



AGENDA

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

Tuesday, January 31, 2023 – 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].

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

- December 27, 2022, regular meeting

A

NEW BUSINESS

TAB A

REGULAR MEETING OF THE
SAN GORGONIO MEMORIAL HOSPITAL
BOARD OF DIRECTORS

FINANCE COMMITTEE
Tuesday, December 27, 2022

The regular meeting of the San Gorgonio Memorial Hospital Board of Directors Finance Committee was held on Tuesday, December 27, 2022, in Classroom B, 600 N. Highland Springs Avenue, Banning, California.

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

Members Absent: None

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

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
Call To Order	Susan DiBiasi called the meeting to order at 9:04 am.	
Public Comment	No public present.	
OLD BUSINESS		
Proposed Action - Approve Minutes November 29, 2022, regular meeting	Susan DiBiasi asked for any changes or corrections to the minutes of the November 29, 2022, regular meeting. There were none.	The minutes of the November 29, 2022, regular meeting will stand correct as presented.
NEW BUSINESS		
Proposed Action – Recommend Approval to Hospital Board of Directors - Monthly Financial Report (Unaudited) – November 2022	<p>Daniel Heckathorne, CFO, reviewed the Unaudited November 2022 finance report as included in the committee packets.</p> <p>The month of November resulted in negative \$1.33M EBIDA compared to budgeted EBIDA loss of \$1.26M. Adjustments and items of note include:</p> <ul style="list-style-type: none"> • Surgery visits again were quite high. • Emergency visits were 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 	M.S.C. (Rader/Rutledge), the SGMH Finance Committee voted to recommend approval of the Unaudited November 2022 Financial report to the Hospital Board of Directors.

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
	<p>reductions.</p> <ul style="list-style-type: none"> • An accrual of \$427K was made to Non-Patient Revenues for HQAF Supplemental Funding. • Total Operating Expenses were \$875K below budget. <p>It was noted that approval is recommended to the Hospital Board.</p> <p>ROLL CALL:</p> <table border="1" data-bbox="386 611 1214 724"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Rader</td> <td>Yes</td> </tr> <tr> <td>Rutledge</td> <td>Yes</td> <td>Tankersley</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	DiBiasi	Yes	Rader	Yes	Rutledge	Yes	Tankersley	Yes	Welch	Yes	Motion carried.		
DiBiasi	Yes	Rader	Yes											
Rutledge	Yes	Tankersley	Yes											
Welch	Yes	Motion carried.												
<p>Proposed Action – Recommend Approval to Hospital Board and Healthcare District Board of 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.</p>	<p>Daniel Heckathorne reviewed and explained 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.</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="386 1146 1214 1260"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Rader</td> <td>Yes</td> </tr> <tr> <td>Rutledge</td> <td>Yes</td> <td>Tankersley</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	DiBiasi	Yes	Rader	Yes	Rutledge	Yes	Tankersley	Yes	Welch	Yes	Motion carried.		<p>M.S.C. (Rader/Welch), the SGMH Finance Committee voted to recommend approval of 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 action to the Hospital Board and Healthcare District Board.</p>
DiBiasi	Yes	Rader	Yes											
Rutledge	Yes	Tankersley	Yes											
Welch	Yes	Motion carried.												

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
<p>Proposed Action – Recommend Approval to Hospital Board and Healthcare District Board of the replacement of SGMH’s Acudose ADCs with Omnicell ADCs at the current price of \$562,831.60 plus taxes and shipping.</p>	<p>The Finance Committee is recommending that SGMH replaces the Acudose ADCs with Omnicell ADCs at the current price of \$562,831.60 plus taxes and shipping.</p> <p>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”.</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="386 737 1214 852"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Rader</td> <td>Yes</td> </tr> <tr> <td>Rutledge</td> <td>Yes</td> <td>Tankersley</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	DiBiasi	Yes	Rader	Yes	Rutledge	Yes	Tankersley	Yes	Welch	Yes	Motion carried.		<p>M.S.C. (Rutledge/Welch), the SGMH Finance Committee voted to recommend approval of the replacement of SGMH’s Acudose ADCs with Omnicell ADCs at the current price of \$562,831.60 plus taxes and shipping to the Hospital Board and Healthcare District Board.</p>
DiBiasi	Yes	Rader	Yes											
Rutledge	Yes	Tankersley	Yes											
Welch	Yes	Motion carried.												
<p>Proposed Action – Recommend Approval to Hospital Board and Healthcare District Board of the renewal of the 3M Software Coding Agreement.</p>	<p>SGMH has been using 3M coding software for many years. This software facilitates the coding needed for each medical chart. The coding is then used for billing purposes and reporting purposes. The current agreement expires on January 6, 2023.</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="386 1278 1214 1394"> <tr> <td>DiBiasi</td> <td>Yes</td> <td>Rader</td> <td>Yes</td> </tr> <tr> <td>Rutledge</td> <td>Yes</td> <td>Tankersley</td> <td>Yes</td> </tr> <tr> <td>Welch</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	DiBiasi	Yes	Rader	Yes	Rutledge	Yes	Tankersley	Yes	Welch	Yes	Motion carried.		<p>M.S.C. (Tankersley/Welch), the SGMH Finance Committee voted to recommend approval of the renewal of the 3M Software Coding Agreement to the Hospital Board and Healthcare District Board.</p>
DiBiasi	Yes	Rader	Yes											
Rutledge	Yes	Tankersley	Yes											
Welch	Yes	Motion carried.												
<p>Future Agenda Items</p>	<ul style="list-style-type: none"> Grant from Raul Ruiz’s Office 													
<p>Next Meeting</p>	<p>The next regular Finance Committee meeting will be held on January 31, 2023.</p>													
<p>Adjournment</p>	<p>The meeting was adjourned 10:02 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 Geronio Memorial Hospital and San Geronio Memorial Health Care District

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

Agenda Item for January 31, 2023, Finance Committee and February 7, 2023, Board Meetings

Subject:

Engagement for Structural Engineering Professional Services For Seismic Compliance –

San Geronio Memorial Healthcare District & Hospital are mandated by the State of California to submit a plan for mitigation of potential damage from a major earthquake by January 1st, 2024. The Scope of services covers NPC-3 Evaluation of NPC-2 Buildings.

Walter P Moore Company is recommended to be the Structural Engineer of Record. They will review the existing drawings and previously approved HCAI projects related to nonstructural items. They will prepare a consolidated NPC-3 evaluation package for submittal to HCAI, and submittal of a plan of action.

Recommended Action: To approve the agreement to complete critical and mandatory steps toward obtaining seismic compliance beyond 2030. The total Structural fee for basic services is \$105,000 with Reimbursable Expenses (Estimated) at \$2,400 and Budgetary "Allowance" for MEP Engineers (if needed) \$18,000.

Copies of the supporting documents are included in the packet.

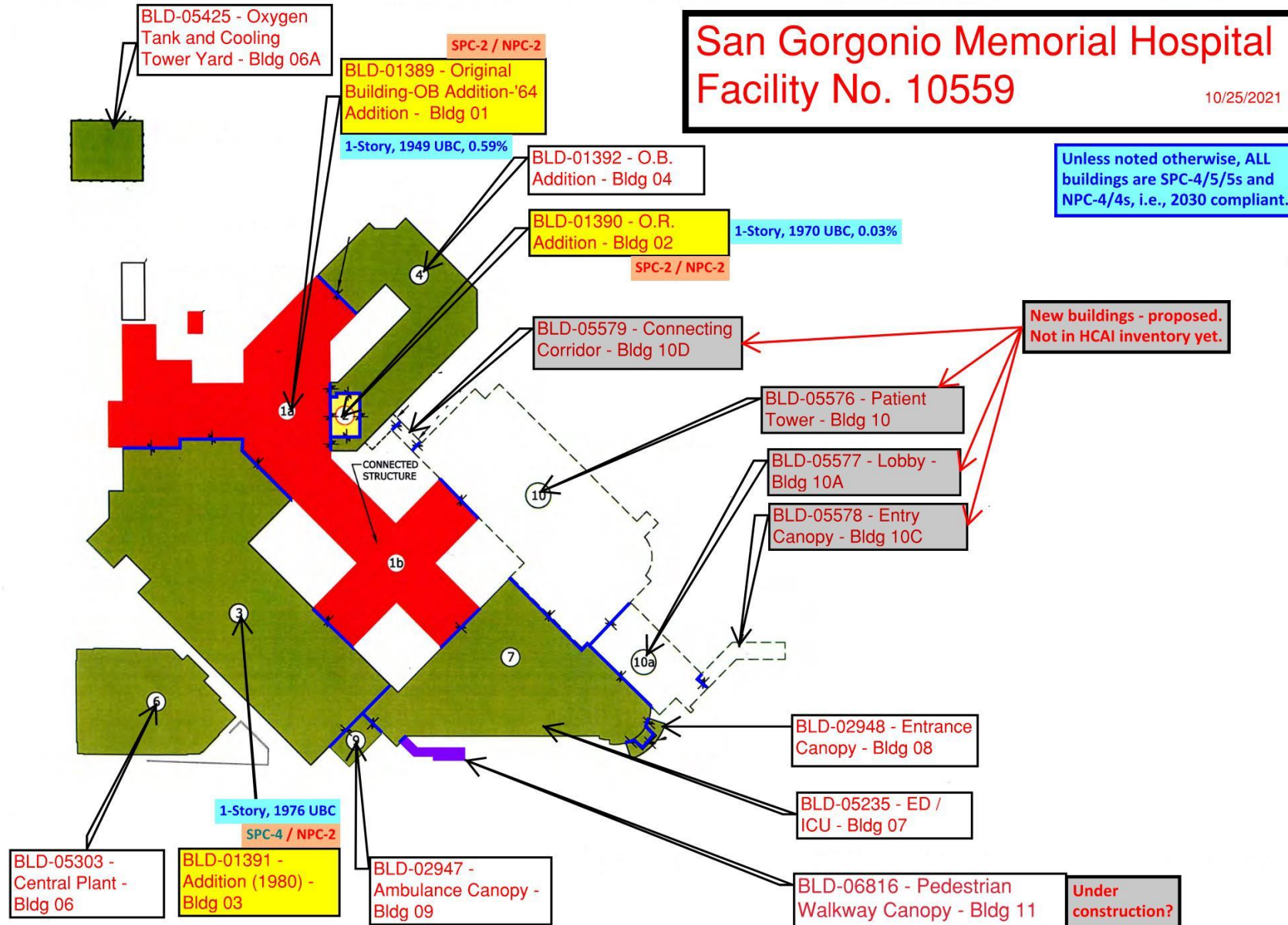
2030 Seismic Compliance

for

San Geronio Memorial Hospital



Current Seismic Status



Campus Google Map



History of Relevant Seismic Projects



Projects By Facility Facility: 10559 - San Gorgonio Memorial Hospital				If a cell is filled with Yellow or Red, contact your RCO or Compliance Officer. Yellow or Red is an indication time limits have been or are about to be exceeded or failure to submit NoSoC.								These project cost are milestone and are reflected in the Project Closure Summary Report.			
Project Number	Project Name	Status	% Complete	Primary Gravity LFRS	Kind of Project	Open Date	Approval Date	BP Issue Date	Const. Start Date	Last Field Report	Closed Date	First Costs	First Contract Costs	Costs Before Final	Project Type
HL072658-0	6 STORY PATIENT BED TOWER	Cancelled		Yes	Addition	12/04/07			1/1/1900	No Field Reports	08/26/09	[Type: Estimated] [Date: 12/04/2007] [Const Cost: \$82M] [Fixed Equip: \$0] [Imaging: \$4M]	Unknown	[Type: Estimated] [Date: 12/04/2007] [Const Cost: \$82M] [Fixed Equip: \$0] [Imaging: \$4M]	New Building (2007)
HL072658-0-GEO	6 STORY PATIENT BED TOWER	Cancelled		Yes	Addition	04/08/08			1/1/1900	No Field Reports		Unknown	Unknown	Unknown	Geotech
SL072896-0	PHASE 3 -BLDG AREAS C/D - NPC4 UPGRADE	Closed Inactive		No	Remodel	12/27/07			1/1/1900	No Field Reports	11/12/10	[Type: Estimated] [Date: 12/27/2007] [Const Cost: \$2M] [Fixed Equip: \$0] [Imaging: \$0]	Unknown	[Type: Estimated] [Date: 12/27/2007] [Const Cost: \$2M] [Fixed Equip: \$0] [Imaging: \$0]	NPC-4 Upgrade
HL103010-0	PHASE 2A TOWER ADDITION	Withdrawn		Yes	Addition	12/07/10			1/1/1900	No Field Reports		[Type: Estimated] [Date: 12/07/2010] [Const Cost: \$83.5M] [Fixed Equip: \$0] [Imaging: \$10M]	Unknown	[Type: Estimated] [Date: 06/02/2011] [Const Cost: \$83.5M] [Fixed Equip: \$0] [Imaging: \$10M]	New Building (2010)
HL103010-0-GEO	PHASE 2A TOWER ADDITION	Approved		Yes	Addition	06/02/11	05/30/13		1/1/1900	No Field Reports		Unknown	Unknown	Unknown	Geotech
I-2012-00010	San Gorgonio Phase 2A Patient Building	Closed Inactive	4%	No		02/29/12	06/19/13	06/08/15	06/24/15	M. Marrs - FV - 4% on 2019-07-30	09/02/20	Unknown	Unknown	Unknown	New Building (2012)
IM-2012-00004	San Gorgonio Patient Building	Closed Inactive	0%	Yes	New Building	02/27/12			1/1/1900	L. Choi - FV - 0% on 2013-10-11	09/02/20	[Type: Estimated] [Date: 02/27/2012] [Const Cost: \$65.5M] [Fixed Equip: \$18M] [Imaging: \$10M]	[Type: Contract] [Date: 06/29/2015] [Const Cost: \$65M] [Fixed Equip: \$5M] [Imaging: \$7.5M]	[Type: Estimated] [Date: 11/03/2016] [Const Cost: \$65M] [Fixed Equip: \$5M] [Imaging: \$7.5M]	New Building (2012)

Recommended Next Steps for 2030 Compliance



1. Proceed with NPC evaluation of three NPC-2 buildings (HCAI deadline is 01/01/2024).
2. Proceed with (a) Material Testing & Condition Assessment and (b) SPC-4D upgrade designs for two SPC-2 buildings (HCAI deadline for SPC-4D reclassification is 01/01/2030).

**Walter P Moore
can assist SGMH
in obtaining
2030 compliance**



**walter
p moore**

Steps for NPC-2 to NPC-4D Reclassification

1. Prepare complete non-structural evaluation to NPC-3 and NPC-4D for HCAI submittal (deadline is 01/01/2024).
2. Prepare CDs for upgrade of deficient non-structural anchorages for HCAI submittal (deadline is 01/01/2026).
3. Obtain HCAI approval of upgrade CDs (deadline is 01/01/2028).
4. Field implement upgrade of deficient anchorages (deadline is 01/01/2030).
5. Select a Level (1 or 2 or 3) for NPC-4D and develop an Operational Plan.
6. Design and install holding tanks for NPC-5 (deadline is 01/01/2030).

Steps for SPC-2 to SPC-4D Reclassification

- 1. Prepare MTCAP (Material Testing & Condition Assessment Program) for each SPC-2 building and submit to HCAI for approval followed by field implementation.**
- 2. Perform detailed SPC-4D upgrade designs and prepare construction documents for HCAI approval.**

Summary of Success Stories

Note:

Info presented on slides 9 through 17 (both inclusive) is from projects worked on by Balram at another firm.

SPC-2 Reclassifications				
#	Hospital	Bldgs.	With VSI	W/O VSI
1	Southern California Hospital - Culver City	3	2	1
2	Community Hospital of Huntington Park	1	1	
3	Children's Hospital of Orange County	1		1
4	Coast Plaza Doctors Hospital	1	1	
5	Citrus Valley - Inter Community Campus	7		7
6	East Los Angeles Doctors Hospital	2	2	
7	Memorial Hospital of Gardena	1	1	
8	Glendale Adventist Medical Center	3	1	2
9	Hoag Memorial Hospital Presbyterian	6	1	5
10	Mission Community Hospital	3	1	2
11	Motion Picture & Television Fund	1	1	
12	Prov. Little Company of Mary San Pedro	7	2	5
13	Prov. Saint Joseph Medical Center	2		2
14	Prov. Tarzana Medical Center	3	3	
15	Scripps La Jolla Medical Center	8	4	4
16	Sherman Oaks Hospital	1	1	
17	Silver Lake Medical Center	3		3
18	Simi Valley Hospital	2		2
19	USC Verdugo Hills Hospital	2	1	1
20	Valley Presbyterian Hospital	3	2	1
21	Victor Valley Community Hospital	3		3
22	Los Angeles Community Hospital	1	1	
23	Barlow Respiratory Hospital	5	1	4
TOTALS		69	26	43
		100%	37.7%	62.3%

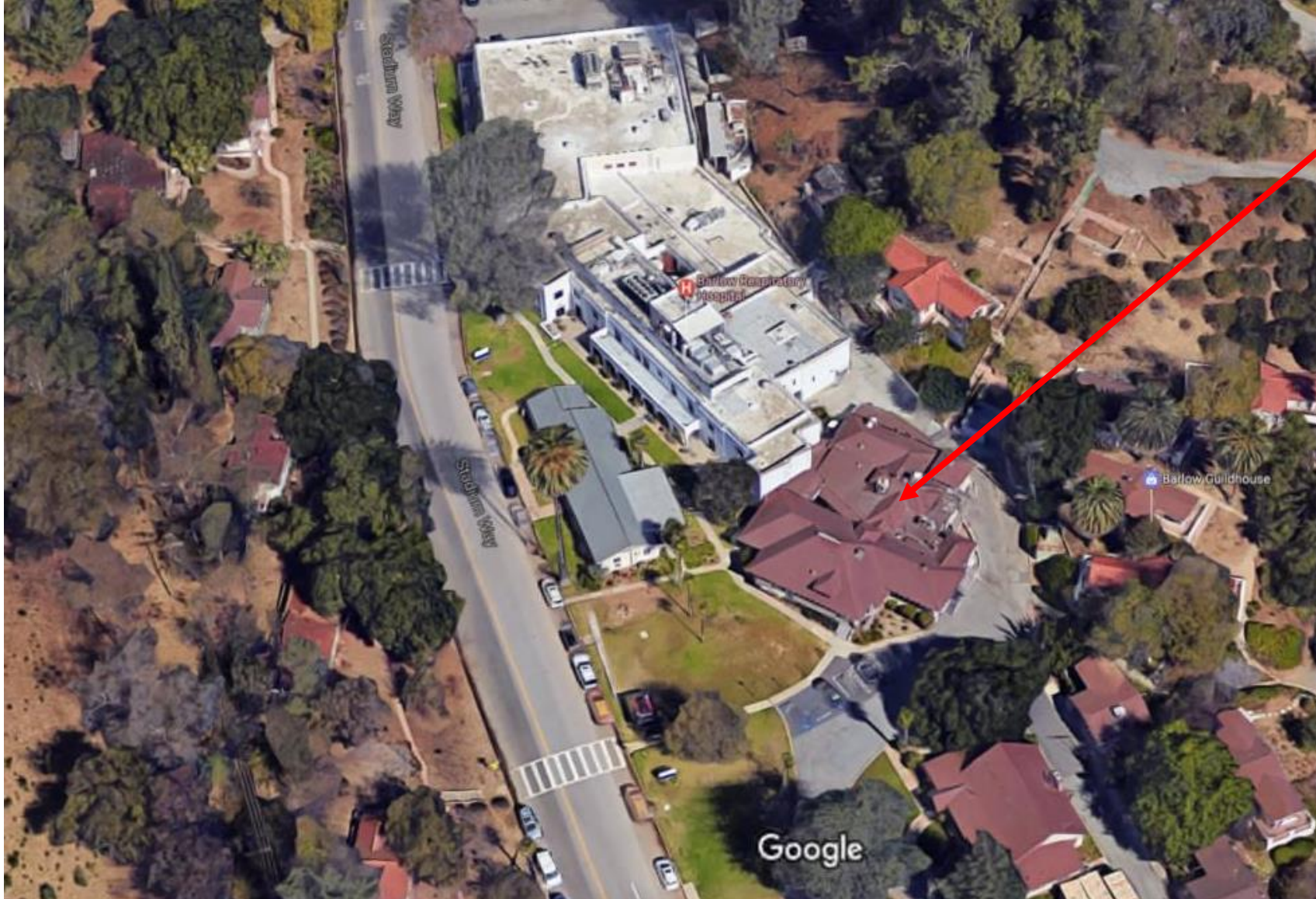
I: Victor Valley Global Medical Center

“Birdcage”



- ▶ **Construction for “Birdcage” was stopped immediately after 1994 Northridge Earthquake.**
- ▶ **We obtained SPC-5 reclassification with a retrofit cost of ±\$80,000.**

II: Barlow Respiratory Hospital

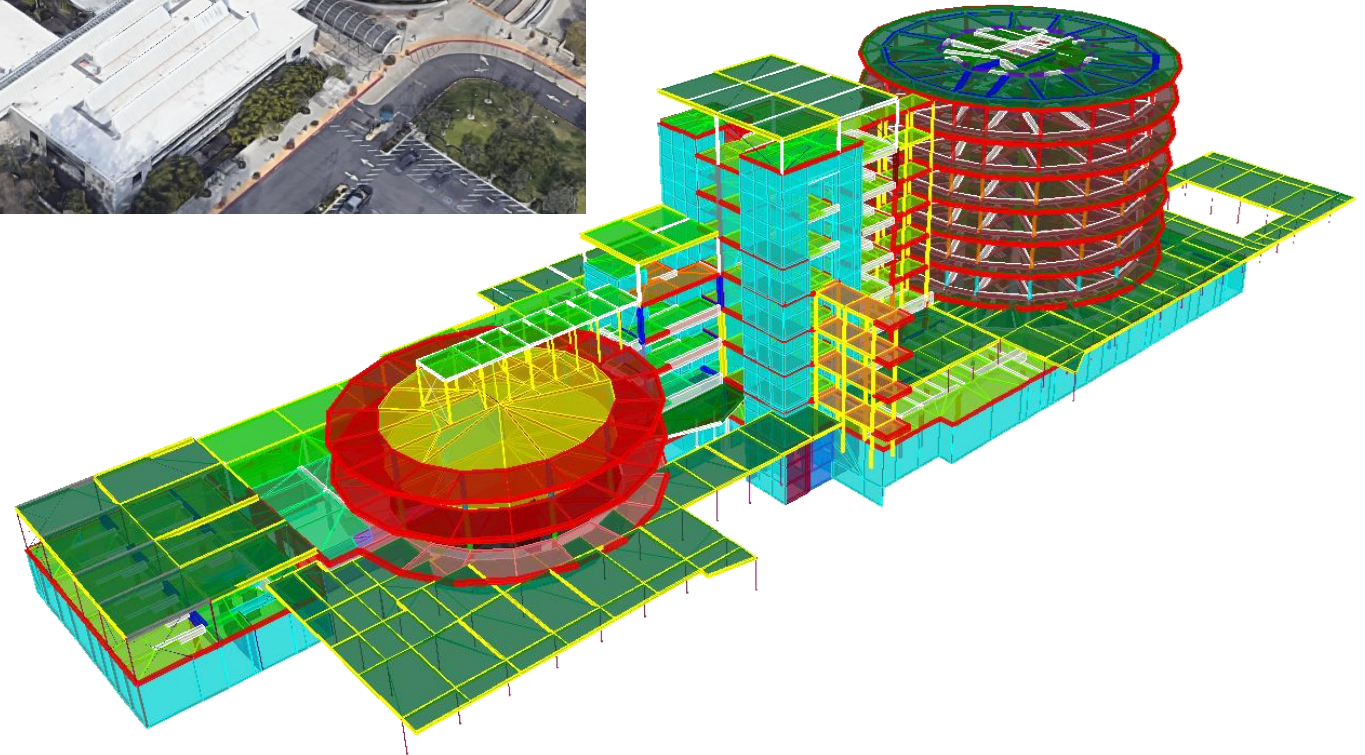


**Kitchen Building
(built in 1902) was
reclassified to SPC-2
with zero upgrade**

- Campus had 5 SPC-1 buildings.
- BRH had designed a new \$90M building with HCAI approval.
- We reclassified 4 buildings to SPC-2 with zero upgrade.

III: Valley Presbyterian Hospital

- Number of (N) seismic separations were proposed by prior engineer.
- We ran HAZUS 4 times.
- We even severed (E) rebars.
- Retrofit limited to fiber-wrap.
- “Structural” retrofit cost was less than \$10/SF (2013 \$s).



IV: Olympia Medical Center

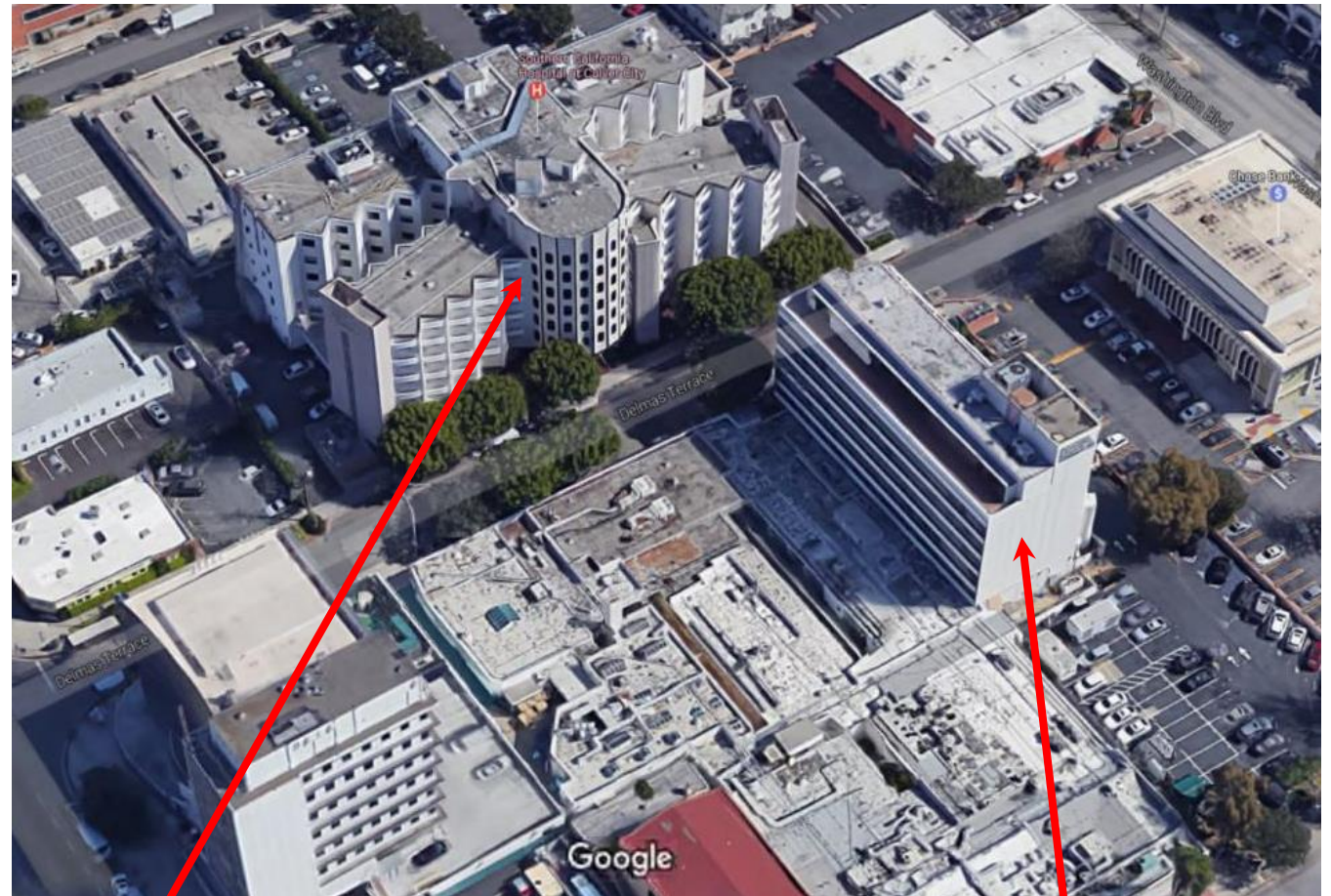
- Prior engineer had proposed new shear walls & footings plus lot of interior retrofit causing significant disruption to hospital.
- Couldn't get HCAI approval for 3 years.
- We got SPC-2 approval without any new walls and less than half the scope of retrofit (mostly outside the building) within 9 months.



East Wing

V: Southern California Hospital – Culver City

- Prior engineer's solution was to demo top 5 floors of Pavilion and retrofit remaining 2 stories with a lot of new shear walls & new footings.
- We designed SPC-2 retrofit for Pavilion with whole building intact ($\pm 158,000$ SF) and "structural" cost of less than \$1,000,000 (2015 \$s).
- "Structural" retrofit cost for Tower ($\pm 53,500$ SF) was $\pm \$1,200,000$.

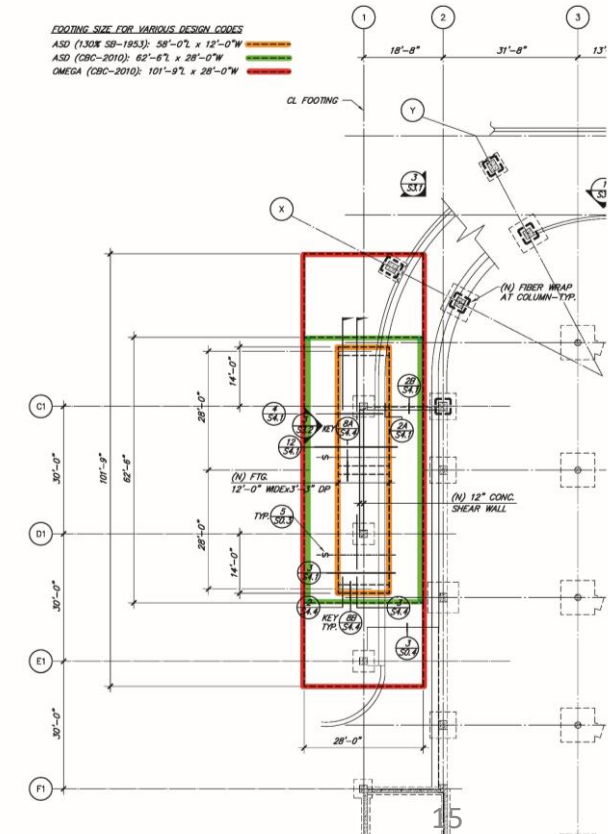
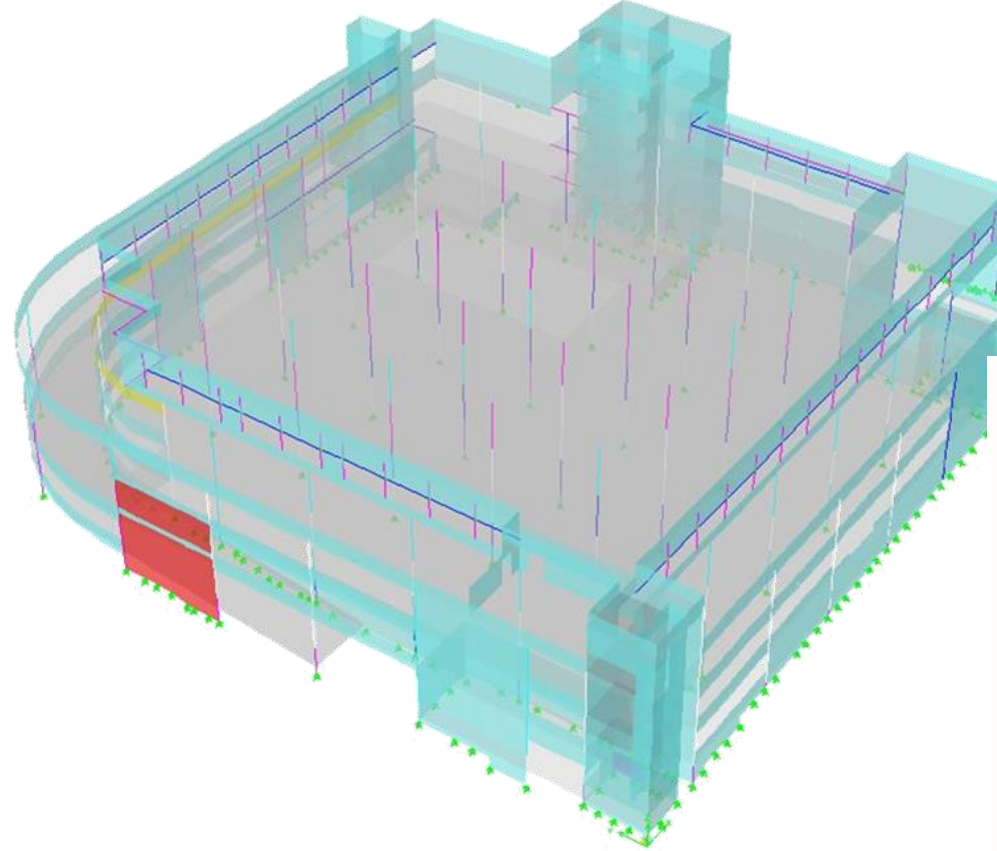


Pavilion

Tower

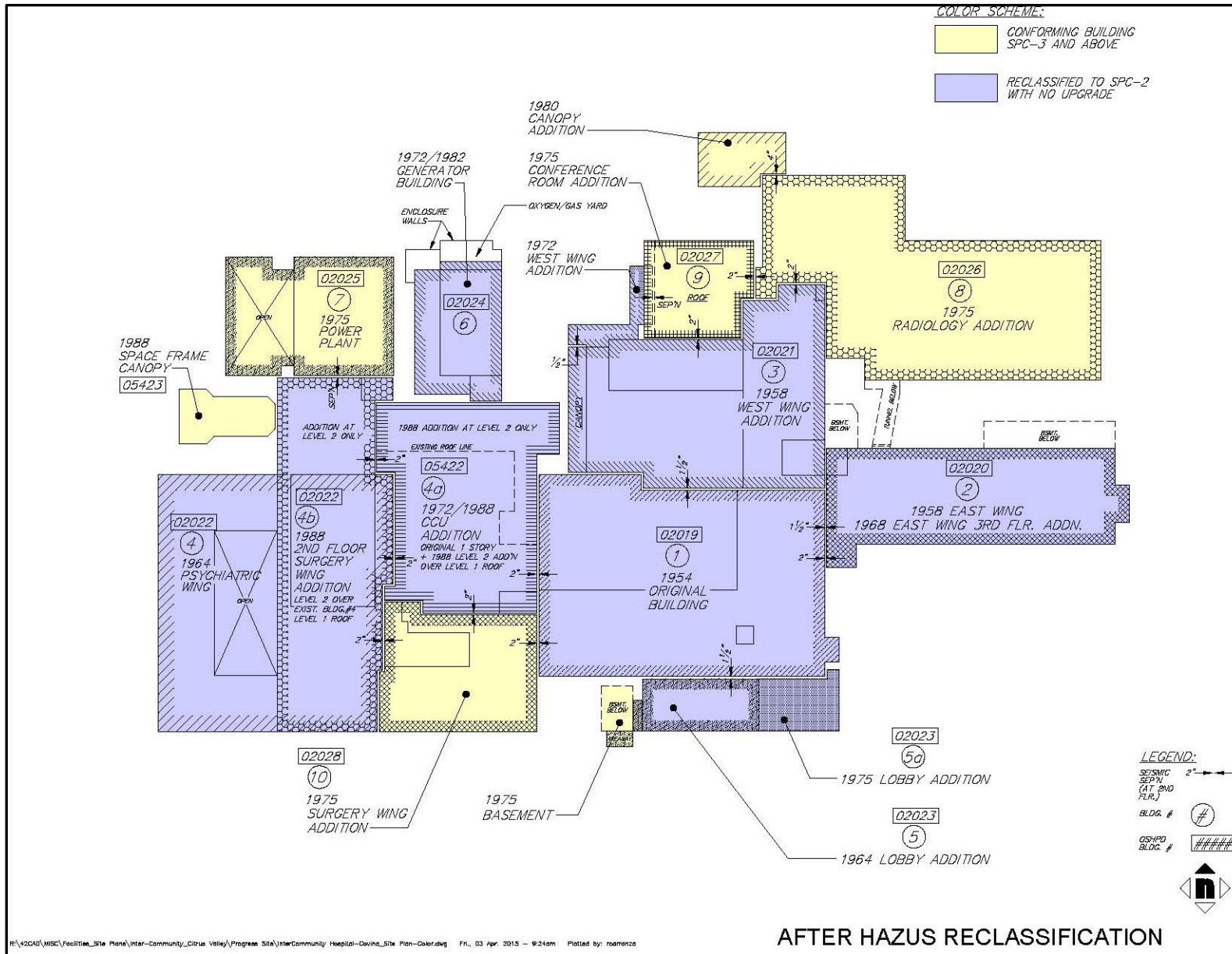
VI: Adventist Health Glendale

- New shear wall was needed to mitigate Torsion.
- Building Code required designing new wall & its footing per current code, which would have needed 120' long footing.
- We submitted an AMC to design footings for much smaller forces.
- “Structural” upgrade cost was less than \$4.50/SF (2012 \$s).



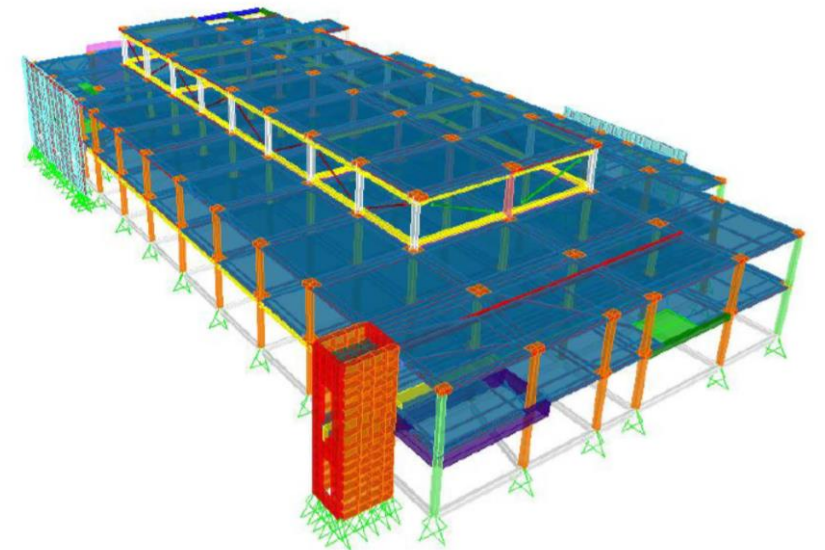
VII: Emanate Health – Intercommunity Campus

- Emanate was originally advised that SPC-1 buildings could not be saved.
- Owner had started preparing for replacement of existing buildings with new buildings
- We reclassified ALL 7 SPC-1 buildings to SPC-2 with zero upgrade.



VIII: Providence Cedars-Sinai Tarzana MC

- Ancillary Building retrofitted from **SPC-1 to SPC-4D**.
- Installed new SFRS outside building's footprint to minimize disruption inside the operational hospital building.
- Short HCAI review schedule.
- Addressed constructability issues in parallel with SPC-4D retrofit design.
- Already reclassified to SPC-4D.



Benefits of Acting NOW

1. As per geologists, SoCal is long overdue for a big quake.
2. Compliance deadlines might get pushed, but they won't disappear.
3. AB-1882 requires owners to post a sign in the lobby that hospital is non-compliant. This would frighten staff and drive customers/patients away.
4. "Design" costs are a fraction of upgrade construction costs.
5. Once HCAI approves the projects, retrofit construction can be phased.
6. Future code changes cannot be applied retroactively.
7. Construction costs escalate. Sooner you start, lesser the escalation.
8. Save on earthquake insurance premiums for compliant buildings.
9. It would become harder, if not impossible, to find qualified GCs to do the work closer to the deadline. Also, they would charge a premium.

Presenters

1. **Balram Gupta, Ph.D., S.E. / Senior Principal
Healthcare Market Leader – West Coast
Walter P Moore
bgupta@walterpmoore.com
(818) 723-7085 Cell
(213) 694-4796 Direct**

2. **Farrell Johnson, Seismic Consultant
President, HRM-Healthcare Resource Management
hrm_advisor@yahoo.com
(951) 377-6279 Cell**

January 16, 2023

Mr. Steve Barron
Chief Executive Officer
San Geronio Memorial Hospital
600 N. Highland Springs Avenue
Banning, CA 92220

**Re: Proposal for Professional Services
NPC-3 Evaluation of Three NPC-2 Buildings at
San Geronio Memorial Hospital (HCAI Facility ID: 10559)
600 N. Highland Springs Avenue, Banning, CA 92220
Walter P Moore Proposal No. 23-0109**

Dear Steve:

Walter P Moore is pleased to submit this proposal to provide professional services for the referenced project. This project constitutes a critical and mandatory step towards obtaining seismic compliance beyond 2030. Walter P Moore has extensive experience with this type of project, and we are excited that you are taking the first step for 2030 seismic compliance.

This proposal is presented to establish a basis for the commencement of our scope of services for the Project. Walter P Moore would be the prime design consultant for this Project, and we would bring in other consultants, if and as needed, and as articulated in more detail in the proposal. We anticipate that this Proposal and Agreement for Professional Services and attachments, when signed, will serve as our entire Agreement unless superseded by another document signed by both parties.

Basis of Proposal

This proposal is based on your request during our meeting at the hospital on 01/12/23.

Agreement

If this proposal is acceptable, please sign the attached Proposal and Agreement for Professional Services where indicated and return the signed copy to us. This proposal is valid for 60 days.

We very much appreciate the opportunity to provide these services and look forward to collaborating with you on this Project. The undersigned is authorized to bind this proposal.

Sincerely,

WALTER P. MOORE AND ASSOCIATES, INC.



Balram Gupta, Ph.D., S.E. / Senior Principal
Healthcare Market Leader – West Coast
bgupta@walterpmoore.com
(213) 694-4796 Direct; (818) 723-7085 Cell

Attachments



PROPOSAL AND AGREEMENT FOR PROFESSIONAL SERVICES – Terms Attached

Project: NPC-3 Evaluation of Three NPC-2 Buildings at
 San Geronio Memorial Hospital (HCAI Facility ID: 10559)
 600 N. Highland Springs Avenue, Banning, CA 92220

Client: San Geronio Memorial Hospital (SGMH)

Client Contact: Steve Barron

Proposal Date: January 16th, 2023

Proposal Number: 23-0109

Walter P. Moore and Associates, Inc. (Walter P Moore) shall provide services to Client for the Project as defined below and in accordance with the attachments listed below:

Executive Summary

Following table provides relevant information about three buildings at SGMH that are non-compliant for 2030 seismic requirements.

#	Building Name	SGMH / HCAI Bldg. #s	Bldg. Code Year	# Of Stories	Current SPC Rating	Current NPC Rating	Overall Bldg. Area ^{1±} (SF)	NPC-3 Area ^{1±} (SF)
1	Original Bldg. – OB Addition '64	01 / 01389	1949	1	2	2	31,500	9,000
2	OR Addition	02 / 01390	1970	1	2	2	900	900
3	Addition (1980)	03 / 01391	1976	1	4	2	30,000	14,100
TOTAL							62,400	24,000

Our understanding of the project needs and our approach for a successful project outcome is presented in this section.

NPC-3 Evaluation of NPC-2 Buildings

Each NPC-2 building needs to be evaluated, upgraded, and reclassified to NPC-3 first. This entails structural bracing and anchorage of selected non-structural components, equipment, and fire-sprinkler systems in critical care areas, clinical labs, pharmaceutical spaces, imaging spaces, and central & sterile supply spaces.

Overall, NPC-3 reclassification of an NPC-2 building requires completion of the following steps:

1. Preparation of NPC-3 evaluation report: Deadline for HCAI submittal for this is 01/01/2024. In our opinion, this is the most critical step in the overall process since minimizing the number (inventory) of non-compliant components through detailed field investigation and/or research into prior HCAI projects could result in reduction in the scope of required upgrade and consequently cost.
2. Development of Construction Documents (CDs) for NPC-3 upgrade: Deadline for HCAI submittal for this is 01/01/2026. This step can be completed only after the non-compliant components have been identified from the step above.
3. Obtain HCAI approval of upgrade CDs: HCAI deadline for this step is 01/01/2028.
4. Field Implementation of upgrade and NPC-3 reclassification: Field implementation of seismic upgrades is expected to be a phased process to ensure continuity of hospital operations. Once the upgrade

¹Estimated from Life-Safety/Evacuation Plans provided by SGMH and Google maps.

construction projects have been closed in compliance, an updated evaluation (developed in step #1 above) is required to be submitted to HCAI for them to reclassify the building to NPC-3. HCAI deadline for this is 01/01/2030.

Please refer to the attached Schedule SR-01 for a detailed list of included Basic Services, Additional Services if any, and deliverables.

Scope of Services

Schedule SR-01: Scope of Services for NPC-3 Evaluation of NPC-2 Buildings

Compensation

Walter P Moore proposes to provide the defined structural Scope of Services on a fixed-fee basis as follows:

Scope	Fee
NPC-3 Evaluation of Three NPC-2 Buildings	\$105,000
Total Structural Fee for Basic Services	\$105,000
Reimbursable Expenses (Estimated)	\$2,400
Budgetary "Allowance" for MEP Engineers (if needed) ²	\$18,000

Compensation shall be equitably adjusted for changes in the scope of the project as described in the Project Description or changes in the scope of service as described in the Scope of Service.

Miscellaneous out-of-pocket project related expenses including, without limitation; printing, postage, courier costs, lodging, travel expenses, etc., shall be invoiced and paid at the incurred cost. Mileage shall be charged at IRS Standard Business Mileage Rate in effect at the time of travel. Sales tax, if applicable, will be paid by the Client.

Additional Services

Walter P Moore would provide Additional Services not included in the Basic Scope of Services upon request and upon approval by the Client in writing. Additional Services shall be provided without invalidating this Agreement. Additional Services shall be compensated at a mutually agreed upon fee.

Client's Responsibilities

The Client shall provide overall management and coordination of the Project. Walter P Moore agrees to participate in the coordination effort, to be led by the Client, in order that our portion of the project is coordinated with the designs and deliverables of other members of the project team, if any.

The Client shall provide to Walter P Moore, in a timely manner, full information of which the Client is aware regarding any special conditions, design criteria, reports, or special services needed, and to make available any existing data or drawings concerning the project and the project site. Walter P Moore shall be entitled to rely upon the accuracy and completeness of any such information provided.

²Walter P Moore did not have any discussion with any MEP engineers re the potential scope/fee, if needed. Accordingly, we are calling it a budgetary "allowance".

Project Schedule

We are estimating following durations/schedules:

- **NPC-3 Evaluation:** Considering the current unknowns for NPC scope (e.g., schedule for HCAI's concurrence for NPC-3 areas, availability, or lack thereof, of HCAI approved drawings for prior projects in NPC-3 areas, schedule for bringing an architect and 3D laser scanning teams on board, schedule for site visits, etc.), we believe the best approach would be to meet with SGMH and facility personnel immediately upon award of the project and developing a schedule working backwards from the known HCAI submittal deadline of 01/01/2024 while keeping some float.

Walter P Moore's fee for the defined Scope of Services is based, in part, upon the Project being executed in a timely manner without significant delays or interruptions.

In order for Walter P Moore to proceed with its services toward the accomplishment of the Project Schedule, the following information shall be provided by the Client in a timely manner:

- An executed copy of the Agreement for Professional Services
- As-built structural drawings

Payment

As defined in the attached Schedule T2: Terms of Agreement.

Limitation of Liability

To the maximum extent permitted by law, Client agrees to limit Walter P Moore's liability for claims arising from or related to the Agreement or the Scope of Services to the Sum of \$50,000 or Walter P Moore's paid fee, whichever is greater. This limitation shall apply regardless of the cause of action or legal theory pleaded or asserted, including any kind of indemnity.

Terms of Agreement

In accordance with the attached Schedule T2.


Attachments

The following attachments are incorporated by reference as if set forth at length. In the event of a direct conflict between this Agreement and the content of any of the Attachments, this Agreement shall govern.

- Schedule SR-01: Scope of Services for NPC-3 Evaluation
- Schedule T2: Terms of Agreement

PROPOSAL AND AGREEMENT FOR PROFESSIONAL SERVICES
NPC-3 Evaluation for Three NPC-2 Buildings at
San Geronio Memorial Hospital (HCAI Facility ID: 10559)
January 16th, 2023
Page 4 of 4

Executed on this _____ day of _____, 2023 by:

San Geronio Memorial Hospital Accepted:	Walter P. Moore and Associates, Inc.: Balram Gupta, Ph.D., S.E. / Senior Principal Healthcare Market Leader – West Coast
Signature	



Schedule SR-01: Scope of Services for NPC-3 Evaluation of NPC-2 Buildings

I. General Services

- A. Walter P Moore shall be the Structural Engineer of Record (SEOR) for parts of the Project as described in the Agreement Letter.
- B. Walter P Moore will review the existing drawings as required to become generally familiar with the nonstructural systems of the building as described in the engagement letter. The availability of as-built MEP drawings, including those for fire-sprinkler systems, and previously approved HCAI projects related to nonstructural items is an important assumption in this proposal.
- C. Hospital's ability to provide cut-sheets for medical, MEP, and architectural equipment is an important assumption in this proposal.
- D. Walter P Moore will visit the project site to become familiar with the present condition of the building. Walter P Moore's Basic Services do not include performing a detailed assessment of the structural conditions of the facilities nor a survey of field measurements.
- E. If Walter P Moore's evaluation indicates that the structure will not be able to readily accommodate the intended modifications, Walter P Moore will consult with the Hospital as appropriate and make recommendations to modify the location and/or character of the proposed modifications as needed.
- F. The Basic Services to be performed by Walter P Moore includes consultation, as outlined below in Table A: Scope of Services.
- G. The assumptions made in determining the fees and scope of work by Walter P Moore are outlined below in Table A: Scope of Services – under "Notes and Assumptions" column.
- H. The exclusions made in determining the fees and scope of work by Walter P Moore are outlined below in Table B: Exclusions. Walter P Moore's scope of Basic Services does not include structural analysis, design or detailing to upgrade the existing building's gravity or lateral load resisting system to meet the current building code or to meet any SPC requirements.
- I. For each phase of the Work, Walter P Moore will work with the Hospital (or their designated representative) to ascertain the requirements for that phase of the Work, will participate in necessary meetings, will be available for general consultation, will prepare necessary documentation, and will make appropriate recommendations.
- J. Walter P Moore will recommend to the Hospital the appropriate investigations, reports, surveys, tests, and services of other Consultants that should be retained for proper execution of Services. Walter P Moore will assist in the development of appropriate scopes of work for such services. Services that may be required include, but may not be limited to, 3D laser scanning, geotechnical investigations, surveys, material tests, wind tunnel studies, and site-specific seismic studies.

- K. Walter P Moore’s Scope of Services is limited to those items specifically described herein. If requested and authorized by the Client, other Additional Services may be provided for an additional fee.
- L. **Number of meetings included** in the basic scope of services and **deliverables** are identified in the tables below.

II. Scope of Services

- A. Following written authorization from the Client to proceed with each subsequent phase of the Work, Walter P Moore shall provide the services for each phase as described in Table A: Scope of Services.

Table A: SCOPE OF SERVICES				
PHASE		Included	Not Included	NOTES AND ASSUMPTIONS
A. Preparation of NPC-3 Evaluation Report		X		Shall be prepared in accordance with CAC’2022 (California Administrative Code 2022 edition), Chapter 6, Section 1.3.4, and Table 11.1.
1	Identify extent of NPC-3 areas.	X		Life-safety plans provided by SGMH shall be used.
2	Arrange one preliminary meeting with HCAI Seismic Compliance Unit (SCU) to obtain concurrence for NPC-3 areas.	X		One virtual meeting with HCAI is included.
3	Review publicly available information on HCAI website and work with SGMH to compile a list of previously completed HCAI projects for bracing and anchorage of equipment and/or utilities within the identified NPC-3 areas.	X		Hospital shall provide OSA/HCAI approved documents for previously completed projects within the NPC-3 areas. Two (one in-person and one virtual) meetings with SGMH and facility personnel are included. We have allocated 12 hours for this effort.
4	Review existing as-built documents for the disciplines included in this scope of work (viz. architectural, structural, mechanical, electrical, plumbing, civil).	X		Hospital to provide as-built documents especially for MEP, utilities, and fire protection systems.
5	Perform site visits to observe, photograph, and document NPC-3 related equipment and their bracing and/or anchorages.	X		Two site visits are included. Hospital to coordinate and provide access (escorted, if needed) to NPC-3 areas.
6	Collaborate with a 3D laser scanning team for digital documentation of above-ceiling utilities within the NPC-3 areas and gravity/seismic supports for the same.	X		3D laser scanning team and MEP engineers, if needed, shall be hired by SGMH at their cost and would work under our direction.
7	Collaborate with an architectural team for them to prepare and inventory and document medical	X		Architect shall be hired by SGMH at their cost and would work under our direction.

Table A: SCOPE OF SERVICES				
PHASE		Included	Not Included	NOTES AND ASSUMPTIONS
	equipment and architectural items including, but not limited to, ceilings, cabinets, etc.			
8	Compile cut-sheets for Medical and MEP equipment related to NPC-3 for evaluation and design of existing and new anchorages.	X		SGMH and/or other consultants shall provide cut-sheets of medical and MEP equipment.
9	Document only those above-ceiling utilities that need to have seismic restraints for NPC-3.	X		Info generated by the 3D laser scanning team shall be used for this.
10	Develop NPC-3 Evaluation Report which will include partial plans for each NPC-3 area and a detailed matrix of current conditions of NPC-3 related equipment, including the following: <ul style="list-style-type: none"> • Equipment Name/Type • Photograph • Dimensions • Weight • Mounting (floor, wall, or ceiling) • Existing anchorage (reference to an existing HCAI project, if applicable) • Anchorage (compliant or non-compliant if not included in a previous HCAI project) 	X		WPM would develop detailed matrix of current conditions using the detailed plans of each NPC-3 area created from life-safety plans (to be provided by SGMH in CAD format).
11	Prepare preliminary NPC-3 evaluation package for review with HCAI SCU prior to final submittal.	X		We have allocated 20 hours for this preliminary review.
12	Incorporate HCAI comments, if any, on the preliminary package into the final package.	X		
13	Prepare a consolidated NPC-3 Evaluation package and submit to HCAI SCU.	X		**Deliverable** WPM would provide the detailed matrix for submittal of NPC-3 Evaluation package to HCAI SCU. Entire hospital will be submitted to HCAI as one package.
14	Meet with HCAI SCU, if requested, to present the submitted NPC-3 Evaluation Report.	X		One virtual meeting is included.
15	Respond to HCAI SCU's plan review comments on the NPC-3 Evaluation Report.		X	
B. Construction Documents (CDs) for NPC-3 Upgrade			X	Scope of work shall be provided as an Additional Service once NPC-3 evaluation has been completed and the scope of work is fully defined.
C. Field Implementation of CDs for NPC-3 Upgrade			X	Scope of work shall be provided as an Additional Service once NPC-3 CDs have been completed and the scope of work is fully defined, and

Table A: SCOPE OF SERVICES			
PHASE	Included	Not Included	NOTES AND ASSUMPTIONS
D. Update NPC-3 Evaluation Report for submittal to HCAI SCU.		X	Scope of work shall be provided as an Additional Service once NPC-3 Upgrades have been completed.
E. Project Close-Out in accordance with HCAI SCU Requirements.		X	Scope of work shall be provided as an Additional Service once NPC-3 Upgrades have been completed.

III. Exclusions

Exclusions from our Scope of Services are described in Table B: Exclusions

Table B: EXCLUSIONS		
EXCLUSIONS		NOTES
1	Manual field investigation and documentation of above-ceiling utilities.	This mandatory investigation and documentation shall be performed digitally by utilizing 3D laser scanning to minimize disruption to hospital functions and operations.
2	MEP engineering, architectural, medical equipment planning, and other consulting services.	
3	Development of construction documents (CDs) for NPC-3 upgrade.	
4	Construction administration for NPC-3 upgrade.	
5	Preparation of as-built drawings.	
6	Review of structural anchorage of MEP equipment and/or systems outside of NPC-3 areas.	
7	Study of impact of potential NPC-3 upgrades on disruption to hospital functions.	
8	Review and evaluation of existing MEP equipment or systems to assess functional conditions.	

Table B: EXCLUSIONS		
EXCLUSIONS		NOTES
9	Air measurements, power measurements, and recording of fluid flows.	
10	Review of Article 10 Items in CAC'2022.	
11	Hazardous material monitoring and abatement.	
12	ADA related condition assessment.	
13	Move management, phasing, and evaluations related to ADA upgrades.	
14	Probing, patching, and testing of structural systems to document strength and physical geometry.	
15	Material testing and condition assessment for as-built material strengths and conditions.	
16	Additional efforts because of unforeseen conditions.	
17	Site visits in excess of those indicated in Table A.	
18	Development of Operational Plan for NPC-4D reclassification.	
19	SPC related evaluations and/or upgrades.	
20	Preparation of cost estimates.	
21	Fee for HCAI reviews.	
22	Anchorage designs for any new medical equipment and new food service equipment, if any are proposed as part of Tenant Improvements (TI).	
23	Vibration analysis for equipment.	
24	Phasing Drawings.	
25	Response to HCAI plan review comments.	
26	NPC-5 Evaluation.	
27	Response to outstanding HCAI comments, if any.	
28	Efforts to close prior HCAI projects that might have been closed non-compliant.	
29	Testing of anchors and preparation of anchor testing program.	



Schedule T2 TERMS OF AGREEMENT

I. Compensation & Expenses

A. Walter P. Moore and Associates, Inc., "WALTER P MOORE", shall be paid as stated in the Agreement for Professional Services.

1. Lump Sum Fee - The total fee payable shall be the total sum stated herein, and payments shall be made periodically based upon WALTER P MOORE's percentage complete of the total fee as of the invoice date, or according to the schedule of payment by design phase if such schedule is expressly included herein.
2. Time and Expense Fee - The periodic fee payable shall be the cumulative sum of the mathematical products of the actual hours worked by individuals assigned to and providing services on the Project multiplied by the category billing rate for each respective individual as indicated in the Hourly Billing Rate Schedule attached to this Agreement for Professional Services.

B. WALTER P MOORE shall be compensated for all services provided regardless of whether the improvements designed are built, in whole or in part.

C. Additional Services: Additional Services shall be paid monthly in proportion to the percentage of the Additional Services completed for Fixed Fee compensation, or for the number of hours spent for Time and Expense Fee compensation, as of the invoice date.

D. Reimbursable Expenses: Miscellaneous out-of-pocket project related expenses including, without limitation; printing, postage, courier costs, lodging, travel expenses, etc., shall be charged at the incurred cost. Mileage shall be charged at IRS Standard Business Mileage Rate in effect at the time of travel.

E. Reimbursable Services: Third Party services retained by WALTER P MOORE on behalf of Owner shall be charged at the incurred cost plus 10%.

F. Sales taxes, if applicable, are not included and shall be paid by the Client.

II. Invoices and Payments

A. WALTER P MOORE will prepare and present invoices in WALTER P MOORE's standard format

on a monthly basis, unless other arrangements are stated in the Agreement for Professional Services.

B. Client shall pay WALTER P MOORE for approved invoices within thirty (30) days after receipt of invoice from WALTER P MOORE.

C. If the Client fails to make any payment due WALTER P MOORE for services and expenses within thirty (30) days after receipt of invoice from WALTER P MOORE may charge interest on the amounts due but unpaid at the lesser of the highest legal rate or twelve percent (12%) per annum.

D. Final payment for all fees and expenses is due to WALTER P MOORE no later than completion of the construction of This Part of the Project.

E. Any costs incurred by WALTER P MOORE in collecting delinquent amounts including, without limitation, reasonable attorney's fees shall be reimbursed by the Client. If any portion of WALTER P MOORE's invoice is disputed, the undisputed portion shall be paid by the Client by the due date, and Client shall contemporaneously advise WALTER P MOORE in writing of the basis for any disputed portion of any invoice.

F. WALTER P MOORE reserves the right to declare a substantial breach of this Agreement upon the Client's failure to make payment for services performed or Reimbursable Expenses incurred within ninety (90) days after Client's receipt of invoice from WALTER P MOORE.

G. No deductions shall be made from WALTER P MOORE's compensation on account of penalty, liquidated damages, or on account of the cost of changes in the Work except to the extent such costs are found by a court of competent jurisdiction to be caused by WALTER P MOORE.

III. Responsibilities of the Client

A. The Client shall, with reasonable promptness, perform normal administrative and management tasks to facilitate the design process, including, without limitation, the following:

1. Verify that the contemplated Project will be financed adequately, including provisions for contingencies, to accomplish stated goals and commitments.

2. Define the Project in writing and list the intended functions and needs and enumerate any special design criteria⁷ for This Part of the Project.
3. Provide all available information regarding requirements for This Part of the Project. WALTER P MOORE shall have the right to rely on the accuracy and completeness of any information provided by Client.
4. When requested in writing by WALTER P MOORE, the Client shall furnish the services of other reasonably required consultants including, without limitation, 3D laser scanning, surveyor, MEP engineer, architect, medical equipment planner, geotechnical and testing laboratory. These services shall be furnished at no charge to WALTER P MOORE which shall be entitled to rely upon the accuracy and completeness of any such consultants' work.
5. Advise WALTER P MOORE of the identity and scope of services of other consultants participating in the Project.
6. Review WALTER P MOORE's work for compliance with Client's programmatic requirements and for overall coordination with the work of the Clients' other consultants.
7. Notify WALTER P MOORE promptly if Client becomes aware of any fault with This Part of the Project or WALTER P MOORE's Services.
8. The Client or other professional consultant retained by the Client shall prepare and assemble specifications for the General Conditions, Supplementary Conditions and all components of the Project, and coordinate assembly of WALTER P MOORE's specification sections into the proper format.
9. Furnish to WALTER P MOORE copies of preliminary or detailed estimates of Total Project Construction Cost, bidding documents, change orders, and construction change directives, to the extent that they pertain to This Part of the Project.
10. Furnish to WALTER P MOORE for review and recommendation all construction phase submittals that pertain, directly or indirectly, to This Part of the Project.

11. Confer with WALTER P MOORE before issuing any interpretations or clarifications of documents prepared by WALTER P MOORE.
12. Endeavor to protect the interests of WALTER P MOORE in any dealings with Owner during the course of the Project to same extent as Client protects its interests.

- B. If a signed certificate is to be provided as a deliverable of WALTER P MOORE, the Client shall provide WALTER P MOORE with the exact requested wording no later than five (5) days prior to the anticipated execution date of the Agreement for Professional Services. To the extent such wording is currently available; it shall be attached to the Agreement for Professional Services as an exhibit and made part of the Agreement for Professional Services. Under no circumstances shall WALTER P MOORE be required to execute a certificate that requires WALTER P MOORE to accept duties or have knowledge beyond that required by the Agreement.
- C. CLIENT shall pay all costs WALTER P MOORE incurs because of any professional licensing or other complaint filed against WALTER P MOORE, or anyone related to it, related to any certificate of merit, or its equivalent, that results from this Project.

IV. Instruments of Service

- A. Drawings, specifications, and other documents prepared by WALTER P MOORE pursuant to the Agreement are instruments of WALTER P MOORE's professional services ("Instruments of Service"). WALTER P MOORE shall be deemed the author of these documents and shall retain all common law, statutory, and other reserved rights, including the copyrights. Provided that Client is not in breach of the Agreement, Client is granted a limited, non-exclusive license to use WALTER P MOORE's Instruments of Service for the construction, use, replacement, and maintenance of the Project. The Client shall be permitted to retain copies, including reproducible copies, of the Instruments of Service for the purposes permitted by the non-exclusive license. The Instruments of Service shall not be used on any other project, or for completion of the Project by others, except as permitted by law in the event WALTER P MOORE has been adjudged in default under the Agreement or except by separate

written agreement of the parties with appropriate compensation to WALTER P MOORE. Third parties such as the Contractor shall be permitted to obtain a copy of the Instruments of Service in electronic format in connection with the construction of the Project by executing WALTER P MOORE's standard agreement for such use.

- B. The Client or WALTER P MOORE shall not make changes in each other's Drawings, Specifications, and other documents without written permission of the other party.

V. Insurance

- A. WALTER P MOORE shall endeavor to maintain professional liability insurance covering claims arising out of the performance of professional services under the Agreement or the Project or caused by negligent errors, omissions or acts for which each may be liable. This insurance, as reflected in the parties' certificates of insurance, shall be maintained in force for a period of One (1) year after the date of Substantial Completion of the Project, if reasonably available and commercially affordable, or as otherwise agreed to and documented by Client and WALTER P MOORE.
- B. If insurance is required, and an Architect or other professional consultants are part of the design team, the Architect and any other consultants shall be required by the Client to obtain and maintain insurance coverage of similar nature to cover errors, omissions, or negligent acts for which the Architect or consultant are legally liable.
- C. Unless otherwise agreed, WALTER P MOORE, Client, Architect, and other professional consultants shall each provide insurance to protect themselves from: 1) claims under workers' or workmen's compensation acts; 2) from general liability claims for damages because of bodily injury, including personal injury, sickness, disease, or death of any employees or of any other person and from claims for damages because of destruction of property including loss of valuable papers and records coverage and including loss of use resulting therefrom; and 3) employment practices liability.
- D. The insurance coverage required by the above paragraphs shall be in not less than the limits required by law and as otherwise agreed.

- E. If Client enters into a construction contract based in whole or in part upon design services performed or deliverables prepared by WALTER P MOORE under the Agreement, Client shall use its best efforts to require in the Contract Documents that the Contractor shall: 1) provide liability insurance appropriate and adequate for the size and complexity of the Project; 2) agree to hold harmless, defend and indemnify Client and WALTER P MOORE against claims and lawsuits by Contractor or its subcontractors or suppliers of any tier for economic loss; and 3a) name WALTER P MOORE as an additional insured party, and 3b) waive any right of subrogation against WALTER P MOORE, under any commercial general liability or builders' risk policy providing coverage with respect to the construction of the Project; provided, however, that Client shall use its best efforts to have Client name WALTER P MOORE as an additional insured on, and waive subrogation against WALTER P MOORE under, any such policies Client provides with respect to the Project.

VI. Controlling Law and Disputes

- A. The Agreement, and its interpretation and performance, shall be governed by the laws of the United States of America and State of Texas notwithstanding any choice of law principles. Exclusive venue for any dispute arising out of the interpretation or performance of the Agreement shall be a court of competent jurisdiction where the Project is located.

VII. Standard of Care

- A. WALTER P MOORE shall provide services under the Agreement in a manner consistent with that degree of care and skill customarily exercised by members of the same profession currently practicing under similar circumstances.

VIII. Time for Performance

- A. WALTER P MOORE shall perform its services as expeditiously as is consistent with the Standard of Care as defined herein and the orderly progress of the Project.

IX. Indemnity, Limitations of Liabilities, Warranty and Remedies

- A. WALTER P MOORE shall not be responsible or held liable for any acts or omissions of Client, Client's other consultants, Contractor or any of its subcontractors or suppliers of any tier or any

other persons or entity performing any of the Work.

- B. WALTER P MOORE agrees, to the fullest extent permitted by law, to hold harmless and indemnify Client from and against any and all claims, damages, fines, penalties, assessments, requirements or liabilities including, without limitation, claims for injury to persons or property, death, or economic loss, and costs including, without limitation, reasonable attorney's fees and defense and response costs that arise under the Agreement for Professional Services to the extent such damages are caused by the negligence of WALTER P MOORE.
- C. Client agrees, to the fullest extent permitted by law, to hold harmless and indemnify WALTER P MOORE from and against any and all claims, damages, fines, penalties, assessments, requirements or liabilities including, without limitation, claims for injury to persons or property, death, or economic loss, and costs including, without limitation, reasonable attorney's fees and defense and response costs that arise under the Agreement for Professional Services to the extent such damages are caused by the negligence of the Client.
- D. If WALTER P MOORE's construction contract administration services are limited or excluded from WALTER P MOORE's scope of services, it is agreed that WALTER P MOORE's professional services shall not extend to or include any review or site observation of Contractor's work or performance, and Client shall in such circumstances, to the fullest extent permitted by law, hold harmless and indemnify WALTER P MOORE from and against any and all claims, damages, liabilities including without limitation, claims for injury to persons or property, death, or economic loss, or costs including without limitation reasonable attorney's fees and defense costs arising out of, or alleged to arise out of, designs or deliverables of WALTER P MOORE regardless of whether any such claims, damages, liabilities, or costs were, or were alleged to be, caused in part by the negligence or negligent misrepresentation of WALTER P MOORE or someone for whom WALTER P MOORE is legally responsible.
- E. Because remodeling and/or rehabilitation of an existing structure and/or related infrastructure

requires that certain assumptions be made regarding existing conditions, and because these assumptions may not be verifiable without expending inordinate amounts of time and money, or damaging otherwise adequate and serviceable portions of the structure, Client agrees, to the fullest extent permitted by law to hold harmless and indemnify WALTER P MOORE from and against any and all claims, damages or liabilities including, without limitation, claims for injury to persons or property, death, or economic loss, and costs including, without limitation, reasonable attorney's fees and defense costs arising out of any designs or deliverables of WALTER P MOORE based in whole or in part upon any assumptions made by WALTER P MOORE regarding existing conditions, excepting only those claims, damages, liabilities or costs to extent caused by the negligence or willful misconduct by WALTER P MOORE.

- F. **To the maximum extent permitted by law, Client agrees to limit Walter P Moore's liability for claims arising from or related to the Agreement or the Scope of Services to the Sum of \$50,000 or Walter P Moore's paid fee, whichever is greater. This limitation shall apply regardless of the cause of action or legal theory pleaded or asserted, including any kind of indemnity.**
- G. Other than as expressly stated herein, WALTER P MOORE makes no other express or implied warranties regarding the performance or result of these services.
- X. **Successors and Assigns**
 - A. Client and WALTER P MOORE, respectively, bind themselves, their partners, successors, assigns, and legal representatives to the other party to the Agreement and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of the Agreement.
 - B. Neither party to the Agreement shall transfer, sublet, or assign any rights under or interest in the Agreement (including, without limitation, monies that are due or monies that may be due) without the prior written consent of the other party. Subcontracting by WALTER P MOORE shall not be considered an assignment for purposes of the Agreement, and nothing contained in this paragraph shall prevent WALTER P MOORE from employing such independent professional

associates and consultants as WALTER P MOORE may deem appropriate to assist in the performance of services hereunder.

- C. Nothing under the Agreement shall be construed to confer any rights or benefits in the Agreement to anyone other than Client and WALTER P MOORE, and all duties and responsibilities undertaken pursuant to the Agreement shall be for the sole and exclusive benefit of Client and WALTER P MOORE and not for the benefit of any other party.

XI. Hazardous Material

- A. WALTER P MOORE shall have no responsibility for the detection, presence, removal, encapsulation, treatment, abatement, storage, transportation, disposal, or any other form of identification or handling of any asbestos, asbestos containing products materials or substances, polychlorinated biphenyl (PCB), or any other materials, constituents or substances that are, or are deemed to be, hazardous under the Resource Conservation and Recovery Act of 1976 as amended or any other similar federal, state or local regulation or law ("Hazardous Material"). Client shall use its best efforts to have Client furnish any tests for Hazardous Materials and other laboratory and environmental tests, inspections, reports, mitigation, or removal as necessary or required by law since no such test shall be provided by or through WALTER P MOORE.
- B. Client agrees, to the fullest extent permitted by law, to hold harmless and indemnify WALTER P MOORE from and against any and all claims, damages, fines, penalties, assessments, requirements, or liabilities including, without limitation, claims for injury to persons or property, death, or economic loss, and costs including, without limitation, reasonable attorney's fees and defense and response costs arising out of any claims related to Hazardous Materials.

XII. Termination and Suspension

- A. The Agreement may be terminated by either party upon not less than Seven (7) days' written notice should the other party fail substantially to perform in accordance with the terms of the Agreement through no fault of the party initiating the termination, and such failure to perform is not cured within such Seven (7) days.

- B. After the Project or WALTER P MOORE's services are interrupted or suspended for any cause other than the fault of WALTER P MOORE for more than Forty-Five (45) calendar days in the aggregate over the term of the Agreement, WALTER P MOORE may, at its option at any time thereafter, without waiving any other right or remedy, and without incurring any liability to Client or any other party, terminate the Agreement upon seven days written notice without cure or suspend its services, and WALTER P MOORE shall be compensated for all its services performed and reimbursable expenses incurred prior to the termination or commencement of suspension of services by WALTER P MOORE. WALTER P MOORE shall have no liability to Client or otherwise for such suspension, and Client covenants not to make any claim for any delay or damage alleged to have resulted from such suspension. If WALTER P MOORE elects to suspend its services, Client shall, upon WALTER P MOORE's resumption of services, compensate WALTER P MOORE for expenses incurred as a result of the suspension and resumption of its services, and WALTER P MOORE's schedule and fees for the remainder of WALTER P MOORE's Project services shall be equitably adjusted.
- C. If Client is in breach of the Agreement, WALTER P MOORE may at any time thereafter, without waiving any other right or remedy, and without incurring any liability to Client or any other party, upon Seven (7) calendar days' written notice suspend its services to Client. WALTER P MOORE shall have no liability to Client or otherwise for such suspension, and Client covenants not to make any claim for any delay or damage alleged to have resulted from such suspension. If WALTER P MOORE elects to resume its services, provided that WALTER P MOORE has not previously terminated the Agreement, and upon receipt of payment in full to WALTER P MOORE of all outstanding sums due from Client, or curing of such other breach by Client which caused WALTER P MOORE to suspend services, Client shall as Additional Services compensate WALTER P MOORE for expenses incurred as a result of the suspension and resumption of its services, and WALTER P MOORE's schedule and fees for the remainder of WALTER P MOORE's Project services shall be equitably adjusted.

XIII. Force Majeure

- A. In the event that WALTER P MOORE is obstructed, interrupted, or impeded, directly or indirectly, in performing any of its obligations under the Agreement by an Act of God, sickness, disease, infection, epidemic, government order, building closure, fire, flood, earthquake, terrorism or terrorism threat, adverse weather, war, attack, labor unrest or shortage, civil unrest or any other occurrence beyond the control of WALTER P MOORE, or by any complications, responses (e.g., COVID plans), or unreasonable risks arising from such occurrences, then WALTER P MOORE shall be excused from any further performance of its obligations under the Agreement and entitled to adjustment of the Project schedule and its compensation under this Agreement. Additionally, any obligation by WALTER P MOORE to attend an in-person meeting or site visit shall be: (a) excused if it would, in WALTER P MOORE's judgment, be unsafe or its purposes may be satisfied virtually, and (b) subject to any reasonable protocols that WALTER P MOORE has adopted for the health and safety of its employees.

XIV. Waiver

- A. The failure on the part of either party, at any time, to require full performance by the other party of any portion of the Agreement, shall not be deemed a waiver of, or in any way affect, that party's rights to enforce such provisions or any other provision at a later time. Any waiver by any party of any provision or on any occasion shall not be taken or held to be a waiver of any other provision or on any other occasion.

XV. Severability and Survival of Terms

- A. If any one or more provisions of the Agreement, any portion thereof, or the application thereof to any person or circumstance, shall for any reason be held invalid, illegal or unenforceable in any respect, any such invalidity, illegality or unenforceability shall be deemed stricken and shall not affect any other provision of the Agreement or the application of such provisions to other persons or circumstances, and the balance of the Agreement shall be enforced to the greatest extent permitted by law. Limitations of liability and remedies and all indemnity obligations shall survive termination of the Agreement for any cause.

XVI. Dispute Resolution

- A. If a dispute arises out of or relates to this contract or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try to settle the dispute by mediation administered by the American Arbitration Association under its Construction Industry Mediation Procedures before resorting to arbitration or litigation.

XVII. Meaning of Terms

- A. **Client** - The party, with which WALTER P MOORE has entered into the Agreement, responsible for managing the overall design including, without limitation, the design and deliverables of WALTER P MOORE as a consultant to the Client.
- B. **Construction Cost of This Portion of the Project** - The total cost incurred by, or if the project is not built, the estimated construction cost to, Client of all elements of the Project designed or specified by WALTER P MOORE. Such Cost shall include the cost (at current market rates if estimated) of all labor and materials furnished including the overhead, fee or profit contingency for This Part of the Project.
- C. **Contractor** - A third party, if any, engaged to provide construction services to Client based in part upon designs and deliverables of WALTER P MOORE.
- D. **WALTER P MOORE** - Walter P. Moore and Associates, Inc., and WALTER P MOORE's independent professional associate or consultant engineering firms.
- E. **Project** - As defined in the Agreement for Professional Services.
- F. **Services** - As defined in the Agreement for Professional Services.
- G. **This Part of the Project** - All elements of the Project design within WALTER P MOORE's engineering discipline designed or specified by WALTER P MOORE.
- H. **Total Project Construction Cost** - The total cost incurred by, or if the project is not built, the estimated construction cost to, Client of all elements of the Project designed or specified by Client and its Consultants. Such Cost shall include the cost at current market rates of all labor and materials furnished including the overhead, fee or profit contingency, plus the cost of equipment specifically specified by Client and its Consultants.

TAB C



SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA

Unaudited Financial Statements

for

SIX MONTHS ENDING DECEMBER 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.

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 December, 2022 and Six Months Ended December 31, 2022 (Unaudited)

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

The month of December resulted in negative \$747K Earnings before Interest, Depreciation and Amortization (EBIDA) compared to budgeted EBIDA loss of \$1.365M.

YTD – The YTD December results were a negative \$6.50M Earnings before Interest, Depreciation and Amortization (EBIDA) compared to budgeted EBIDA loss of \$7.91M.

Month – Adjustments and Items of note:

- The December Patient Days were the highest month for this fiscal year.
- Salaries, Benefits, and Contract Labor were over budget by \$114K, which was impacted by \$512K plus benefits, offset by \$238K from the State Covid “Matching” Recognition program.
- An accrual of \$900K was recorded to Non-Patient Revenues Grant Income for recently earned IEHP Pay for Performance Incentive Earnings.
- A YTD software lease adjustment of \$139,377 was re-classed from Purchased Services Expense to Amortization and Interest Expenses and reflected in December’s monthly operations. (The month-to-month Budget was also re-classed accordingly.)

December’s inpatient average daily census was 29.4. Adjusted Patient Days were 5.3% over budget (2,166 vs. 2,056) which includes the Patient Days which were 12% below budget (910 vs. 1,033). Emergency Visits were 4% over budget (3,506 vs. 3,381), and overall Surgeries were under budget by 17% (105 vs. 126).

YTD - Inpatient average daily census was 22.7. Adjusted Patient Days were 4.6% under budget (11,113 vs. 11,653) and Patient Days were 29% below budget (4,181 vs. 5,854). Emergency Visits were 11% over budget (21,893 vs. 19,684), and overall Surgeries were 7% under budget (684 vs. 737).

Patient Revenues (MTD) Negative (YTD) Negative

Month - Net Patient Revenue in December were \$671K (12.7%) below budget. This is impacted by the Deductions from Revenues due to the higher-than-expected mix of Outpatient Revenues (compared to Inpatient Revenues), which generally pay about 10% of charges compared to Inpatient Revenues which generally pay about 18% of charges. This also directly relates to the lower-than-expected count of Inpatient Days. The Residency Program recovery was \$41K and is included in the Deductions from Revenues. Managed care rate increases negotiated a year ago were estimated at \$232K for the month.

YTD – Net Patient Revenues were \$3.46M (11%) below budget. This is also impacted by the Deductions from Revenues due to the higher-than-expected mix of Outpatient Revenues (compared to Inpatient Revenues), which generally pay about 10% of charges compared to Inpatient Revenues which generally pay about 18% of charges. This also directly relates to the lower- than-expected count of Inpatient Days. The Deductions are favorably offset by \$247K of Residency Program recovery. Managed care rate increases negotiated last year are estimated at \$1.14M combined for the six months.

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

Month – Operating Revenue in December was \$233K over budget. This was favorably impacted by the \$900K IEHP Grant which offset the unfavorable \$671K Net Revenue variance.

YTD - Operating Revenue was \$3.06M below budget. This was impacted by the \$3.46M negative variance in Net Patient Revenues for the six months and a \$401K positive variance in Other Income.

Operating Expenses (MTD) Positive & (YTD) Positive

Month - Operating Expenses in December were \$7.48M and were under budget by \$385K. Key items that impacted overall Expenses were as follows: 1) Salaries and Wages, Benefits, and Contract Labor

were collectively \$114K over budget, primarily impacted by the State Covid Retention Pay “matching” program describe above; 2) Purchased Services were \$270K below budget which included a) a YTD software lease reclass of \$139,377 from Purchased Services to Amortization and Interest Expense, and b) Altera (Allscripts), Guidehouse, I/T, and other service agreements being under budget; 3) Supplies were under budget by \$312K, which can be attributed to a) 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 (\$192K) and general Medical Supplies (\$221K); 4) Other Expense had a negative variance of \$44K which was largely impacted by the annual \$67K payment of the District Hospital Leadership Forum dues.

YTD – Operating Expenses were \$42.0M and were under budget by \$4.1M. Key items that impacted overall Expenses were as follows: 1) Salaries, Benefits, and Contract Labor were a combined \$1.02M 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 \$336K under budget and a significant portion of the variance relates to the Residency Program (\$229K); 3) Purchased Services showed a favorable variance of \$1.032M due to legal fees variance (\$173K), Allscripts/Navigant (\$786K), Dialysis (\$137K), along with various other Service Agreements being lower than expected; 4) Supplies were under budget by \$1.80M, 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. Note: Although there has been success in controlling expenses and there are some significant favorable variances, it is important to remember that there may be some expenses which have not fully materialized in the first 6 months of the year, and this could have some impact on future months’ expenses.

Balance Sheet/Cash Flow

Patient cash collections in December were \$4.11M compared to \$4.27M in November and \$5.89M in October. The Gross A/R Days increased from 70.1 in November to 76.2 in December. This was impacted by the carryover of the I/T system down-time in November in addition to the Christmas holiday time, which always seems to impact cash collections in a negative manner.

Cash balances were \$3.83M compared to \$3.98M in November. Accounts Payable decreased slightly to \$11.3M compared to 11.6M in November, and the Line of Credit was accessed bringing the total balance to \$6M. Other notable activity included the re-classing of software leases to the Balance Sheet. Based on new GASB Statement # 87, software leases which previously expensed directly will now be treated by the establishment of assets of \$723K, along with a current liability of \$298K, and a long term liability of \$425K. Monthly lease payments will then be applied to these liabilities, and offsetting entries will be made to Amortization and Interest expenses over the life of each respective lease. The December statements were adjusted to bring the FY 2023 accounts up to date with these standards. Other items of note included the accrual of the \$900K grant as a receivable, and establishment of \$960K payable to Medicare for outliers, sequestration, and loss of low volume status.

Concluding Summary

Positive takeaways:

- 1) Patient Days increase over previous months, and Adjusted Patient Days exceeded budget.
- 2) Pay for Performance Quality Earnings from IEHP of \$900K were a welcome boost.
- 3) The Hospital was able to reward employees covid retention pay costing \$512K plus benefits, which was partially offset by taking advantage of a match of \$238K from the State.
- 4) If all prorated expected Supplemental Pay had been accrued through December, the YTD EBIDA would be \$1.65M.

Negative takeaways: Inpatient Days and Surgeries were less than expected.

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.

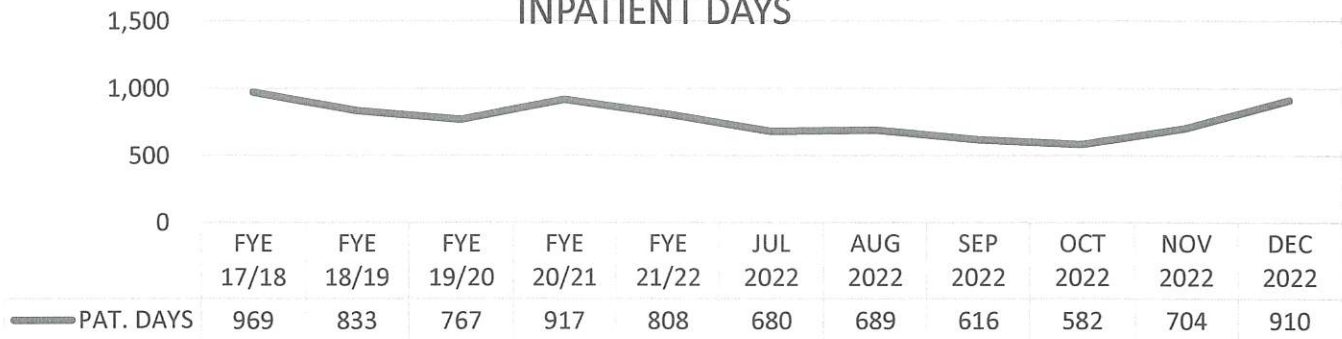
W-A

SAN GORGONIO MEMORIAL HOSPITAL

INPATIENT DISCHARGES



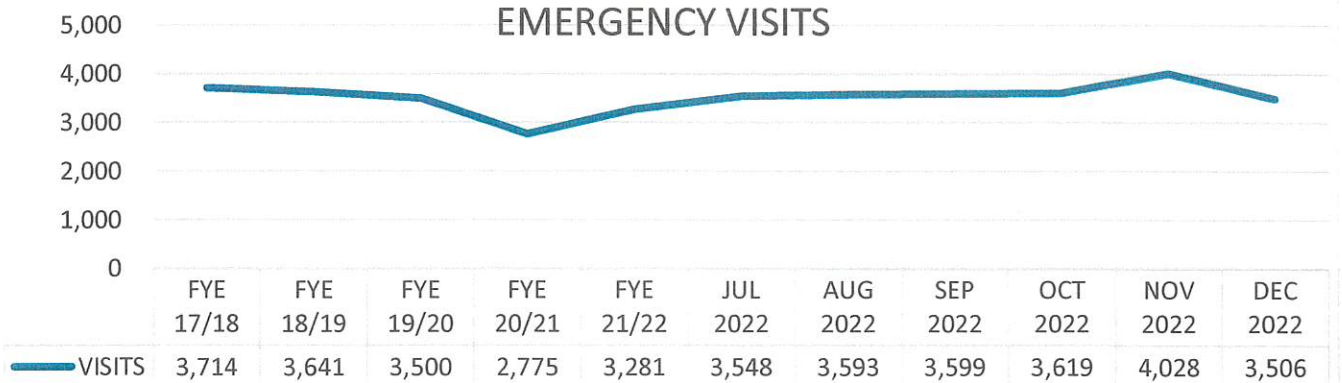
INPATIENT DAYS



AVERAGE LENGTH OF STAY

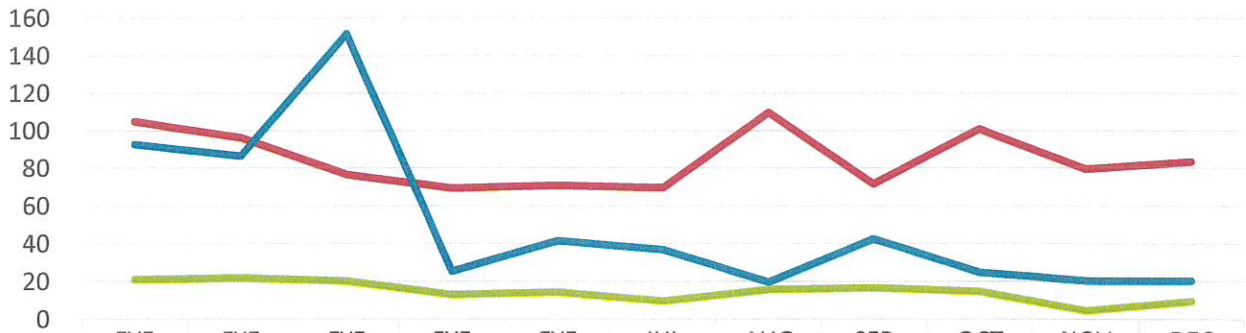


EMERGENCY VISITS



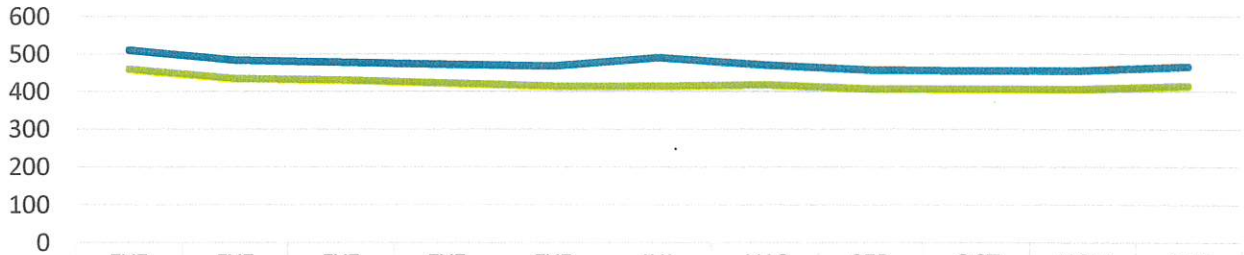
SAN GORGONIO MEMORIAL HOSPITAL

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



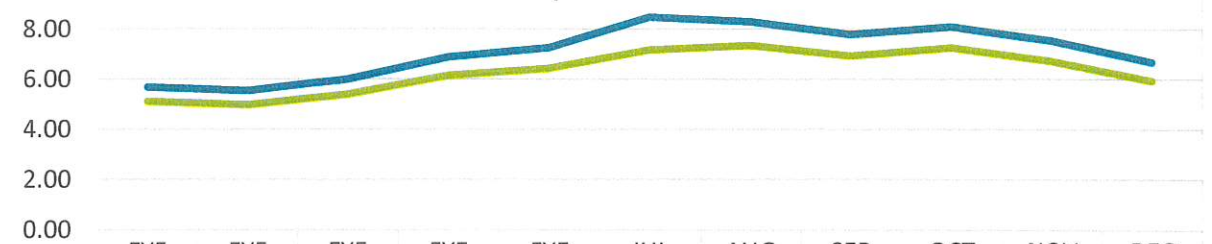
	FYE 17/18	FYE 18/19	FYE 19/20	FYE 20/21	FYE 21/22	JUL 2022	AUG 2022	SEP 2022	OCT 2022	NOV 2022	DEC 2022
— SURG.	105	97	77	70	71	70	110	72	101	80	84
— G.I. CASES	93	87	152	26	42	37	20	43	25	21	21
— BIRTHS	21	22	21	13	15	10	16	17	15	5	10

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	DEC 2022
— P FTE's	511	484	479	474	470	491	473	459	457	458	468
— W FTE's	461	436	431	425	417	416	419	409	409	409	416

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	DEC 2022
— PFTES/APD	5.69	5.55	6.01	6.89	7.27	8.49	8.31	7.80	8.11	7.56	6.70
— WFTES/APD	5.13	5.00	5.41	6.18	6.45	7.18	7.37	6.94	7.27	6.76	5.96

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.

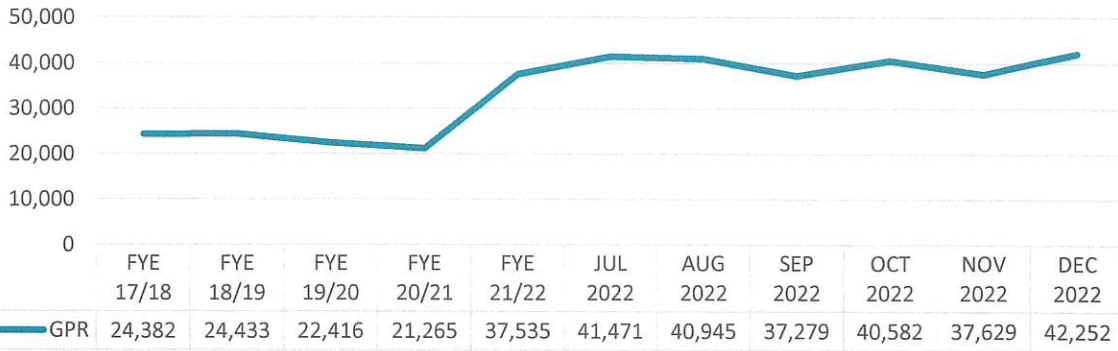
Operating Revenues (Normalized), Expenses, Staffing Expenses, and EBIDA (Normalized)

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.

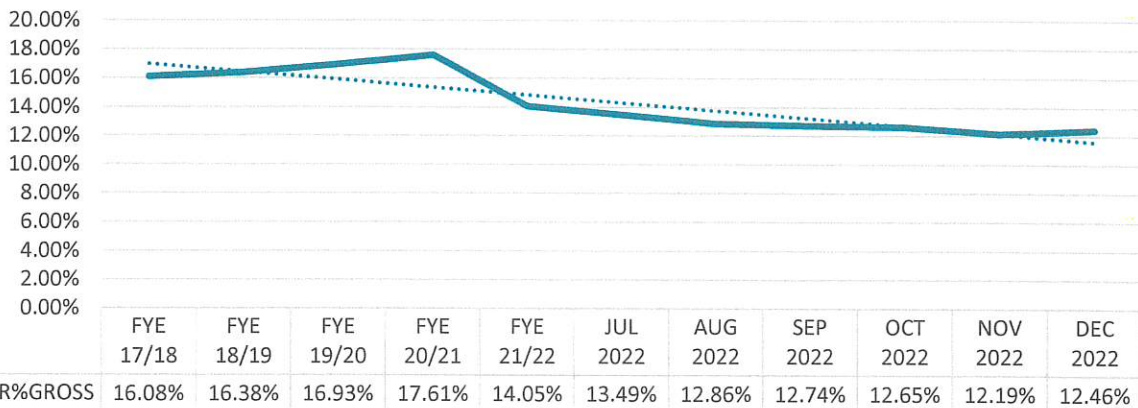
3-D

SAN GORGONIO MEMORIAL HOSPITAL

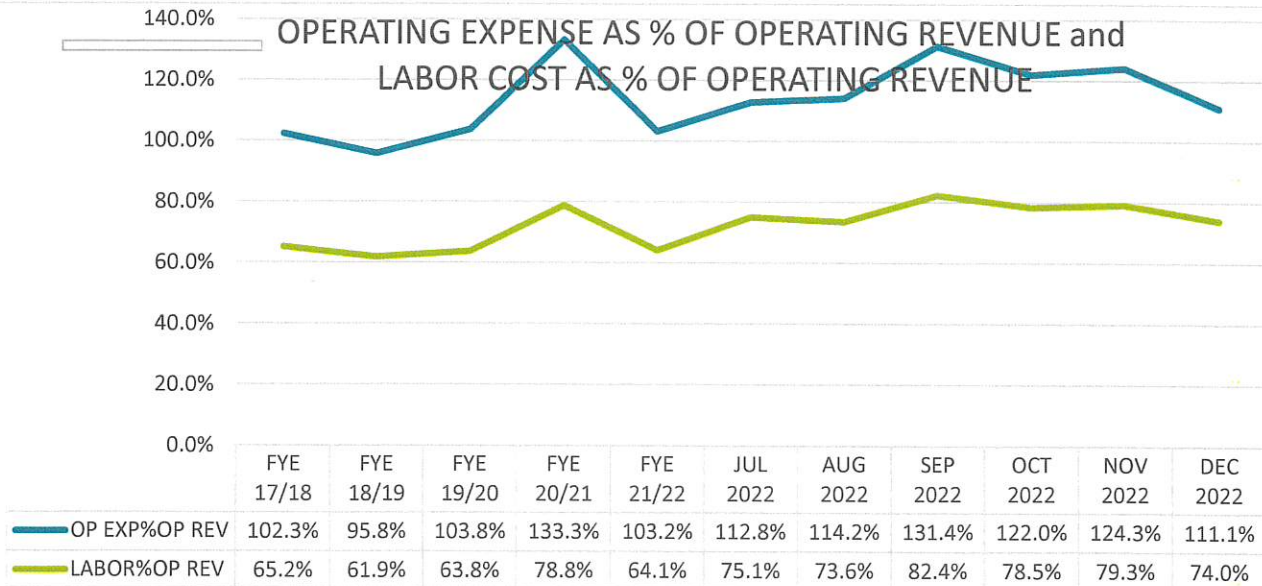
GROSS PATIENT REVENUE (000's)



NET PATIENT REVENUE AS % OF GROSS

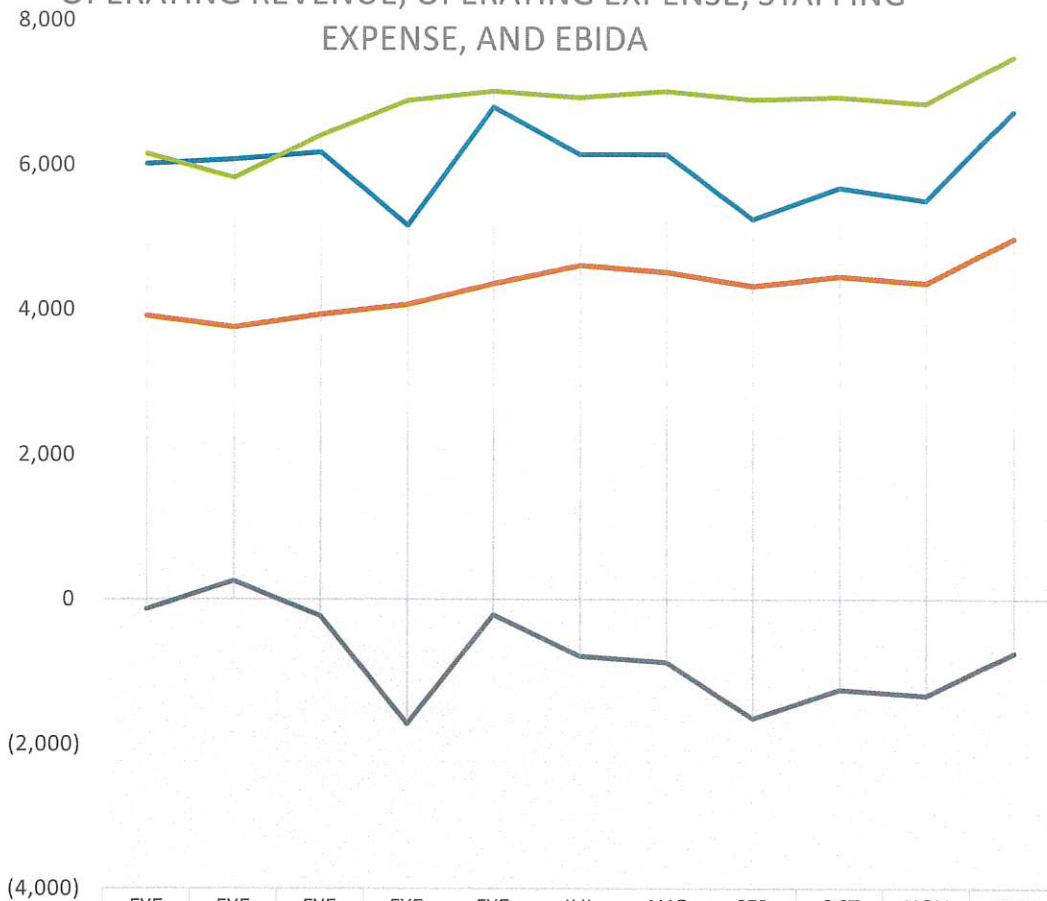


OPERATING EXPENSE AS % OF OPERATING REVENUE and LABOR COST AS % OF OPERATING REVENUE



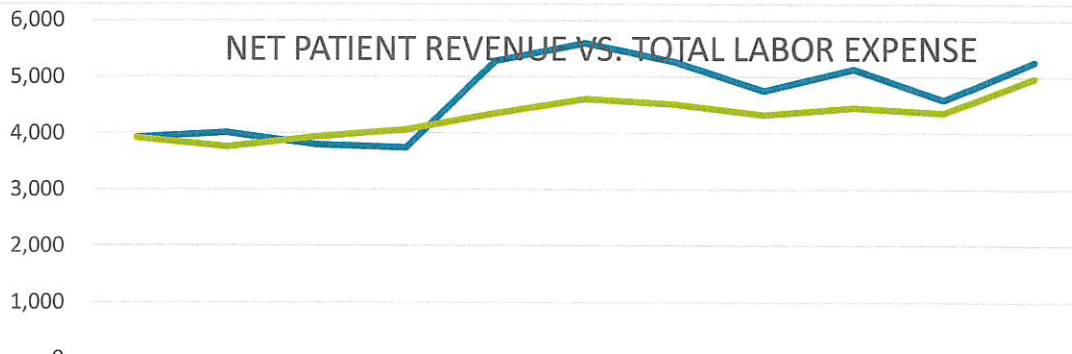
SAN GORGONIO MEMORIAL HOSPITAL

OPERATING REVENUE, OPERATING EXPENSE, STAFFING EXPENSE, AND EBIDA



	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	DEC 2022
OP REV	6,006	6,069	6,165	5,160	6,791	6,132	6,137	5,246	5,674	5,499	6,728
OP EXP	6,147	5,817	6,398	6,878	7,007	6,920	7,010	6,893	6,923	6,834	7,475
STAFF EXP	3,915	3,755	3,932	4,065	4,354	4,604	4,515	4,322	4,452	4,359	4,980
EBIDA	(141)	252	(233)	(1,719)	(216)	(788)	(873)	(1,648)	(1,249)	(1,335)	(747)

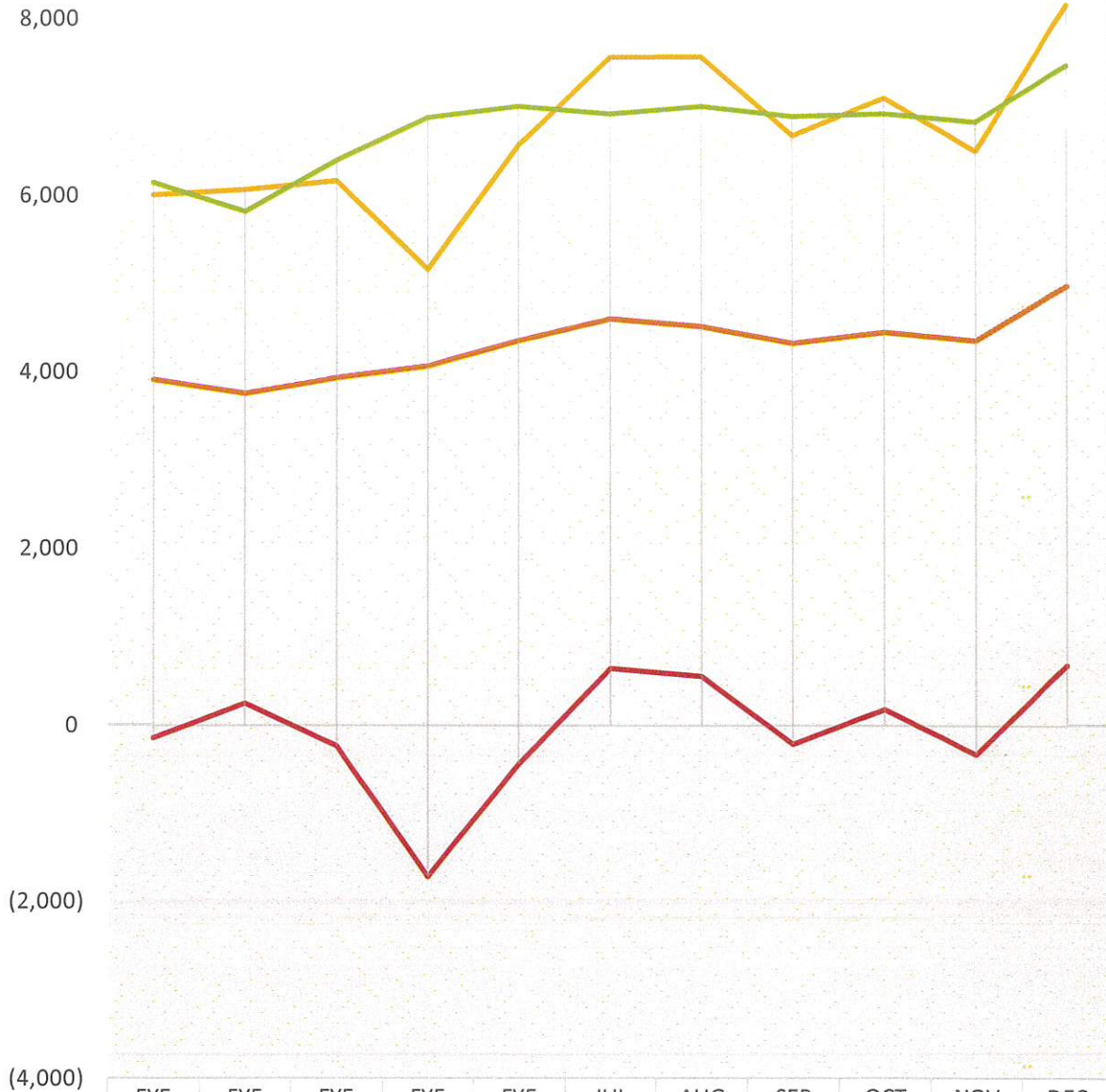
NET PATIENT REVENUE VS. TOTAL LABOR EXPENSE



	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	DEC 2022
NET PAT REV	3,921	4,003	3,795	3,744	5,275	5,594	5,267	4,751	5,134	4,585	5,266
LABOR EXP	3,915	3,755	3,932	4,065	4,354	4,604	4,515	4,322	4,452	4,359	4,980

SAN GORGONIO MEMORIAL HOSPITAL

OPERATING REVENUE (NORMALIZED), OPERATING EXPENSE,
STAFFING EXPENSE, AND EBIDA (NORMALIZED) (000'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	DEC 2022
REV NORMAL	6,006	6,069	6,165	5,160	6,569	7,564	7,569	6,678	7,106	6,504	8,160
OP EXP	6,147	5,817	6,398	6,878	7,007	6,920	7,010	6,893	6,923	6,834	7,475
LABOR EXP	3,915	3,755	3,932	4,065	4,354	4,604	4,515	4,322	4,452	4,359	4,980
EBIDA NORMAL	(141)	252	(233)	(1,719)	(438)	644	559	(216)	183	(330)	685

3-G

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	
	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	\$ 8,652,325	\$ 7,667,883	\$ 7,401,282	\$ 9,331,371	\$ 16,603,390	\$ 14,613,180	\$ 15,786,344	\$ 13,463,161	\$ 13,156,157	\$ 13,207,417	\$ 14,560,451	\$ 17,505,552	\$ 87,679,082
Inpatient Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
Inpatient Psych/Rehab Revenue	0	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	20,932,975	25,413,163	25,664,630	27,481,674	24,122,862	27,374,507	23,068,968	24,746,141	152,478,981
Long Term Care Revenue	0	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	0
Total Gross Patient Revenue	24,382,394	24,433,247	22,468,386	21,265,063	37,535,465	40,026,344	41,471,174	40,944,835	37,279,018	40,561,924	37,629,419	42,251,693	240,158,063
Deductions From Revenue													
Discounts and Allowances	(19,635,639)	(19,588,148)	(17,845,730)	(16,635,734)	(31,267,149)	(33,874,720)	(34,956,058)	(34,797,135)	(30,986,845)	(34,683,286)	(32,035,399)	(35,904,405)	(203,248,319)
Bad Debt Expense	(806,002)	(858,023)	(653,280)	(824,395)	(1,045,570)	(922,042)	(883,157)	(813,947)	(1,113,485)	(734,463)	(971,962)	(1,015,237)	(5,532,251)
GI-HMO Discounts	0	0	0	0	0	0	0	0	0	0	0	0	0
Charity Care	(80,410)	(56,168)	(86,517)	(41,362)	(136,947)	(109,121)	(28,117)	(66,596)	(427,789)	(29,952)	(36,715)	(65,555)	(654,725)
Total Deductions From Revenue	(20,522,051)	(20,502,339)	(19,588,527)	(17,501,490)	(32,449,666)	(34,905,883)	(35,877,331)	(35,677,679)	(32,528,120)	(35,447,702)	(33,044,076)	(36,985,198)	(209,435,295)
Net Patient Revenue	3,860,343	3,930,908	3,882,859	3,763,563	5,085,799	5,120,461	5,593,843	5,267,156	4,750,899	5,134,222	4,585,343	5,266,495	30,722,768
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	0
Grants & Other Op Revenues	193,507	205,590	750,434	505,190	725,066	401,440	136,873	468,018	93,358	138,568	512,304	1,059,520	2,408,642
Clinic Net Revenues	20,106	22,382	15,743	0	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	246,994	1,481,963
Tax Subsidies Prop 13	105,376	115,388	114,061	142,552	146,104	154,500	154,500	154,500	154,500	154,500	154,500	154,500	927,000
Tax Subsidies County Supplmtl Funds	16,958	16,159	9,064	16,163	25,561	0	0	0	0	0	0	0	0
Non-Patient Revenues	2,041,675	2,041,381	2,246,097	1,743,355	1,627,542	802,934	538,367	869,512	494,852	540,062	913,798	1,461,014	4,817,605
Total Operating Revenue	5,902,018	5,972,289	6,128,956	5,506,919	6,713,341	5,923,396	6,132,210	6,136,668	5,245,751	5,674,284	5,499,141	6,727,509	35,540,373
Operating Expenses													
Salaries and Wages	3,000,485	2,941,226	3,104,224	3,125,159	3,420,974	3,563,607	3,566,637	3,581,670	3,344,149	3,505,628	3,406,624	3,976,933	21,381,640
Fringe Benefits	784,204	702,477	752,708	856,889	830,599	902,642	898,552	868,467	904,958	895,221	926,984	921,667	5,415,850
Contract Labor	130,625	106,628	59,516	114,886	99,977	72,254	138,575	64,443	72,561	50,991	25,244	81,713	433,526
Physicians Fees	511,630	246,631	331,858	350,783	330,533	309,293	273,621	277,977	293,059	308,777	291,979	352,767	1,855,755
Purchased Services	881,239	513,857	691,337	772,336	892,521	843,732	829,624	848,417	1,003,052	802,604	890,157	746,115	5,062,394
Supply Expense	699,167	685,518	751,025	903,883	995,446	813,370	698,214	888,903	823,019	895,128	735,602	839,353	4,880,219
Utilities	74,205	75,471	80,680	92,287	111,192	108,646	104,925	97,819	113,507	99,363	120,651	115,611	651,876
Repairs and Maintenance	53,574	58,325	59,712	139,712	77,524	87,781	74,098	74,098	111,348	111,348	67,665	89,149	526,685
Insurance Expense	86,537	85,267	103,277	110,683	112,478	126,438	137,478	127,547	133,709	119,141	122,505	118,248	758,627
All Other Operating Expenses	68,153	70,922	160,745	148,752	101,142	102,455	97,102	53,610	47,279	84,177	189,078	143,484	614,730
IGT Expense	217,249	58,743	109,484	172,366	0	0	0	0	0	0	0	0	0
Leases and Rentals	59,507	76,150	79,233	79,424	37,952	78,956	101,241	76,060	106,555	51,072	58,251	80,559	473,738
1206 (b) CLINIC	80,927	98,810	94,628	34,096	0	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	7,009,174	6,920,067	7,009,680	6,893,407	6,923,449	6,833,839	7,474,599	42,055,042
EBIDA	(143,485)	252,266	(248,351)	(1,394,337)	(297,264)	(1,085,778)	(787,858)	(873,012)	(1,647,656)	(1,249,165)	(1,334,698)	(747,090)	(6,514,669)
Interest, Depreciation, and Amortization													
Depreciation and Amortization	512,466	497,808	506,497	494,721	472,317	480,752	550,044	406,450	406,450	446,580	426,319	648,669	2,884,512
Interest Expense	432,490	418,193	422,094	447,994	391,606	474,955	427,682	571,834	409,794	394,794	419,794	625,830	2,849,727
Total Interest, Depr. & Amort.	944,956	916,000	928,591	942,715	863,923	955,706	977,726	978,283	816,243	841,374	846,112	1,274,500	5,734,239
Non-Operating Revenue:													
Contributions & Other	14,354	7,745	27,759	7,121	25,068	284,444	1,387,913	2,599	3,065	2,068	3,065	3,065	1,706,663
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	627,353	3,764,119
Total Non Operating Revenue/(Expense)	666,841	700,202	694,725	605,531	641,127	911,797	2,015,266	629,952	630,418	629,421	630,418	935,307	5,470,782
Total Net Surplus/(Loss)	(211,599)	36,467	(482,217)	(1,731,521)	(520,060)	(1,129,688)	249,682	(1,221,343)	(1,833,481)	(1,461,118)	(1,550,393)	(1,086,283)	(6,778,125)
Change in Interest in Foundation	0	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	0
Increase/(Decrease in Unrestricted Net / \$)	(421,599)	\$ 36,467	\$(1,171,791)	\$(1,732,171)	\$(804,852)	\$(1,129,688)	249,682	\$(1,221,343)	\$(1,833,481)	\$(1,461,118)	\$(1,550,393)	\$(1,086,283)	\$(6,778,125)
Total Profit Margin	-7.1%	0.6%	-7.9%	-31.4%	-7.7%	-19.1%	4.1%	-19.9%	-35.0%	-25.7%	-28.2%	-16.1%	-19.1%
EBIDA %	-2.4%	4.2%	-4.1%	-25.3%	-4.4%	-18.3%	-12.8%	-14.2%	-31.4%	-22.0%	-24.3%	-11.1%	-18.3%

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

Estimated Value of Supplemental Accruals (Updated 01 17 23)	1,432,066	1,432,066	1,432,066	1,432,066	1,432,066	1,432,066	1,432,066	1,432,066	1,432,066	1,432,066	1,432,066	1,432,066	8,170,668
Estimated EBIDA If Supplementals were Accrued Monthly (Updated 01 17 23)	644,208	559,054	(215,590)	124,810	182,301	(324,362)	684,976	1,655,999	276,000	276,000	276,000	276,000	276,000
YTD Monthly Average Estimated EBIDA If Supplementals were Accrued Monthly (Updated 01 17 23)													

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

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

3.4

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.

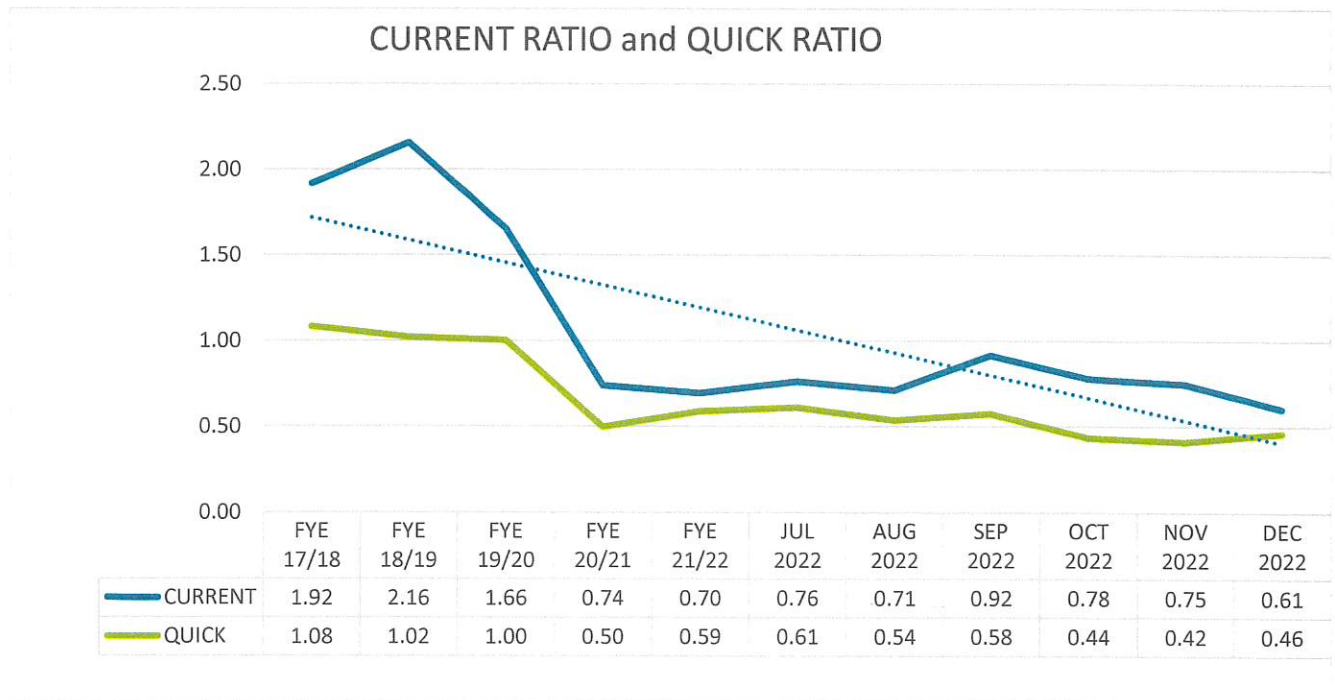
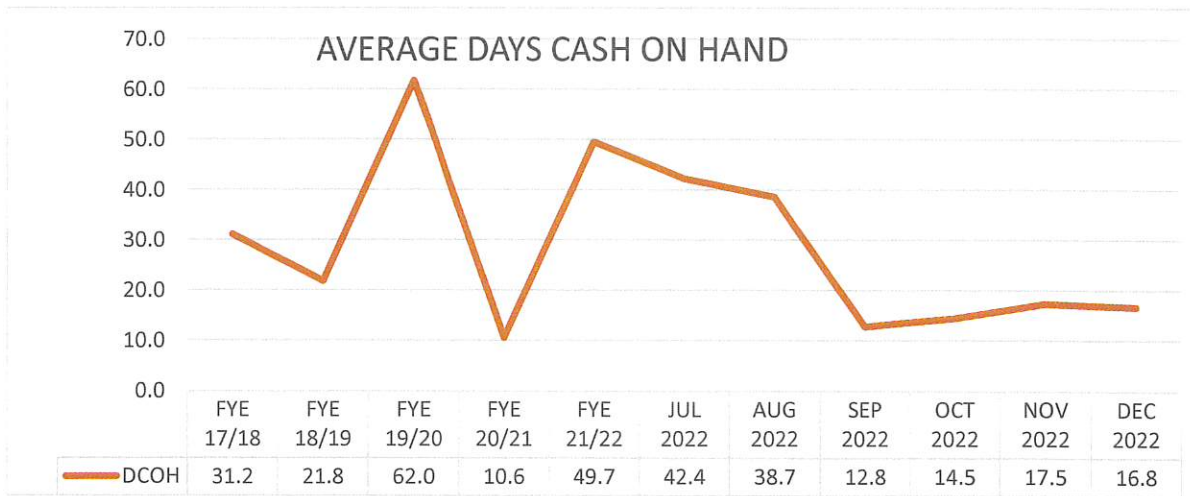
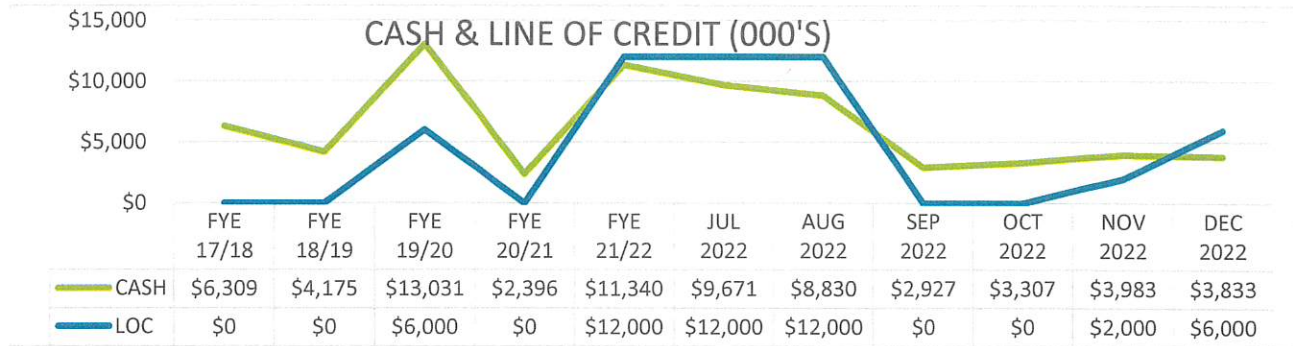
Accounts Payable Days

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)

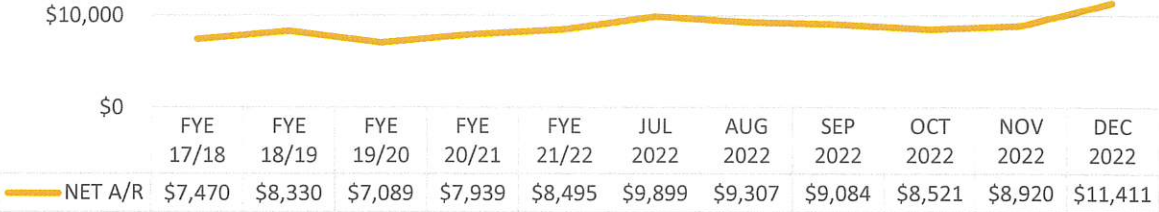
The amount that is currently borrowed from a lending institution as of a given point in time.

SAN GORGONIO MEMORIAL HOSPITAL



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
SIX MONTHS ENDING DECEMBER 31, 2022

STATEMENT OF REVENUE AND EXPENSES - MONTH & YTD						
REF LINE#	12/31/22 ACTUAL	12/31/22 BUDGET	YTD ACTUAL	YTD BUDGET	YTD DIFFERENCE	
	Revenue:					
[1]	\$ 42,251,693	\$ 45,486,755	\$ 240,158,063	\$ 261,898,313	\$ (21,740,250)	
[2]	(36,985,198)	(39,549,723)	(209,435,295)	(227,714,761)	18,279,465	
[3]	5,266,495	5,937,033	30,722,768	34,183,552	(3,460,785)	
[4]	-	-	-	-	-	
[5]	1,461,014	557,030	4,817,605	4,416,837	400,768	
[6]	6,727,509	6,494,063	35,540,373	38,600,389	(3,060,016)	
	Total Operating Revenues					
	4,898,600	4,782,463	26,797,490	27,799,541	1,002,051	
[7]	81,713	79,250	433,526	453,162	19,637	
	352,767	365,231	1,855,756	2,191,386	335,631	
	746,115	1,015,903	5,062,394	6,094,505	1,032,110	
[8]	1,180,596	1,460,383	7,351,676	8,739,053	1,387,377	
[9]	839,353	1,151,794	4,880,219	6,682,468	1,802,249	
[10]	556,050	464,857	3,013,902	2,887,455	(126,446)	
[11]	-	-	-	-	-	
[12]	\$ 7,474,599	\$ 7,859,498	\$ 42,043,286	\$ 46,108,517	\$ 4,065,231	
	EBIDA					
[13]	\$ (747,090)	\$ (1,365,435)	\$ (6,502,914)	\$ (7,508,128)	\$ 1,005,214	
[14]	1,274,500	1,093,819	5,745,994	6,263,234	517,239	
[15]	935,307	1,092,982	5,470,782	6,557,890	(1,087,108)	
[16]	\$ (1,086,283)	\$ (1,366,272)	\$ (6,778,126)	\$ (7,213,471)	\$ 435,346	
	TOTAL NET SURPLUS (LOSS)					

SAN GORGONIO MEMORIAL HOSPITAL
EXECUTIVE FINANCIAL SUMMARY
SIX MONTHS ENDING DECEMBER 31, 2022

BALANCE SHEET

	YTD 12/31/2022	Prior FYE 6/30/2022
ASSETS		
[1] Current Assets	\$ 19,977,194	\$ 23,401,085
[2] Assets Whose Use is Limited	11,732,131	12,704,494
[3] Property, Plant & Equipment (Net)	75,539,859	73,514,801
[4] Other Assets	589,683	503,000
[5] Total Unrestricted Assets	107,838,867	110,123,380
[6] Restricted Assets	0	0
[7] Total Assets	\$ 107,838,867	\$ 110,123,380
LIABILITIES AND NET ASSETS		
[8] Current Liabilities	\$32,929,531	\$33,649,575
[9] Long-Term Debt	113,198,142	105,323,946
[10] Other Long-Term Liabilities	2,231,628	2,231,626
[11] Total Liabilities	\$ 148,359,300	\$ 141,205,147
[12] Net Assets	\$ (40,520,433)	\$ (31,081,767)
[13] Total Liabilities and Net Assets	\$ 107,838,867	\$ 110,123,380

KEY STATISTICS AND RATIOS

	11/30/22 ACTUAL FY 23	12/31/22 ACTUAL FY 23	12/31/22 BUDGET FY 23	2023 YTD FY 23	2022 YR END TOTAL FY 22
[1] Total Acute Patient Days	704	910	1,033	4,181	9,689
[2] Average Daily Census	23.5	29.4	33.3	22.7	26.5
[3] Average Acute Length of Stay	3.9	3.9	4.1	3.6	3.9
[4] Patient Discharges	182	235	255	1,166	2,502
[5] Observation Days	249	302	248	1,568	2,775
[6] Total Emergency Room Visits	4,028	3,506	3,381	21,893	39,374
[7] Average ED Visits Per Day	134	113	109	119	108
[9] Total Surgeries	101	105	126	684	1,446
[10] Deliveries/Births	5	10	13	73	175

Statement of Revenue and Expense

SAN GORGONIO MEMORIAL HOSPITAL

BANNING, CALIFORNIA

SIX MONTHS ENDING DECEMBER 31, 2022

	DISTRICT ONLY	CURRENT MONTH				
		ACTUAL	FY 23	FY 23	Positive	Percentage
		12/31/22	ACTUAL	CUR MO BUD	(Negative)	
		12/31/22	12/31/22	Variance	Variance	
Gross Patient Revenue						
[1] Inpatient Revenue	\$ -	\$ 17,505,552	\$ 22,404,160	\$ (4,898,608)	-28.0%	
[2] Inpatient Psych/Rehab Revenue	-	-	-	-	-	
[3] Outpatient Revenue	-	24,746,141	\$ 23,082,596	1,663,545	6.7%	
[4] Long Term Care Revenue	-	-	-	-	-	
[5] Home Health Revenue	-	-	-	-	-	
[6] Total Gross Patient Revenue	<u>\$ -</u>	<u>\$ 42,251,693</u>	<u>\$ 45,486,755</u>	<u>\$ (3,235,062)</u>	<u>-7.7%</u>	
Deductions From Revenue						
[7] Discounts and Allowances	-	(35,904,405)	\$ (37,865,491)	\$ 1,961,086	-5.5%	
[8] Bad Debt Expense	-	(1,015,237)	\$ (1,601,821)	586,584	-57.8%	
[9] Prior Year Settlements	-	-	\$ -	-	-	
[10] Charity Care	-	(65,555)	\$ (82,411)	16,855	-25.7%	
[11] Total Deductions From Revenue	<u>-</u>	<u>(36,985,198)</u>	<u>(39,549,723)</u>	<u>\$ 2,564,525</u>	<u>-6.9%</u>	
[12]		87.5%	-86.9%			
[13] Net Patient Revenue	<u>\$ -</u>	<u>\$ 5,266,495</u>	<u>\$ 5,937,033</u>	<u>\$ (670,538)</u>	<u>-12.7%</u>	
Non Patient Operating Revenues						
[14] IGT/DSH Revenues	-	-	\$ -	\$ -	0.0%	
[15] Grants & Other Op Revenues	-	1,059,520	\$ 144,286	915,234	86.4%	
[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	<u>\$ 401,494</u>	<u>\$ 1,461,014</u>	<u>\$ 557,030</u>	<u>\$ 903,984</u>	<u>61.9%</u>	
Total Operating Revenue	<u>\$ 401,494</u>	<u>\$ 6,727,509</u>	<u>\$ 6,494,063</u>	<u>\$ 233,447</u>	<u>3.5%</u>	
Operating Expenses						
[20] Salaries and Wages	-	3,976,933	3,853,647	\$ (123,286)	-3.1%	
[21] Fringe Benefits	-	921,667	928,816	7,149	0.8%	
[22] Contract Labor	-	81,713	79,250	(2,463)	-3.0%	
[23] Physicians Fees	-	352,767	365,231	12,464	3.5%	
[24] Purchased Services	134,079	746,115	1,015,903	269,787	36.2%	
[25] Supply Expense	-	839,353	1,151,794	312,441	37.2%	
[26] Utilities	3,616	115,611	104,043	(11,568)	-10.0%	
[27] Repairs and Maintenance	10,638	98,149	75,564	(22,585)	-23.0%	
[28] Insurance Expense	-	118,248	122,979	4,731	4.0%	
[29] All Other Operating Expenses	8	143,484	99,325	(44,159)	-30.8%	
[30] Supplemental and Grant Expense	-	-	0	-	0.0%	
[31] Leases and Rentals	-	80,559	62,946	(17,613)	-21.9%	
[32] Clinic Expense	-	-	0	-	0.0%	
[33] Total Operating Expenses	<u>\$ 148,341</u>	<u>\$ 7,474,599</u>	<u>\$ 7,859,498</u>	<u>\$ 384,899</u>	<u>5.1%</u>	
[34] EBIDA	<u>\$ 253,153</u>	<u>\$ (747,090)</u>	<u>\$ (1,365,435)</u>	<u>\$ 618,346</u>	<u>-82.8%</u>	
Interest Expense and Depreciation						
[35] Depreciation	406,450	648,669	614,513	\$ (34,156)	-5.3%	
[36] Interest Expense and Amortization	556,436	625,830	479,306	(146,525)	-23.4%	
[37] Total Interest & depreciation	<u>962,886</u>	<u>1,274,500</u>	<u>1,093,819</u>	<u>(180,681)</u>	<u>-14.2%</u>	
Non-Operating Revenue:						
[38] Contributions & Other	1,015	307,953	466,744	(158,791)	-51.6%	
[39] Tax Subsidies for GO Bonds - M-A	627,353	627,353	626,237	1,116	0.2%	
[40] Total Non Operating Revenue/(Expense)	<u>628,368</u>	<u>935,307</u>	<u>1,092,982</u>	<u>\$ (157,675)</u>	<u>-16.9%</u>	
[41] Total Net Surplus/(Loss)	<u>\$ (81,364)</u>	<u>\$ (1,086,283)</u>	<u>\$ (1,366,272)</u>	<u>\$ 279,990</u>	<u>-25.8%</u>	
[42] Extra-ordinary loss on Financing	-	-	-	-	-	
[43] Increase/(Decrease in Unrestricted Net Assets	<u>\$ (81,364)</u>	<u>\$ (1,086,283)</u>	<u>\$ (1,366,272)</u>	<u>\$ 279,990</u>	<u>-25.8%</u>	
[44] Total Profit Margin	-20.27%	-16.15%	-21.04%			
[45] EBIDA %	63.05%	-11.10%	-21.03%			

Statement of Revenue and Expense
SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA
SIX MONTHS ENDING DECEMBER 31, 2022

	YEAR-TO-DATE				
	DISTRICT ONLY			Positive (Negative) Variance	Percentage Variance
	Actual 12/31/22	Actual 12/31/22	Budget 12/31/22		
Gross Patient Revenue					
[1] Inpatient Revenue	\$ -	\$ 90,584,302	\$ 127,429,548	\$ (36,845,247)	-40.7%
[2] Inpatient Psych/Rehab Revenue	-	-	-	-	-
[3] Outpatient Revenue	-	149,573,761	\$ 134,468,764	15,104,997	10.1%
[4] Long Term Care Revenue	-	-	-	-	-
[5] Home Health Revenue	-	-	-	-	-
[6] Total Gross Patient Revenue	\$ -	\$ 240,158,063	\$ 261,898,313	\$ (21,740,250)	-9.1%
Deductions From Revenue					
[7] Discounts and Allowances	-	(203,248,319)	\$ (218,017,488)	\$ 14,769,169	7.3%
[8] Bad Debt Expense	-	(5,532,251)	\$ (9,222,777)	3,690,525	66.7%
[9] Prior Year Settlements	-	-	\$ -	-	-
[10] Charity Care	-	(654,725)	\$ (474,495)	(180,230)	-27.5%
[11] Total Deductions From Revenue	-	(209,435,295)	(227,714,761)	\$ 18,279,465	8.7%
[12] Net Patient Revenue		87.2%	-86.9%		
[13] Total Net Patient Revenue	\$ -	\$ 30,722,768	\$ 34,183,552	\$ (3,460,785)	-11.3%
Non Patient Operating Revenues					
[14] IGT/DSH Revenues	-	-	\$ -	\$ -	0.0%
[15] Grants & Other Op Revenues	-	2,408,642	1,537,844	870,798	36.2%
[16] Clinic Net Revenues	-	-	\$ -	-	-
[17] Tax Subsidies Measure D	1,234,969	1,481,963	\$ 1,481,963	(0)	0.0%
[18] Tax Subsidies Prop 13	772,500	927,000	\$ 783,750	143,250	15.5%
[19] Tax Subsidies County Supplemental Funds	-	-	\$ 613,280	(613,280)	0.0%
[19] Non- Patient Revenue	\$ 2,007,469	\$ 4,817,605	\$ 4,416,837	\$ 400,768	8.3%
Total Operating Revenue	\$ 2,007,469	\$ 35,540,373	\$ 38,600,389	\$ (3,060,016)	-8.6%
Operating Expenses					
[20] Salaries and Wages	-	21,381,640	\$ 22,289,709	\$ 908,069	4.2%
[21] Fringe Benefits	-	5,415,850	\$ 5,509,832	93,982	1.7%
[22] Contract Labor	-	433,526	\$ 453,162	19,637	4.5%
[23] Physicians Fees	-	1,855,756	\$ 2,191,386	335,631	18.1%
[24] Purchased Services	6,159	5,062,394	\$ 6,094,505	1,032,110	20.4%
[25] Supply Expense	-	4,880,219	\$ 6,682,468	1,802,249	36.9%
[26] Utilities	8,909	651,876	\$ 722,573	70,697	10.8%
[27] Repairs and Maintenance	49,416	526,685	\$ 453,382	(73,303)	-13.9%
[28] Insurance Expense	-	753,127	\$ 737,873	(15,254)	-2.0%
[29] All Other Operating Expenses	159,371	614,730	\$ 595,948	(18,782)	-3.1%
[30] Supplemental and Grant Expense	-	-	\$ -	-	0.0%
[31] Leases and Rentals	-	467,483	\$ 377,679	(89,804)	-19.2%
[32] Clinic Expense	-	-	\$ -	-	0.0%
[33] Total Operating Expenses	\$ 223,855	\$ 42,043,286	\$ 46,108,517	\$ 4,065,231	9.7%
[34] EBIDA	\$ 1,783,614	\$ (6,502,914)	\$ (7,508,128)	\$ 1,005,214	-15.5%
Interest Expense and Depreciation					
[35] Depreciation	2,175,842	2,896,267	\$ 3,615,651	\$ 719,384	24.8%
[36] Interest Expense and Amortization	1,735,325	2,849,727	\$ 2,647,583	(202,144)	-7.1%
[37] Total Interest & depreciation	3,911,167	5,745,994	6,263,234	517,239	9.0%
Non-Operating Revenue:					
[38] Contributions & Other	1,396,679	1,706,663	\$ 2,800,466	(1,093,802)	-64.1%
[39] Tax Subsidies for GO Bonds - M-A	3,764,119	3,764,119	\$ 3,757,425	6,694	0.2%
[40] Total Non Operating Revenue/(Expense)	5,160,798	5,470,782	6,557,890	(1,087,108)	-19.9%
[41] Total Net Surplus/(Loss)	\$ 3,033,245	\$ (6,778,126)	\$ (7,213,471)	\$ 435,346	-6.4%
[42] Extra-ordinary loss on Financing	-	-	-	-	-
[43] Increase/(Decrease in Unrestricted Net Assets)	\$ 3,033,245	\$ (6,778,126)	\$ (7,213,471)	\$ 435,346	-6.4%
[44] Total Profit Margin	151.10%	-19.07%	-18.69%		
[45] EBIDA %	88.85%	-18.30%	-19.45%		

Balance Sheet - Assets

SAN GORGONIO MEMORIAL HOSPITAL

BANNING, CALIFORNIA

SIX MONTHS ENDING DECEMBER 31, 2022

		ASSETS				
		DISTRICT ONLY				
		Current Month 12/31/2022	Current Month 12/31/2022	Prior Month 11/30/2022	Positive/ (Negative) Variance	Prior Year End 6/30/2022
Current Assets						
[1]	Cash and Cash Equivalents	2,030,781	\$3,833,449	\$3,983,464	\$ (150,015)	\$ 11,340,002
[2]	Gross Patient Accounts Receivable	\$0	\$100,229,411	\$88,863,121	\$ 11,366,290	77,594,807
[3]	Less: Bad Debt and Allowance Reserves	\$0	(\$88,818,067)	(\$79,943,069)	\$ (8,874,998)	(69,099,845)
[4]	Net Patient Accounts Receivable	\$0	\$11,411,344	\$8,920,053	\$ 2,491,291	8,494,961
[5]	Taxes Receivable	\$3,978,247	\$3,978,247	\$5,836,289	\$ (1,858,043)	1,178,859
[6]	Other Receivables (includes advances)	660,465	\$588,563	\$579,481	\$ 9,083	738,141
[7]	Inventories	\$0	\$2,384,635	\$2,354,710	\$ 29,925	2,297,204
[8]	Prepaid Expenses	126,169	\$822,748	\$866,864	\$ (44,116)	1,197,395
[9]	Due From Third Party Payers-DSH	\$0	(\$3,041,791)	(\$1,332,477)	\$ (1,709,314)	(1,845,477)
[10]	Malpractice Receivable	\$0	\$0	\$0	\$ -	-
[11]	Supplimental Receivables	\$0	(\$0)	\$426,574	\$ (426,574)	-
	Total Current Assets	6,795,662	19,977,194	21,634,957	\$ (736,481)	\$ 23,401,085
Assets Whose Use is Limited						
[12]	Cash					
[13]	Investments					
[14]	Bond Reserve/Debt Retirement Fund	\$11,732,131	\$11,732,131	\$8,809,050	\$ 2,923,081	12,704,494
[15]	Trustee Held Funds					
[16]	Funded Depreciation					
[17]	Board Designated Funds					
[18]	Other Limited Use Assets					0
	Total Limited Use Assets	11,732,131	11,732,131	8,809,050	\$ (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	27,119,506	29,877,793	29,253,087	\$ 624,705	26,856,789
[22]	Construction In Progress	2,353,203	2,353,203	2,082,369	\$ 270,833	1,694,007
[23]	Capitalized Interest					
[24]	Gross Property, Plant, and Equipment	163,582,382	166,340,669	165,445,130	\$ 895,539	162,660,469
[25]	Less: Accumulated Depreciation	(\$90,800,810)	(\$90,800,810)	(\$90,394,360)	\$ (406,450)	(89,145,667)
[26]	Net Property, Plant, and Equipment	72,781,572	75,539,859	75,050,770	\$ (475,050)	\$ 73,514,801
Other Assets						
[27]	Unamortized Loan Costs	\$627,385	\$589,683	\$592,272	\$ (2,589)	\$ 614,440
[28]	Assets Held for Future Use		\$0	\$0	\$ -	485
[29]	Investments in Subsidiary/Affiliated Org.	\$26,205,242	\$0	\$0	\$ -	(111,925)
[30]	Other					
[31]	Total Other Assets	26,832,626	589,683	592,272	\$ (2,589)	\$ 503,000
[32]	TOTAL UNRESTRICTED ASSETS	118,141,991	107,838,867	106,087,049	\$ 1,751,818	\$ 110,123,381
Restricted Assets						
		0	0	0	0	0
[33]	TOTAL ASSETS	\$118,141,991	\$107,838,867	\$106,087,049	\$ 1,751,818	\$ 110,123,381

Balance Sheet - Liabilities and Net Assets
SAN GORGONIO MEMORIAL HOSPITAL
BANNING, CALIFORNIA
SIX MONTHS ENDING DECEMBER 31, 2022

	DISTRICT ONLY	LIABILITIES AND FUND BALANCE			
	Current Month 12/31/2022	Current Month 12/31/2022	Prior Month 11/30/2022	Positive/ (Negative) Variance	Prior Year End 6/30/2022
Current Liabilities					
[1] Accounts Payable	\$ 506,662	\$ 11,309,352	\$ 11,607,919	\$ 298,567	\$ 10,600,622
[2] Notes and Loans Payable (Line of Credit)	-	6,000,000	2,000,000	\$ (4,000,000)	12,000,000
[3] Accounts Payable- Tax advance	-	-	-	\$ -	-
[4] Accrued Payroll Taxes	-	5,112,316	8,080,041	\$ 2,967,726	5,597,527
[5] Accrued Benefits	-	-	-	\$ -	-
[6] Accrued Benefits Current Portion	-	-	-	\$ -	-
[7] Other Accrued Expenses	-	-	-	\$ -	-
[8] Accrued GO Bond Interest Payable	2,183,248	2,183,248	1,615,481	\$ (567,767)	2,526,756
[9] Lease Liabilities	-	1,986,444	1,403,104	\$ (583,339)	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	-	585,671	598,834	-	585,411
Total Current Liabilities	5,024,910	32,929,531	31,057,880	\$ 791,861	33,649,575
Long Term Debt					
[15] Bonds/Mortgages Payable (net of Cur Portion)	96,487,744	\$101,432,351	\$ 101,878,159	\$ 445,809	\$ 103,030,598
[16] Leases Payable (net of current portion)	\$11,765,791	\$11,765,791	\$11,779,417	\$ 13,626	\$2,293,348
[17] Total Long Term Debt (Net of Current)	108,253,535	113,198,142	113,657,576	\$ 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	\$ 113,278,445	\$ 148,359,300	\$ 146,947,084	\$ (1,412,216)	\$ 141,205,148
Net Assets:					
[22] Unrestricted Fund Balance	1,830,302	(33,723,878)	\$ (33,723,878)	\$ -	\$ (25,347,940)
[23] Temporarily Restricted Fund Balance	-	-	-	-	-
[24] Restricted Fund Balance	-	(18,430)	(18,430)	-	-
[25] Net Revenue/(Expenses)	3,033,245	(6,778,126)	(7,117,728)	(339,602)	(5,733,827)
[26] TOTAL NET ASSETS	4,863,547	(40,520,433)	\$ (40,860,036)	\$ (339,602)	\$ (31,081,767)
[27] TOTAL LIABILITIES AND NET ASSETS	\$ 118,141,991	\$ 107,838,867	\$ 106,087,048	\$ (1,751,818)	\$ 110,123,381
	\$ 0	\$ (0)	\$ (0)	\$ (0)	\$ -

Statement of Cash Flows

SAN GORGONIO MEMORIAL HOSPITAL BANNING, CALIFORNIA SIX MONTHS ENDING DECEMBER 31, 2022

		CASH FLOW	
		Current Month 12/31/2022	
HEALTHCARE SYSTEM CASH FLOW			
BEGINNING CASH BALANCES			
[1]	Cash: Beginning Balances- HOSPITAL	\$	1,906,055
[2]	Cash: Beginning Balances- DISTRICT		2,077,409
[3]	Cash: Beginning Balances TOTALS	\$	3,983,464
Receipts			
[4]	Pt Collections	\$	4,113,297
[5]	Tax Subsidies Measure D/Prop 13		-
[6]	Misc Tax Subsidies		-
[7]	Donations/Grants		305,011
[8]	IGT & other Supplemental (Net)		426,574
[9]	Draws/(Paydown) of LOC Balances		4,000,000
[10]	Other Misc Receipts/Transfers		159,520
	TOTAL RECEIPTS	\$	9,004,402
Disbursements			
[11]	Payroll/ Benefits	\$	4,898,600
[12]	Other Operating Costs		3,957,249
[13]	Capital Spending		0
[14]	Debt serv payments (Hosp onlyw/ LOC interest)		
[15]	Other (increase) in AP /other bal sheet		298,567
[16]	TOTAL DISBURSEMENTS	\$	9,154,416
[17]	TOTAL CHANGE in CASH	\$	(150,014)
ENDING CASH BALANCES			
[18]	Ending Balances- HOSPITAL	\$	1,802,668
[19]	Ending Balances- DISTRICT		2,030,781
[20]	Ending Balances- TOTALS	\$	3,833,450
ADDITIONAL INFO			
[21]	LOC CURRENT BALANCES	\$	6,000,000
			\$120,000

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 January 31, 2023 Finance Committee and February 7, 2023 Board Meetings

Subject:

Informational Report: Robotics DaVinci Surgical Program - 9 months Ended December 31, 2022

San Gorgonio Memorial Healthcare District & Hospital established a new robotics surgical service which commenced in April 2022.

Key findings:

- 1) There have been 98 cases over the past 9 months. This projects to 131 cases for 12 months, and the original projections were for 173 incremental cases, which is the basis for the original return on the program. (The projections also included conversion of 95 existing cases to robotics for a total of 268 cases, although the financial contribution from the converted cases was only projected to add \$55K per year.)
- 2) The “mix” of Inpatients vs. Outpatients is significantly different than projected, i.e., 55% of the cases were projected as Inpatient, however the current Inpatient cases are only 12% of the cases. This has a negative impact on the financial results, as Inpatient cases are paying 16.3% of billings whereas Outpatient payments are only paying 9.26% of billings.
- 3) The projected annual Net Return for the first full year of operations based on Net Revenues less incremental and equipment costs was \$761,767. Based on current activity, the annual Net Return is estimated to be (\$30,250). If case volumes increase to the original budgeted 173 cases, the Net Return would be \$81,290.

Recommended Action: No action is required.

A summary of the program activities is attached.

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	
1	SAN GORGONIO MEMORIAL HOSPITAL																			
2	SURGICAL SERVICES																			
3	<i>Robotic Surgery Overview 2022</i>																			
4																				
5	SURGERY	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	TOTAL CASES	COST PER CASE	TOTAL DIRECT COST	DOWN PAYMENT PRORATED OVER 60 MONTHS	EQUIPMENT COST	PROJECTED NET REVENUE	CONTRIBUTION TO OVERHEAD			
6																				
7																				
8	Ventral/Umbilical Hernia	2	2	1		1	3	1			10	3,021	30,210			(Included Below)	#VALUE!			
9	Inguinal Hernia	2	3	7	5		3	5	2	2	29	3,021	87,609			(Included Below)	#VALUE!			
10	Cholecystectomy	4	1	11	2	4	5	7	7	5	46	2,224	102,304			(Included Below)	#VALUE!			
11	Gastric/Bowel Resection		1		1			1			3	5,267	15,801			(Included Below)	#VALUE!			
12	Gyn						3	4	3		10	2,133	21,330			(Included Below)	#VALUE!			
13	Other											0	0			(Included Below)	#VALUE!			
14	Monthly Total	8	7	19	8	5	14	18	12	7	98		257,254	45,000	235,917	515,479	(22,692)			
15	Annualized	11	9	25	11	7	19	24	16	9	131	0	343,005	60,000	314,556	687,305	(30,256)			
16	Budgeted Volumes											173	454,132	60,000	314,556	909,978	81,290			
17																				
18																				
19	Physician	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	TOTAL CASES									
20	Lee	6		6	3		4	8	5	5	37									
21	Arnold	2	2	7	1	1	6	3			22									
22	Yoh			6	1			2			9									
23	Nguyen		3		1		1		1	1	7									
24	Yung		2			2				1	5									
25	Hayton					2		1	1		4									
26	DePew				2					2	4									
27	Toursarkissian						3	4	3		10									
28												98								
29	Prepared 01/23/23																			

	I/P	O/P	TOTAL	I/P CASES % TOTAL	I/P PAY % CHARGES	O/P PAY % CHARGES
BUDGET	96	77	173	55.49%	16.19%	9.26%
ACTUAL (ANNUALIZED)	15	116	131	11.63%		