personnel, any 3M Product, Deliverables or Results of a 3M Product(s) in connection with this Agreement, and any ideas, input, and feedback provided by Client to 3M or 3M Personnel.
- 1.2. **"3M Personnel"** means 3M's employees, agents, contractors, and subcontractors.
- 1.3. **"3M Product"** means any item listed on a Schedule.
- 1.4. **"Agreement"** means the General Terms and Conditions, and all exhibits, Appendices, Schedules, SOW's, and other attachments.
- 1.5. **"Appendix"** means the document so titled, attached to the Agreement and includes terms and conditions unique to a class of 3M Products.
- 1.6. **"Authorized Site"** means an entity that meets the requirements of Section 2.2.
- 1.7. **"Authorized User"** means an Authorized Site's employees and contingent workers (individuals hired by Client through a temporary staffing agency for a period not to exceed twelve months that supplements Client's employee workforce or serves as a temporary replacement of an employee position, and Client is responsible for the training and day-to-day direction of the individual) and, if applicable, an admitting physician (a licensed physician who has the privilege to admit patients at an Authorized Site) and a consulting physician (a licensed physician who provides medical consultation at an Authorized Site, or to an admitting physician).
- 1.8. **"Client Applications"** means Client developed software.
- 1.9. **"Client Data"** means all information provided by Client to 3M under this Agreement.
- 1.10. **"Client Equipment"** means the central processing unit(s), any peripheral equipment and all interconnecting cables and wires physically located at the Authorized Sites.
- 1.11. **"Client Portal"** means any proprietary secure electronic gateway provided by 3M to a collection of digital files, Consulting Services, Deliverables, Results, and other information accessible over the internet through a web browser.
- 1.12. **"Consulting Services"** means services identified on a Schedule attached to the Consulting Services Appendix.
- 1.13. **"Deliverables"** or **"Results"** means any report, file, document, presentation, analysis, analytics, recommendation, suggestion, methodologies, Software output or other work product that 3M delivers to Client or may make available to Client through the use of a 3M Product.
- 1.14. **"Documents"** means written reference, technical and hardware specifications, and operations and/or user manuals for 3M Products.
- 1.15. **"Implementation and Training"** or **"I&T"** means implementation (installation) and training services for a specific 3M Product.
- 1.16. **"Interface"** means enabling the communication between a non-3M Product and a 3M Product.
- 1.17. **"Intellectual Property Rights"** means all intellectual property rights throughout the world, including but not limited to registered or unregistered copyrights, trade secrets, patents, patent applications, designs, know-how, registered or unregistered trademarks and service marks, and trade names.
- 1.18. **"License Start Date"** or **"Go-Live"** means with respect to: (a) Software to be installed on 3M equipment or by 3M on Client Equipment - the date on which 3M has completed all I&T tasks and the respective module(s) of Software are made available to Client for productive use; or (b) Software to be installed by Client on Client Equipment - seven (7) days after the date on which such Software is made available to Client (without regard to actual Client installation).
- 1.19. **"Perpetual Software"** means Software identified on a Schedule attached to the Perpetual Software Appendix.
- 1.20. **"Schedule"** means the document so titled and attached to the respective Appendix, which lists each 3M Product to be provided, the Authorized Site(s), and the associated fees.
- 1.21. **"Services"** means Implementation and Training, Support Services, or Consulting Services.
- 1.22. **"Software"** means any and all (a) 3M owned computer program(s) with incorporated Third-Party Content, including any and all software implementation of algorithms, models and methodologies, whether in source code, object code, human readable form or other form and whether embodied in software or otherwise, including application programming interfaces, architecture, records, schematics, computerized databases, software implementations of algorithms, software tool sets, software models, (b) databases, libraries and compilations, including any and all data and

collections of information or data, each to the extent relating to or otherwise used in support or for the benefit of, or embodied within, any of the items in (a) above, (c) descriptions, flow charts and other work products used to design, plan, organize and develop any of the foregoing, and (d) screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons, which are licensed under this Agreement and are identified on the applicable Schedule.

1.23. **“Software as a Service” or “SaaS”** means the cloud infrastructure including hosting, maintenance, and support of the servers, databases and code that constitute the services environment, including, without limitation, system administration, system management, and system monitoring activities for such SaaS products.

1.24. **“Support Services”** means 3M’s maintenance and support of 3M Products as further defined in Section 3.1.3.

1.25. **“SOW”** means a statement of work or scope of work document so titled that describes the 3M Product and sets forth project specific details.

1.26. **“Territory”** means the United States of America, its territories and protectorates.

1.27. **“Third-Party Content”** means all non-3M owned software, algorithms, rules, analytical tools, materials, and content incorporated into, or distributed by 3M for use in combination with the 3M Product.

1.28. **“Update”** means a modification to Software provided by 3M to each customer licensing the Software without an additional or increased fee.

1.29. **“Use Rights”** means the limited rights to specific 3M Information granted by 3M.

2. OWNERSHIP; RESTRICTIONS; USE; SERVICES

2.1. **Ownership.** 3M, and its suppliers, are the sole and exclusive owners of all Intellectual Property Rights in and to the 3M Information. Client obtains no ownership interest in the 3M Product or 3M Information by virtue of providing 3M with Client Data under this Agreement.

2.2. **Authorized Site.** A facility is an Authorized Site if it is (a) Controlled by Client, and (b) has been added to the applicable Schedule. “Controlled” means Client possessing more than fifty percent (50%) of the voting stock or similar ownership interest. The Controlled requirement may be waived by 3M on a facility-by-facility basis.

2.2.1. **“Access Site”** means an Authorized Site that accesses the Software and is identified on the applicable Schedule as an “ACCESS” site.

2.2.2. **“Host Site”** means a Third-Party Contractor authorized by 3M to host the Software on behalf of Client and is identified on the applicable Schedule as a “HOST” site.

2.2.3. **“Install Site”** means the Authorized Site’s physical location where the Software has been installed and which is listed on the applicable Schedule as an “INSTALL” site.

2.3. **Use Rights.** Use Rights to 3M Information are found in the applicable Appendix and are specific to the 3M Product(s) added to the applicable Appendices Schedule(s). Any Use Rights not explicitly granted in this Agreement are reserved by 3M.

2.4. **Restrictions.** Including any additional Restrictions on the applicable Appendices, the Use Rights granted in this Agreement do not permit access or use of 3M Information in any manner not specifically authorized in this Agreement. Client shall not, and shall not permit Authorized Users to:

- (a) download, attempt to download, or make extra copies of the 3M Information, provided however, Client may make: (i) one (1) copy of the Software (non SaaS) for archival purposes and such number of backup copies of the Software (non SaaS) and/or Results as are consistent with Client’s normal periodic backup procedures with all such copies remaining subject to the terms of this Agreement, and (ii) reproduce or copy any portion of the Documents into machine-readable or printed form for its internal use and only as required to exercise its rights hereunder;
- (b) sublicense, lease, lend, transfer, redistribute, or permit any third-party to have access to, or the use of, the 3M Information;
- (c) process transactions of any entity or facility that has not been specifically listed as an Authorized Site under the applicable Schedule, including using the Software or Results in a service bureau or any other manner to provide a service or analytics for a third-party;
- (d) disassemble, decrypt, decompile, reverse-engineer, disclose, or use any means to discover the source code, methodologies, or other trade secrets embodied in any 3M Information;
- (e) create derivative works based upon 3M Information;

- (f) engage in any activity or introduce any device, software or routine that interferes with or disrupts the Software, Support Portal (as defined in Section 3.1.3), Client Portal, or the servers or networks which are connected to such;
- (g) remove the Software (non SaaS) from the installation site without 3M's written consent, which shall not be unreasonably withheld; ~~however, during any period of Client Equipment malfunction causing the Software (non-SaaS) to be inoperative, Client may use the Software (non SaaS) on alternate Client Equipment if Client promptly notifies 3M in writing of the new location (upon correction of the Client Equipment malfunction, Client shall immediately delete Software from the alternate Client Equipment and certify in writing to 3M such deletion is complete);~~
- (h) modify or otherwise alter the 3M Information;
- (i) remove the trademarks, trade names or any notice of 3M or 3M's suppliers from any 3M information;
- (j) use, allow access to, or distribute Results or Deliverables that is not permitted in the applicable Appendix;
- (k) create or offer a "wrapper," which is software that hides the underlying Software or Client Portal by any means;
- (l) use or access any 3M Information for benchmarking, consulting, or data analytics.

2.5. Third-Party Access to or Use of 3M Information. Client is prohibited from providing or allowing a third-party to view, use, execute, or display 3M Information, or create and/or maintain an Interface using 3M Information, unless the third-party has executed a 3M prepared confidentiality agreement and is listed as a limited license Authorized Site on the applicable Schedule.

2.6. Suspension. 3M may temporarily suspend portions of its performance in the event (a) of a denial of service attack or other attack on the Software; (b) 3M determines there is a reasonable likelihood of risk to 3M, 3M Products, or 3M customers if performance is not suspended; (c) 3M determines it is prudent to do so for legal or regulatory reasons; or (d) Client is in breach of the Agreement, subject to the cure period set forth in Section 8.2 (with the exception of a breach of 3M intellectual property, for which no cure period shall apply). 3M Shall endeavor to provide Client notice of any suspension under this section. Any suspension shall only be to the extent and duration necessary to investigate and remediate the adverse condition. If a suspension occurs as a result of items (a)-(c) above which last more than five (5) consecutive days, if Client submits a written request for a credit within thirty (30) days of the end of such suspension, 3M will provide a pro-rated credit for the term of the suspension for the suspended 3M Products, to be applied on a future invoice.

2.7. Verification. Upon thirty (30) day notice, and no more than once every twelve (12) months, during Client's regular business hours, Client shall allow 3M, or a third-party designated by 3M, to inspect and audit applicable books and records to verify Client's compliance with its obligations under this Agreement. In addition to other available remedies, the cost of any audit conducted by a third-party shall be paid for by Client if the audit reveals a violation of 3M's Intellectual Property Rights, or unauthorized release or use of 3M Information. Consistent with 3M's efforts to ensure its business operations are conducted in compliance with applicable laws, 3M's audit rights of Section 9.12 Compliance with Laws, shall apply during the Term, and will survive three years thereafter.

2.8. Third-Party Content. Client agrees to comply with Exhibit B (Third-Party Content Terms and Conditions) which contain flow-down provisions for Third-Party Content that may be incorporated in 3M Products and are contractually required by the Third-Party Content providers. 3M may by written notice, modify the contents of Exhibit B, that do not result in Client incurring additional fees, as may be required by its contracts with Third-Party Content providers by sending Client written notice of the contractually required changes to Exhibit B.

2.9. Use of Client Data. When Client Data is uploaded, submitted, stored, or otherwise sent to 3M through or in connection with a 3M Product, Client gives 3M the right to use, aggregate, and modify Client Data; to develop, enhance, deliver, and support the 3M Product(s) and their underlying technologies, in compliance with the terms of the Business Associate Agreement between the Parties. This right is subject to all applicable laws restricting the use of the applicable types of Client Data.

3. ADDITIONAL OBLIGATIONS

3.1. 3M's Obligations.

3.1.1. Security. 3M is responsible for the security of, access to, and use of Client Data, and the security of any 3M Product that is installed or stored on 3M equipment.

3.1.2. Implementation and Training. When I&T for a module of Software is added to a Schedule, 3M will contact Client and establish a mutually agreed upon I&T plan. 3M agrees to reasonably cooperate with Client including, but not limited to: (i) adhering to the I&T plan; (ii) providing constant and informative communication; and (iii) providing the necessary personnel, equipment (if any is required by be provided by 3M), and technical resources contemplated and required.

3.1.3. Support. Support Services shall be provided as set forth on 3M's website at <https://support.3Mhis.com> as updated from time to time ("Support Portal). Updates and the notifications of Updates for Software installed on Client Equipment, as well as updates to

Documents are provided through the Support Portal. Updates to Software installed on 3M equipment are performed by 3M. Support Services do not apply if Client: (a) is in breach of the Agreement; (b) fails to place a Support Service request as set forth in the Support Portal; (c) fails to provide 3M reasonable access to Client's Equipment, data, and qualified Client personnel; and (d) has not installed the most recent Software Update.

3.1.4. Access. To the extent required by law, 3M and applicable subcontractors, shall make available upon written request to the Secretary of Health and Human Services or the Comptroller General of the United States, or to any of their duly authorized representatives, this Agreement and such books, documents and records necessary to verify the cost of services furnished to Client by 3M.

3.2. Client Obligations.

3.2.1. General. Client is responsible for: (a) ensuring Authorized Sites and Authorized Users adhere to the requirements of the Agreement; (b) its business decisions and any medical care it provides; (c) accuracy of Client Data, (d) verifying the accuracy of the Results of the 3M Product(s), (e) any Interfaces not created by 3M, (e) the acquisition and maintenance of Client Equipment and any non-3M software; (f) installing Updates on Client Equipment, and testing and running a commercially reasonable software security scan on all Updates before releasing the Update into its production environment; (g) performing routine backups (e.g., incremental backups performed daily, and full backups performed weekly) of its data and providing 3M with only copies of Client's original data set; (h) provide a list of Client Applications upon request; (i) reasonably cooperating with requests made by 3M; (j) delays or deficiencies caused by special requests made by Client or a government authority (authorized to regulate or supervise Client); and (k) installing all Software for which it has not added I&T to the applicable Schedule. Reasonable cooperation entails but is not limited to: (i) adhering to the I&T plan; (ii) providing constant and informative communication; and (iii) providing the necessary access, data, personnel, facilities, equipment, and technical resources contemplated and required.

3.2.2. Security. Client is responsible for: (a) security of, access to, and use of 3M Information; and (b) within fifteen (15) calendar days of discovery, notifying 3M of unauthorized use, disclosure of, or access to 3M Information.

4. CONFIDENTIAL INFORMATION

4.1. Protected Health Information. The Parties will comply with the applicable provisions of HIPAA and the HITECH Act, and when exchange of protected health information ("PHI") is reasonably anticipated, will enter into a business associate agreement that will be the controlling document as it relates to use, disclosure, confidentiality, and notifications relating to PHI. Unless explicitly contracted for otherwise, PHI delivered to 3M does not constitute a "designated record set" as defined under 45 CFR § 164.501.

4.2. Confidential Information. For the purposes of this Agreement, "Confidential Information" means any business, technical, or personnel information that a Party ("Disclosing Party") discloses to the other Party ("Receiving Party") that: (a) if disclosed in writing, is marked "confidential" or "proprietary" at the time of disclosure; (b) if disclosed orally, is identified as "confidential" or "proprietary" at the time of disclosure, or is later summarized in writing by the Disclosing Party to the Receiving Party; or (c) if not so identified or marked as stated previously, information that would be reasonably understood to be confidential due to the nature of the information or the circumstances in which it was disclosed. At all times, this Agreement, 3M Information, and pricing information are Confidential Information.

4.3. Confidential Treatment. Each Party will: (a) keep the Disclosing Party's Confidential Information confidential; (b) use the Disclosing Party's Confidential Information only as authorized or necessary to perform its obligations under this Agreement, and (c) protect the Disclosing Party's Confidential Information by using the same degree of care, but not less than a reasonable degree of care, to prevent the unauthorized disclosure or use of Confidential Information as the Receiving Party uses to protect its own confidential information of a like nature. 3M's privacy standards for confidentiality of contact information of Client personnel (i.e. Personal Information) are found in the 3M Global Privacy policy. Neither Party acquires rights to the other Party's Confidential Information, and a Receiving Party shall hold harmless the Disclosing Party and its personnel, from any unauthorized use or disclosure by the Receiving Party, or its suppliers, of the Disclosing Party's Confidential Information.

4.4. Disclosures Required by Law. The Receiving Party may release Confidential Information as required to comply with applicable law, regulation, valid court order, or other binding requirement of a competent governmental authority, provided that in any such case, where permitted by applicable law: (a) the Receiving Party will immediately notify the Disclosing Party in writing of any such requirement (and in any event, prior to disclosure of Confidential Information); (b) the Receiving Party provides all reasonable assistance to the Disclosing Party in any attempt by the Disclosing Party to limit or prevent the disclosure of Confidential Information; and (c) the Receiving Party agrees to furnish only that portion of the Confidential Information that is legally required to be furnished and, in consultation with the Disclosing Party, to use all reasonable efforts to ensure, to the extent possible, that the information is maintained in confidence by the party to whom it is furnished.

4.5. Exceptions. A Party's Confidential Information does not include information that: (a) is made available to the public by the Disclosing Party; (b) was known to the Receiving Party without an obligation of confidentiality prior to its receipt from the Disclosing Party as evidenced by the Receiving Party's written records; (c) is received by the Receiving Party from a third-party who is not subject to an obligation of confidentiality and without breach of any agreement or violation of law to the Disclosing Party and without breach of any agreement or violation of law; or (d) is

independently developed by the Receiving Party without reference to Confidential Information received hereunder. The Parties agrees that the existence of a copyright notice shall not cause or be construed to cause the Software or Documents to be a published copyrighted work or in the public domain. A Party's information that would otherwise be Confidential Information, but for a breach of an agreement or violation of law, shall remain the Disclosing Party's Confidential Information.

5. WARRANTIES; INDEMNIFICATION

5.1. 3M Warranties and Indemnification.

5.1.1. Debarment/Exclusion from Participation Warranty. 3M warrants to Client that upon the Effective Date, neither it nor any of its officers, directors, or employees performing 3M's obligations under the Agreement (collectively "3M Participant") is excluded from participation in any applicable Federal or State health benefits program. Upon discovery that a 3M Participant is excluded, 3M will immediately remove the 3M Participant from involvement with this Agreement. REMOVAL OF A 3M PARTICIPANT FOR EXCLUSION IS CLIENT'S SOLE REMEDY, UNLESS 3M ITSELF IS THE EXCLUDED PARTICIPANT, IN WHICH CASE CLIENT'S REMEDY IS TERMINATION OF THE AGREEMENT AND A PRORATED CREDIT OF PREPAID FEES.

5.1.2. Software Performance Warranty. Software shall perform in substantial accordance with the Documents; however, 3M does not represent or warrant the operation of the Software will be uninterrupted, error-free, or that immaterial non-conformance between the Software and Documents can be corrected. Upon receipt of written notice from Client that Software fails to meet this warranty, 3M shall provide Support Services in accordance with the terms of the Agreement. IF 3M IS UNABLE TO REMEDY A BREACH OF THIS WARRANTY, CLIENT'S REMEDY SHALL BE TO TERMINATE THE 3M PRODUCT THAT FAILS TO MEET THE WARRANTY AND RECEIVE A PRORATED CREDIT OF APPLICABLE PREPAID ANNUAL FEES.

5.1.3. Services Warranty. 3M warrants to Client that Services will be performed in a workman-like manner, using generally recognized commercial practices and standards. Provided 3M receives written notice of breach of this warranty from Client within thirty (30) days after the Service was performed, CLIENT'S REMEDY IS, AT 3M'S OPTION TO EITHER: (A) RE-PERFORM THE SERVICES IN A MANNER CONSISTENT WITH THIS WARRANTY; OR (B) REFUND TO CLIENT ANY AMOUNTS PAID FOR THE SERVICES THAT FAIL TO MEET THIS WARRANTY AND TERMINATE THE SERVICES GIVING RISE TO THE CLAIM WITHOUT FURTHER OBLIGATION ON THE PART OF EITHER PARTY.

5.1.4. Hardware Warranty. Any warranty for Hardware is provided by the manufacturer of the Hardware. "Hardware" means tools, machinery, and other tangible equipment.

5.1.5. Disabling Code Warranty. 3M warrants to Client that after using reasonable, industry-standard, up-to-date anti-virus technology, the 3M Product does not contain viruses, worms, trojan horses, spyware, ransomware, trap doors, time bombs, or other similar devices and techniques. Nothing prevents the inclusion of technical protection measures in the 3M Product for purposes of preventing unauthorized use, are not considered Disabling Code. IF 3M IS UNABLE TO REMEDY A BREACH OF THIS WARRANTY, CLIENT'S REMEDY SHALL BE TO TERMINATE THE 3M PRODUCT THAT FAILS TO MEET THE WARRANTY AND RECEIVE A PRORATED CREDIT OF APPLICABLE PREPAID ANNUAL FEES.

5.1.6. 3M Indemnification. 3M shall indemnify, defend and hold Client harmless from any liability for any damages, cost or expense actually and finally awarded against Client, or any settlement made by 3M, that is caused by or resulting from any third-party claim, action, suit or proceeding that a specific 3M Product licensed under this Agreement infringes or misappropriates such third-party's U.S. patent, trademark, copyright or trade secret ("Infringement Claim"). Client shall give 3M prompt notice of any Infringement Claim and provide 3M with a copy of any pleadings or claim. The selection of counsel, the conduct of the defense of any lawsuit and any settlement shall be within the sole control of 3M. Client shall reasonably cooperate with 3M in 3M's defense and settlement of an Infringement Claim. In the event that use of the 3M Product is enjoined or, in 3M's opinion, likely to be enjoined, 3M will, at its option and expense, either: (a) procure for itself, or Client, as applicable, the right to continue using the relevant 3M Product; (b) replace or modify the same so that the relevant 3M Product is comparable and non-infringing, or (c) terminate the alleged infringing 3M Product, require Client to cease all further access to and use of the relevant 3M Product and in such case, 3M will provide Client pro-rated credit of prepaid fees, except with respect to Perpetual Software, a credit in an amount equal to the unamortized portion (based on straight-line depreciation over a five-year period) of the license fee. 3M shall have no obligation or liability under this Section in the event any Infringement Claim results solely from licensure of the 3M Product in combination with any item not furnished by 3M such liability would not have occurred from the licensure of the 3M Product itself. THIS SECTION STATES CLIENT'S REMEDY FOR ANY ALLEGED INFRINGEMENT AND IS IN LIEU OF ALL WARRANTIES, EXPRESS OR IMPLIED.

5.2. Client Warranties and Indemnifications.

5.2.1. Client Data Use. Client represents and warrants that Client has all rights and permissions necessary to grant 3M the use rights set forth in Section 2.9, Use of Client Data.

5.2.2. Client Indemnification. To the extent permitted by law, Client shall indemnify, defend and hold 3M harmless from any liability for any damages, cost or expense actually and finally awarded against 3M, or any settlement made by Client, that is caused by or resulting from any third-party claim, action, suit or proceeding related to any of Client's obligations or responsibilities in Section 2.9 and 3.2.

5.3. Exclusions

5.3.1. Warranty Exclusions. THE WARRANTIES SET FORTH IN THIS AGREEMENT DO NOT APPLY IF: (A) THE 3M PRODUCT IS USED, IN WHOLE OR IN PART, WITH COMPUTER EQUIPMENT, INTERFACE(S) OR OTHER SOFTWARE OTHER THAN THOSE RECOMMENDED IN WRITING BY 3M FOR USE WITH THE 3M PRODUCT; (B) ANYONE OTHER THAN 3M OR 3M PERSONNEL IN ANY WAY MAINTAINS, ATTEMPTS TO MAINTAIN, MODIFIES OR ATTEMPTS TO MODIFY THE 3M PRODUCT OR ANY PART THEREOF IN ANY MANNER, EXCEPT FOR THOSE ELEMENTS OF THE 3M PRODUCT THAT ARE SPECIFIED IN THE DOCUMENTS AS BEING USER-DEFINABLE; (C) THE 3M PRODUCT IS USED IN ANY MANNER OTHER THAN AS SPECIFIED IN THE DOCUMENTS; (D) CLIENT FAILS TO USE ANY UPDATE, NEW OR CORRECTED VERSIONS OF THE 3M PRODUCT OR ANY COMPONENT THEREOF MADE AVAILABLE BY 3M; (E) CLIENT FAILS TO FOLLOW ANY WRITTEN DIRECTIONS OR TO PERFORM ANY PROCEDURES PRESCRIBED BY 3M IN WRITING; (F) ANY ABUSE, MISUSE, ACCIDENT OR NEGLIGENCE, IN EACH CASE OTHER THAN BY 3M OR 3M PERSONNEL SHALL HAVE OCCURRED IN RELATION TO THE 3M PRODUCT; (G) THE NON-CONFORMANCE OF THE 3M PRODUCT WITH THE WARRANTY IS CAUSED BY CIRCUMSTANCES OTHER THAN BY THE 3M PRODUCT ITSELF, OR BY 3M OR 3M'S PERSONNEL; OR (H) MODIFICATIONS TO THE 3M PRODUCT MADE BY 3M AT CLIENT'S REQUEST UNLESS 3M HAS AGREED TO WARRANT SUCH MODIFICATIONS IN WRITING.

5.3.2. Third-Party Content. IF 3M RECEIVES A WARRANTY ON THE THIRD-PARTY CONTENT, TO THE EXTENT ALLOWABLE, SUCH WARRANTY SHALL BE PASSED THROUGH TO CLIENT, OTHERWISE, ALL THIRD-PARTY CONTENT IS PROVIDED "AS-IS" WITHOUT WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT.

5.3.3. Disclaimer. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS SECTION 5, 3M AND ITS SUPPLIERS DISCLAIM ANY AND ALL WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND THOSE ARISING FROM TRADE USAGE OR COURSE OF DEALING.

6. LIMITATIONS OF LIABILITY

6.1. RESTORATION OF CLIENT DATA. ALL CLIENT DATA SENT TO 3M IS TO BE A COPY OF CLIENT'S ORIGINAL DATA SET. IF CLIENT DATA IS LOST DUE TO 3M'S NEGLIGENT ACT OR OMISSION, OR BREACH OF WARRANTY, CLIENT'S EXCLUSIVE REMEDY SHALL BE FOR 3M TO USE COMMERCIALY REASONABLE EFFORTS TO RECOVER THE LOST CLIENT DATA SINCE CLIENT'S LAST REQUIRED BACKUP.

6.2. EXCLUDED DAMAGES. EXCEPT FOR A BREACH OF 3M'S INTELLECTUAL PROPERTY RIGHTS, NEITHER CLIENT, NOR 3M AND ITS SUPPLIERS SHALL BE LIABLE TO THE OTHER UNDER ANY CIRCUMSTANCES FOR ANY INCIDENTAL, SPECIAL, INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES OR ECONOMIC LOSS, BASED UPON BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, STRICT LIABILITY IN TORT OR ANY OTHER LEGAL THEORY EVEN IF 3M OR ITS SUPPLIERS OR CLIENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, REVENUE (EXCEPT FOR LOSS OF PROFITS OR REVENUE TO 3M ARISING FROM CLIENT'S FAILURE TO PAY AMOUNTS DUE UNDER THIS AGREEMENT), EQUIPMENT USE, DATA OR INFORMATION OF ANY KIND. 3M AND ITS SUPPLIERS SHALL NOT HAVE ANY LIABILITY ARISING FROM ANY INTERRUPTION OR LOSS OF USE OF THE 3M PRODUCT, NOR FROM THE UNAVAILABILITY OF, OR CLIENT'S INABILITY TO OBTAIN OR ACCESS, MEDICAL OR OTHER DATA.

6.3. MAXIMUM LIABILITY. 3M'S AND ITS SUPPLIERS' MAXIMUM CUMULATIVE ANNUAL LIABILITY FOR ALL DAMAGES, COSTS OR EXPENSES OF ANY TYPE OR NATURE BASED UPON BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, STRICT LIABILITY IN TORT OR ANY OTHER LEGAL THEORY IS LIMITED TO TWO (2) TIMES THE FEES PAID TO 3M FOR THE 3M PRODUCT GIVING RISE TO THE LIABILITY, IN THE YEAR LIABILITY AROSE. ALL OTHER LIABILITIES NOT SPECIFICALLY LINKED TO A 3M PRODUCT IS LIMITED TO THE FEES PAID IN THE TWELVE (12) MONTHS PRECEDING THE EVENT GIVING RISE TO THE LIABILITY. 3M AND ITS SUPPLIERS MAXIMUM CUMULATIVE LIABILITY UNDER THIS AGREEMENT SHALL NOT EXCEED FIVE MILLION DOLLARS (\$5,000,000). THIS SECTION DOES NOT APPLY TO ANY NON-INFRINGEMENT INDEMNIFICATION OBLIGATIONS OR BREACH OF UNSECURED PROTECTED HEALTH INFORMATION.

7. FEES; AND INVOICING

7.1. **Payment of Fees.** All fees and other charges are payable in U.S. dollars, are due upon date of the invoice, and are delinquent thirty (30) days after the date of the invoice ("Payment Period"). During the Payment Period, Client may dispute an invoiced item that Client reasonably believes is incorrect, and for which Client intends to withhold payment, provided that, within the Payment Period, Client: (a) gives 3M a written notice detailing the specific items and amount in dispute and the basis of the dispute (or the invoiced item shall be deemed undisputed), and (b) pays all undisputed amounts in full.

7.2. **Late Payment: Suspension.** If Client becomes thirty (30) days delinquent on any undisputed fees, upon written notice to Client, 3M may suspend its obligations under the Agreement until such past due charges are brought current. All delinquent fees are subject to a late payment charge at a rate up to one percent (1%) per month calculated daily.

7.3. **Delays and Additional Expenses.** If Client delays or postpones a scheduled event with less than seven (7) day notice, Client shall pay to 3M all reasonably incurred and nonrefundable expenses associated with the delayed or postponed event, and a rescheduling fee calculated to represent one (1) day's fees for the canceled event. If business travel and miscellaneous expense are not included in the quoted fees, they will be billed to Client without mark-up, and will be incurred in accordance with 3M policies. If the delivery of a scheduled event, Services, or Consulting Services is delayed at Client's request, the entire schedule may be extended at 3M's discretion, it being understood that any such extension may exceed the delay requested by Client.

7.4. **Taxes.** Quoted fees do not include applicable taxes, duties, or amounts levied in place of taxes (collectively "Taxes"). 3M will invoice Client all applicable Taxes unless Client provides 3M a tax-exempt form. Client is not responsible for paying 3M's personal property taxes on the 3M Products nor taxes based on 3M's net income.

8. TERM AND TERMINATION

8.1. **Term of the Agreement.** The Agreement begins on the Effective Date and ends upon the termination of the last Schedule.

8.2. **Termination for Cause.** Either Party may terminate the Agreement if: (a) the other Party has failed to take reasonable steps to cure a breach of this Agreement within thirty (30) days after receiving written notice describing the breach; (b) the other Party becomes insolvent; or (c) either Party ceases to conduct business relevant hereunder. In the event Client terminates a 3M Product due to a material breach of a performance warranty by 3M, Client's remedy is for 3M to a refund to Client (i) for Perpetual Software, the unamortized portion of the pre-paid license fee based on straight-line depreciation over a five-year period, (ii) for Software other than Perpetual Software, the unused portion of the current year's pre-paid fee for the Software, or (iii) for Services, the actual fees paid to 3M for the Service not yet performed.

8.3. **Obligations upon Termination.** Upon termination of this Agreement or a Use Right for a specific 3M Product, each Party shall immediately cease use of the other Party's Confidential Information as it relates to the Use Right that was terminated, or all Confidential Information if the entire Agreement has terminated. Within fifteen (15) days of termination, Client shall: (a) certify that the relevant Software has been de-installed, or if the applicable Software requires 3M to assist in the de-installation have scheduled with 3M a date acceptable to 3M for 3M to de-install the Software; and (b) returned or destroyed all applicable Documents. Within ninety (90) days of the termination of the Agreement, the Parties will have destroyed all the other Party's Confidential Information, or Confidential Information related to the Use Right terminated, except those copies necessary to comply with legal obligations and items for which a perpetual license has been issued. IN THE EVENT CLIENT DOES NOT COMPLY WITH THE TERMINATION PROVISIONS, CLIENT IS IN BREACH OF 3M INTELLECTUAL PROPERTY RIGHTS, AND 3M MAY ELECT TO EITHER: (I) DEEM 3M PRODUCT(S) TO BE IN USE BY CLIENT AND CONTINUE TO INVOICE FOR THE FULL LIST PRICE AND THE AGREEMENT SHALL REMAIN IN FULL FORCE AND EFFECT; OR (II) SEEK ALL REMEDIES AT LAW TO ENSURE CLIENT HAS DE-INSTALLED THE SOFTWARE AND DESTROYED THE DOCUMENTS.

8.4. **Divestiture of Authorized Sites.** In the event an Authorized Site is divested, subject to 3M's right of approval, the Parties shall honor the Transition Period. "Transition Period" means a period of time the divested site is to remain an Authorized Site on this Agreement, which shall end the earlier of the date the divested site (a) has an active license for the relevant 3M Products under another agreement with 3M, (b) six (6) months following the date of divestiture, or (c) the divested site's notice to 3M it wishes to terminate all 3M Products under this Agreement. Upon conclusion of the Transition Period, the Use Rights for the divested site will terminate, and 3M will issue a prorated refund to Client applicable prepaid and unused fees.

9. GENERAL PROVISIONS

9.1. **Entire Agreement.** This Agreement represents the final, complete, exclusive and fully integrated agreement between the Parties with respect to its subject matter and supersedes any understanding, discussions, negotiations, representation or warranty of any kind made prior to or simultaneous with the execution of this Agreement, and no ancillary agreement or obligations are binding on 3M or 3M Personnel unless added to this Agreement by amendment. Terms or conditions found on a purchase order(s) or any other Client prepared document are specifically rejected and do not form any part of this Agreement. A failure or delay in enforcing any right or remedy under this Agreement shall not be construed as a waiver of any existing or future right or remedy.

9.2. **Amendments.** Any changes to the Agreement must be done through a 3M prepared amendment executed by both Parties, or 3M may, at its option, acknowledge and accept a written request from Client for changes, by returning to Client a numbered amendment letter prepared and signed by 3M (having the same effect as a fully executed amendment).

9.3. **Interpretation, Priority.** The headings and captions contained in this Agreement are for convenience only and shall not constitute a part hereof. In the event of any conflict of terms, the more specific parts of the Agreement prevail over more general; as such, any conflict shall be resolved in the following order of priority unless specifically stated otherwise (the more specific and controlling document listed first): Schedule, SOW, Appendix, Exhibit, and the Agreement's General Terms and Conditions.

9.4. **Assignment.** Client shall not assign or otherwise transfer this Agreement, including but not limited to, an acquisition or change of control of Client (e.g. merger, sale, voting membership) without 3M's prior written consent, which shall not be unreasonably withheld, and any attempt to do so shall be void.

9.5. **Force Majeure.** A Party shall not be liable for any failure of or delay in the performance of this Agreement for the period that such failure or delay is due to causes beyond its reasonable control, including but not limited to acts of God, war, strikes or labor disputes, embargoes, government orders or any other force majeure event. Notwithstanding the foregoing, if such force majeure event precludes payment of fees or the fulfillment of an obligation hereunder, the Parties will work together in good faith to come to a mutually agreeable resolution. In the event of any such delay, all performance obligations shall be tolled to the extent necessary under the circumstances.

9.6. **Announcements; Trade Name.** Neither Party may use the other Party's trade name or logo, or issue an announcement concerning this Agreement to the trade press or industry consultants without prior written consent.

9.7. **Notices.** All required legal notices shall be given to the address listed on the cover page of the Agreement, by authorized personnel in writing and delivered by personal delivery, certified or registered mail, overnight carrier, or to a designated email address. Any change of address or representative shall be promptly communicated in writing to the other Party. All other correspondence can be addressed to the parties' representatives listed on Exhibit D. If Exhibit D is not completed or the designated party's representative is not reachable, such notices may be delivered to the address on the cover page of the Agreement. Both Parties may also utilize email as acceptable written notice to the other Party except a notice of breach of contract must be sent via the methods described above.

9.8. **Governing Law.** This Agreement and any questions, claims, disputes or litigation concerning or arising from its creation, performance or termination, shall be governed by the laws of the State of Delaware, without giving effect to the conflicts of laws doctrines of any state.

9.9. **Dispute Resolution.** The parties shall attempt in good faith to resolve any controversy, claim or dispute (cumulatively, "Dispute") arising from or relating to this Agreement by negotiations between representatives of the parties. Prior to any litigation, the parties agree that "C-Level" executive from each party will discuss with one another to seek a resolution ("C-Level Meeting"), and if the C-Level Meeting doesn't resolve the Dispute, the Dispute shall undergo mediation using a mediator with a background in the industry and subject matter of the Dispute (mediation costs shall be shared equally). In the event of litigation both parties hereby waive any right of trial by jury. Nothing herein shall preclude a Party from taking any action necessary to preclude imminent and irreparable harm, nor diminish a Party's obligation to minimize damages.

9.10. **No Third-Party Beneficiaries.** Unless stated otherwise the Parties expressly acknowledge and agree that no third-party is intended to be nor shall be considered a beneficiary of any provision of this Agreement.

9.11. **Insurance.** The Parties shall each maintain insurance policies appropriate to its obligations under this Agreement, certificates of which shall be provided to the other Party upon request.

9.12. **Compliance with Laws.** Each Party shall comply with the provisions of all applicable federal, state, county and local laws, ordinances, regulations and orders pertaining to the performance of its obligations under this Agreement including, but not limited to the Deficit Reduction Act of 2005, the Federal False Claims Act, the U.S. Foreign Corrupt Practices Act, and other federal and state laws addressing anti-kickback, anti-bribery, self-referral, fraud, waste, and whistleblower protections for those reporting violations of such laws. If one Party believes that the other may not comply with one of the foregoing, it shall so notify the other Party, which will promptly look into the matter and take measures necessary to remedy any non-compliance. Notwithstanding any other provision in this Agreement, this Agreement is not intended to designate 3M as a delegated entity or First Tier, Downstream, or Related Entity (FDR) under this Agreement or applicable Centers for Medicare & Medicaid Services (CMS) rules. Each Party will observe its own standards of business conduct that are generally consistent with 3M's Code of Conduct and underlying Principles which are located on 3M's website <http://www.3m.com/>.

9.13. **Independent Contractors.** Nothing contained in this Agreement shall be construed to create the relationship of employer and employee, principal and agent, partnership or joint venture, or any other fiduciary relationship.

9.14. **Injunctive Relief.** The Parties agree that a breach of the Agreement may cause immediate and irreparable harm to the damaged party and that monetary damages will not be adequate to fully compensate the damaged Party. Therefore, each Party is entitled to seek injunctive relief for a threatened, anticipated, or actual breach of the Agreement.

9.15. **Severability.** The provisions of this Agreement are severable. If any part of this Agreement is deemed or rendered void, invalid, or unenforceable, in any jurisdiction in which this Agreement is performed, then that part will be severed from the remainder of the Agreement only as to that jurisdiction. Such severance will not affect the validity or enforceability of the remainder of this Agreement unless such severance substantially impairs the value of the whole agreement to any Party.

9.16. **Survival.** Sections 2, 4, 5, 7, 8, and 9 hereof shall survive any termination of any Appendix, and/or 3M Product(s), and/or this Agreement, as applicable.

9.17. **Attachments.** The following are 3M's standard Exhibits and Appendices, which are added only when applicable, based on the 3M Products added by Client on the Agreement:

APPENDICES:

| | |
|-------------|-----------------------------------|
| Appendix 1 | Annuity Products Additional Terms |
| Appendix 2 | RESERVED |
| Appendix 3 | RESERVED |
| Appendix 4 | RESERVED |
| Appendix 5 | RESERVED |
| Appendix 6 | RESERVED |
| Appendix 7 | RESERVED |
| Appendix 8 | RESERVED |
| Appendix 9a | RESERVED |
| Appendix 9b | RESERVED |
| Appendix 9c | RESERVED |
| Appendix 10 | RESERVED |
| Appendix 11 | RESERVED |

EXHIBITS:

- Exhibit A Business Associate Agreement
- Exhibit B Third-Party Content Required Terms
- Exhibit C Network and/or Facility Access and Confidentiality Agreement
- Exhibit D Client Contact Information

* * *

EXHIBIT A BUSINESS ASSOCIATE AGREEMENT

Parties:

Executed as an Exhibit to Software License Agreement #O39699-22

San Geronio Memorial Hospital
600 N Highland Springs Ave
Banning, CA 92220-3046
("Covered Entity")

3M Health Information Systems Inc.
575 West Murray Boulevard
Murray, UT 84123-4611
("Business Associate")

The Parties agree that this Business Associate Agreement ("BAA") is executed with 3M Health Information Systems, Inc.'s authorized agent, by way of the Master Software and Services Agreement above, and shall be incorporated by reference into all contracted relationships between the Parties in which the exchange of Protected Health Information is required.

1. Purpose:

Whereas, Business Associate may provide certain software and services as set forth in the Software License and/or Services Agreement(s) ("Underlying Agreement(s)") to Covered Entity which may require Covered Entity to disclose certain information to Business Associate, some of which may constitute Protected Health Information ("PHI") and/or Electronic Protected Health Information ("EPHI"). As a result, Business Associate may be considered a Business Associate of Covered Entity as defined by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), and regulations promulgated thereunder. Furthermore, this BAA applies to all Underlying Agreement(s) between Business Associate and Covered Entity.

Whereas, Business Associate and Covered Entity intend to protect the privacy and provide for the security of PHI disclosed to Business Associate pursuant to the Underlying Agreement(s) in compliance with (i) HIPAA; (ii) Subtitle D of the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), also known as Title XIII of Division A and Title IV of Division B of the American Recovery and Reinvestment Act of 2009; and (iii) regulations promulgated thereunder by the U.S. Department of Health and Human Services, including the HIPAA Omnibus Final Rule (the "HIPAA Final Rule"), which amended the HIPAA Privacy and Security Rules (as those terms are defined below) pursuant to the HITECH Act, extending certain HIPAA obligations to business associates and their subcontractors,

Whereas, the purpose of this BAA is to satisfy certain standards and requirements of HIPAA, the Privacy Rule and the Security Rule (as those terms are defined below), and the HIPAA Final Rule, including, but not limited to, Title 45, §§ 164.314(a)(2)(i), 164.502(e) and 164.504(e) of the Code of Federal Regulations ("C.F.R.").

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, it is hereby agreed as follows:

2. Definitions.

Terms used in this BAA shall have the same meaning as those terms in the Privacy and Security Rules or the HIPAA Final Rule.

"Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.

"Security Rule" shall mean the Security Standards at 45 CFR Part 160 and Part 164, Subparts A and C.

The terms "Protected Health Information" or "PHI" and "Electronic Protected Health Information" or "EPHI" when used in this BAA shall have the same meanings given to such terms in the Privacy and Security Rules, limited to the information that Business Associate creates, receives, maintains or transmits from or on behalf of Covered Entity. Wherever the term PHI is used in this BAA, it shall mean, include and be applicable to EPHI. Wherever the term EPHI is used, it shall mean and be applicable to EPHI only.

3. Obligations and Activities of Business Associate: Business Associate agrees, that with respect to PHI, it will:

- a. not use or further disclose PHI other than as permitted or required by this BAA or as Required By Law;
- b. use appropriate safeguards and comply with the Security Rule with respect to Electronic PHI, to prevent use or disclosure of such information other than as provided for by the Underlying Agreement(s) and this BAA;
- c. in accordance with 45 CFR § 164.502(e)(1)(ii) and 45 CFR § 164.308(b)(2), as applicable, enter into a written agreement with any agent or subcontractor that creates, receives, maintains or transmits PHI on behalf of Business Associate for services provided to Covered Entity, providing that the agent agrees to restrictions and conditions that are substantially similar to those that apply through this BAA to Business Associate with respect to such PHI;
- d. report to Covered Entity any use or disclosure of PHI not permitted under this BAA, Breach of Unsecured PHI or Security Incident, without unreasonable delay, and in any event no more than Thirty (30) Days following discovery; provided, however, that the Parties acknowledge and agree that this Section constitutes notice by Business Associate to Covered Entity of the ongoing existence and occurrence of attempted but Unsuccessful Security Incidents (as defined below) for which notice to Covered Entity by Business Associate shall be required only upon request. "Unsuccessful Security Incidents" shall include, but not be limited to, pings and other broadcast attacks on Business Associate's firewall, port scans, unsuccessful log-on attempts, denials of service and any combination of the above, so long as no such incident results in unauthorized access, use or disclosure of PHI. Business Associate's notification to Covered Entity of a Breach shall include, to the extent such information is available to Business Associate: (i) the identification of each individual whose Unsecured PHI has been, or is reasonably believed by Business Associate to have been, accessed, acquired or disclosed during the Breach; and (ii) any particulars regarding the Breach that Covered Entity would need to include in its notification, as such particulars are identified in 45 CFR § 164.404;
- e. to the extent Business Associate maintains PHI in a Designated Record Set, make such information available pursuant to 45 CFR § 164.524 upon receipt of a written request of Covered Entity; provided, however, that Business Associate is not required to provide such access where the PHI contained in a Designated Record Set is duplicative of the PHI contained in a Designated Record Set possessed by Covered Entity. If an Individual makes a request for access pursuant to 45 CFR § 164.524 directly to Business Associate, or inquires about his or her right to access, Business Associate shall direct the Individual to his or her healthcare provider;
- f. to the extent Business Associate maintains PHI in a Designated Record Set, make such information available to Covered Entity for amendment pursuant to 45 CFR § 164.526 upon receipt of a written request of Covered Entity. If an Individual submits a written request for amendment pursuant to 45 CFR § 164.526 directly to Business Associate, or inquires about his or her right to amendment, Business Associate shall direct the Individual to his or her healthcare provider. Any amendments to PHI made by Business Associate at the direction of Covered Entity shall be the responsibility of the Covered Entity;
- g. document disclosures of PHI made pursuant to applicable law and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR § 164.528;
- h. make available to Covered Entity the information collected in accordance with Section 3(g) of this BAA as is in the possession of Business Associate to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR § 164.528. If an Individual submits a written request for an accounting of disclosures pursuant to 45 CFR § 164.528 directly to Business Associate, or inquires about his or her right to an accounting of disclosures of PHI, Business Associate shall direct the Individual to his or her healthcare provider;
- i. make internal practices, books, and records, relating to the use and disclosure of PHI received from, or created or received by Business Associate on behalf of, Covered Entity available to the Secretary of the United States Department of Health and Human Services (the "Secretary"), in a reasonable time and manner or as designated by the Secretary, for purposes of the Secretary determining Covered Entity's compliance with the Privacy Rule; and
- j. mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate in violation of the requirements of this BAA.

4. Permitted Uses and Disclosures by Business Associate:

Except as otherwise limited in this BAA, Business Associate may use or disclose PHI:

- a. on behalf of, or to provide services to, Covered Entity, as provided for in the Underlying Agreement(s) and in accordance with the Privacy Rule, provided that such disclosure would not violate the Privacy Rule. To the extent Business Associate is carrying out any of Covered Entity's obligations under the Privacy Rule pursuant to the terms of the Underlying Agreement(s) or this BAA, Business Associate shall comply with the requirements of the Privacy Rule that apply to Covered Entity in the performance of such obligation(s). Business Associate shall request, use and disclose the minimum amount of PHI necessary to accomplish the intended purpose of such request, use or disclosure, in accordance with 45 CFR § 164.514(d), and any amendments thereto;
- b. for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate, provided that, in the case of disclosure to third parties, Business Associate shall obtain reasonable assurances from the person or entity to whom the

PHI is disclosed that it will remain confidential, be used or further disclosed only as Required by Law or for the purpose for which it was disclosed (which purpose must be consistent with the limitations imposed upon Business Associate pursuant to this BAA), and the person or entity will notify Business Associate of any instances of which it is aware in which the confidentiality of the PHI has been breached;

- c. to provide Data Aggregation services to Covered Entity as permitted by 45 CFR § 164.504(e)(2)(i)(B); and
- d. to de-identify PHI in accordance with the standards set forth in 45 CFR § 164.514(b), and to use de-identified data solely and exclusively as permitted by applicable law.

5. Obligations of Covered Entity: Covered Entity shall:

- a. not transmit Unsecured PHI to Business Associate. Any Secured PHI, as defined under the HITECH Act and guidance promulgated thereunder, transmitted by Covered Entity to Business Associate shall be secured by a technology standard that is developed or endorsed by a standards developing organization that is accredited by the American National Standards Institute and is consistent with guidance issued by the Secretary specifying the technologies and methodologies that render PHI unusable, unreadable, or indecipherable to unauthorized individuals. Any Electronic PHI disclosed by Covered Entity to Business Associate shall be rendered unusable, unreadable or indecipherable through the use of a technology or methodology specified by the Secretary in guidance issued under the HITECH Act and shall not constitute Unsecured PHI;
- b. notify Business Associate of any limitation(s) in its notice of privacy practices of Covered Entity in accordance with 45 CFR § 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI. Covered Entity shall provide such notice no later than fifteen (15) days prior to the effective date of the limitation;
- c. notify Business Associate of any changes in, or revocation of, permission by an Individual to use or disclose PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI. Covered Entity shall provide such notice no later than fifteen (15) days prior to the effective date of the change. Covered Entity shall obtain any consent or authorization that may be required by the HIPAA Privacy Rule, or applicable state law, prior to furnishing Business Associate with PHI;
- d. notify Business Associate of any restriction to the use or disclosure of PHI that Covered Entity has agreed to in accordance with 45 CFR § 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI. Covered Entity shall provide such notice no later than fifteen (15) days prior to the effective date of the restriction.
- e. not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Privacy Rule, the Security Rule or the HIPAA Final Rule if done by Covered Entity.

6. Term and Termination

- a. Term. The Term of this BAA begins on the Effective Date (above) and ends when all Underlying Agreement(s) have expired and PHI provided by Covered Entity to Business Associate is destroyed or returned to Covered Entity, or if it is infeasible to return or destroy PHI, protections are extended to such information, in accordance with Section 6.c.
- b. Breach. Upon either Party's knowledge of a material breach by the other Party of this BAA, such Party shall provide written notice to the breaching Party stating the nature of the breach and providing an opportunity to cure the breach within thirty (30) business days. Upon the expiration of such 30-day cure period, the non-breaching Party may terminate this BAA and, at its election, the Underlying Agreement(s) (which requires compliance with this BAA), if cure is not possible. However, all rights and obligations arising prior to such termination shall remain in effect. All other Agreements between Covered Entity and Business Associate shall remain in effect in accordance with their terms.
- c. Effect of Termination. Upon termination of this BAA, Business Associate shall, if feasible, return or destroy all PHI received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall also apply to PHI that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the PHI except as provided for in this BAA. If return or destruction of PHI is not feasible, Business Associate shall: (i) extend the security protections of this BAA to such PHI; and (ii) limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such PHI.

7. Miscellaneous

- a. Cooperation in Investigations. The Parties acknowledge that certain breaches or violations of this BAA may result in litigation or investigations pursued by federal or state governmental authorities of the United States resulting in civil liability or criminal penalties. Each Party shall cooperate in good faith in all respects with the other Party in connection with any request by a federal or state governmental authority for additional information and documents or any governmental investigation, complaint, action or other inquiry, unless such Party is a named adverse party in such litigation or investigation.
- b. HIPAA Final Rule Applicability. Business Associate acknowledges that enactment of the HITECH Act, as implemented by the HIPAA Final Rule, amended certain provisions of HIPAA in ways that now directly regulate, or will on future dates directly regulate, Business Associate

under the Privacy Rule and the Security Rule. Business Associate agrees, as of the compliance date of the HIPAA Final Rule, to comply with applicable requirements imposed under the HIPAA Final Rule.

- c. Third Party Beneficiaries. Nothing expressed or implied in this BAA is intended, nor shall be deemed, to confer any benefits on any third party.
- d. Regulatory References. A reference in this BAA to a section in the Privacy Rule, the Security Rule or other law or regulation means the section as in effect or as amended.
- e. Entire Agreement. This BAA supersedes and replaces any other agreement terms with 3M Health Information Systems with respect to the terms and obligations relating to HIPAA and PHI.
- f. Amendment. The Parties agree to take such action as is necessary to amend this BAA from time to time as is necessary for Covered Entity to comply with the requirements of HIPAA and the Privacy and Security Rules. This BAA may be modified, or any rights under it waived, only by a written document executed by the authorized representatives of both Parties.
- g. Survival. The respective rights and obligations of Business Associate under this BAA shall survive the termination of this BAA.
- h. Interpretation. Any ambiguity in this BAA shall be resolved to permit compliance with the Privacy and Security Rules and the HIPAA Final Rule.
- i. Designated Record Set. Unless explicitly contracted for, Business Associate does not maintain a Designated Record Set for the Covered Entity.
- j. Notices. Any notices required or permitted to be given hereunder by any party to the other shall be in writing and shall be deemed delivered upon personal delivery; twenty-four (24) hours following deposit with a courier for overnight delivery; or seventy-two (72) hours following deposit in the U.S. Mail, registered or certified mail, postage prepaid, return-receipt requested, addressed to the parties at the following addresses or to such other addresses as the parties may specify in writing:

If to Covered Entity: San Gorgonio Memorial Hospital
600 N Highland Springs Ave
Banning, CA 92220-3046
Attention: _____

If to Business Associate: 3M Health Information Systems, Inc.
575 West Murray Blvd
Murray, UT 84123
Attention: Compliance Officer
With Copy to: Legal Services

EXHIBIT B

THIRD-PARTY CONTENT REQUIRED TERMS

AMA TERMS AND CONDITIONS

The following terms and conditions apply to Client's use of Software containing Current Procedural Terminology (CPT®) and/or material published in CPT® Assistant (collectively referred to herein as "AMA Editorial Content") in addition to the terms and conditions set forth in the License Agreement ("Agreement"). In the event of a conflict between the terms and conditions in the Agreement and those set forth in this Exhibit B, with respect to Client's use of the AMA Editorial Content, the terms and conditions of this Exhibit B shall control.

Grant of Rights Restrictions. Client has a nontransferable, nonexclusive license to use the AMA Editorial Content contained within the Software solely for its internal purposes within the United States. Client is prohibited from publishing, distributing via the Internet or other public computer based information system, creating derivative works (including translations), transferring, selling, leasing, licensing or otherwise making the AMA Editorial Content, or a copy or portion thereof, available to any unauthorized party. Client's access to updated AMA Editorial Content depends upon a continuing contractual relationship between 3M and the AMA. Client shall ensure that anyone with authorized access to the AMA Editorial Content will comply with the provisions of the Agreement, including this Exhibit B. Any printing or downloading of CPT® Assistant from the Software must be solely for Client's internal use, without any modification to the content, and in such a way that all references to the AMA are included.

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AMA as Third-Party Beneficiary. The AMA is a third-party beneficiary of those terms and conditions of the Agreement, including this Exhibit B, necessary to protect the rights and interests of the AMA with respect to AMA Editorial Content.

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EXHIBIT B - 2

THIRD-PARTY CONTENT REQUIRED TERMS

HEALTH FORUM TERMS AND CONDITIONS

To the extent Client has licensed Software which contains AHA Coding Clinic™ for ICD-9-CM, ICD-9-CM Coding Handbook, Revised Edition, by Faye Brown, and/or AHA Coding Clinic™ for HCPCS, the following terms and conditions apply to Client's use of such Software in addition to the terms and conditions set forth in the Agreement. In the event of a conflict between the terms and conditions in the Agreement and those set forth in this Exhibit B-2, with respect to Client's use of such Software, the terms and conditions of this Exhibit B-2 shall control.

ICD-9-CM Coding Handbook, Revised Edition, by Faye Brown, is copyrighted by Health Forum, LLC, Chicago, Illinois, which licenses its use. No portion of ICD-9-CM Coding Handbook may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior express, written consent of Health Forum, LLC.

ICD-10-CM and ICD-10-PCS Coding handbook (most current year), by Nelly Leon-Chisen, is copyrighted by Health Forum, LLC, Chicago, Illinois, which licenses its use. No portion of ICD-10-CM and ICD-10-PCS Coding Handbook may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior express, written consent of Health Forum, LLC.

It is understood that Health Forum, LLC did not enter the ICD-9-CM Coding Handbook information and data into the computer and therefore Health Forum, LLC is not responsible for the accuracy, completeness or appropriateness of the information.

It is also understood that Health Forum, LLC did not enter the ICD-10-CM and ICD-10-PCS Coding Handbook information and data into the computer and therefore Health Forum, LLC is not responsible for the accuracy, completeness or appropriateness of the information. Health Forum, LLC makes no warranties of merchantability or fitness for a particular purpose.

Health Forum, LLC shall have no liability to anyone including 3M and the Sublicensed Location, for lost profits or indirect or consequential damages. Health Forum, LLC makes no warranties of any kind with respect to 3M, its products or services.

AHA Coding Clinic™ for ICD-9-CM is copyrighted by the American Hospital Association ("AHA"), Chicago, Illinois, which licenses its use. No portion of AHA Coding Clinic™ for ICD-9-CM may be copied without the express, written consent of Health Forum, LLC.

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It is understood that AHA did not enter the AHA Coding Clinic™ for HCPCS information and data into the computer and therefore AHA is not responsible for the accuracy, completeness or appropriateness of the information. AHA makes no warranties of merchantability or fitness for a particular purpose. AHA shall have no liability to anyone, including 3M and the Client, for lost profits or indirect or consequential damages. AHA makes no warranties of any kind with respect to 3M, its products or services.

The printing or downloading of ICD-9-CM Coding Handbook, AHA Coding Clinic™ for ICD-9-CM and AHA Coding Clinic™ for HCPCS (collectively, the "HF Documentation") or any portion thereof, is prohibited, other than the printing of an excerpt from HF Documentation on a specific topic without any modification to the excerpt for internal use only by the Authorized Site as long as the source of the excerpt(s) is printed on the printout(s).

The text of HF Documentation is and will remain inaccessible to other programs capable of generating paper printouts of HF Documentation (excluding the print screen functionality of Windows software) by encrypting all files containing source text of HF Documentation.

EXHIBIT B - 3**THIRD-PARTY CONTENT REQUIRED TERMS****NOTICES****LOINC NOTICE**

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EXHIBIT B-4
THIRD-PARTY CONTENT REQUIRED TERMS
INTERSYSTEMS CORPORATION LICENSE AND SUPPORT TERMS

1. These License and Support Terms are part of the License Agreement between InterSystems Corporation ("InterSystems") and the end user customer ("you," the "Customer" or the "End User"), who has signed a Master Software and Services Agreement with 3M Health Information Systems, Inc. (the "Partner"). The License Agreement shall not be binding until an order form (the "Order Form") has been fully executed between Partner and InterSystems.
2. As of the date the Order Form has been fully executed (Partner will execute such Order Form prior to implementation of Customer) (the "Effective Date"), InterSystems hereby grants to you a nontransferable and nonexclusive license (the "License") to use the InterSystems product(s) incorporated into the Partner solution internally within your organization in the conduct of your business, provided that all fees are paid by Partner to InterSystems. You may only use the Licensed Software to run the Partner's solution and to connect the Partner's solution to other applications or systems, but not for any other purpose. No License shall be granted upon the physical delivery of any software to you. For the avoidance of doubt, the "Licensed Software" shall not include any open source or third-party software that may be shipped with, installed with or used in conjunction with InterSystems' proprietary software.
3. You are acquiring the License via the Partner so the Partner will be responsible for paying all fees specified therein to InterSystems.
4. If your use of the Licensed Software is regulated, you agree not to use or implement the Licensed Software in any manner that is outside the scope of intended use or otherwise violates any prohibitions or conditions set forth in a Quality Agreement or otherwise communicated to you by InterSystems.
5. Your License is a subscription License. The term ("License Term") of a subscription License begins on the Effective Date and terminates automatically on the last day of the final period for which InterSystems has received the proper fee.
6. The Licensed Software may only be used on servers operated by you or on your behalf. You may not sublicense the Licensed Software or otherwise make it available to third parties except as explicitly provided herein.
7. Software Update and Technical Assistance ("Product Support") shall be provided in accordance with the standard product terms in effect on the date such Product Support is invoiced. You shall receive all Product Support from the Partner and not from InterSystems directly.
8. InterSystems hereby warrants to you that (i) the Licensed Software will operate substantially in accordance with InterSystems' documentation relating thereto for one year from the Effective Date or the end of the License Term, whichever occurs first, and (ii) all Product Support shall be provided in a manner consistent with industry standards. The foregoing warranties are conditioned upon the use of the Licensed Software strictly in accordance with InterSystems' documentation and instructions, and the absence of any misuse, damage, alteration or modification thereof. INTERSYSTEMS SHALL NOT BE DEEMED TO HAVE MADE ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE CONDITION, MERCHANTABILITY, TITLE, NON-INFRINGEMENT, DESIGN, OPERATION OR FITNESS FOR A PARTICULAR PURPOSE OF THE LICENSED SOFTWARE OR PRODUCT SUPPORT. MOREOVER, The Licensed Software is not a substitute for the skill, knowledge and experience of the individuals who may use the Licensed Software. Your exclusive remedy for a breach of the above warranties shall be for InterSystems to use reasonable efforts to repair, replace or re-perform any non-conforming Licensed Software or Product Support, as applicable. The limited warranty provided in (i) above does not include Product Support and are not a substitute for Product Support. You must direct any warranty claim to the Partner and the Partner will send the claim directly to InterSystems.
9. In the event of a valid claim that any Licensed Software that has not been altered, modified, misused or damaged infringes upon the intellectual property rights of a third party when used in accordance with InterSystems' documentation and instructions, InterSystems shall either (a) modify the Licensed Software, (b) procure a license for you to use the Licensed Software or (c) terminate your License, at InterSystems' sole discretion.
10. InterSystems' liability to you shall in no event exceed the portion of the fee received by InterSystems in respect of the specific Licensed Software or Product Support on account of which such liability arose. In no event shall InterSystems be liable to you for any special, incidental, exemplary, indirect or consequential damages or lost profits.
11. Either party may terminate the License Agreement with 30 days advance written notice upon the other party's breach if the breach is not cured during that period. InterSystems will consult the Partner before terminating the License Agreement. The Partner shall be liable for all fees relating to Licensed Software or Product Support provided prior to termination, and Sections 10, 11, 12, 13, and 14 hereof shall survive termination or expiration of the License Agreement. Your rights to use the Licensed Software cease immediately upon termination or expiration of the License Agreement.
12. The Licensed Software and related documentation are and shall remain the sole property of InterSystems. You agree not to (i) decompile, disassemble, or reverse engineer the Licensed Software or (ii) with the exception of the Partner for the purposes of fulfilling your obligations under your agreement with Partner, disclose to others the Licensed Software or any data or information relating to the Licensed Software. You agree to allow InterSystems or its representatives to audit your use of the Licensed Software upon 5 days advance notice by InterSystems. You agree to provide access to your premises and otherwise cooperate with InterSystems in such audit. Any such audit shall be conducted with the assistance from the Partner.
13. The parties are and shall be independent contractors to one another, and the License Agreement shall not create an agency, partnership or joint venture between the parties. Neither party nor its employees, agents or representatives shall be deemed to be an agent or employee of the other party and each party acknowledges that it is not authorized to bind or in any way commit the other party to any legal, financial or any other obligation.
14. This License Agreement shall be governed by and construed in accordance with the laws of, and the parties agree to submit to exclusive jurisdiction of the Commonwealth of Massachusetts, USA. The English version of the License Agreement shall control unless otherwise required by local law.
15. You agree to comply with all applicable laws, including, but not limited to: U.S. export control or similar laws with respect to the distribution of the Licensed Software, Product Support and technical data; the US Foreign Corrupt Practices Act and any other anti-corruption laws; and applicable data protection laws. Without InterSystems' prior written consent, you may not allow the Licensed Software, Product Support or technical data to be exported to or used in a country or region where a license, permit or special permission is required. InterSystems may, but shall not be required to, apply for such license, permit or permission at your expense.
16. This document sets out all the terms (the "License Agreement") between you and InterSystems relating to your use of the Licensed Software and receipt of Product Support and supersedes any prior understandings between us as well as any purchase orders or similar documents that may be submitted to InterSystems. InterSystems shall have the right to transfer or assign the License Agreement without your consent or prior notice to you. You may not assign the License Agreement without InterSystems' prior written consent. The License Agreement may only be modified or amended by a writing signed by both parties.

EXHIBIT C

NETWORK AND/OR FACILITY ACCESS AND CONFIDENTIALITY AGREEMENT

This ACCESS AND CONFIDENTIALITY AGREEMENT (the "Access Agreement") is made by and between 3M Health Information Systems, Inc. ("3M") and San Geronio Memorial Hospital ("Customer"). The parties have contemporaneously entered into a Software License and/or Services Agreement, as amended (Agreement), pursuant to which, inter alia, Customer and 3M have agreed to terms and conditions setting forth the complete rights and obligations of the parties including, but not limited to, the use and confidentiality of the parties' systems and information, and provisions relating to the use of Protected Health Information (as set forth in the Exhibit to the Agreement entitled Business Associate Agreement or as an independent Business Associate Agreement ("BAA")). All of the terms and conditions of the Agreement shall continue in full force and effect and shall apply to this Access Agreement. In the event a conflict arises between the terms of this Access Agreement and the terms of the Agreement and BAA, the conflict shall be resolved in the following order of priority unless specifically stated otherwise (governing provision stated first): the Agreement, as amended (including all Attachments and Exhibits thereto, and the BAA), this Access Agreement.

As set forth in the Agreement, 3M understands that Customer must assure the confidentiality of its human resources, payroll, financials, research, internal reporting, strategic planning, communications, computer systems and management information (collectively, "Operational Information"). Therefore, in connection with this Agreement and the Agreement, including the BAA, 3M shall instruct its employees, agents and contractors ("3M Personnel") as follows:

1. Not to disclose or discuss any Operational Information with others who do not have a need to know such information.
2. Not to divulge, copy, release, sell, loan, alter, or destroy any Operational Information except as properly authorized.
3. Not to discuss Operational Information where others can overhear the conversation. It is not acceptable to discuss Operational Information even if the patient's name is not used.
4. Not to make any unauthorized transmissions, inquiries, modifications, or purging of Operational Information.
5. To immediately return to Customer any documents or media containing Operational Information upon termination of access.
6. That 3M and 3M Personnel have no rights to any ownership interest in any information accessed or created by the same during the relationship with Customer.
7. To abide by 3M's Compliance and Ethical Business Conduct Guidelines, found at https://www.3m.com/3Men_US/ethics-compliance/codeof.
8. That a violation of this Agreement may result in disciplinary action, up to and including termination of access or suspension/loss of privileges within Customer systems.
9. To only access or use systems or devices 3M Personnel are officially authorized to access and not to demonstrate the operation or function of systems or devices to unauthorized individuals.
10. That Customer may log, access, review, and otherwise utilize information stored on or passing through its systems, including e-mail, in order to manage systems and enforce security.
11. To practice good workstation security measures such as locking up diskettes when not in use, using screen savers with activated passwords appropriately, and positioning screens away from public view.
12. To practice secure electronic communications by transmitting Operational Information only to authorized entities, in accordance with approved security standards.
13. To use only 3M Personnel's officially assigned User-ID and password and use only approved licensed software.
14. To never share/disclose user-IDs, passwords or tokens, use tools or techniques to break/exploit security measures or connect to unauthorized networks through the systems or devices.
15. To notify the appropriate Information Services person, as directed by Customer, if any 3M personnel password has been seen, disclosed, or otherwise compromised, and will report activity that violates this agreement, privacy and security policies, or any other incident that could have any adverse impact on Operational Information.
16. This Agreement will terminate upon the expiration or termination of the Services Agreement; provided, however the confidentiality obligations hereunder will continue after termination or expiration of this Agreement, subject to the limitations on such obligations as defined in the Services Agreement, or if not defined, for four (4) years after the termination or expiration of the Services Agreement, unless such information becomes publicly available through no fault of 3M.

The Parties have agreed to this Access and Confidentiality Agreement, which has been signed by way of the MSSA Agreement and will be terminated by way of the MSSA Agreement. Please see MSSA Agreement Signature Page for the authorized signatures.

SECTION BELOW TO BE FILLED OUT BY 3M PERSONNEL REQUIRING ACCESS TO CUSTOMER FACILITY (AS AND WHEN REQUIRED)

CUSTOMER WILL PROMPTLY PROVIDE ACCESS TO ALL REQUESTS BY 3M PERSONNEL

| | | | | | | | |
|------|------------------|---------------|--------------|------|------------------|---------------|--------------|
| NAME | 3M EMPLOYEE ID # | EMAIL ADDRESS | PHONE NUMBER | NAME | 3M EMPLOYEE ID # | EMAIL ADDRESS | PHONE NUMBER |
| NAME | 3M EMPLOYEE ID # | EMAIL ADDRESS | PHONE NUMBER | NAME | 3M EMPLOYEE ID # | EMAIL ADDRESS | PHONE NUMBER |
| NAME | 3M EMPLOYEE ID # | EMAIL ADDRESS | PHONE NUMBER | NAME | 3M EMPLOYEE ID # | EMAIL ADDRESS | PHONE NUMBER |
| NAME | 3M EMPLOYEE ID # | EMAIL ADDRESS | PHONE NUMBER | NAME | 3M EMPLOYEE ID # | EMAIL ADDRESS | PHONE NUMBER |

EXHIBIT D
CLIENT CONTACT INFORMATION

Client shall provide the following information:

Send Invoices to:

Name: _____

Title: _____

Address: _____

Phone number: _____

Email Address: _____

Email Address for Invoices: _____

Accounts Payable Contact:

Name: _____

Title: _____

Phone number: _____

Email Address: _____

Contact for installation:

Name: _____

Title: _____

Phone number: _____

Email Address: _____

Renewal contact:

Name: _____

Title: _____

Phone number: _____

Email Address: _____

APPENDIX 1

ANNUITY PRODUCTS ADDITIONAL TERMS

IN ADDITION TO THE TERMS AND CONDITIONS SET FORTH IN THE AGREEMENT, THE PROVISIONS OF THIS APPENDIX SHALL ONLY APPLY TO 3M PRODUCTS ADDED UNDER THIS APPENDIX AND IDENTIFIED ON ANY SCHEDULE 1.

- A. **Definitions.** Capitalized terms used herein but not otherwise defined hereunder shall have the meaning ascribed to them in the Agreement.
- A.1. “Annual Billing Cycle” means each one-year period, beginning on the first License Start Date unless otherwise set forth on the applicable Schedule.
- A.2. “Annuity Software” means Software licensed to Client on an annual or multi-year annual basis, but less than a perpetual basis, which may be installed on Client’s systems, 3M’s systems (SaaS), or a combination of the two.
- A.3. “Renewal Proposal” means a 3M-prepared document that sets forth the fees for the first year of any subsequent Renewal Term hereunder invoiced by 3M and due by Client for such Renewal Term.
- B. **Use Rights.** Subject to the Client’s compliance with this Agreement, 3M grants to Client, a non-exclusive, non-transferable and non-sublicensable license during the License Term of each Schedule 1 to (a) install the non-SaaS Annuity Software at the Client’s designated Install Site(s) listed on the applicable Schedule 1 and located within the Territory, and (b) permit Authorized Users to access and use the Annuity Software and Documents solely for processing transactions and using the Results for Client’s healthcare business reimbursement purposes of the Authorized Sites, and (c) permit Client to create an Interface between the Software and Client developed systems (“License”). Third party developed Interfaces and/or interfaces to third party software shall be in accordance with Section 2.5.
- C. **Term of Use Right.** The term of Client’s License to the Annuity Software shall be as set forth on the applicable Schedule 1 (“License Term”). Once the License Start Date for any 3M Product on the applicable Schedule 1 has been established, all other 3M Products listed or added on the same Schedule 1 will share the same License Term, and any 3M Products added will be pro-rated to the next Annual Billing Cycle of the applicable Schedule 1.
- D. **Renewal Term.** Unless otherwise set forth on a Schedule, the License Term for any Schedule 1 shall automatically renew, for a successive License Term of the same duration as the then-current License Term (each a “Renewal Term”), subject to either Parties right to choose not to renew any 3M Product(s) with at least sixty (60) days written Notice prior to the end of the then-current term of the applicable Schedule 1. If timely Notice is not provided, the fees for all the 3M Product(s) listed on the most current version of the Renewal Proposal, will automatically renew for the additional Renewal Term.
- E. **Annuity Software Fees, Invoicing and Payments.** License and I&T fees for each Authorized Site are set forth on the applicable Schedule 1 hereto, and unless otherwise set forth on such Schedule 1, shall be invoiced to Client as set forth below.
- E.1. **Fees; Invoicing.**
- E.1.1. **License Fees.** Annuity Software license fees, set forth on any Schedule 1, will be invoiced to Client on the earlier of: (a) shortly after their License Start Date, or (b) 30 days before the Annual Billing Cycle of each Schedule 1. 3M shall communicate Client’s next Annual Billing Cycle fees for each Schedule 1 by e-mail, U.S. mail, or courier approximately ninety (90) days prior to the end of the Annual Billing Cycle of each Schedule 1. The annual License fee increases during any then-current License Term on any Schedule 1 shall not exceed five percent (5%) of the License fees for the immediately preceding year, unless otherwise set forth on the applicable Schedule 1. The fees for the first year of any Renewal Term will be provided to Client within a Renewal Proposal for any Schedule 1, delivered to Client’s Notice address or the Renewal Contact in Exhibit D. The Renewal Proposal will: (i) reflect 3M’s then-current list fee, less Client’s applicable discounts, and (ii) be superseded by the most recent version of the Renewal Proposal for any Schedule 1 provided to Client.
- E.1.2. **Additional Annuity Software and/or Authorized Sites.** During the License Term, the Parties upon mutual consent, may add new items of Annuity Software and additional Authorized Sites to any Schedule 1. 3M will prorate the first year’s License fees for any additional items of Annuity Software and new Authorized Sites from their License Start Date to the end of the current Annual Billing Cycle of the applicable Schedule 1.

E.1.3. Invoicing and Payment for Software Installation and Training fees. Software I&T fees, set forth on any Schedule 1, will be invoiced to Client on or shortly after the License Start Date for the associated item(s) of Annuity Software, unless otherwise set forth on the applicable Schedule 1 or SOW attached to any Schedule 1.

PROPRIETARY 3M CONFIDENTIAL TRADE SECRET, COMMERCIAL OR FINANCIAL INFORMATION.

Do not release or disclose any information in this document under any Open Records Act, Freedom of Information Act, or equivalent law. Release or disclosure is prohibited without 3M consent. Immediately report any request to 3M.

SCHEDULE 1-1

ANNUITY PRODUCTS FEE SCHEDULE

THE ITEMS LISTED HEREUNDER SHALL BE GOVERNED BY THE TERMS AND CONDITIONS OF THE AGREEMENT AND APPENDIX 1.

1. **Term of Schedule 1-1.** The License Term of this Schedule begins on the earlier of (i) the first License Start Date or (ii) January 6, 2023 ('Annual Billing Cycle Date') and continues for three (3) years from the Annual Billing Cycle date.
2. **Itemized Schedule of 3M Products below:**

| S/O ITEM | CPU ACTION | SKU | AUTHORIZED SITE(S) PRODUCT DESCRIPTION | SITE TYPE LIST FEE | TOTAL 1 ST YR ANNUAL & ONE TIME FEE |
|------------------------|------------|-----------------------|--|-----------------------|--|
| 337498 | ----- | -- | SAN GORGONIO MEM HOSP--600 N HIGHLAND SPRINGS AVE, BANNING, CA , HI2930109 | Install/Access Site | |
| 1. | Delete | | CPU Type: Single PC (2-4 Users) | | |
| 2. | Add | | CPU Type: Web | | |
| 3. | Existing | APC | APCfinder Software | \$9,158.00 | \$5,115.88 |
| 4. | Existing | APRDRGCAS | Advanced Analyzer | \$19,825.00 | \$12,854.77 |
| 5. | Existing | C&RSNOAA | Coding, Classification, and Reimbursement System without Advanced Analyzer | \$43,913.00 | \$27,428.99 |
| 6. | Existing | CGS-APC | CGS CMS Medicare APC Groupier with Medicare HOPD & FQHC Reimbursement | \$14,874.00 | \$8,180.70 |
| 7. | Existing | CONNSFT | Connections Software | \$3,037.00 | \$3,037.00 |
| 8. | Existing | FINANCECHARGE QUARTER | Finance Charge - Quarterly Billing Cycle ¹ | \$2,769.11 | \$2,769.11 |
| 9. | Existing | RCS APR CAMED | Reimbursement Calculation Software APR Med-Cali | \$2,678.00 | \$1,818.50 |
| 10. | Existing | S-APR-DRG | S-All Patient Refined DRG Software | \$14,495.00 | \$10,792.02 |
| SCHEDULE TOTAL: | | | | | \$71,996.97 |

The Annual Billing Cycle for the above products begins on January 6, 2023

FEE SUMMARY:

| | |
|--|--------------------|
| ANNUAL SOFTWARE LICENSE & SUPPORT FEES: | \$71,996.97 |
| *TOTAL ONE TIME, IMPLEMENTATION & TRAINING FEES: | \$0.00 |
| **CONSULTING SERVICE FEES: | \$0.00 |
| TOTAL THIS SCHEDULE: | \$71,996.97 |

The fees stated above are guaranteed for a period of sixty (60) days from the Issue Date of this Schedule or December 31, 2023, whichever occurs first, unless this Schedule is fully executed prior to such date. Client acknowledges and agrees the fees shown above include discounts for Client's commitment to a term. 3M reserves the right to rescind the multi-year discount and re-price the 3M Product(s) on this Schedule in the event Client elects a term less than stated above.

In the event Client delays implementation of any module of Software or scheduling of Services, at no fault of 3M, for more than one hundred fifty (150) days from the execution date of being added to this Schedule, 3M may, at its option, increase the price of such 3M Product(s) to the then-current list price or 3M may terminate any such 3M Product(s) from this Schedule.

I&T = Implementation and Training PI = Phone Installed CI = Customer Installed

¹ Quarterly payment are subject to a four percent (4%) finance charge.

3. Notwithstanding the terms and conditions of the above referenced Agreement providing for annual payments by Client, 3M is permitting the Client to make quarterly payments. Client acknowledges that quarterly payments are subject to a finance charge
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