



**AGENDA**

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

**Tuesday, September 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 telephone at 926 Pine Valley Road, Banning, CA 92220.

TAB

- I. Call to Order E. Ngo
  
- 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** E. Ngo
  - August 30, 2022, regular meeting A



**TAB A**

REGULAR MEETING OF THE  
SAN GORGONIO MEMORIAL HOSPITAL  
BOARD OF DIRECTORS

FINANCE COMMITTEE  
Tuesday, August 30, 2022

The regular meeting of the San Gorgonio Memorial Hospital Board of Directors Finance Committee was held on Tuesday, August 30, 2022, in Classroom B, 600 N. Highland Springs Avenue, Banning, California.

Members Present: Susan DiBiasi, Ehren Ngo (Chair), Ron Rader, Steve Rutledge

Members Absent: Daniel Heckathorne (CFO), Siri Welch

Required Staff: Steve Barron (CEO), Pat Brown (CNO/COO), Ariel Whitley (Executive Assistant), Margaret Kammer (Controller), Angela Brady (ED Director), Karan P. Singh (CMO)

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
<b>Call To Order</b>	Chair Ngo called the meeting to order at 9:03 am.	
<b>Public Comment</b>	No public present.	
<b>OLD BUSINESS</b>		
<b>Proposed Action - Approve Minutes July 26, 2022, regular meeting</b>	Chair Ngo asked for any changes or corrections to the minutes of the July 26, 2022, regular meeting. There were none.	<b>The minutes of the July 26, 2022, regular meeting will stand correct as presented.</b>
<b>NEW BUSINESS</b>		

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
<p><b>Proposed Action – Recommend Approval to Hospital Board of Directors - Monthly Financial Report (Unaudited) – July 2022</b></p>	<p>Steve Barron, CEO, reviewed the Unaudited July 2022 finance report as included in the committee packets.</p> <p>The month of July resulted in negative \$788K EBIDA compared to budgeted EBIDA loss of \$1.26M. Adjustments and items of note include:</p> <ul style="list-style-type: none"> <li>• The July Surgery visits remained high again at 142 plus 23 G.I. procedures.</li> <li>• Emergency Visits were high at 3,548.</li> <li>• Other Income was under budget due to a delay in receipt of the quarterly \$366K HQAF Direct Grant (this should be received in the next few months).</li> <li>• Total Operating Expenses were \$933K below budget due to Salaries, Adjusted Patient Days, Contract Labor, Physician Fees, and Purchased Services.</li> <li>• An Average Aggregated 4.49% rate increase was implemented in July, however, the impact to Net Revenues is nominal.</li> <li>• Non-Operating Contributions included a donation of \$1,384,498 for new CT Scanners.</li> </ul> <p>It was noted that approval is recommended to the Hospital Board.</p> <p><b>ROLL CALL:</b></p> <table border="1" data-bbox="394 1220 1219 1335"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Absent</td> <td colspan="2">Motion carried.</td> </tr> </table>	DiBiasi	Yes	Ngo	Yes	Rader	Yes	Rutledge	Yes	Welch	Absent	Motion carried.		<p><b>M.S.C. (Rutledge/DiBiasi), the SGMH Finance Committee voted to recommend approval of the Unaudited July 2022 Financial report to the Hospital Board of Directors.</b></p>
DiBiasi	Yes	Ngo	Yes											
Rader	Yes	Rutledge	Yes											
Welch	Absent	Motion carried.												
<p><b>Proposed Action – Recommend approval to Hospital Board and Healthcare District Board</b></p> <ul style="list-style-type: none"> <li>• <b>Update and Revision to FY 2023 Operating Budget</b></li> </ul>	<p>As a result of the “Bridge Financing” package via the proposed 2022 Revenue Bonds being finalized, the FYE June 30, 2023, Operating Budget has been updated and revised. The incorporated updates can be viewed in Tab C of the committee packet.</p> <p>It was noted that approval is recommended to the Hospital Board.</p> <p><b>ROLL CALL:</b></p> <table border="1" data-bbox="394 1734 1219 1850"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Rader</td> <td>Yes</td> <td>Rutledge</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Absent</td> <td colspan="2">Motion carried.</td> </tr> </table>	DiBiasi	Yes	Ngo	Yes	Rader	Yes	Rutledge	Yes	Welch	Absent	Motion carried.		<p><b>M.S.C. (Rader/Rutledge), the SGMH Finance Committee voted to recommend approval of the Update and Revision to the FY 2023 Operating Budget to the Hospital Board of Directors and the Healthcare District Board of Directors.</b></p>
DiBiasi	Yes	Ngo	Yes											
Rader	Yes	Rutledge	Yes											
Welch	Absent	Motion carried.												

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
<b>Future Agenda Items</b>	<ul style="list-style-type: none"> <li data-bbox="440 264 919 296">• Audit Partner Review/Discussion</li> </ul>	
<b>Next Meeting</b>	The next regular Finance Committee meeting will be held on September 27, 2022.	
<b>Adjournment</b>	The meeting was adjourned 10:08 am.	

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**

**ONE MONTH ENDING AUGUST 31, 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.

Certified by:

*Daniel R. Heckathorne*

**Daniel R. Heckathorne**

CFO



# San Gorgonio Memorial Hospital

## Financial Report - Executive Summary

For the Month of August 31, 2022 and Two Months Ended August 31, 2022 (Unaudited)

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

The month of August resulted in negative \$873K Earnings before Interest, Depreciation and Amortization (EBIDA) compared to budgeted EBIDA loss of \$1.27M.

YTD – The YTD August results were a negative \$1.66M Earnings before Interest, Depreciation and Amortization (EBIDA) compared to budgeted EBIDA loss of \$2.25M.

**Month** – Adjustments and Items of note:

- The August Surgery visits remained high again at 166 plus 14 G.I. procedures.
- The Emergency visits were also high at 3,593.
- Other Income included \$258,376 from the American Rescue plan for Small Rural Hospital Improvement Plan FY 21/22
- Total Operating Expenses were \$499K below budget (see comments below)

August's inpatient average daily census was 22.2. Conversely, Adjusted Patient Days were 9.7% over budget (2,095 vs. 1,909) which includes the Patient Days which were 28% below budget (689 vs. 959). Emergency Visits were 7.8% over budget (3,593 vs. 3,332), and overall Surgeries were over budget by 33% (166 vs. 125).

YTD - Inpatient average daily census was 22.1. Adjusted Patient Days were on budget (3,881 vs. 3,882) and Patient Days were 29.8% below budget (1,369 vs. 1,950). Emergency Visits were 8.5% over budget (7,141 vs. 6,580), and overall Surgeries were over budget by 25% (308 vs. 247).

### Patient Revenues (MTD) Negative (YTD) Negative

**Month** - The Net Patient Revenue in August was \$415K (7.9%) below budget. This is impacted by the low count of Inpatient Days, however this is somewhat negated by the very high Outpatient revenues. Managed care rate increases negotiated a year ago were estimated at \$214K for the month.

YTD – Net Patient Revenues were \$1.09M (10%) below budget. Again, this is impacted by the low count of Inpatient Days, however this is somewhat negated by the very high Outpatient revenues. Managed care rate increases negotiated a year ago are estimated at \$400K combined for the two months.

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

**Month** – Operating Revenue in August was \$102K below budget. This was impacted by the negative variances in Net Patient Revenues and positive variance in Other Income described above.

YTD - Operating Revenue was \$842K below budget. This was impacted by the negative variances in Net Patient Revenues for the two months and positive variance in Other Income received in August.

### Operating Expenses (MTD) Positive & (YTD) Positive

**Month** - Operating Expenses in August were \$7.0M and were under budget by \$499K. Key items that impacted overall Expenses were as follows: 1) Physician fees were under budget by \$87K due to the actual medical residency costs being charged to Purchased Services, while the Residency budgeted \$83K was included in Physician Fees. (these will be reallocated in future reports); 2) Purchased Services were favorable by \$195K, in spite of the Residency fees being charged here. There were also legal fees being \$89K below budget, coupled with several other departments (Radiology, Dialysis, Plant Services, Human Resources, and Business Office). 3) Supplies were under budget by \$214K, and large favorable variances included Drugs (\$126K), Med Surg & ICU (\$25K), and Surgery prosthetics (\$35K). Several departments' Supply costs exceeded budget (Surgery, Lab, Blood), but these were offset by several other departments' favorable variances; 4) Repairs and Maintenance costs were \$49K over budget, of

which \$48K was attributable to the Plant Operations department; 5) Other Expense was \$46K below budget, primarily in Administrative costs which will come to be later in the year. Note: Some of these large variances may tend to “level” out as the year progresses, i.e., the monthly budget allocations can be somewhat difficult to predict, such as incurrence of legal fees. Also, during the first part of the fiscal year, we attempt to defer any expenditures possible, especially in lower volume months and during the slower time of the year.

**YTD** – Operating Expenses were \$13.9M and were under budget by \$1.4M. Key items that impacted overall Expenses were as follows: 1) Salaries and Benefits were a combined \$215K under budget which was impacted by the current PTO Flex-Down variance of approximately \$300K in July; 2) Contract Labor was \$56K over budget, impacted by staffing needs in the OB service in July; 3) Physician fees were \$179K under budget as \$167K of the Residency fees were budgeted here but the expenses were allocated to Purchased Services (this also be reallocated in future reports). Even though \$29K of Residency costs were included in Purchased Services, there was a favorable variance of \$408K, as legal fees were \$185K below budget, coupled with several other departments (I/T, Radiology, Administration, H/R, Dialysis, Business Office) and Allscripts/Navigant (\$39K) being lower than expected. 5) Supplies were under budget by \$620K, and large favorable variances included Drugs (\$259K), General Medical Supplies (\$187K), Surgery prostheses (\$65K), Oxygen (\$23K), Non-Medical Supplies (\$55K) and Food (\$23K). Note: Some of these large variances may tend to “level” out as the year progresses, i.e., the monthly budget allocations can be somewhat difficult to predict, such as incurrence of legal fees. Also, during the first part of the fiscal year, we attempt to defer any expenditures possible, especially in lower volume months and during the slower time of the year.

### **Balance Sheet/Cash Flow**

Patient cash collections in August were \$5.78M, up from July (\$4.7M). The Gross A/R Days dropped from 70.3 in July to 65.1 in August.

Cash balances in August were \$8.83M, down from July (\$9.67M) and \$11.3M in June. The Line of Credit balance remained at \$12M in August and Accounts Payable increased to \$11.5M compared to \$9.7M at the end of July. There was a favorable \$513K change (reduction) in the DSH liability resulting from favorable audited DSH results for FY 18/19 which was booked during the year-end audit. Accrued Payroll and Taxes were \$662K higher than the previous month simply due to timing differences in number of accrued payroll days.

Subsequent to August’s closing, the 2022 Revenue Bonds were issued, and the District received \$8.4M which was immediately applied to the Line of Credit, along with other Cash, in order to reduce the \$12M balance to -0- for a 30 day period as required by law.

### **Concluding Summary**

#### **Positive takeaways:**

- 1) Total Surgeries were 33% over budget.
- 2) Emergency Visits were 8% over budget
- 3) Adjusted Patient Days were 9.7% over budget
- 4) Other Income of \$258,376 was received from the American Rescue plan for Small Rural Hospital Improvement Plan FY 21/22
- 5) Operating Expenses were under budget.
- 6) EBIDA performance was \$397K better than expected.

#### **Negative takeaways:**

- 1) Patient Days are less than expected.

## STATISTICS

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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

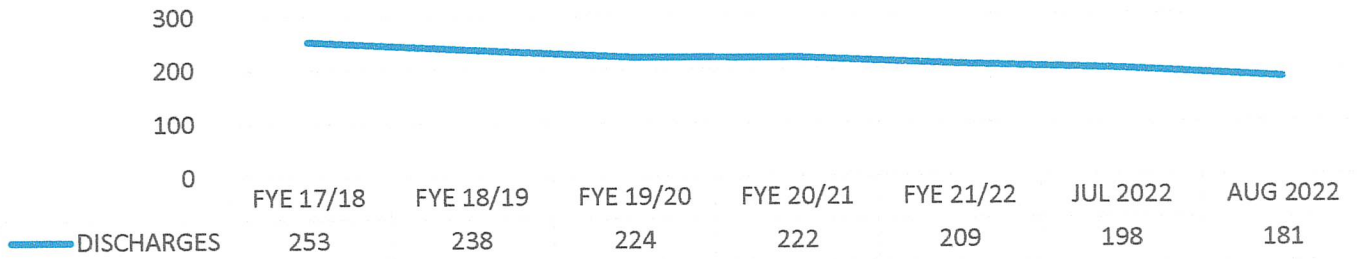
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Worked FTEs ( includes Registry FTEs)	Represents an equivalency of full-time staff worked. One FTE is equivalent of working 40 hours per week, 80 hours per pay period, 173.3 hours per 30 day month, or 2,080 hours in a 52 week year. This calculation 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.

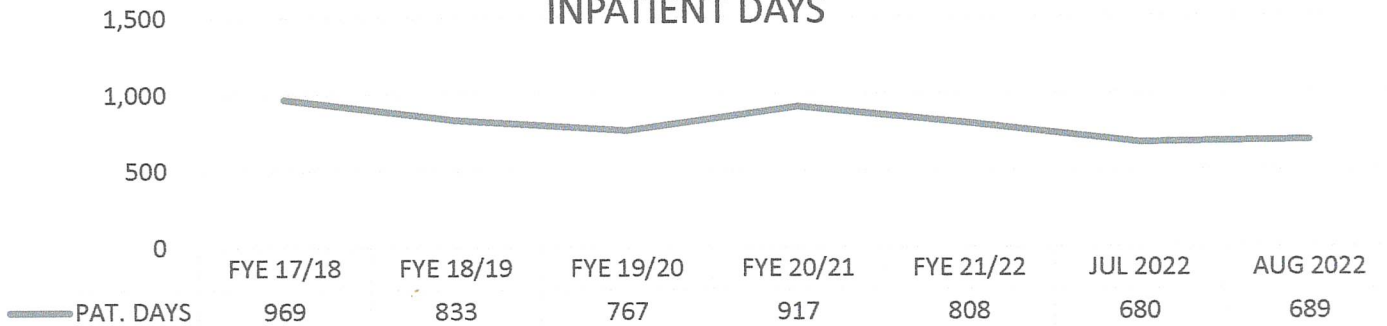
3-17

# SAN GORGONIO MEMORIAL HOSPITAL

## INPATIENT DISCHARGES



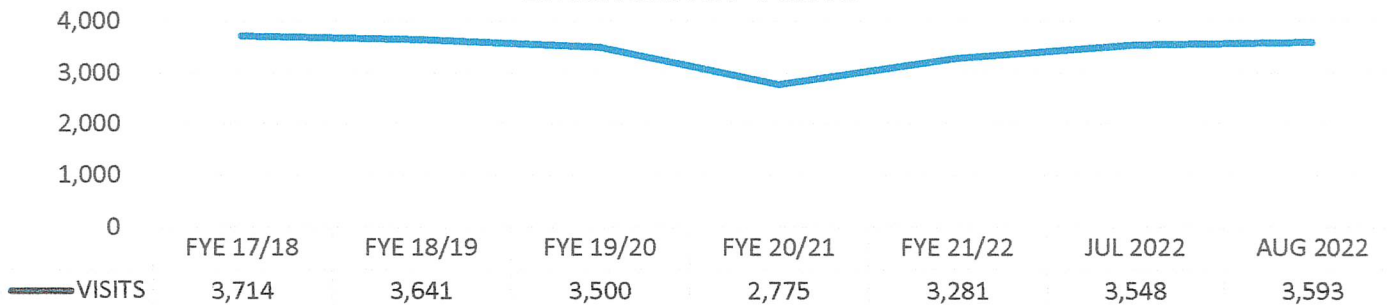
## INPATIENT DAYS



## AVERAGE LENGTH OF STAY



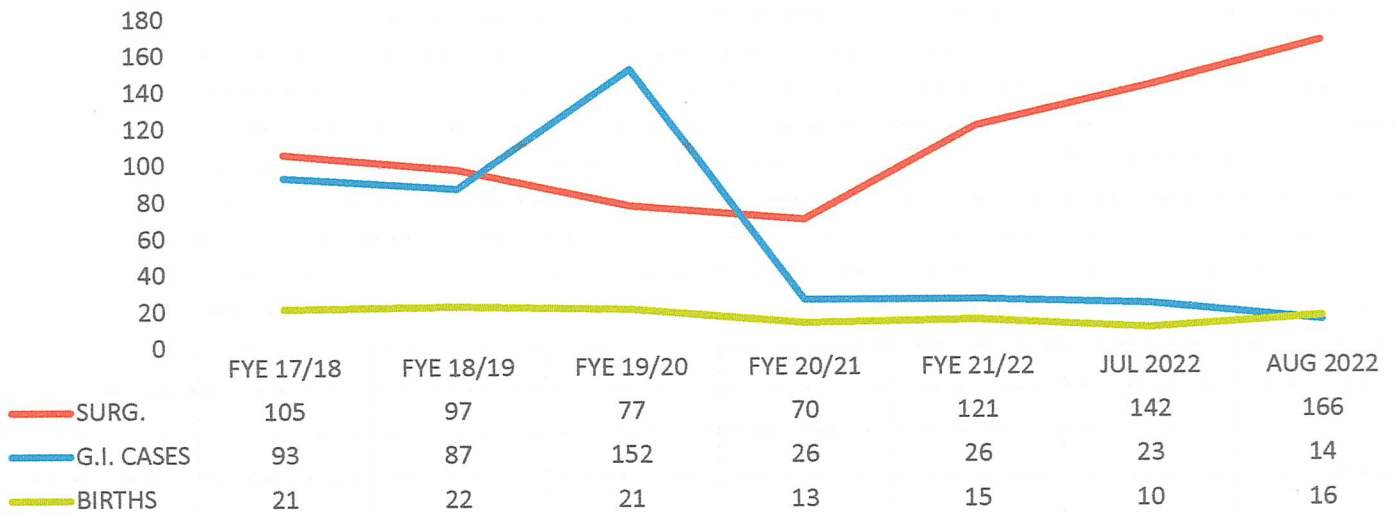
## EMERGENCY VISITS



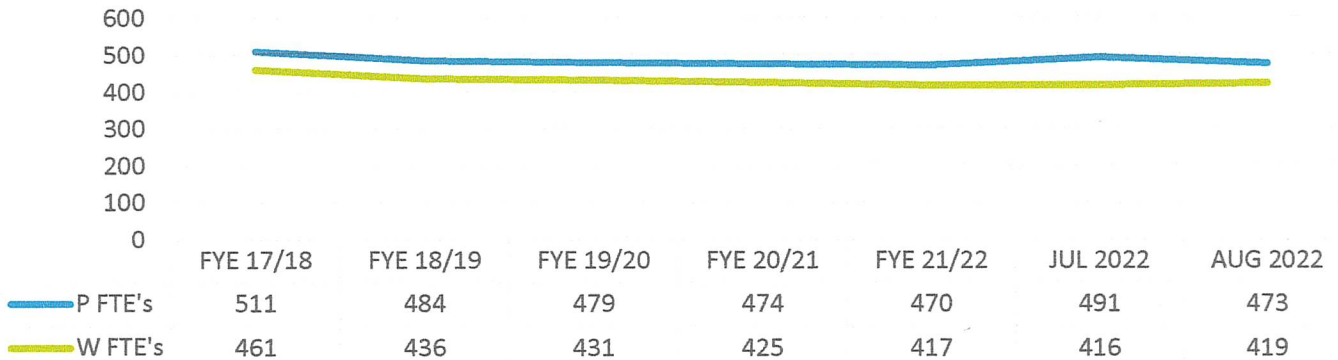
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# SAN GORGONIO MEMORIAL HOSPITAL

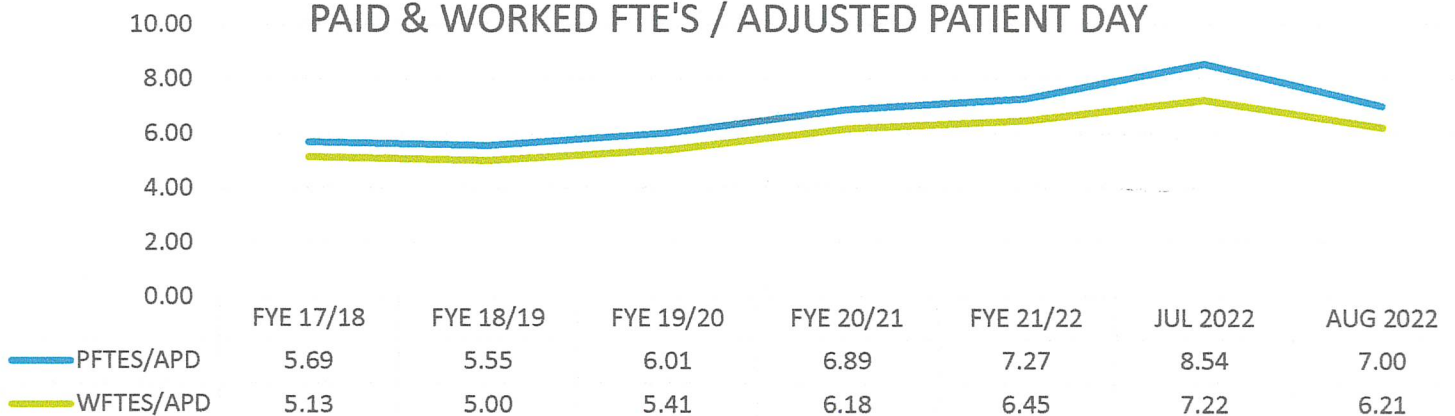
## SURGERY CASES, G.I. CASES, N/B DELIVERIES



## PAID & WORKED FTE'S



## PAID & WORKED FTE'S / ADJUSTED PATIENT DAY



3-C

## INCOME STATEMENT

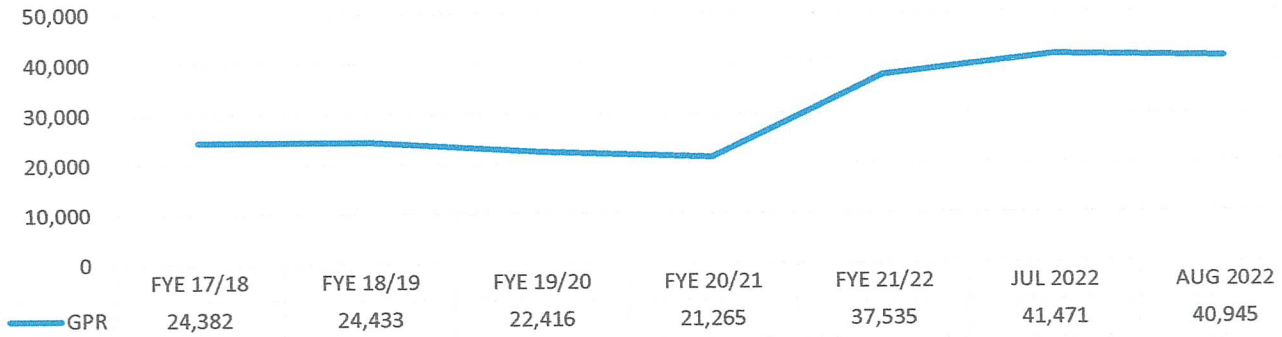
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Gross Patient Revenue (000's) (Monthly Ave.)	Represents total charges (before discounts and allowances) made for all patient services provided.
Net Patient Revenue (NPR) (000's) (Monthly Ave.)	Equals the sum of all (patient) charges for services provided 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 guage 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.

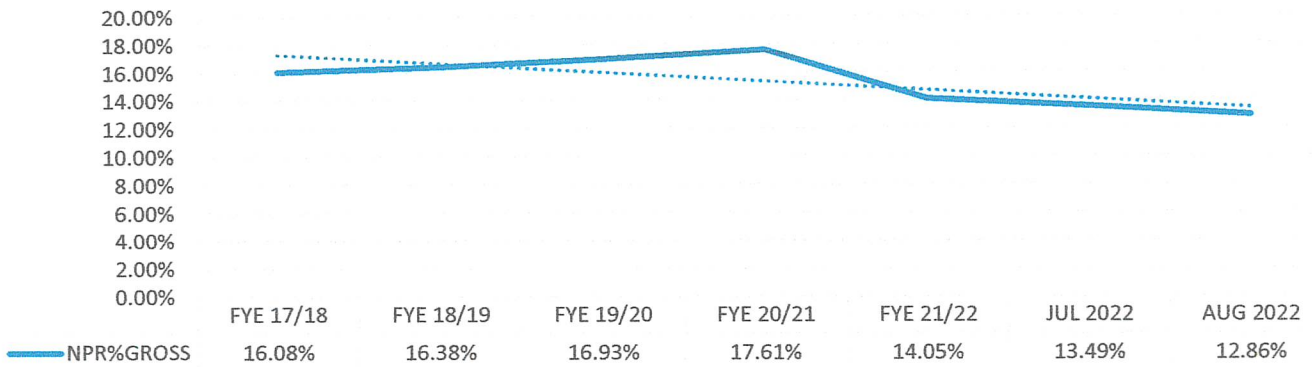
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# SAN GORGONIO MEMORIAL HOSPITAL

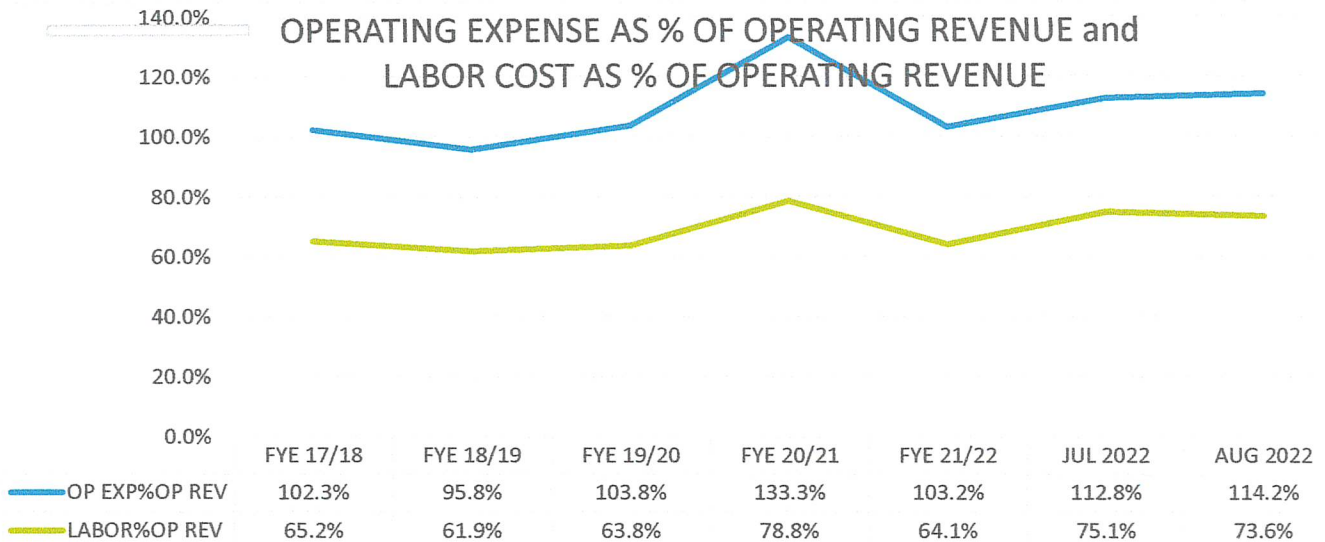
## GROSS PATIENT REVENUE



## NET PATIENT REVENUE AS % OF GROSS

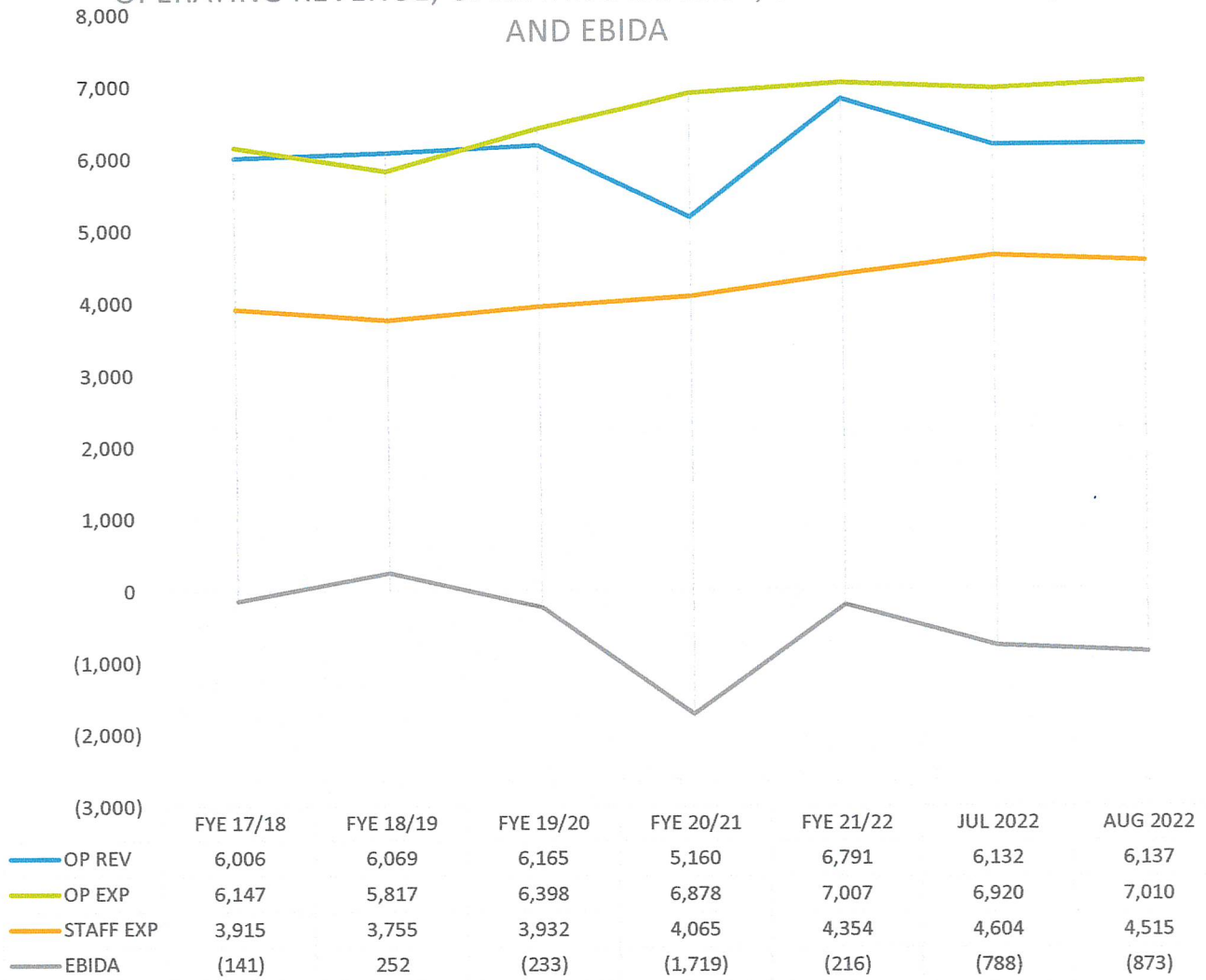


## OPERATING EXPENSE AS % OF OPERATING REVENUE and LABOR COST AS % OF OPERATING REVENUE

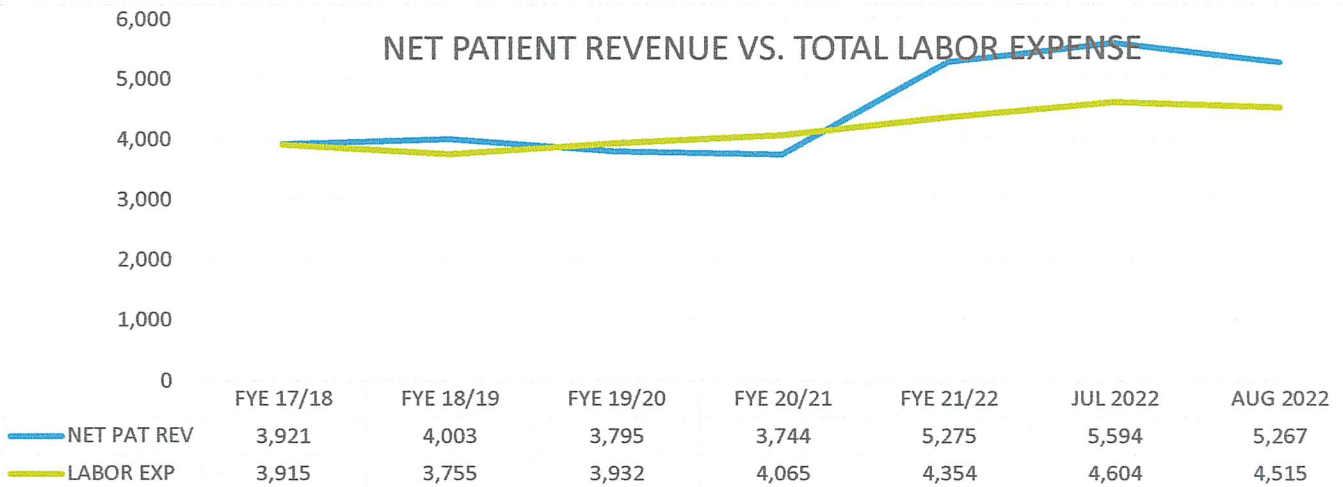


# SAN GORGONIO MEMORIAL HOSPITAL

OPERATING REVENUE, OPERATING EXPENSE, STAFFING EXPENSE,  
AND EBIDA



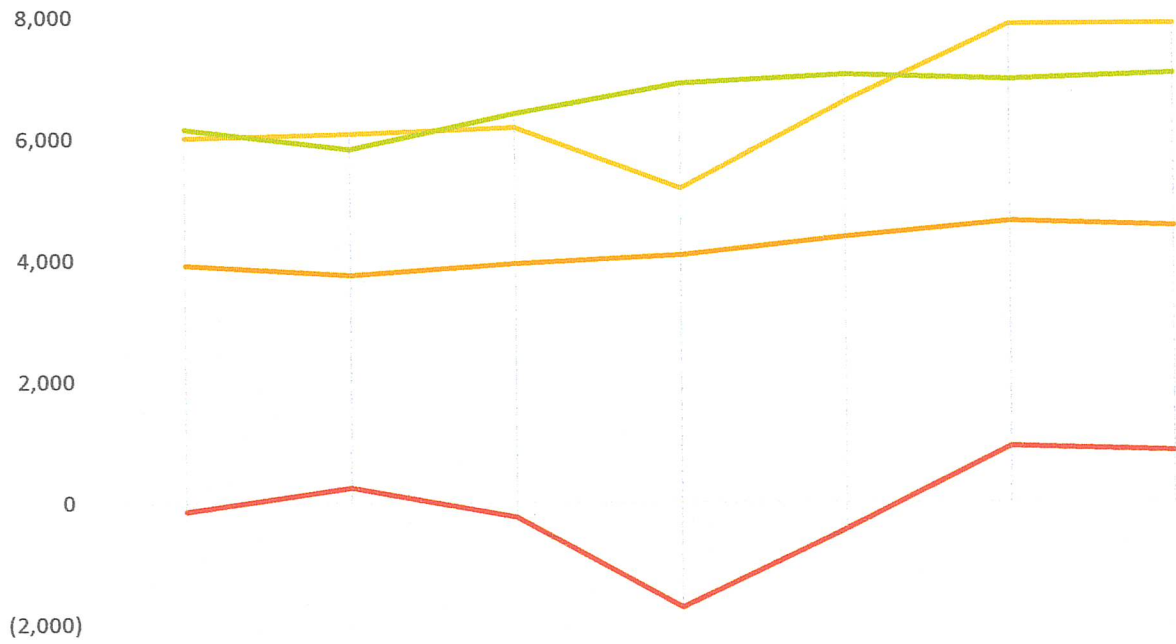
NET PATIENT REVENUE VS. TOTAL LABOR EXPENSE





# SAN GORGONIO MEMORIAL HOSPITAL

OPERATING REVENUE (NORMALIZED), OPERATING EXPENSE, STAFFING EXPENSE, AND EBIDA (NORMALIZED)  
10,000



	FYE 17/18	FYE 18/19	FYE 19/20	FYE 20/21	FYE 21/22	JUL 2022	AUG 2022
REV NORMAL	6,006	6,069	6,165	5,160	6,569	7,831	7,836
OP EXP	6,147	5,817	6,398	6,878	7,007	6,920	7,010
LABOR EXP	3,915	3,755	3,932	4,065	4,354	4,604	4,515
EBIDA NORMAL	(141)	252	(233)	(1,719)	(438)	911	826

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SAN GORGONIO HEALTHCARE DISTRICT & HOSPITAL - BANNING, CA

Month-to Month FYE June 30, 2023

Statement of Revenue and Expense

Financial statement table with columns for fiscal years (FYE 17/18 to FYE 22/23) and months (7/31/2022 to 6/30/2023). Rows include Gross Patient Revenue, Deductions From Revenue, Net Patient Revenue, Non-Patient Revenues, Total Operating Revenue, Operating Expenses, EBIDA, Interest, Depreciation, and Amortization, Non-Operating Revenue, Total Net Surplus/(Loss), and Total Profit Margin.

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

Summary table with 4 columns: Description, 1,698,896, 1,698,896, 3,397,793. Rows include Estimated Value of Supplemental Accruals and Estimated EBIDA If Supplementals were Accrued Monthly.



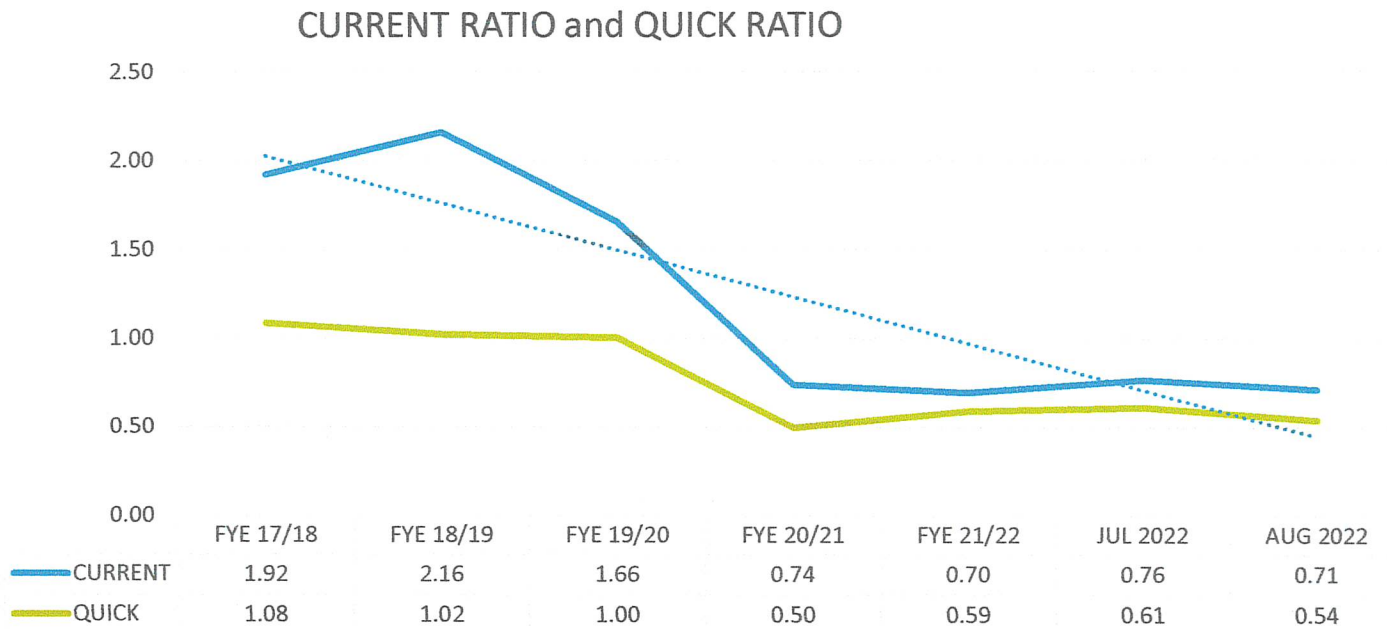
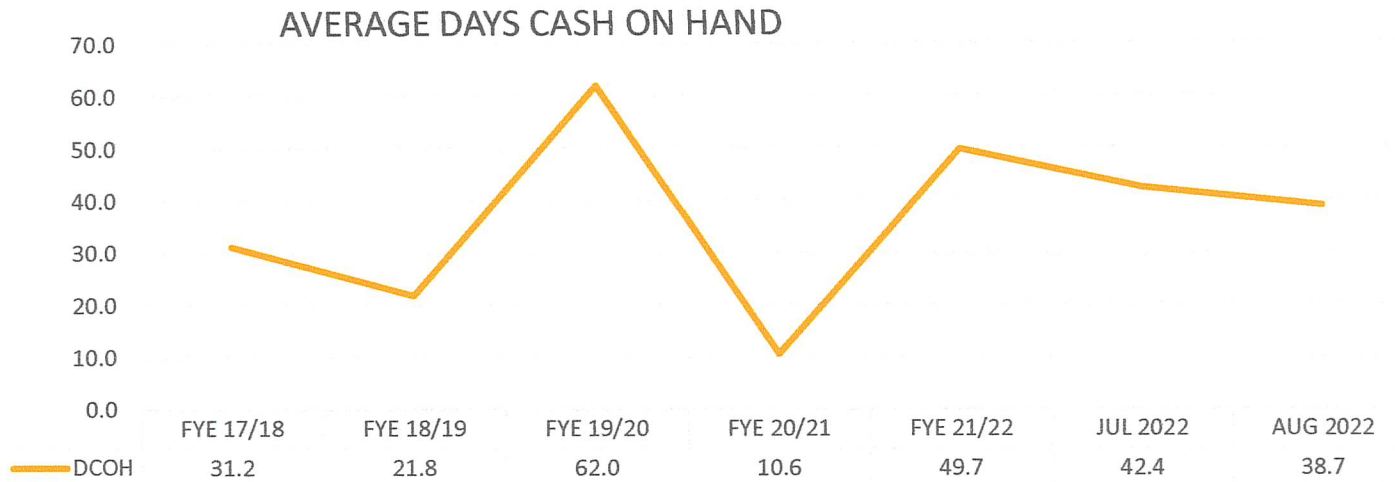
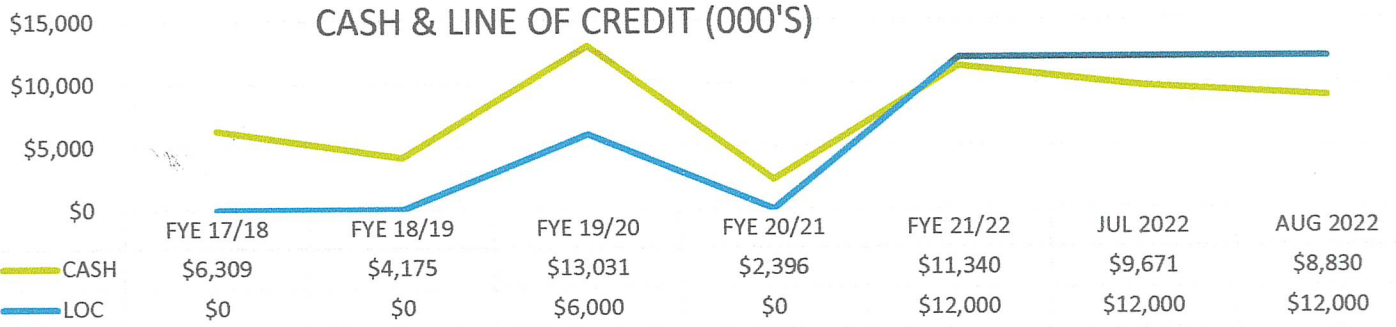
**BALANCE SHEET (Period End)**

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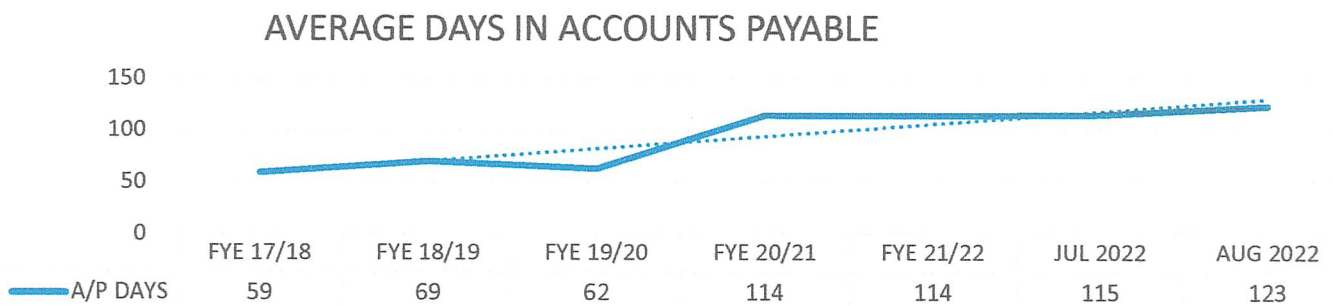
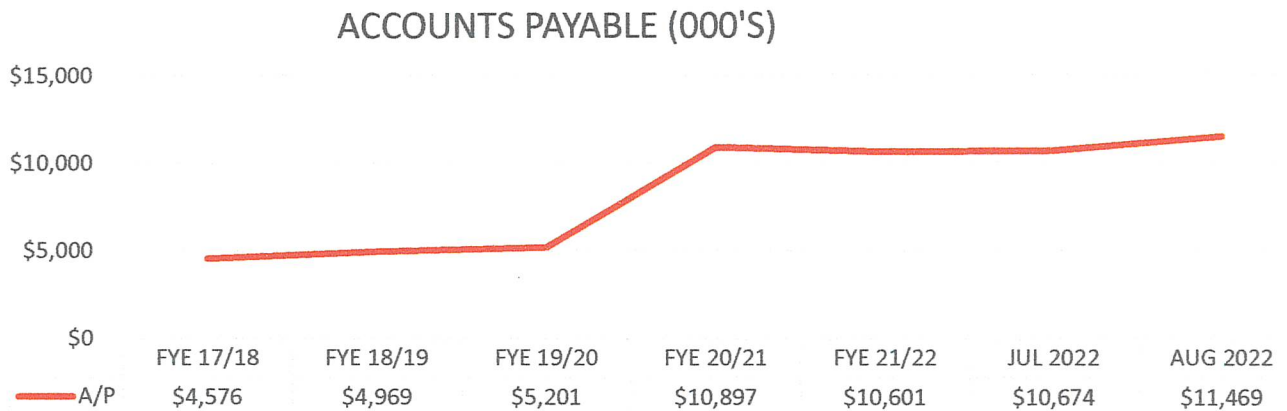
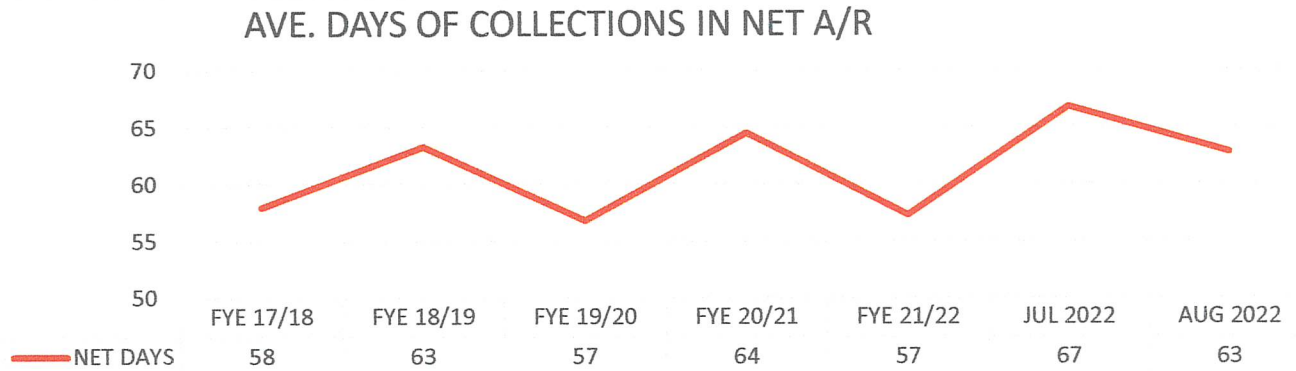
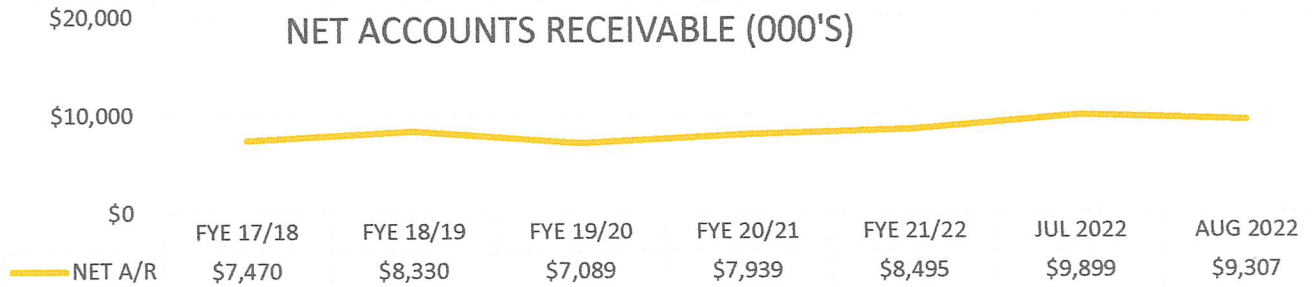
Cash (000's)	Represents all unrestricted cash in the bank at each month-end.
Days Cash on Hand	Calculated by dividing amount of Cash on Hand by the historical average daily amount of cash requirements to cover operating expenses.
Accounts Receivable - Net (000's)	Equals the sum of all (patient) accounts 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	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.

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# SAN GORGONIO MEMORIAL HOSPITAL



# SAN GORGONIO MEMORIAL HOSPITAL



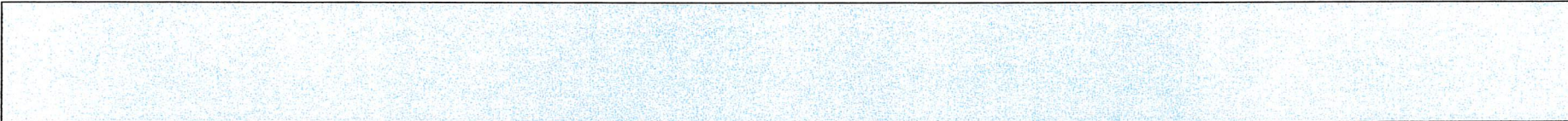
**SAN GORGONIO MEMORIAL HOSPITAL**  
**EXECUTIVE FINANCIAL SUMMARY**  
**ONE MONTH ENDING AUGUST 31, 2022**

STATEMENT OF REVENUE AND EXPENSES - MONTH & YTD							
REF LINE#		08/31/22 ACTUAL	08/31/22 BUDGET		YTD ACTUAL	YTD BUDGET	YTD DIFFERENCE
	<b>Revenue:</b>						
[1]	Gross Patient Revenues	\$ 40,944,835	\$ 43,532,749		\$ 82,416,009	\$ 87,779,928	\$ (5,363,919)
[2]	Deductions From Revenue	(35,677,679)	(37,850,758)		(71,555,010)	(75,830,337)	4,275,327
[3]	Net Patient Revenues	<b>5,267,156</b>	<b>5,681,992</b>		<b>10,860,999</b>	<b>11,949,591</b>	<b>(1,088,592)</b>
[4]	IGT Revenue	-	-		-	-	-
[5]	Other Operating Revenue	869,512	557,030		1,407,879	1,161,552	246,327
[6]	<b>Total Operating Revenues</b>	<b>6,136,668</b>	<b>6,239,021</b>		<b>12,268,877</b>	<b>13,111,143</b>	<b>(842,266)</b>
	<b>Expenses:</b>						
[7]	Salaries, Benefits	4,450,137	4,482,096		8,915,326	9,131,063	215,737
	Contract Labor	64,443	71,052		203,017	146,658	(56,360)
	Physicians Fees	277,977	365,231		551,599	730,462	178,863
	Other Purchase Services	848,417	1,042,961		1,678,041	2,085,922	407,882
[8]	Purchased Serv. & Physician Fees	1,190,837	1,479,244		2,432,657	2,963,042	530,385
[9]	Supply Expenses	888,903	1,102,482		1,587,117	2,206,962	619,845
[10]	Other Operating Expenses & Clinic Loss	479,803	536,626		994,647	1,061,184	66,537
[11]	Supplimental and Grant Expense	-	(91,499)		-	-	-
[12]	<b>Total Expenses</b>	<b>\$ 7,009,680</b>	<b>\$ 7,508,950</b>		<b>\$ 13,929,747</b>	<b>\$ 15,362,251</b>	<b>\$ 1,432,504</b>
[13]	<b>EBIDA</b>	<b>\$ (873,012)</b>	<b>\$ (1,269,928)</b>		<b>\$ (1,660,870)</b>	<b>\$ (2,251,108)</b>	<b>\$ 590,239</b>
[14]	Depreciation & Interest Expense	978,283	947,622		1,956,009	1,887,744	(68,265)
[15]	Non-Operating Revenue/(Exp.)	978,283	1,092,982		2,645,218	2,185,963	459,255
[16]	<b>TOTAL NET SURPLUS (LOSS)</b>	<b>\$ (873,012)</b>	<b>\$ (1,124,569)</b>		<b>\$ (971,661)</b>	<b>\$ (1,952,889)</b>	<b>\$ 981,229</b>

**SAN GORGONIO MEMORIAL HOSPITAL**  
**EXECUTIVE FINANCIAL SUMMARY**  
**ONE MONTH ENDING AUGUST 31, 2022**

<b>BALANCE SHEET</b>			
		<b>YTD</b>	<b>Prior FYE</b>
		<b>8/31/2022</b>	<b>6/30/2022</b>
<b>ASSETS</b>			
[1]	Current Assets	\$ 24,047,816	\$ 23,401,085
[2]	Assets Whose Use is Limited	7,935,378	12,704,494
[3]	Property, Plant & Equipment (Net)	73,737,172	73,514,801
[4]	Other Assets	609,262	503,000
[5]	<b>Total Unrestricted Assets</b>	<b>106,329,628</b>	<b>110,123,380</b>
[6]	Restricted Assets	0	0
[7]	<b>Total Assets</b>	<b>\$ 106,329,628</b>	<b>\$ 110,123,380</b>
<b>LIABILITIES AND NET ASSETS</b>			
[8]	Current Liabilities	\$33,684,198	\$33,649,575
[9]	Long-Term Debt	102,467,230	105,323,946
[10]	Other Long-Term Liabilities	2,231,628	2,231,626
[11]	<b>Total Liabilities</b>	<b>\$ 138,383,056</b>	<b>\$ 141,205,147</b>
[12]	Net Assets	\$ (32,053,428)	\$ (31,081,767)
[13]	<b>Total Liabilities and Net Assets</b>	<b>\$ 106,329,628</b>	<b>\$ 110,123,380</b>





<b>KEY STATISTICS AND RATIOS</b>					
	<b>07/31/22 ACTUAL</b>	<b>08/31/22 ACTUAL</b>	<b>08/31/22 BUDGET</b>	<b>2023 YTD</b>	<b>2022 YR END TOTAL</b>
	<b>FY 23</b>	<b>FY 23</b>	<b>FY 23</b>	<b>FY 23</b>	<b>FY 22</b>
[1] Total Acute Patient Days	680	689	959	680	9,689
[2] Average Daily Census	21.9	22.2	30.9	21.9	26.5
[3] Average Acute Length of Stay	3.4	3.8	4.1	3.4	3.9
[4] Patient Discharges	198	181	236	198	2,502
[5] Observation Days	228	277	244	228	2,775
[6] Total Emergency Room Visits	3,548	3,593	3,332	3,548	39,374
[7] Average ED Visits Per Day	114	116	107	114	108
[9] Total Surgeries	142	166	125	142	1,446
[10] Deliveries/Births	10	16	12	10	175

**Statement of Revenue and Expense**  
**SAN GORGONIO MEMORIAL HOSPITAL**  
**BANNING, CALIFORNIA**  
**ONE MONTH ENDING AUGUST 31, 2022**

	DISTRICT ONLY	CURRENT MONTH				
		FY 23	FY 23	Positive	Percentage	
		ACTUAL	ACTUAL	(Negative)		
08/31/22	08/31/22	CUR MO BUD	08/31/22	Variance	Variance	
<b>Gross Patient Revenue</b>						
[1] Inpatient Revenue	\$ -	\$ 13,463,161	\$ 20,785,721	\$ (7,322,560)	-54.4%	
[2] Inpatient Psych/Rehab Revenue	-	-	-	-	-	
[3] Outpatient Revenue	-	27,481,674	\$ 22,747,028	4,734,646	17.2%	
[4] Long Term Care Revenue	-	-	-	-	-	
[5] Home Health Revenue	-	-	-	-	-	
[6] Total Gross Patient Revenue	\$ -	\$ 40,944,835	\$ 43,532,749	\$ (2,587,914)	-6.3%	
<b>Deductions From Revenue</b>						
[7] Discounts and Allowances	-	(34,797,135)	\$ (36,238,877)	\$ 1,441,741	-4.1%	
[8] Bad Debt Expense	-	(813,947)	\$ (1,533,010)	719,063	-88.3%	
[9] Prior Year Settlements	-	-	\$ -	-	-	
[10] Charity Care	-	(66,596)	\$ (78,871)	12,274	-18.4%	
[11] Total Deductions From Revenue	-	(35,677,679)	(37,850,758)	\$ 2,173,079	-6.1%	
[12]		-87.1%	-86.9%			
[13] Net Patient Revenue	\$ -	\$ 5,267,156	\$ 5,681,992	\$ (414,835)	-7.9%	
<b>Non Patient Operating Revenues</b>						
[14] IGT/DSH Revenues	-	-	\$ -	\$ -	0.0%	
[15] Grants & Other Op Revenues	-	468,018	\$ 144,286	323,732	69.2%	
[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	\$ 869,512	\$ 557,030	\$ 312,482	35.9%	
<b>Total Operating Revenue</b>	\$ 401,494	\$ 6,136,668	\$ 6,239,021	\$ (102,354)	-1.7%	
<b>Operating Expenses</b>						
[20] Salaries and Wages	-	3,581,670	3,574,678	\$ (6,992)	-0.2%	
[21] Fringe Benefits	-	868,467	907,418	38,951	4.5%	
[22] Contract Labor	-	64,443	71,052	6,609	10.3%	
[23] Physicians Fees	-	277,977	365,231	87,254	31.4%	
[24] Purchased Services	531	848,417	1,042,961	194,544	22.9%	
[25] Supply Expense	-	888,903	1,102,482	213,580	24.0%	
[26] Utilities	1,863	97,819	137,249	39,430	40.3%	
[27] Repairs and Maintenance	9,081	124,767	75,564	(49,204)	-39.4%	
[28] Insurance Expense	-	127,547	122,979	(4,568)	-3.6%	
[29] All Other Operating Expenses	-	53,610	99,325	45,715	85.3%	
[30] Supplemental and Grant Expense	-	-	(91,499)	(91,499)	0.0%	
[31] Leases and Rentals	-	76,060	101,511	25,451	33.5%	
[32] Clinic Expense	-	-	0	-	0.0%	
[33] Total Operating Expenses	\$ 11,475	\$ 7,009,680	\$ 7,508,950	\$ 499,270	7.1%	
[34] <b>EBIDA</b>	\$ 390,018	\$ (873,012)	\$ (1,269,928)	\$ 396,916	-45.5%	
<b>Interest Expense and Depreciation</b>						
[35] Depreciation	406,450	406,450	514,865	\$ 108,415	26.7%	
[36] Interest Expense and Amortization	355,583	571,834	432,757	(139,076)	-24.3%	
[37] Total Interest & depreciation	762,032	978,283	947,622	(30,661)	-3.1%	
<b>Non-Operating Revenue:</b>						
[38] Contributions & Other	2,030	406,450	466,744	(60,295)	-14.8%	
[39] Tax Subsidies for GO Bonds - M-A	627,353	571,834	626,237	(54,404)	-9.5%	
[40] Total Non Operating Revenue/(Expense)	629,383	978,283	1,092,982	\$ (114,698)	-11.7%	
[41] Total Net Surplus/(Loss)	\$ 257,369	\$ (873,012)	\$ (1,124,569)	\$ 251,557	-28.8%	
[42] Extra-ordinary loss on Financing	-	-	-	-	-	
[43] Increase/(Decrease in Unrestricted Net Assets	\$ 257,369	\$ (873,012)	\$ (1,124,569)	\$ 251,557	-28.8%	
[44] Total Profit Margin	44.98%	-0.19%	-29.42%			
[45] EBIDA %	96.85%	4.02%	-25.40%			

**Statement of Revenue and Expense**  
**SAN GORGONIO MEMORIAL HOSPITAL**  
**BANNING, CALIFORNIA**  
**ONE MONTH ENDING AUGUST 31, 2022**

		YEAR-TO-DATE				
		DISTRICT ONLY			Positive	
		Actual	Actual	Budget	(Negative)	Percentage
		08/31/22	08/31/22	08/31/22	Variance	Variance
<b>Gross Patient Revenue</b>						
[1]	Inpatient Revenue	\$ -	\$ 29,249,505	\$ 42,285,872	\$ (13,036,366)	-44.6%
[2]	Inpatient Psych/Rehab Revenue	-	-	-	-	
[3]	Outpatient Revenue	-	53,166,504	\$ 45,494,056	7,672,447	14.4%
[4]	Long Term Care Revenue	-	-	-	-	
[5]	Home Health Revenue	-	-	-	-	
[6]	Total Gross Patient Revenue	\$ -	\$ 82,416,009	\$ 87,779,928	\$ (5,363,919)	-6.5%
<b>Deductions From Revenue</b>						
[7]	Discounts and Allowances	-	(69,763,193)	\$ (72,601,089)	\$ 2,837,896	4.1%
[8]	Bad Debt Expense	-	(1,697,104)	\$ (3,071,238)	1,374,134	81.0%
[9]	Prior Year Settlements	-	-	\$ -	-	
[10]	Charity Care	-	(94,713)	\$ (158,010)	63,297	66.8%
[11]	Total Deductions From Revenue	-	(71,555,010)	(75,830,337)	\$ 4,275,327	6.0%
[12]			85.9%	-87.9%		
[13]	Net Patient Revenue	\$ -	\$ 10,860,999	\$ 11,949,591	\$ (1,088,592)	-10.0%
<b>Non Patient Operating Revenues</b>						
[14]	IGT/DSH Revenues	-	-	\$ -	\$ -	#DIV/0!
[15]	Grants & Other Op Revenues	-	604,891	\$ 336,064	268,827	44.4%
[16]	Clinic Net Revenues	-	-	\$ -	-	
[17]	Tax Subsidies Measure D	493,988	493,988	\$ 493,988	(0)	0.0%
[18]	Tax Subsidies Prop 13	309,000	309,000	\$ 309,000	-	0.0%
[19]	Tax Subsidies County Supplemental Funds	-	-	\$ 22,500	(22,500)	0.0%
	Non- Patient Revenue	\$ 802,988	\$ 1,407,879	\$ 1,161,552	\$ 246,327	17.5%
	<b>Total Operating Revenue</b>	\$ 802,988	\$ 12,268,877	\$ 13,111,143	\$ (842,266)	-6.9%
<b>Operating Expenses</b>						
[20]	Salaries and Wages	-	7,148,307	\$ 7,304,339	\$ 156,032	2.2%
[21]	Fringe Benefits	-	1,767,019	\$ 1,826,724	59,705	3.4%
[22]	Contract Labor	-	203,017	\$ 146,658	(56,360)	-27.8%
[23]	Physicians Fees	-	551,599	\$ 730,462	178,863	32.4%
[24]	Purchased Services	433	1,678,041	\$ 2,085,922	407,882	24.3%
[25]	Supply Expense	-	1,587,117	\$ 2,206,962	619,845	39.1%
[26]	Utilities	5,177	202,744	\$ 262,429	59,685	29.4%
[27]	Repairs and Maintenance	17,519	198,866	\$ 151,127	(47,738)	-24.0%
[28]	Insurance Expense	-	265,025	\$ 245,958	(19,067)	-7.2%
[29]	All Other Operating Expenses	-	150,712	\$ 198,649	47,937	31.8%
[30]	Supplimental and Grant Expense	-	-	\$ -	-	0.0%
[31]	Leases and Rentals	-	177,301	\$ 203,021	25,720	14.5%
[32]	Clinic Expense	-	-	\$ -	-	0.0%
[33]	Total Operating Expenses	\$ 23,128	\$ 13,929,747	\$ 15,362,251	\$ 1,432,504	10.3%
[34]	<b>EBIDA</b>	\$ 779,859	\$ (1,660,870)	\$ (2,251,108)	\$ 590,239	-35.5%
<b>Interest Expense and Depreciation</b>						
[35]	Depreciation	956,493	956,493	\$ 1,029,730	\$ 73,237	7.7%
[36]	Interest Expense and Amortization	710,866	999,516	\$ 858,014	(141,502)	-14.2%
[37]	Total Interest & depreciation	1,667,359	1,956,009	1,887,744	(68,265)	-3.5%
<b>Non-Operating Revenue:</b>						
[38]	Contributions & Other	1,389,066	1,390,512	\$ 933,489	457,024	32.9%
[39]	Tax Subsidies for GO Bonds - M-A	1,254,706	1,254,706	\$ 1,252,475	2,231	0.2%
[40]	Total Non Operating Revenue/(Expense)	2,643,772	2,645,218	2,185,963	459,255	17.4%
[41]	Total Net Surplus/(Loss)	\$ 1,756,272	\$ (971,661)	\$ (1,952,889)	\$ 981,229	-101.0%
[42]	Extra-ordinary loss on Financing	-	-	-	-	
[43]	Increase/(Decrease in Unrestricted Net Assets)	\$ 1,756,272	\$ (971,661)	\$ (1,952,889)	\$ 981,229	-101.0%
[44]	Total Profit Margin	40.11%	-6.67%	-14.37%		
[45]	EBIDA %	89.50%	-2.85%	-11.33%		

**Balance Sheet - Assets**

**SAN GORGONIO MEMORIAL HOSPITAL  
BANNING, CALIFORNIA  
ONE MONTH ENDING AUGUST 31, 2022**

		ASSETS				
		DISTRICT ONLY				
		Current Month 8/31/2022	Current Month 8/31/2022	Prior Month 7/31/2022	Positive/ (Negative) Variance	Prior Year End 6/30/2022
<b>Current Assets</b>						
[1]	Cash and Cash Equivalents	\$1,819,564	\$8,829,777	\$9,670,986	\$ (841,210)	\$ 11,340,002
[2]	Gross Patient Accounts Receivable	\$0	\$84,150,102	\$85,573,484	\$ (1,423,382)	77,594,807
[3]	Less: Bad Debt and Allowance Reserves	\$0	(\$74,842,891)	(\$75,674,132)	\$ 831,241	(69,099,845)
[4]	Net Patient Accounts Receivable	\$0	\$9,307,211	\$9,899,352	\$ (592,141)	8,494,961
[5]	Taxes Receivable	\$2,903,540	\$2,903,540	\$2,688,710	\$ 214,830	1,178,859
[6]	Other Receivables (includes advances)	\$539,354	\$223,017	\$230,069	\$ (7,052)	738,141
[7]	Inventories	\$0	\$2,675,975	\$2,685,538	\$ (9,563)	2,297,204
[8]	Prepaid Expenses	\$426,169	\$1,440,774	\$1,484,890	\$ (44,116)	1,197,395
[9]	Due From Third Party Payers-DSH	\$0	(\$1,332,477)	(\$1,845,477)	\$ 513,000	(1,845,477)
[10]	Malpractice Receivable	\$0	\$0	\$0	\$ -	-
[11]	Supplimental Receivables	\$0	\$0	\$0	\$ -	-
	<b>Total Current Assets</b>	<b>5,688,628</b>	<b>24,047,816</b>	<b>24,814,068</b>	<b>\$ (736,481)</b>	<b>\$ 23,401,085</b>
<b>Assets Whose Use is Limited</b>						
[12]	Cash					
[13]	Investments					
[14]	Bond Reserve/Debt Retirement Fund	\$7,935,378	\$7,935,378	\$7,614,090	\$ 321,287	12,704,494
[15]	Trustee Held Funds					
[16]	Funded Depreciation					
[17]	Board Designated Funds					
[18]	Other Limited Use Assets					0
	<b>Total Limited Use Assets</b>	<b>7,935,378</b>	<b>7,935,378</b>	<b>7,614,090</b>	<b>\$ (223,324)</b>	<b>\$ 12,704,494</b>
<b>Property, Plant, and Equipment</b>						
[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	\$27,012,768	\$27,012,768	\$27,012,768	\$ -	26,856,789
[22]	Construction In Progress	\$1,789,742	\$1,789,742	\$1,739,392	\$ 50,350	1,694,007
[23]	Capitalized Interest					
[24]	Gross Property, Plant, and Equipment	162,912,183	162,912,183	162,861,833	\$ 50,350	162,660,469
[25]	Less: Accumulated Depreciation	(\$89,175,011)	(\$89,175,011)	(\$89,695,711)	\$ 520,700	(89,145,667)
[26]	<b>Net Property, Plant, and Equipment</b>	<b>73,737,172</b>	<b>73,737,172</b>	<b>73,166,122</b>	<b>\$ (475,050)</b>	<b>\$ 73,514,801</b>
<b>Other Assets</b>						
[27]	Unamortized Loan Costs	\$627,385	\$609,262	\$611,851	\$ (2,589)	\$ 614,440
[28]	Assets Held for Future Use		\$0	\$0	\$ -	485
[29]	Investments in Subsidiary/Affiliated Org.	\$20,159,924	\$0	\$100,600	\$ (100,600)	(111,925)
[30]	Other					
[31]	<b>Total Other Assets</b>	<b>20,787,308</b>	<b>609,262</b>	<b>712,451</b>	<b>\$ (103,189)</b>	<b>\$ 503,000</b>
[32]	<b>TOTAL UNRESTRICTED ASSETS</b>	<b>108,148,486</b>	<b>106,329,628</b>	<b>106,306,732</b>	<b>\$ 22,896</b>	<b>\$ 110,123,381</b>
<b>Restricted Assets</b>						
		0	0	0	0	0
[33]	<b>TOTAL ASSETS</b>	<b>\$108,148,486</b>	<b>\$106,329,628</b>	<b>\$106,306,732</b>	<b>\$ 22,896</b>	<b>\$ 110,123,381</b>

**Balance Sheet - Liabilities and Net Assets**

**SAN GORGONIO MEMORIAL HOSPITAL**

**BANNING, CALIFORNIA**

**ONE MONTH ENDING AUGUST 31, 2022**

	DISTRICT ONLY	LIABILITIES AND FUND BALANCE			
	Current Month 8/31/2022	Current Month 8/31/2022	Prior Month 7/31/2022	Positive/ (Negative) Variance	Prior Year End 6/30/2022
<b>Current Liabilities</b>					
[1] Accounts Payable	\$ 736,546	\$ 11,469,121	\$ 9,727,416	\$ (1,741,705)	\$ 10,600,622
[2] Notes and Loans Payable (Line of Credit)	-	12,000,000	12,000,000	\$ -	12,000,000
[3] Accounts Payable- Tax advance	-	-	-	\$ -	-
[4] Accrued Payroll Taxes	-	6,368,036	5,706,376	\$ (661,660)	5,597,527
[5] Accrued Benefits	-	-	-	\$ -	-
[6] Accrued Benefits Current Portion	-	-	-	\$ -	-
[7] Other Accrued Expenses	-	-	-	\$ -	-
[8] Accrued GO Bond Interest Payable	889,401	889,401	1,469,127	\$ 579,727	2,526,756
[9] Stimulus Advance	-	-	19,537	\$ 19,537	4,259
[10] Due to Third Party Payers (Settlements)	-	-	-	\$ -	-
[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	-	622,641	593,374	-	585,411
<b>Total Current Liabilities</b>	<b>3,960,947</b>	<b>33,684,198</b>	<b>31,850,830</b>	<b>\$ 791,861</b>	<b>33,649,575</b>
<b>Long Term Debt</b>					
[15] Bonds/Mortgages Payable (net of Cur Portion)	103,043,956	\$100,173,882	\$ 100,187,240	\$ 13,358	\$ 103,030,598
[16] Leases Payable (net of current portion)	\$2,293,348	\$2,293,348	\$2,293,348	\$ -	\$2,293,348
[17] <b>Total Long Term Debt (Net of Current)</b>	<b>105,337,304</b>	<b>102,467,230</b>	<b>102,480,588</b>	<b>\$ 313,358</b>	<b>105,323,946</b>
<b>Other Long Term Liabilities</b>					
[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] <b>Total Other Long Term Liabilities</b>	<b>0</b>	<b>2,231,628</b>	<b>2,231,628</b>	<b>0</b>	<b>2,231,628</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 109,298,251</b>	<b>\$ 138,383,056</b>	<b>\$ 136,563,046</b>	<b>\$ (1,820,010)</b>	<b>\$ 141,205,148</b>
<b>Net Assets:</b>					
[22] Unrestricted Fund Balance	(2,906,037)	(31,081,767)	\$ (23,779,635)	\$ 7,302,132	\$ (25,347,940)
[23] Temporarily Restricted Fund Balance	-	-	-	-	-
[24] Restricted Fund Balance	-	-	-	-	-
[25] Net Revenue/(Expenses)	1,756,272	(971,661)	(6,476,678)	(5,505,017)	(5,733,827)
[26] <b>TOTAL NET ASSETS</b>	<b>(1,149,765)</b>	<b>(32,053,428)</b>	<b>(30,256,313)</b>	<b>\$ 1,797,115</b>	<b>\$ (31,081,767)</b>
[27] <b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 108,148,486</b>	<b>\$ 106,329,628</b>	<b>\$ 106,306,733</b>	<b>\$ (22,896)</b>	<b>\$ 110,123,381</b>
	\$ (0)	\$ 0	\$ 0	(\$0) 0	\$ -

**Statement of Cash Flows**  
**SAN GORGONIO MEMORIAL HOSPITAL**  
**BANNING, CALIFORNIA**  
**ONE MONTH ENDING AUGUST 31, 2022**

		<b>CASH FLOW</b>	
		<b>Current</b>	
		<b>Month</b>	
		<b>8/31/2022</b>	
		<hr/>	
<b>HEALTHCARE SYSTEM CASH FLOW</b>			
<b>BEGINNING CASH BALANCES</b>			
[1]	Cash: Beginning Balances- HOSPITAL	\$	8,182,568
[2]	Cash: Beginning Balances- DISTRICT		1,819,564
[3]	Cash: Beginning Balances TOTALS	\$	<hr/> 10,002,132
<b>Receipts</b>			
[4]	Pt Collections	\$	5,188,332
[5]	Tax Subsidies Measure D/Prop 13		-
[6]	Misc Tax Subsidies		-
[7]	Donations/Grants		-
[8]	IGT & other Supplemental (Net)		258,376
[9]	Draws/(Paydown) of LOC Balances		-
[10]	Other Misc Receipts/Transfers		209,642
	<b>TOTAL RECEIPTS</b>	<b>\$</b>	<hr/> <b>5,656,350</b>
<b>Disbursements</b>			
[11]	Payroll/ Benefits	\$	4,450,137
[12]	Other Operating Costs		4,120,273
[13]	Capital Spending		0
[14]	Debt serv payments (Hosp onlyw/ LOC interest)		
[15]	Other (increase) in AP /other bal sheet		(1,741,705)
[16]	<b>TOTAL DISBURSEMENTS</b>	<b>\$</b>	<hr/> <b>6,828,705</b>
[17]	<b>TOTAL CHANGE in CASH</b>	<b>\$</b>	<hr/> <b>(1,172,355)</b>
<b>ENDING CASH BALANCES</b>			
[18]	Ending Balances- HOSPITAL	\$	7,010,213
[19]	Ending Balances- DISTRICT		1,819,564
[20]	Ending Balances- TOTALS	\$	<hr/> 8,829,777
<b>ADDITIONAL INFO</b>			
[21]	LOC CURRENT BALANCES	\$	12,000,000
			<hr/> <b>\$202,040</b>

**TAB C**

San Gorgonio Memorial Hospital and San Gorgonio Memorial Health Care District

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

Agenda Items for September 27, 2022, Finance Committee and October 4, 2022 Board Meetings

**Subject:**

Renewal of Supplemental Funding Programs (SFP) and Disproportionate Share Hospital (DSH) Agreement with Steve Clark and Associates (SKA)

San Gorgonio Memorial Healthcare District & Hospital have contracted with SKA for many years for the provision of consulting services related to the Supplemental Funding Programs and DSH audits. As we are all aware, these programs provide millions of dollars to the District/Hospital each year.

SKA is also the consulting firm to the District Hospital Leadership Forum, so their firm is the premier expert on all things related to these programs for District Hospitals.

Key parts of the engagement with SGMHD are the provision of monthly meetings hosted by Sherreta Lane, Nathan Davis, and as needed, Steve Clark with the CFO to review all things specific to the SFP programs, including establishment of timelines, program estimates, along with a general overview of financial matters impacting District Hospitals. This team is also readily available to the CFO and CEO for ad hoc consultative services at any time.

As to the DSH consulting, SKA leads the SGMH finance and I/T team through a lengthy (many months) review process and helps the team meet the stringent DSH qualification audit requirements. There is a significant advantage to have a well-known and respected team led by the SKA consultant (David Vance) as we interact with the State's outside contracted DSH auditors.

SKA is proposing a new consulting methodology, that will generally be more favorable to the District. The only exception would be if the Hospital does not have enough patients to cause it to qualify for DSH funds, in which case, there would be no DSH income for a given year.

SKA is proposing to move away from the current arrangement whereby their fee is 10% of the annual audited and validated DSH award along with a \$3,500/month consulting fee to a flat fee of \$7,500/month. Even for the year when the Hospital's DSH award was slightly over \$550K the equivalent monthly fee was \$8,083/month, so the proposed new fee arrangement is still less costly to the District. In the case where a recent DSH award was over \$1.1M, the average monthly cost to the District equated to about \$12,667/month.

Please note that the DSH audits for Fiscal Years 2020 – 2023 have already commenced, and the 10% fee to SKA will still apply for those years per previous arrangement. The attached matrix outlines the new Agreement:

**Fee Schedule**

***Program Year Work Performed Fee***

2019/20 through 2022/23 Medi-Cal DSH 10% Contingency

2023/24 through 2025/26 All Medi-Cal Supplemental (including DSH)

\$7,500/month for each of the 36 months of this Agreement



Recommended Action: To approve the SKA Agreement for current consulting and future DSH years (not already covered under contract) for a period of 3 years at a fee of \$7,500/month.

Copies of the supporting documents are included in the packet.



September 14, 2022

Mr. Dan Heckathorne  
Chief Financial Officer  
San Geronio Memorial Hospital  
600 North Highland Springs Avenue  
Banning, California 92220

Dear Mr. Heckathorne:

We are pleased to submit this letter for your review and signature (the "*Agreement*"), which sets forth the terms according to which Steve Clark & Associates, Inc., will provide you with certain consulting services. The term of this contract is from October 1, 2022 through September 30, 2025, subject to the termination provisions described in section "5" below. This proposal will provide on-going financial and reimbursement expertise on District Hospital supplemental funding programs, as well as monitor, identify and seek hospital participation in other funding opportunities that may become available. We look forward to working with you in reaching your objectives and ask that you review this letter to ensure that we understand and agree upon the terms governing the provision of our services. For convenience, this letter will refer to Steve Clark & Associates, Inc., as "*Consultant*" and to San Geronio Memorial Hospital as "*Client*."

The terms and conditions of our Agreement are as follows:

- 1. Consulting Services.** Consultant agrees to provide the consulting services described on Exhibit A attached hereto. Exhibit A will be referred to as the "*Services*." Consultant further agrees to consult with Client regarding the Services during the term of this Agreement.
- 2. Performance Standards.** Consultant agrees to perform the duties required by this Agreement in good faith, and in a timely manner that Consultant believes to be consistent with the needs of the Client. Consultant is not an agent or employee of Client, and has no fiduciary duty, nor any duty of care, disclosure or inquiry, other than as expressly set forth in this Agreement. Consultant shall be entitled to rely on the completeness and accuracy of all information, documents and materials provided by Client to Consultant in connection with the Services and this Agreement.
- 3. Compensation and Expenses.** In return for the Services provided by Consultant and specified in Exhibit A, work will be billed on a monthly fee basis and/or on contingency according to Exhibit B. Any work performed by Consultant outside the scope of

services described in Exhibit A shall be approved in advance by Client and will be billed on an hourly basis at \$395/hour and are billable in fifteen (15) minute increments for each hour or portion thereof performed by Consultant hereunder. Billable time includes all travel time, both local and out-of-town.

Client agrees to reimburse Consultant for all out-of-pocket costs incurred in the course of performance of the Services hereunder, including, without limitation, reasonable travel and lodging expenses, photocopying, mailing, messenger and delivery services, long distance telephone service, facsimile transmissions, parking, sales and similar taxes, and any other fees advanced by Consultant on behalf of Client.

**4. Payment Terms.** Consultant agrees to furnish to Client a monthly invoice for services rendered, including a statement of expenses. Client agrees to pay Consultant within thirty (30) days from the date of the invoice, with payment sent to Consultant at the letter-head address set forth above. If Consultant does not receive complete payment within the foregoing time frame, then Client shall be in material breach of this Agreement. In such case, Client agrees (i) that Consultant may immediately and indefinitely discontinue providing the Services hereunder; and, (ii) that all working papers, documents and materials prepared by Consultant for which payment has not been received shall be and remain the sole and exclusive property of Consultant, and shall not be released by Consultant until complete payment of all fees and expenses due hereunder has been received by Consultant. The foregoing remedies shall be in addition to (and not exclusive of) any other remedies to which Consultant may be entitled as a result of Client's breach of this Agreement.

**5. Termination.** Either party may terminate this Agreement at any time without cause upon the provision of thirty (30) days prior written notice to the other. Following receipt of any notice of termination without cause, Consultant may, but shall not be obligated to, continue to provide the Services to Client pursuant to this Agreement. Either party also may terminate this Agreement immediately as a result of a material breach by the other party, upon the provision of written notice to the other. If this Agreement is terminated by either party, either with or without cause, all fees and expenses due Consultant, up to and including the effective date of the termination, shall be paid immediately to Consultant. Client further agrees, if this Agreement is terminated by either party in accordance with this section, that all work papers, confidential information, literature and any other documentation acquired or developed by Consultant directly related to this Agreement, shall not be provided to Client by Consultant until all fees and expenses have been paid to Consultant.

**6. Confidential Information.** Client agrees to provide Consultant with all information in its possession or reasonably available to it that is necessary for Consultant to provide the Services. Consultant shall, under all circumstances, have the right to rely,

without independent investigation or verification, on all such information provided by Client to Consultant. Consultant agrees not to disclose any confidential documents or information provided to Consultant by Client pursuant to this Agreement, except: (i) to the directors, officers, employees, subcontractors and legal counsel of Consultant who have a need to know such information for the purpose of assisting Consultant in the performance of this Agreement; and (ii) when required by law to do so, but only if Consultant first notifies Client and affords Client a reasonable opportunity to oppose such disclosure by such means as Client deems necessary or appropriate. Notwithstanding the foregoing, confidential information shall not include any information which (i) is on the date hereof, or hereafter becomes, generally available to the public other than as a result of a disclosure, directly or indirectly, by Consultant; (ii) was available to Consultant on a non-confidential basis prior to its disclosure to Consultant by Client, or its representatives; or (iii) becomes available to Consultant on a non-confidential basis from a source other than Client or its representatives.

**7. Representations and Warranties of Client.** Client represents and warrants to Consultant that: (i) Client owns or has the legal right to use all patents, copyrights, trademarks, trade names, service marks, service names, and other intangible property or property rights relating to the Services (collectively, the "*Intellectual Property*"); (ii) each item of Intellectual Property may be disclosed to and used by Consultant within the course and scope of performing the Services on behalf of Client; (iii) Client's disclosure or Consultant's use of the Intellectual Property as permitted under this Agreement will not infringe upon, misappropriate, or otherwise conflict with any property rights of third parties; (iv) all information provided by Client shall be complete and accurate in all material respects, and not misleading; and (v) Client shall be solely responsible for the accuracy and completeness of all information provided by Client to Consultant.

**8. Disclaimer of Warranties.** Client acknowledges that the conduct of its business involves substantial regulatory risks, including but not limited to, risks relating to existing and future federal and state laws affecting governmental reimbursement policies. Client assumes sole responsibility for the assessment and assumption of any and all such risks, and for the compliance of its business and operations with applicable laws. Consultant warrants only that Consultant will perform the Services provided under this Agreement, in a competent manner. Except for the foregoing limited warranty, Consultant makes no warranty, express or implied, and expressly disclaims: (i) any implied warranty of merchantability or fitness for a particular purpose; (ii) any warranty of any assumption or projection; and (iii) any warranty of the results or success of any strategy or recommendation made or otherwise included as part of the Services provided by Consultant to Client.

**9. Limitation of Liability.** In no event will Consultant be liable to Client, or any third party, for any special damages, including any lost profits, lost savings, or other

incidental or consequential damages, even if Consultant has been advised of the possibility of such damages. Consultant's entire liability and Client's exclusive remedy for any breach of this Agreement by Consultant shall be the replacement of any materials not meeting Consultant's obligations hereunder that are returned by Client to Consultant, or if Consultant is unable to deliver replacement materials, the refund by Consultant of the fees (but not the expenses) paid by Client for the Services.

Consultant will be reimbursed by Client for any expenses or fees incurred, if Consultant is required to provide any government entity with either written or verbal information resulting from either a review or an action brought about by such government entity as it relates to Client.

**10. Indemnification.** Client agrees to indemnify, defend and hold Consultant harmless from and against any and all liability, loss, damage, claim, cause of action or cost (including, but not limited to, court costs and attorneys' fees) which may result directly or indirectly, from any act, error, or omission of Client, or from any information, documents or materials provided by Client.

**11. Proprietary Rights.** Subject to Consultant's receipt of complete and timely payment as required by this Agreement, all work products prepared for Client by Consultant shall belong exclusively to Client. All work products prepared by Consultant for others, for itself, or prior to or after the term of this Agreement, shall remain the exclusive property of Consultant.

**12. Non-Exclusivity.** This Agreement shall be non-exclusive. Consultant may provide consulting services to Consultant's existing clients, and to any other persons or entities that may in the future become clients of Consultant.

**13. General Terms.** Consultant shall act as an independent contractor and not as an agent or employee of Client and Consultant shall make no representation that it is an agent or employee of Client. Consultant is responsible for all taxes as an independent contractor. Consultant shall not have the authority to bind Client or incur other obligations on behalf of Client, unless Client so directs Consultant in writing. Either party without the written consent of the other party may not assign this Agreement. Consultant, however, may utilize the services of its Associates in providing Client services under this Agreement; however, the Consultant remains responsible for the services under this contract. This Agreement will be retroactive to the date Consultant first performed the Services for Client. California law will govern the interpretation and enforcement of this Agreement, and each party consents to the jurisdiction of the courts of California in any action or proceeding with respect to this Agreement. The prevailing party in any such proceeding shall be entitled to recover its attorneys' fees and costs of suit.

If you are in agreement with the terms of this letter of Agreement, please print out a copy of the Agreement page, sign/date and return one copy to us by e-mail.

Sincerely,



David Vance  
Senior Partner

Agree to terms of the September 14, 2022 contract proposal to engage Steve Clark and Associates to provide on-going financial and reimbursement expertise on District Hospital supplemental funding programs and to monitor, identify and seek participation in other funding opportunities from October 1, 2022 through September 30, 2025 as specified in Exhibit A below for San Gorgonio Memorial Hospital and accepted by:

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

Title: \_\_\_\_\_

## **EXHIBIT A**

### **Financial and Reimbursement Oversight and Improvement Program**

- **ESTABLISH REGULAR COMMUNICATION PROCESS TO DISCUSS RELEVANT HOSPITAL FINANCIAL/REIMBURSEMENT ISSUES**
  - Provide regularly scheduled calls with Hospital liaison, along with other affected staff members, to discuss relevant issues specifically impacting the hospital's reimbursement and financial levels. Agendas will be prepared in advance.
  - Ad hoc call with Hospital liaison, and other participating staff members, will also be scheduled on an as-needed basis when circumstances are warranted.
  - Assist client with supplemental funding cash flow projections, timelines, understanding and evaluating changes in funding between program phases or fiscal years, and budgeting as requested.
  - Provide education to new staff as requested by client. Consultant will also provide education/expertise to external entities as requested such as auditors, financial institutions, and/or board of directors.
  
- **MONITOR AND WORK WITH HOSPITAL STAFF ON COORDINATION AND DATA ANALYSIS RELATED TO ALL APPLICABLE MEDICAL SUPPLEMENTAL PAYMENT PROGRAMS**
  - Review data that affects the hospital's AB 113 funding program to ensure it is being accurately captured and reported to OSHPD before the data files are finalized for use in the AB 113 payment allocations.
  - Evaluate and advise hospital as to 'Rate Range' funding opportunities. Identify all possible rate range room with each Health Plan that may be relevant to the hospital, including within the local County, as well as with adjacent counties from which the hospital serves patients. Also, analyze all the level of funding being distributed to all providers from

which the hospital shares rate range room to determine if the hospital is receiving its “fair share.”

- Review data that affects the hospital’s QIP funding allocation to ensure it is being accurately captured and reported to OSHPD before the data files are finalized for use in the annual QIP payment allocation determinations.
  - Review and modify as necessary data that will be utilized in determining the hospital’s Quality Assurance Fee (HQAF) for each program period. Monitor the IGT and payment cycle such that the facility meets deadlines.
  - Evaluate and revise HCAI and other data used in both the qualification and payment process for Medi-Cal DSH funding, including post review of the CMS DSH Audit. Work directly with HCAI and DHCS staff to ensure accuracy of data and proper interpretation of new or existing legislation.
  - Identify other supplemental funding, interpret the opportunity, and discuss with Client.
  - Analysis of data that will be used in the new DMPH “directed payment” program will not be included in this contract as that will be addressed in a separate engagement letter.
- MONITOR GRANT FUNDING OPPORTUNITIES
    - Research grant opportunities with either State, Federal or private entities to identify possible funding for programs that are either consistent with current hospital programs or potential new ventures for which the hospital has under consideration.



## **EXHIBIT B**

### **Fee Schedule**

<i><b>Program Year</b></i>	<i><b>Work Performed</b></i>	<i><b>Fee</b></i>
2019/20 through 2022/23	Medi-Cal DSH	10% Contingency
2023/24 through 2025/26	All Medi-Cal Supplemental (including DSH)	\$7,500/month for each of the 36 months of this Agreement

As illustrated in the matrix above, Medi-Cal DSH Services shall continue to be paid on a contingency basis of any and all distributions Hospital receives from the disproportionate share hospital program under Section 14166.11 of SB 1100 (formerly the SB 855 program) for program year's 2019/20 through 2022/23. Starting with program year 2023/24 and continuing through program year 2025/26, all Medi-Cal supplemental program Services as described in Exhibit A (including Medi-Cal DSH), shall be paid on a monthly fee basis. All Medi-Cal supplemental program Services described in Exhibit A (excluding Medi-Cal DSH), for program years prior to 2023/24 are included in and covered by the monthly fee.

**TAB D**

San Gorgonio Memorial Hospital and San Gorgonio Memorial Health Care District

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

Agenda Items for September 27, 2022, Finance Committee and October 4, 2022 Board Meetings

**Subject:**

Non-Designated Hospital Bridge Loan Program II – State Budget Year 2023 - Due to the State’s shifting the Supplemental Funding programs from a fiscal year to a calendar year, many hospitals are still experiencing significant cash shortages resulting from the 6 months or longer “black-out” periods.

The District Hospital Leadership Forum team has again worked with the Legislature to enact a loan program for District Hospitals to help somewhat “bridge” this gap. As such, another \$40M dollars has been designated for District Hospitals to borrow monies against future potential earnings of the Quality Initiative Program (the successor to the PRIME program).

As such, Hospitals are eligible to borrow up to pre-specified amounts, with a Guaranteed Loan Amount of \$1,073,490 for SGMH, and in the event there are unused loan funds amounts remaining after the first round of funding, SGMH could borrow as much as \$2,720,382. The loans are at -0- interest, however they bear a 1.0% administrative fee. The repayment period will be up to 24 months after the loan fundings.

Note: there will be two “rounds” of the loan program – the first application is due October 14, 2022, and depending on the availability of funds, the second-round application will be due March 1, 2023.

For simplification and requirement for only one set of Board approvals, the State Agency administering the loans are permitting both loan requests to be aggregated into one set of loan documents, thus the documents refer to an aggregate amount not to exceed \$2,720,382.

A copy of the Resolution and a set of Guidelines which outline participation requirements are included in the packet. Note – the proposed Loan and Security Agreement along with the Promissory Note documents are not included, however, key terms and conditions that will be in those documents are referenced in the Resolution and Guidelines.

## **California Health Facilities Financing Authority**

### **Nondesignated Public Hospital Bridge Loan Program II**

(Authority and Reference: Items of Appropriation 0977-101-0001,  
Section 2.00, Chapter 43, Statutes of 2022)

#### **GUIDELINES**

##### **Section 1. Definitions**

The following definitions shall apply wherever the terms are used herein.

- (a) “Applicant” means a Nondesignated Public Hospital that meets the eligibility requirements specified in Section 3.
- (b) “Application” means an emailed or online request for a loan under the Program and all other supporting documents, as described in Section 4.
- (c) “Authority” means the California Health Facilities Financing Authority.
- (d) “Executive Director” means the Executive Director of the Authority.
- (e) “Funding Round” means the time period during which Applications may be submitted for consideration of a loan, as specified in Section 5.
- (f) “Loan and Security Agreement” means the Loan and Security Agreement specified in Section 8.
- (g) “Loan Recipient” means a Nondesignated Public Hospital that has been approved to receive a Program loan from the Program.
- (h) “Medi-Cal Checkwrite” means a system operated by the State Department of Health Care Services that processes payments to providers of medical care to Medi-Cal certified eligible beneficiaries.
- (i) “Nondesignated Public Hospital” means a public hospital as defined in Welfare and Institutions Code section 14105.98, subdivision (a), paragraph (25), excluding designated public hospitals, and as listed in Section 3.
- (j) “Program” means the Nondesignated Public Hospital Bridge Loan Program II.
- (k) “Working Capital” means working capital as defined in Government Code section 15432, subdivision (h).

##### **Section 2. Eligibility and Eligible Use of Loan Proceeds**

- (a) An Applicant shall be eligible to apply for a Program loan if both of the following conditions are met:
  - 1) The Applicant is a Nondesignated Public Hospital.
  - 2) The loan proceeds shall be used for the sole purpose of Working Capital to support its operations.

### Section 3. Guaranteed and Maximum Loan Amounts and Funding Rounds

a) For the first Funding Round, the guaranteed and maximum Program loan amounts for each Nondesignated Public Hospital are as follows:

	<b>Nondesignated Public Hospital</b>	<b>Guaranteed Loan Amount</b>	<b>Maximum Loan Amount</b>
1	Antelope Valley Hospital/Antelope Valley Healthcare District	\$2,811,290	\$7,124,257
2	Bear Valley Community Hospital/Bear Valley Community Healthcare District	\$340,890	\$863,859
3	Eastern Plumas Health Care/Eastern Plumas Health Care District	\$326,030	\$826,214
4	El Camino Hospital/El Camino Health Mountain View Campus	\$1,192,420	\$3,021,800
5	El Centro Regional Medical Center/City of El Centro	\$2,296,310	\$5,819,199
6	Hazel Hawkins Memorial Hospital/San Benito Healthcare District	\$1,252,960	\$3,175,208
7	Jerold Phelps Community Hospital/Southern Humboldt Community Healthcare District	\$511,170	\$1,295,380
8	John C. Fremont Healthcare District	\$551,620	\$1,397,883
9	Kaweah Delta Medical Center/Kaweah Health Medical Center	\$3,993,950	\$10,121,293
10	Kern Valley Healthcare District	\$601,680	\$1,524,754
11	Lompoc Valley Medical Center	\$2,062,100	\$5,225,694
12	Mammoth Hospital/Southern Mono Healthcare District	\$1,083,700	\$2,746,265
13	Marin General Hospital/MarinHealth Medical Center	\$1,384,120	\$3,507,576
14	Mayers Memorial Hospital/Mayers Memorial Hospital District	\$331,320	\$839,613
15	Modoc Medical Center/Last Frontier Healthcare District	\$313,400	\$794,217
16	Mountains Community Hospital/San Bernardino Mountains Community Hospital District	\$770,520	\$1,952,625
17	Northern Inyo Hospital/Northern Inyo Healthcare District	\$497,230	\$1,260,050
18	Oak Valley District Hospital/Oak Valley Hospital District	\$2,045,800	\$5,184,373
19	Palo Verde Hospital/Palo Verde Healthcare District	\$300,000	\$760,247
20	Palomar Pomerado Health/Palomar Health/Palomar Medical Center	\$3,478,510	\$8,815,092
21	Pioneers Memorial Hospital/Pioneers Memorial Healthcare District	\$1,527,340	\$3,870,529
22	Plumas District Hospital/Plumas Hospital District	\$300,000	\$760,247

	<b>Nondesignated Public Hospital</b>	<b>Guaranteed Loan Amount</b>	<b>Maximum Loan Amount</b>
23	Salinas Valley Memorial Hospital/Salinas Valley Memorial Healthcare System	\$2,430,350	\$6,158,879
24	San Geronio Memorial Hospital/San Geronio Memorial Healthcare District	\$1,073,490	\$2,720,382
25	Seneca Healthcare District	\$300,000	\$760,247
26	Sierra View District Hospital/Sierra View Local Health Care District	\$1,472,590	\$3,731,787
27	Sonoma Valley Hospital/Sonoma Valley Healthcare District	\$307,450	\$779,133
28	Southern Inyo Hospital/Southern Inyo Healthcare District	\$300,000	\$760,247
29	Surprise Valley Community Hospital/Surprise Valley Health Care District	\$300,000	\$760,247
30	Tahoe Forest Hospital/Tahoe Valley Hospital District	\$994,330	\$2,519,788
31	Tri-City Medical Center/Tri-City Hospital District	\$2,405,440	\$6,095,752
32	Trinity Hospital/Mountain Communities Healthcare District	\$300,000	\$760,247
33	Washington Hospital-Fremont/Washington Township Healthcare District	\$2,143,990	\$5,433,211
	Total	\$40,000,000	\$101,366,295

b) Loan amounts for the first Funding Round shall be determined as follows:

(1) An Applicant may request a loan up to the amount specified in the column titled Maximum Loan Amount. The Applicant shall only be initially entitled to receive up to the amount as specified in subdivision (a) in the column titled Guaranteed Loan Amount.

(2) If the cumulative sum of the Guaranteed Loan Amounts or any lesser amounts requested from all Applicants that applied in the first Funding Round is less than the \$40,000,000 available for Program funding, Authority staff shall calculate how much in moneys remain to distribute to first Funding Round Applicants that applied for more than their Guaranteed Loan Amount using the following calculation:

(A) Authority staff shall total the first Funding Round amounts requested from Applicants that applied for more than their Guaranteed Loan Amounts. The proportionate share percentage for each Applicant shall be calculated by dividing the individual Guaranteed Loan Amount by the total of all Guaranteed Loan Amounts from those Applicants in the first Funding Round that applied for more than their Guaranteed Loan Amount.

(B) The proportionate share percentage is multiplied by the amount of loan proceeds remaining in the Program to determine the additional funding each Applicant may receive in the first Funding Round.

- c) An Applicant shall not receive more than the Maximum Loan Amount listed above in subdivision (a) during the first Funding Round.
- d) If moneys remain after the first Funding Round, a second Funding Round shall commence, and moneys shall be awarded without regard to previous Maximum Loan Amounts and distributed based on the same proportionate share methodology as used during the first Funding Round in subdivision (b), paragraph (2).
- e) A second Funding Round Applicant's full Guaranteed Amount shall also be considered for the proportionate share percentage calculation and not the actual amount received during the first Funding Round.

#### **Section 4. Loan Application**

(a) The Application, CHFFA Form No. CHFFA 12 NDPH II-01, incorporated herein by reference, shall be made available on the Authority's website at [www.treasurer.ca.gov/chffa](http://www.treasurer.ca.gov/chffa).

(b) Each Application shall include all of the following:

(1) Name and title of the person to be designated by the Applicant's board to sign Program loan documents if financing is approved.

(2) Copy of the current applicable State of California operating license.

(3) A signed Application Agreement that includes all of the following:

(A) Applicant agrees that to the best of its knowledge, the information contained in the Application and the accompanying supplemental materials are true and accurate. The Applicant further understands that misrepresentation may result in the cancellation of the loan and that the Authority is authorized to take additional actions, if needed.

(B) Applicant agrees that all legal disclosure information requested has been disclosed to the best of its ability.

(C) Applicant agrees that loan proceeds shall be used solely for working capital to support operations.

(D) Applicant agrees that it is a Nondesignated Public Hospital as defined in the Program Guidelines approved by the Authority.

(E) If the Applicant does not pay off the loan within 24 months of the executed Loan and Security Agreement, the Applicant agrees to assign all of its rights to 20% of the Medi-Cal Checkwrite payments to the Authority until the full loan amount has been satisfied.

(F) Applicant acknowledges the Authority Loan Fee is 1% of the loan amount is due at closing and will be deducted from loan proceeds.

(c) Authority staff shall determine whether the Application is complete. If Authority staff determines that additional information is needed, Authority staff shall notify the Applicant and request that information. If the Applicant fails to provide the information as requested, the Applicant shall be deemed ineligible for a Program loan.

## **Section 5. Application Period and Submission Deadlines**

(a) Announcements of available funding shall be provided to all eligible Nondesignated Public Hospitals.

(1) The application period for the first Funding Round shall open September 1, 2022. The deadline to submit an application for the first Funding Round is October 14, 2022.

(2) Applicants shall meet all Program loan closing requirements, including the signing of the Loan and Security Agreement and the Promissory Note, for the first Funding Round no later than February 15, 2023. If requirements are not met as of this date, the approval shall be forfeited, and loan proceeds made available for the second Funding Round.

(3) If moneys remain after the first Funding Round, the application period for the second Funding Round shall open March 1, 2023. The deadline date to submit an application for the second Funding Round is March 31, 2023,

(A) If a second Funding Round is required, Eligible Applicants will be notified, and a notice shall be posted on the Authority's website at [www.treasurer.ca.gov/chffa](http://www.treasurer.ca.gov/chffa).

(4) Applicants shall meet all Program loan closing requirements, including the signing of the Loan and Security Agreement and the Promissory Note, for the second Funding Round no later than June 30, 2023. If requirements are not met as of this date, the approval shall be forfeited.

(A) For the second Funding Round, an Applicant may request an extension of the Program loan closing requirements deadline by submitting a written request to the Executive Director that states the reason(s) that the extension is needed. Each extension request shall be evaluated on a case-by-case basis.

(b) The Application, including supporting documentation, shall be received by the Authority no later than 5:00 p.m. (Pacific Time) on the deadline dates and may be emailed as a Portable Document Format (PDF) attachment to [chffa@treasurer.ca.gov](mailto:chffa@treasurer.ca.gov) or submitted through the online Application on the Authority's website. The Authority is not responsible for transmittal delays or failures of any kind.

## **Section 6. Application Review**

(a) Authority staff shall evaluate and determine Program loans based on the Applicants meeting all the eligibility criteria described in Section 2.

(b) Authority staff shall complete Application reviews no later than 30 calendar days after the deadline date for each Funding Round. Additional information from each Applicant may be requested.

## **Section 7. Loan Amount and Repayment Terms**

(a) The Executive Director or their designee shall be delegated the power to approve Program loans pursuant to the Program Guidelines to the extent there are available loan proceeds for the Program.



(b) The Executive Director or their designee shall establish the repayment period for an approved Program loan, which shall be memorialized in the written Loan and Security Agreement.

(1) The Program loan repayment period shall be a maximum of 24 months from the date of the Loan and Security Agreement.

(2) The Program loan amount shall be repaid in total and discharged within 24 months of the execution date of the Loan and Security Agreement.

(c) Interest shall not be charged for these loans.

(d) Program loans incur a 1% administrative fee, which is due at closing and withheld from the Program loan proceeds.

(e) A penalty shall not be assessed for early repayment of a Program loan.

### **Section 8. Loan and Security Agreement**

(a) Prior to the issuance of each Program loan, the Authority shall require each Loan Recipient to agree to the terms and conditions set forth in the written Loan and Security Agreement, which specify the loan amount, repayment period, covenants, and requirements in the event of the inability to make payments or a default.

(b) The Loan and Security Agreement shall require each Loan Recipient to agree to all of the following:

(1) Defend, indemnify, and hold harmless the Authority and the State, and all officers, trustees, agents, and employees of the same, from and against any and all claims, losses, costs, damages, or liabilities of any kind or nature, whether direct or indirect, arising from or relating to the Program.

(2) If full payment of the Program loan amount is not made within 24 months of the date of the Loan and Security Agreement, 20% of the Nondesignated Public Hospital's respective Medi-Cal Checkwrite payments shall be intercepted and offset at the state level from the Department of Health Care Services until the Program loan amount has been satisfied.

(3) Such other terms and conditions as agreed upon by the Authority and the Nondesignated Public Hospital.

(c) The loan proceeds shall not be released until the Loan and Security Agreement, including the Authority's Medi-Cal Intercept Agreement, have been executed by the Authority and the person designated by the Applicant's board executes Program loan documents.

**Resolution No. 2022-11**

**RESOLUTION OF SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT  
AUTHORIZING EXECUTION AND DELIVERY OF A LOAN AND SECURITY  
AGREEMENT, PROMISSORY NOTE, AND CERTAIN ACTIONS IN CONNECTION  
THEREWITH FOR THE CALIFORNIA HEALTH FACILITIES FINANCING  
AUTHORITY  
NONDESIGNATED PUBLIC HOSPITAL BRIDGE LOAN PROGRAM II**

WHEREAS, San Gorgonio Memorial Healthcare District (the “Borrower”) is a nondesignated public hospital as defined in Welfare and Institutions Code Section 14165.55, subdivision (1), excluding those affiliated with county health systems pursuant to Chapter 240, Statutes of 2021 (SB 170), Section 25; and

WHEREAS, Borrower has determined that it is in its best interest to borrow an aggregate amount not to exceed **\$2,720,382.00** from the California Health Facilities Financing Authority (the “Lender”), such loan to be funded with the proceeds of the Lender's Nondesignated Public Hospital Bridge Loan Program II; and

WHEREAS, the Borrower intends to use the funds solely to fund its working capital needs to support its operations;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Borrower as follows:

Section 1. The Board of Directors of Borrower hereby ratifies the submission of the application for a loan from the Nondesignated Public Hospital Bridge Loan Program II.

Section 2. Steven Barron, Chief Executive Officer and Daniel Heckathorne, Chief Financial Officer (each an “Authorized Officer”) are hereby authorized and directed, for and on behalf of the Borrower, to do any and all things and to execute and deliver any and all documents that the Authorized Officers deem necessary or advisable in order to consummate the borrowing of moneys from the Lender and otherwise to effectuate the purposes of this Resolution and the transactions contemplated hereby.

Section 3. The proposed form of Loan and Security Agreement (the “Agreement”), which contains the terms of the loan is hereby approved. The loan shall be in a principal amount not to exceed **\$2,720,382.00**, shall not bear interest, and shall mature 24 months from the date of the executed Loan and Security Agreement between the Borrower and the Lender. Each Authorized Officer is hereby authorized and directed, for and on behalf of the Borrower, to execute the Agreement in substantially said form that includes the redirection of up to 20% of Medi-Cal reimbursements (checkwrite payments) to Lender in the event of default, with such changes therein as the Authorized Officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The proposed form of Promissory Note (the “Note”) as evidence of the Borrower's obligation to repay the loan is hereby approved. The Authorized Officers are hereby authorized and directed, for and on behalf of the Borrower, to execute the Note in substantially said form, with such changes therein as the Authorized Officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Date of Adoption: October 4, 2022

**SECRETARY'S CERTIFICATE**

I, Joel Labha, Secretary of the Board of Directors of San Gorgonio Memorial Healthcare District, hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Directors of San Gorgonio Memorial Healthcare District duly and regularly held at the regular meeting place thereof on the 4<sup>th</sup> day of October, 2022, of which meeting all of the members of said Board of Directors had due notice and at which the required quorum was present and voting and the required majority approved said resolution by the following vote at said meeting:

**Ayes:**

**Noes:**

**Absent:**

I further certify that I have carefully compared the same with the original minutes of said meeting on file and of record in my office; that said resolution is a full, true, and correct copy of the original resolution adopted at said meeting and entered in said minutes; and that said resolution has not been amended, modified or rescinded since the date of its adoption, and is now in full force and effect.

\_\_\_\_\_  
Secretary

Date: October 4, 2022