



SVHCD FINANCE COMMITTEE

AGENDA

WEDNESDAY, FEBRUARY 23, 2021

5:00 p.m. Regular Session

TO BE HELD VIA ZOOM VIDEOCONFERENCE

To Participate via Zoom Videoconferencing,
use the link below:

<https://sonomavalleyhospital-org.zoom.us/j/91062089638?pwd=eGtsRzhGcTNzN00ybHZ6OVhVY2lBdz09>

and Enter the **Meeting ID: 910 6208 9638**

Password: 179140

To Participate via Telephone only (no video), dial:

1-669-900-9128 or 1-669-219-2599

and Enter the **Meeting ID: 910 6208 9638**

Password: 179140

<p>In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a District meeting, please contact District Clerk Vivian Woodall at vwoodall@sonomavalleyhospital.org or (707) 935.5005 at least 48 hours prior to the meeting.</p>		
AGENDA ITEM	RECOMMENDATION	
<p>MISSION STATEMENT <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p>		
<p>1. CALL TO ORDER/ANNOUNCEMENTS</p>	<i>Boerum</i>	
<p>2. PUBLIC COMMENT SECTION <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration.</i></p>	<i>Boerum</i>	
<p>3. CONSENT CALENDAR a. Finance Committee Minutes 01.26.21</p>	<i>Boerum</i>	Action
<p>4. OUTPATIENT DIAGNOSTIC CENTER UPDATE</p>	<i>Kuwahara/ Sarmiento</i>	Inform
<p>5. RETIREMENT SAVINGS PLAN REVIEW AND RECOMMENDATION</p>	<i>McKissock</i>	Action
<p>6. INFORMATION TECHNOLOGY BUDGET IMPACT FY 2021</p>	<i>Sendaydiego</i>	Inform
<p>7. AUDITOR ENGAGEMENT LETTERS</p>	<i>Jensen</i>	Action
<p>8. FY 2022 BUDGET ASSUMPTIONS</p>	<i>Jensen</i>	Inform

9. ADMINISTRATIVE REPORT FOR FEBRUARY 2021	<i>Kuwahara</i>	Inform
10. FINANCIAL REPORT FOR MONTH ENDED JANUARY 31, 2021	<i>Jensen</i>	Inform
11. ADJOURN	<i>Boerum</i>	



SVHCD
FINANCE COMMITTEE MEETING
MINUTES

TUESDAY, JANUARY 26, 2019
Via Zoom Teleconference

Present	Absent	Staff	Public	
Bill Boerum via Telephone Joshua Rymer via Zoom Subhash Mishra, MD via Zoom Art Grandy via Zoom Bruce Flynn via Zoom	Peter Hohorst	Ken Jensen, CFO, via Zoom Sabrina Kidd, CMO and COO, via Zoom Sarah Dungan, via Zoom Dawn Kuwahara, via Zoom Kimberly Drummond, via Zoom		
AGENDA ITEM	DISCUSSION		ACTIONS	FOLLOW-UP
MISSION & VISION STATEMENT <i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.</i>				
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Boerum</i>			
	Mr. Rymer called the meeting to order at 5:02 pm			
2. PUBLIC COMMENT SECTION	<i>Boerum</i>			
	None			
3. CONSENT CALENDAR	<i>Boerum</i>			
a. Finance Committee Minutes 12.02.20 b. Finance Committee Minutes 12.15.20			MOTION: by Flynn to approve, 2 nd by Grandy. All in favor.	
4. OUTPATIENT DIAGNOSTIC CENTER UPDATE	<i>Kuwahara/Sarmiento</i>			
	The new CT machine was delivered today and is being assembled. The project is over budget by \$93,000. Contingency covers all costs except the \$93,000, and the expected sale of the current trailer and MRI will cover the overage.			
5. REVIEW FINANCE COMMITTEE 2021 WORK PLAN	<i>Jensen</i>			
	COVID impacts on the financials will probably continue into the first six months of the next fiscal			

	<p>year. The Committee will review IT security costs in February. The auditor’s engagement expired last year, and their proposal to renew should be submitted in February. The work plan is similar to previous years. Mr. Jensen suggested having a capital budget this year.</p>		
<p>6. PROCESS TO RECOMMEND A NEW COMMITTEE MEMBER FOR FINANCE COMMITTEE VACANCY</p>	<p><i>Boerum</i></p>		
	<p>Mr. Boerum had reviewed the charter, and the Committee may add an additional three members. He suggested two possible approaches: (1) After announcing the vacancies, the Committee may receive applications, conduct interviews, and make recommendations to the Board; (2) Announce vacancies and receive applications, then submit those applications to the Board, which would then conduct interviews and vote.</p> <p>Mr. Grandy favored the first option and suggested looking to other organizations for means of outreach. Mr. Flynn suggested the current community members reach out to ask appropriate individuals to apply since they know what is required. Mr. Rymer agreed with Mr. Boerum on a broad outreach, such as placing an ad in the newspaper. He also was in favor of current committee member outreach. Mr. Boerum decided to move ahead with the suggestions and would look at the calendar for a deadline.</p>		
<p>7. ADMINISTRATIVE REPORT FOR JANUARY 2021</p>	<p><i>Kuwahara</i></p>		
	<p>Over 300 COVID vaccines were administered to employees, physicians and their office staff in December. SVH is working on a mass vaccination clinic for February 5th, 6th, and 7th for 1,000 vaccines. The hospital continues to recover from the significant downtime event and volumes were down in November. Staff are in the process of interviewing two final candidates for the CEO</p>		

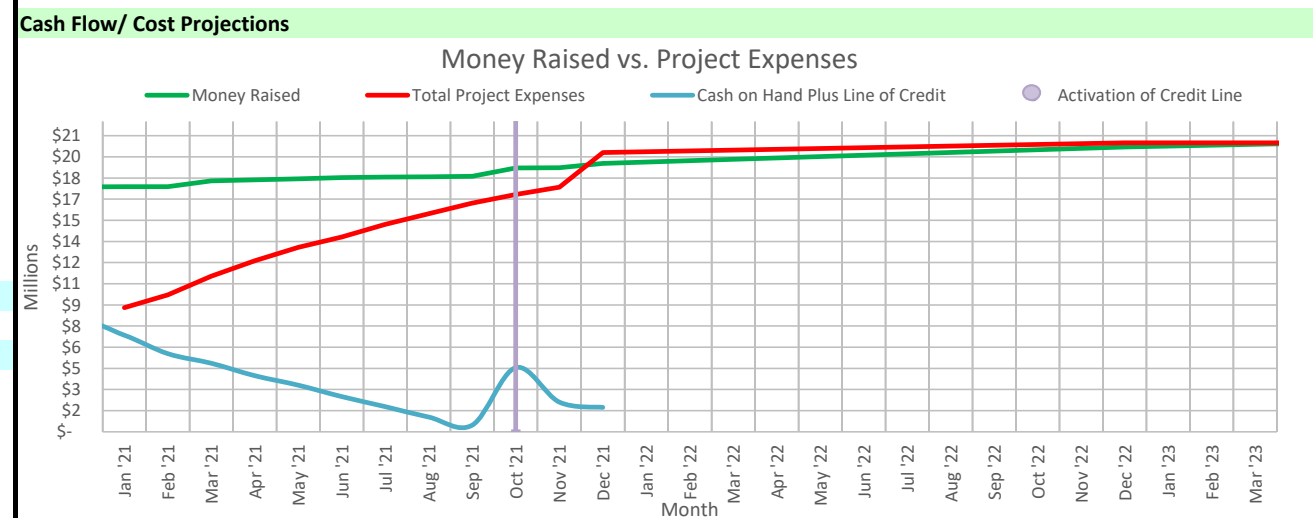
	position. Mr. Rymer added that an offer will be made to one of these two candidates in February.		
8. FINANCIAL REPORT FOR MONTH ENDED NOVEMBER 30, 2020	<i>Jensen</i>		
	<p>Mr. Jensen reviewed the payer mix for the month of November. Cash collected was under goal by \$2.4 million. Days' cash were 35.4, A/R days were 69.6, A/P were \$3.8 million, and A/P days were 53.3. The hospital began sending out bills in December. Volumes were down as well as revenue; however, length of stay and acuity have gone up affecting net reimbursement. Total operating revenue was \$3 million, \$900,000 under budget. Expenses were in line except for purchased services due to CEO recruitment fees and additional COVID testing. Total operating expenses were \$4.4 million, and the operating margin was (\$1.4 million), (\$800,000) under budget. Net income after all activity was \$1.4 million vs. budget of \$194,000. EBDA was (27.3%) vs. budget of 0.5%.</p>		
9. FINANCIAL REPORT FOR MONTH ENDED DECEMBER 31, 2020	<i>Jensen</i>		
	<p>Mr. Jensen then reviewed the payer mix for December. The cash goal was \$3.2 million and the hospital collected \$221,000 over goal, so cash is starting to pick up. Days' cash on hand were 28.3 which was expected. A/R days were 66.1, A/P was \$3.2 million, and A/P days were 45.4. Volumes continued to drop. \$1.9 million in IGT funds were accrued for, making the total operating revenue \$5.0 million. Supplies were over budget due to high cost surgical implants. The operating margin was (\$69,000), or (\$83,000) below budget. Net income after all activity was \$823,000 vs. 814,000 budget. EBDA was 9.8% vs. 12.0% budget. The hospital is starting to get receivables down in January. Mr. Jensen expected the volumes to stay low for the year. He said he should have a better idea on the cash forecast once he sees the January financials.</p>		

	Dr. Kidd added there has been a 20-30% decrease in volumes in ERs across the country; patients have discovered other sources of treatment such as virtual care. Their idea of elective surgery has changed as well and physical therapy is being used more. SVH needs to develop new strategies to gain new revenues.		
10. REVIEW OF FY2021 YTD CAPITAL SPENDING	<i>Dungan</i>		
	Ms. Dungan briefly reviewed the capital spending to date. Ms. Drummond said the alternative energy project is currently in the permit process with OSHPD and expects to start on site in February or March. Build-up will probably take a year.		
11. ADJOURN	<i>Boerum</i>		
	Meeting adjourned at 5:54 p.m.		

Status / Issues	
<p>Key ■ No Issue/Realized Risk, ■ Likely Risk, ■ Budget or Schedule at Risk</p>	
Project #0 - ODC: Study Scope Complete	
Project #0 - Master Planning: Study Scope Complete	
<p>After Several Master Facility Planning meetings, the following was determined to be the best path forward:</p> <ul style="list-style-type: none"> Enhance diagnostic services to remain viable to population: replace aging CT, locate a 3T MRI inside the hospital, improve revenue streams through Cardiology and Orthopedics on site. Provide more patient amenities, centralize scheduling, and upgrade technology to remain competitive. Leverage UCSF affiliation to provide the framework needed to thrive in Sonoma. The Board and CEO to continue to dialogue about future steps to meet 2030 seismic requirements. 	
Project #0 - Decommissioning: Study Scope Complete	
<p>The study of the Central and East Wings to determine the feasibility of decommissioning these wings yielded the following:</p> <ul style="list-style-type: none"> Cost of scope required for decommissioning exceeds any benefit to the hospital. The scopes of work would include building a stand-by kitchen in the west wing, removal of the SNF from the east wing, having to relocate medical records to the West Wing, and building structural and fire separations between the West Wing and the Central Wing. 	
Project #1 - CT	
<ul style="list-style-type: none"> Schedule impacted by ACD002 and the Shelter-in-Place (SIP) Orders issued by Bay Area Counties in response to the pandemic. Resulted in CT Go Live sliding from 7/2020 to 9/2020. Schedule impacted by ACD005/6/10/12, ASI005/6, and Postponement of Crane Pick due to Med Surge patient admittance. Resulted in CT Go Live sliding from 9/2020 to 10/2020 and Imaging Wait Completion sliding from 8/2020 to 10/2020. Schedule impacted by ACD009 and OSHPD field staff requirement to inspect the areas above ceiling despite being unavailable for inspection during most of the month of October. Resulted in CT Go Live sliding from 10/2020 to 11/2020 and CT Machine Delivery sliding from 10/19/2020 to 11/16/2020. Schedule impacted by FLSO stop work notice due to temporary protective measures around an existing Fire Alarm Power Supply panel not being explicitly shown on the plans. Resulted in Imaging Wait Completion sliding from 10/2020 into 12/2020. Work to resumed 12/2020. Schedule impacted by additional seismic bracing per ACD015, detailing of Central & West Wing expansion, fire proofing for utilities crossing expansion joint (ACD018), and cutting of CMU wall reinforcements (post tension tendons remain unharmed). Resulted in CT Suite substantial completion sliding into 2/12/2021 and Go Live sliding from 11/2020 to 3/2021, consequently CT Machine Delivery slid from 11/16/2020 to 1/26/2021. 	
<ul style="list-style-type: none"> CT Machine Delivery & Start-Up - 1/26/2021 Substantial Completion of CT Suite (Phase 1A only, excludes Office 1248) - 2/17/2021, OSHPD Sign-off 2/24/2021 CT Suite Go Live - 3/2021 (Contingent on CDPH) Office 1248 Substantial Completion – Pending Structural Review Imaging Wait - 3/2021 occupancy affected by Phase 2 VE OSHPD approval, Staff Hub Work to occur off hours + Wknd (Vending) Micro Market Area Substantial Completion – 2/24/2021 CT Phase 2 (Staff Hub/Old CT) Value Engineering (VE) Re-Design Submission to OSHPD – 2/2/2021 CT Phase 2 VE Start - Contingent upon OSHPD Review, Projected to be 3/2021 Old CT Demo Start - Contingent upon OSHPD Review, Projected to be 4/2021 Substantial Completion CT Project (Phase 2) - 4/2021 at risk due to unknown duration of Phase 2 VE submittal review by OSHPD. Construction durations to be finalized the week after Phase 2 VE is submitted to OSHPD. 	
Project #2 - Cardio	
Project #3 - MRI	
<ul style="list-style-type: none"> Construction Started 12/2020 - Currently Undergoing Demo & Abatement MRI Delivery - 9/2/2021 Substantial Completion - 11/19/2021 MRI Go Live - 12/17/2021 (Contingent on CDPH) 	
Project #4 - UCSF Clinic: Test Fit Complete	

Finances / Budget						
Description	Board Approved Budget	Committed	Spent to Date	Exposure	Forecast	
Project #0						
ODC Preparation	\$ 655,689	\$ 655,689	\$ 655,689	\$ -	\$ 655,689	
Master Facility Planning	\$ 127,812	\$ 127,812	\$ 127,812	\$ -	\$ 127,812	
Decommissioning Study	\$ 125,622	\$ 125,622	\$ 125,622	\$ -	\$ 125,622	
Total	\$ 909,123	\$ 909,123	\$ 909,123	\$ -	\$ 909,123	
Project #1						
CT, Waiting, Imaging Refurb	\$ 9,367,000	\$ 7,681,718	\$ 5,863,547	\$ -	\$ 8,165,800	
CT Contingency	Included Above	\$ 484,082	\$ 318,874			
IT/Other	Included Above	\$ 1,105,645	\$ 897,298			
Total	\$ 9,367,000	\$ 9,271,445	\$ 7,079,719	\$ 220,355	\$ 9,491,800	
Project #2						
Cardiology Equipment	\$ 330,000	\$ 314,464	\$ 299,723	\$ 11,654	\$ 316,122	
Cardiology Contingency	Included Above	\$ 2,224	\$ 2,224	\$ 11,654	\$ 13,878	
Total	\$ 330,000	\$ 316,688	\$ 301,948	\$ 23,307	\$ 330,000	
Project #3						
MRI	\$ 9,354,699	\$ 1,044,560	\$ 785,806	\$ 8,927,155	\$ 8,927,155	
MRI Contingency	Included Above	\$ -	\$ -	\$ 256,309	\$ 256,309	
Add Alternate: Cardiology Rooms	Included Above	\$ 46,435	\$ -	\$ 46,435	\$ 46,435	
Total	\$ 9,354,699	\$ 1,090,995	\$ 785,806	\$ 9,229,899	\$ 9,229,899	
Project #4						
UCSF Clinic	\$ 8,386	\$ 8,386	\$ 8,386	\$ -	\$ 8,386	
Total	\$ 19,969,207	\$ 11,596,636	\$ 9,084,981	\$ 9,473,561	\$ 19,969,207	
3D Mammo	\$ 505,762	\$ 566,524	\$ 566,524	\$ -	\$ 566,524	
Campaign Expenses	\$ -	\$ 464,269	\$ 464,269	\$ -	\$ 464,269	
Other	\$ -	\$ -	\$ -	\$ -	\$ -	
Subtotal	\$ 20,474,969	\$ 12,627,429	\$ 10,115,774	\$ 9,473,561	\$ 21,000,000	

- Budget Notes**
- 3-D Mammo equipment was purchased through a separate project by the SVH Foundation; the cost reflects construction.
 - Project #1 Contingency Exhausted.
 - Project #1 forecast to complete increased by \$124.8K above the budget. To curb additional expenses, Phase 2 undergone VE, which resulted in a cost avoidance of approximately \$125-\$150K (in addition to the forecasted cost to complete). Project #3 Contingency was reduced by the Project #2 overage. Project #3 contingency is within an acceptable range to start the project based on the risk identified to date.
 - Project #1 COVID projected costs as of 2/5/21 amount to \$237.5K and unforeseen existing conditions amount to \$391K.
 - Project #2 Cardio uncommitted funds forecasted to be spent.
 - Project #3 forecast includes draft MRI Guaranteed Maximum Price overages resulting from lacking subcontractor bid coverage and Radio Frequency Shielding.



NOTE: \$21M raised as of December 2020. Due to availability of funds raised, a line of credit must be activated in May 2021.
 Projected Q3/2020 Costs: Q4/2020 Costs: \$9,310,877 - Q1/2021 Costs: \$3,318,326 - Q2/2021 Costs: \$2,598,081 - Q3/2021 Costs: \$2,103,879 - Q4/2021 Costs: \$3,668,837



BUILDING A PARTNERSHIP

← Caregiver Lounge

↖ Down to 3N

← Learning Resource Center

↑ Restrooms



Kevin McAtamney
Regional Sales Director

Chris Dunham
Internal Sales Director

BUILDING A PARTNERSHIP

WORKING TOGETHER

Margaret Ratto-Young
Investment Advisor
Representative



Richard Maxey
Investment Advisor
Representative

Michael Felton
Investment Advisor
Representative





T H E E M P O W E R D I F F E R E N C E

ABOUT US

STABILITY, SCALE AND **LEADERSHIP**



\$583 BILLION*



**OVER 40,000 PLANS AND
9.6 MILLION INDIVIDUALS***



LARGEST RECORDKEEPER**

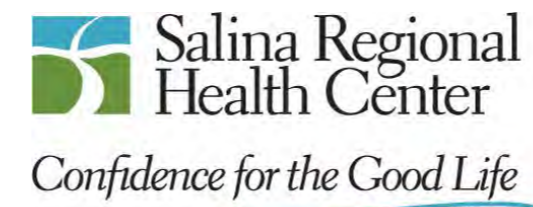
* As of March 31, 2020.

** Pension & Investments 2020 Defined Contribution Survey Ranking as of April 2020.

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A REPRESENTATIVE CLIENT LIST



A B O U T U S



EXPERTISE IN SERVING THE NEEDS OF **HEALTHCARE PROVIDERS**

SERVE MORE THAN
5,800 PLANS AND
1.5 MILLION PARTICIPANTS¹
IN HEALTHCARE INDUSTRY

**EXPERTISE ACROSS
ALL PLAN TYPES**

DEDICATED HEALTHCARE SERVICE TEAM

**ORGANIZED TO SERVE YOUR UNIQUE
EMPLOYEE NEEDS**

**LEADING EXPERIENCE WITH
M&A EXPANSION**

¹ As of December 31, 2019.

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OUR VALUE

A FIDUCIARY MODEL THAT **DELIVERS ADVICE TO YOUR EMPLOYEES**



Retirement planning



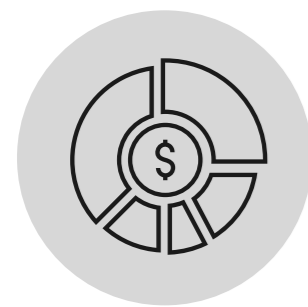
Rollover & distribution options



Budgeting



Social Security



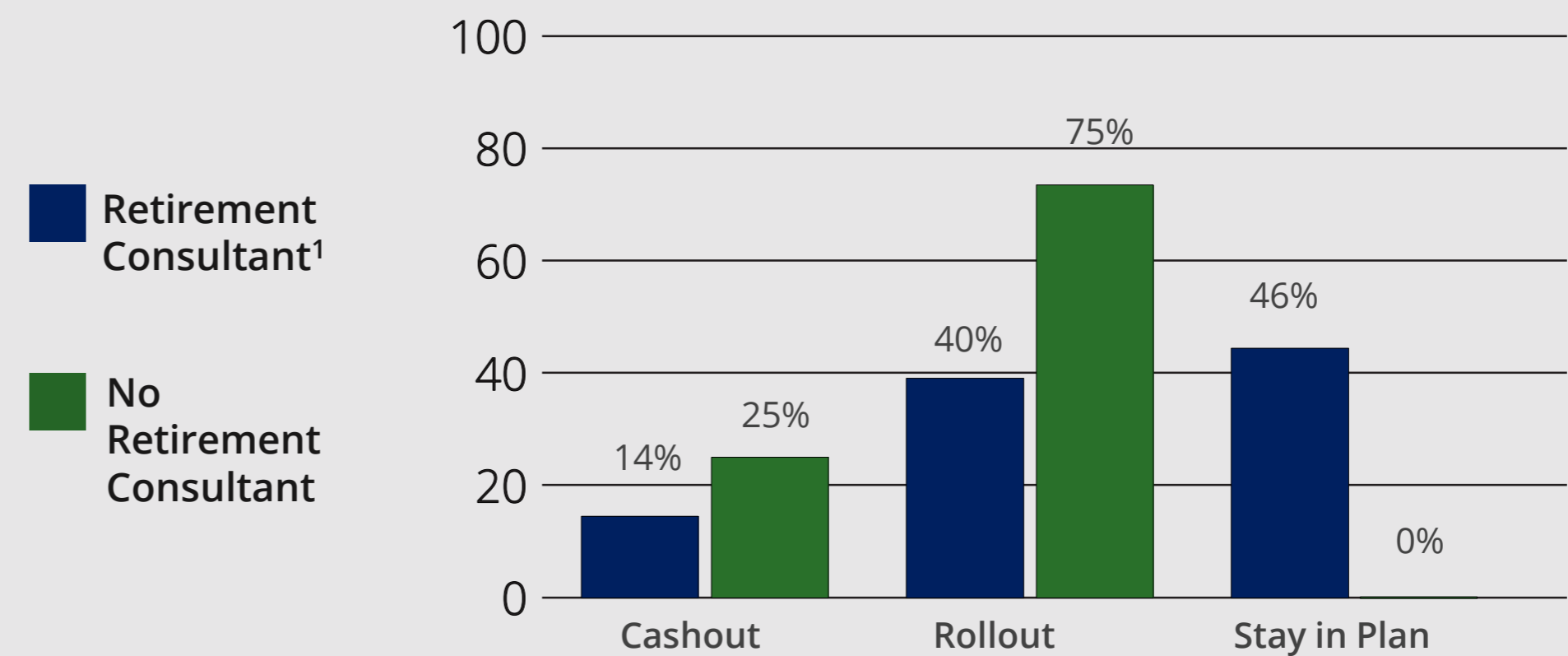
Investment strategy



Retirement income

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Fiduciary services provided for your employees ...



... that help improve your in-plan retention rates.²

Source: Government market plan data as of December 31, 2019.

1. "Engaged Retirement Consultant" represents participants working with Retirement Services Group (RSG) retirement consultants. "Stay in Plan" retention reflects participants who chose to stay in plan after speaking with a RSG retirement consultant.

2. Participant level 3(21) and 3(38) fiduciary services provided by Empower Retirement Advisory Services powered by Advised Assets Group, LLC a registered investment adviser.

Online Advice and the Professional Management Program are part of the Empower Retirement Advisory Services suite of services offered by Advised Assets Group, LLC, a registered investment adviser.

OUR VALUE

ENGAGING EMPLOYEES WITH **INNOVATIVE AND INTUITIVE** RESOURCES



Top-rated mobile app



Health Cost Estimator



Integrated HSA



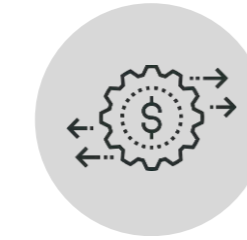
Financial wellness



Peer comparison



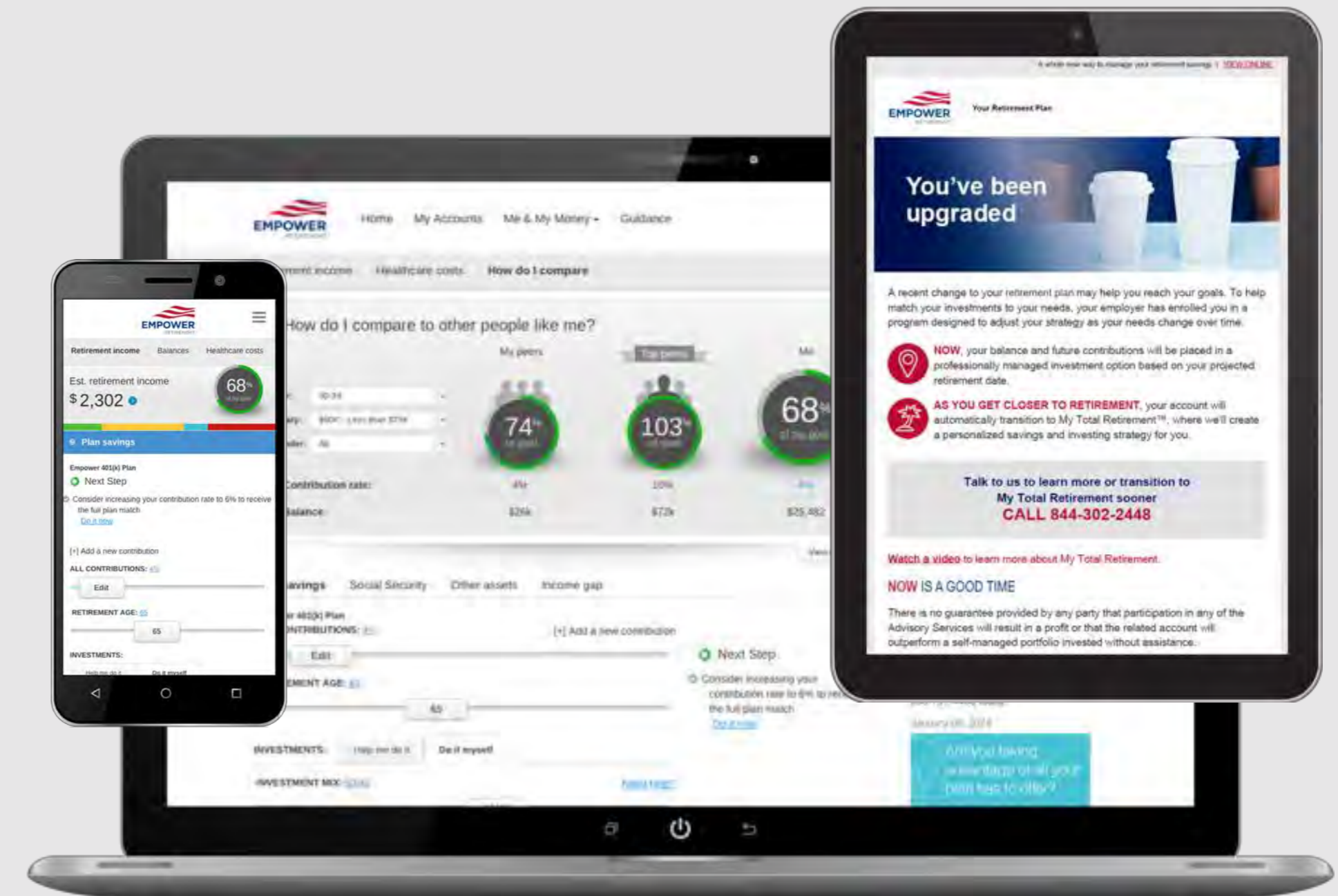
My Total Retirement™¹



Empower Dynamic Retirement Manager™



Retirement Plan Advisors



There is no guarantee provided by any party that participation in any of the advisory services will result in a profit.

¹ Online Advice and My Total Retirement™ are part of the Empower Retirement Advisory Services suite of services offered by Advised Assets Group, LLC, a registered investment adviser.

Empower Dynamic Retirement Manager™ is provided by AAG.



YOUR **PLAN SPONSOR** EXPERIENCE



DAVE RAMIREZ
 Relationship Manager
 Annual Plan Review Assistance
 19 years of experience

ERIC MATHIEU
 Retirement Plan Advisor
 Onsite Participant Representative
 8 years of experience
 4 days in year 1, 3 days ongoing

LINDA MORRIS
 Customer Service Manager
 25 years of experience

PHYLLIS HENDERSON
 Implementation Manager
 25 years of experience

YOUR PLAN SPONSOR EXPERIENCE

PROFESSIONALS DEDICATED TO THE **SUCCESS** OF YOUR PLAN

A service experience that's both proactive and high touch

Extensive experience with plans like yours

A collaborative partnership between the team and you





SUPPORTED BY
INNOVATIVE TOOLS AND
TECHNOLOGY

Online Enrollment

Plan Document Review

Deferral recordkeeping

Beneficiary recordkeeping

QDRO approval¹

Hardship approval

Loans

Distributions

Required notice mailings

1. QDROs are processed by QDRO Consultants. Contracted separately with clients to qualify domestic relations orders (DROs) based on established terms and fees. The outsourcing includes the assumption of risk, complete review of DROs and the determination regarding the qualified status.

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A photograph of a hospital hallway. In the foreground, a nurse in blue scrubs and a blue surgical cap is looking down at a clipboard. To her right, another nurse in blue scrubs and a blue surgical cap is looking towards the camera. In the background, another nurse in blue scrubs and a blue surgical cap is pushing a gurney. The hallway has a white floor, white walls, and a clock on the wall. A sign with the number '6' is visible on the wall. The text 'IMPROVED PRICING STRATEGY' is overlaid on the image in a white banner.

IMPROVED PRICING STRATEGY

Results of Request For Proposal Process

	Empower	Voya	Lincoln
Admin Fee	0.06%	0.08%	0.028%
3(38) Fee	0.05%	0.07%	0.05%
Managed Account Fee	0.40%	0.50%	0.45%
Total Plan Level Fee Expense	0.51%	0.55%	0.528%

Fee Scenario Comparison

**TOTAL COST – assessed as %
of assets**

TOTAL COST - \$'s (ANNUALLY)

	TOTAL COST – assessed as % of assets	TOTAL COST - \$'s (ANNUALLY)
<p>Current Provider Security Benefit</p>	<p>Retirement Plan Charge (RPC): 0.08% *Avg. Investment Expense: 1.08% **Participant Managed Account Service: 0.90%</p> <p>Total Plan/Participant Cost: 2.06%</p>	<ul style="list-style-type: none"> • Plan Cost: \$26,500/year • Investment Cost: \$397,872/year • Managed Account Cost: \$86,528/year • Advisor Compensation: \$125,000/year <hr/> <ul style="list-style-type: none"> • Total Cost: \$635,900/year
<p>Recommended Provider Empower Retirement</p>	<p>Retirement Plan Charge (RPC): 0.06% *Avg. Investment Expense: 0.38% LeafHouse 3(38) Fiduciary: 0.05% **Participant Managed Account Service: 0.40%</p> <p>Total Plan/Participant Cost = 0.89%</p>	<ul style="list-style-type: none"> • Plan Cost: \$22,104/year • Managed Account Cost: \$76,913/year • Investment Cost: \$158,412/year • Advisor Compensation: \$125,000/year <hr/> <ul style="list-style-type: none"> • Total Cost: \$382,429/year <p>***ESTIMATED ANNUAL SAVINGS WITH EMPOWER: \$253,471</p>

*Paid for by the participants

**Opt-in Managed Account Service Fee, participant paid if electing to utilize the service

***based on total plan assets of \$36,840,033 as of 12/7/2020

- Managed Account Assets based on \$19,228,481 as of 12/7/2020



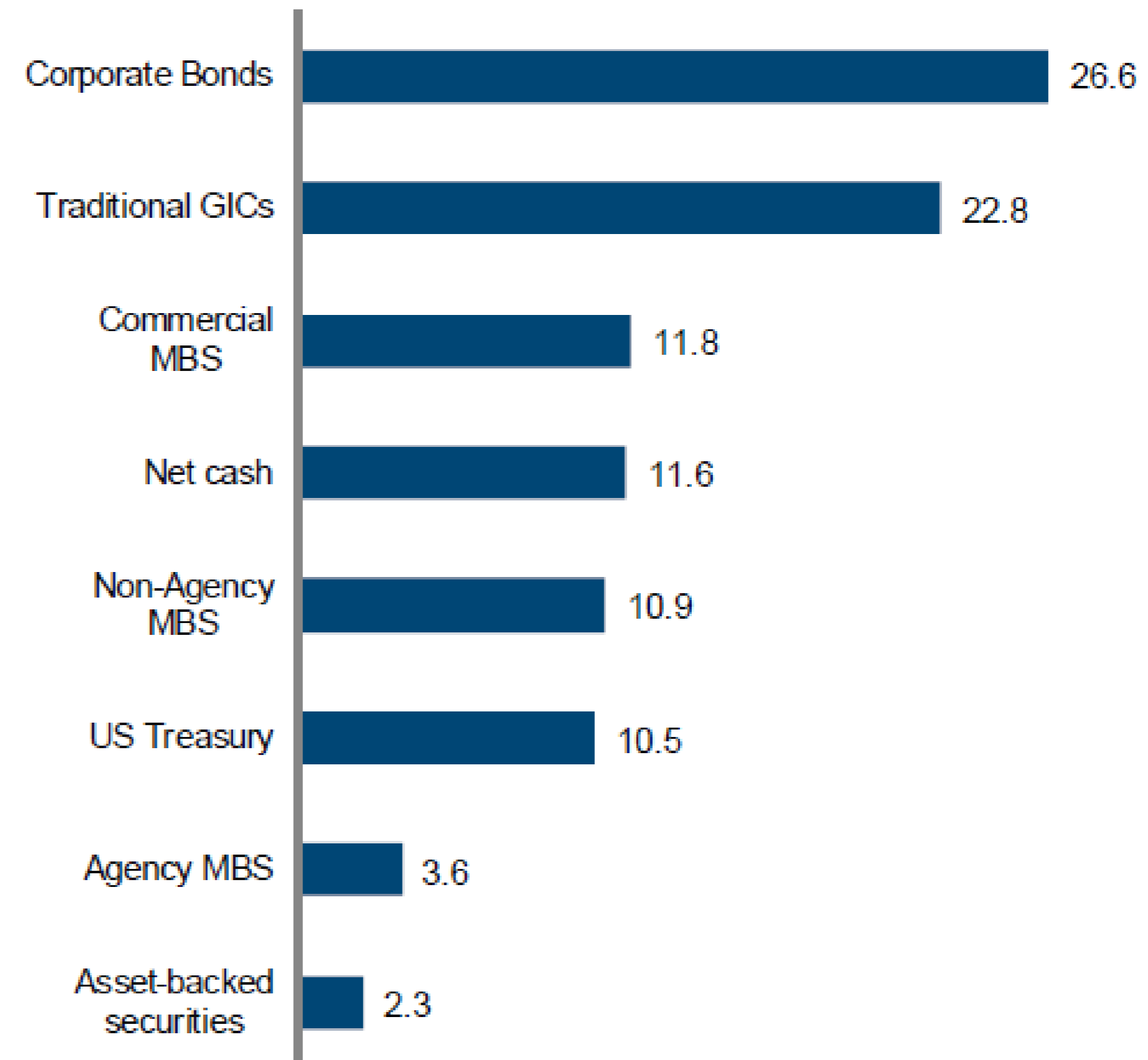


T H A N K Y O U

Putnam Stable Value Fund

Book value issuer description	Portfolio weight (%)
Net cash	7.35
Putnam Money Market Portfolio	2.95
Cash investments	4.40
Traditional GIC issuers	22.78
Metropolitan Life Ins. Co.	7.22
Principal Life Ins. Co.	6.89
Jackson National Life Ins. Co.	4.71
Minnesota Life Ins. Co.	1.34
Prudential Life Ins. Co. of America	1.23
Protective Life Insurance Co.	0.95
United of Omaha Life Ins. Co.	0.44
Structured cash flow strategy	32.49
Transamerica Life Insurance Co.	19.90
Massachusetts Mutual Life Insurance Co.	12.59
Actively managed strategy wrap providers	37.38
Pacific Life Ins. Co.	15.10
Prudential Life Ins. Co. of America	11.77
American United Life Ins.	6.48
Metropolitan Life Ins. Co.	4.03
Total	100.00

Sector distribution (%)



Stable Value liquidity provisions for participants

Participant-directed withdrawals

- Qualified withdrawals by plan participants are permitted at book value regardless of current market value.
- Additionally, transfers to other investment options within the plan are permitted, unless it is considered a “competing” fund.
- Participant transfers to competing funds must be held in a non-competing fund for a minimum of 90 days before the transfer to a competing fund takes place.
- This provision is known as the “equity wash” rule.

What is a competing fund?

- Generally speaking, a competing fund includes money market funds or other short-term bond funds with a duration less than 2 years.
- Some wrap providers consider self directed brokerage accounts in 401k plans as competing.
- Additionally, conservative or balanced asset allocation funds and target date funds, among others, may be considered competing.

Why does the equity wash rule exist?

- The equity wash rule is required by wrap providers as a risk mitigation feature.
- The purpose of the equity wash rule is to prevent participants from interest rate arbitrage, and reduce the risk of withdrawals from wraps, especially in a period of rising interest rates.



B U I L D I N G A P A R T N E R S H I P

DISCLOSURES

Carefully consider the investment option's objectives, risks, fees and expenses. Contact Empower Retirement for a prospectus, summary prospectus for SEC registered products or disclosure document for unregistered products, if available, containing this information. Read each carefully before investing.

Investing involves risk, including possible loss of principal.

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IMPORTANT: The projections, or other information generated on the website by the investment analysis tool regarding the likelihood of various investment outcomes, are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. The results may vary with each use and over time.

IMPORTANT: The projections and other information generated by PlanVisualizer™ are hypothetical in nature and are not guarantees of future results. The results may vary with each use, over time and as your inputs change.





B U I L D I N G A P A R T N E R S H I P

DISCLOSURES

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*As of December 31, 2019. Information refers to the business of Great-West Life & Annuity Insurance Company and its subsidiaries, including Great-West Life & Annuity Insurance Company of New York. Of the total \$653B assets under administration, \$18B represents the AUA of GWL&A of NY. AUA do not reflect the financial stability or strength of a company. GWL&A assets total \$49.5B and liabilities total \$47.5B. GWL&A of NY assets total \$1.6B and liabilities total \$1.5B.

** Information refers to all retirement business of Great-West Life & Annuity Insurance Company and its subsidiaries and affiliates, including Great-West Life & Annuity Insurance Company of New York, marketed under the Empower Retirement brand. Ranking based on total participant accounts as of September, 20 2018. Source: Pension & Investments 2019 Defined Contribution Survey Ranking as of April 2019.

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Sonoma Valley Health Care District

Questions?

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Margaret Ratto-Young, Representative – California Life Insurance License 0G73320

Richard Maxey, CFP® – California Life Insurance License 0B34213

Michael Felton, Representative – California Life Insurance License 0778845

Sonoma Valley Health Care District and the Securities America Companies are not affiliated.



Information Technology Budget Impact FY2021

FINANCE COMMITTEE

February 23, 2021

By: Fe Sendaydiego

Significant Downtime Event: Cyberattack Overview

- Initial Discovery: October 11th
- On-call IT Staff was notified with a network issue
- All computer systems taken offline
- Engaged security experts
- The Incident Command Center immediately opened
- Breach assessment, mitigation, containment & recovery were immediately initiated with additional external resources such as UCSF IT
- Regulatory reporting to all government agencies & individuals completed on time
- Office of Civil Rights (OCR) Audit due March 1st
 - P&P review and updates in progress
 - Implementations of mandatory security enhancements underway

Cyberattack Recovery Cost

- Estimated Year-to-date Total \$1.4M
 - \$1.3M Recovery Efforts (Additional recovery staff, equipment & professional services)
 - \$147K Breach Response (i.e., legal, forensics, call center, etc.)
- Anticipated Additional Cost - Pending
- Overall total cyberattack cost, estimated under \$2M insurance policy limit*

Mandatory Data Security Enhancements

- Advanced Endpoint Protection & Management \$28K a year
- Encrypted Secure Email \$149K a year
- Remote Access Multi Factor Authentication (new) \$6K a year
- 24/7 Monitoring for threat, detection & response (new) \$85K a year
- 1 FTE Security Administrator (new) \$168K a year
- 1 FTE Desktop Engineer \$140K a year
- **Total Annual Data Security Cost \$576K a year**

Mandatory Business Continuity Services

- Remote Backup – Cloud Storage (new) \$9K a year
- Sonoma Highway Internet Service Provider \$10K a year
- Hospital Failover Internet Service Provider (new) \$15K a year
- **Total Annual Services** **\$34K a year**

Annual Mandatory IT Security Cost Summary*

• Data Security Enhancements	\$576K
• Business Continuity Services	\$34K
• Total 12 Month Cost	\$610K
• FY2021 Budgeted IT Security Cost	\$208K
• Additional Annual IT Security Cost	\$402K

*Does not represent a full FY2022 IT Operational Budget

Industry Comparison

- IT Cost versus Hospital Operational Expenses
 - Range between 4%-10%
 - Varies size of organization and some may include capital
- FY2021 IT Percentage 5.2%
 - IT Approved Budget \$3M
 - Hospital Total Operational Expenses \$58M
- *Preliminary FY2022 IT Percentage 5.9%

*Does not represent a full FY2022 IT Operational Budget

Q&A



February 12, 2021

Joshua Rymer
Chairman of the Board
Sonoma Valley Health Care District
347 Andrieux Street
Sonoma, California 95476

Dear Mr. Rymer:

Armanino^{LLP} ("Armanino," "we" or "us") is pleased to provide the services described below (the "Services") to Sonoma Valley Health Care District ("Client" or "you" or the "Organization"). The Services are subject to the terms and conditions of this engagement letter and the Terms & Conditions for Professional Services, located at <http://www.armaninollp.com/professionalservices> (together, this "Agreement").

ATTEST SERVICES

We will audit the financial statements of Sonoma Valley Health Care District, which comprise the statements of net position for each year ending June 30, 2021, June 30, 2022 and June 30, 2023, and the related statements of revenues and expenses and changes in net position and cash flows for each year then ended, and the related notes to the financial statements.

Also, the following supplementary information accompanying the financial statements will be subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and we will provide an opinion on it in relation to the financial statements as a whole in a separate written report accompanying our auditor's report on the financial statements or in a report combined with our auditors report on the financial statements:

1. Management's Discussion and Analysis
2. Supplementary Information Related to Community Support



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Audit Objective

The objective of our audits is to express an opinion about whether your financial statements are fairly presented, in all material respects, and in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America ("GAAS") and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of the Organization's financial statements. Our report will be addressed to the audit committee of the Organization. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add an emphasis-of-matter or other-matter paragraph(s). If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form an opinion, we may decline to express an opinion or withdraw from this engagement.

Audit Procedures

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors and financial institutions. We will also request written representations from the Organization's attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our audit will include obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities since performing those procedures or taking such action would impair our independence.

YOUR RESPONSIBILITIES

You are responsible for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with GAAP. You are also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information, in conformity with GAAP. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon or make the audited financial statements readily available for users of the supplementary information no later than the date the supplementary information is issued with our report thereon.

You agree to assume all management responsibilities relating to the tax services, financial statements preparation services, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

NONATTEST SERVICES

As a part of our engagement, we will perform the following nonattest services (the "Nonattest Services"):

1. Assist with the preparation of the financial statements, including the related footnotes.

As noted in Section 2 of the Terms & Conditions for Professional Services, in order for us to remain independent, professional standards require us to maintain certain respective roles and relationships with you with respect to the Nonattest Services. Prior to performing the Nonattest Services in conjunction with our attest services, management must acknowledge its acceptance of certain responsibilities.

Therefore, you agree to perform the following functions in connection with our performance of the Nonattest Services:

- Make all management decisions and perform all management functions with respect to the Nonattest Services provided by us.
- Assign appropriate individual(s), possessing suitable skill, knowledge, and experience to oversee the Nonattest Services outlined above and evaluate the adequacy and results of these services. You will notify us of the individual(s) assigned and any subsequent changes in the individual(s) assigned.
- Accept responsibility for the results of the Nonattest Services.
- Establish and maintain internal controls related to the Nonattest Services.

The Nonattest Services are limited to those outlined above. We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as making management decisions or performing management functions. Your management must make all decisions with regard to our recommendations. By signing this agreement, you acknowledge acceptance of these responsibilities.

ENGAGEMENT ADMINISTRATION; PRICES

Bill Brause is the engagement partner and is responsible for supervising the Attest Services and signing the audit report. The engagement partner will assign work on the engagement to others at our firm, who may include CPAs and other staff and owners who are not CPAs.

We have agreed to commit to a price quote for future years as follows:

June 30, 2021 Financial Statement Audit	\$63,000
June 30, 2022 Financial Statement Audit	\$65,000
June 30, 2023 Financial Statement Audit	\$67,000

This price quote does not constitute an engagement letter for those years. We will issue an engagement letter for each future year with this price quote at the appropriate time.

You will also be billed for administrative, travel and other out-of-pocket expenses which typically range between 5% - 7% of the total price for the Services.

The price estimate anticipates that we do not encounter any unexpected circumstances, such as inadequate or incomplete accounting records, unexpected accounting issues, or delayed responses by you to our requests for information or documents. For example, if our work is delayed because you do not complete requested schedules or provide other information as requested, we will need to spend additional time that will be billed to you separately at our standard hourly rates.

You may terminate the Services at any time by giving us 30 days written notice. If you terminate the Services, you will pay for the Services performed and expenses incurred through the effective date of termination.

* * *

We appreciate the opportunity to be of service to you and believe this Agreement accurately summarizes the terms applicable to the Services. If you have any questions, please let us know. If you agree with the terms of this Agreement, please sign the enclosed copy and return it to us.

Sincerely,



Bill Brause
Partner

THIS AGREEMENT, INCLUDING THE TERMS & CONDITIONS FOR PROFESSIONAL SERVICES LOCATED AT [HTTP://WWW.ARMANINOLLP.COM/PROFESSIONALSERVICES](http://www.armaninollp.com/professionalservices), IS HEREBY APPROVED AND ACCEPTED:

Sonoma Valley Health Care District

By: _____
Joshua Rymer, Chairman of the Board

Date: _____



February 12, 2021

Joshua Rymer
Chairman of the Board
Sonoma Valley Health Care District
347 Andrieux Street
Sonoma, California 95476

Dear Mr. Rymer:

Armanino^{LLP} ("Armanino," "we" or "us") is pleased to provide the services described below (the "Services") to Sonoma Valley Health Care District ("Client" or "you" or the "Organization"). The Services are subject to the terms and conditions of this engagement letter and the Terms & Conditions for Professional Services, located at <http://www.armaninollp.com/professionalservices> (together, this "Agreement").

ATTEST SERVICES

We will audit the schedule of expenditures of federal awards ("schedule") for Provider Relief Funds for the year ended June 30, 2020.

Audit Objective

The objective of our audit is the expression of an opinion about whether the schedule is fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. The objective also includes reporting on internal control over compliance related to Provider Relief Funds and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on the program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

The report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. The paragraph will also state that the report is not suitable for any other purpose.



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Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of the accounting records of the program and other procedures we consider necessary to enable us to express an opinion. We will issue written reports upon completion of our audit. Our reports will be addressed to management and the governing board of Sonoma Valley Health Care District. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinion on the schedule or our opinion on compliance is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule. We will plan and perform the audit to obtain reasonable assurance about whether the schedule is free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, an unavoidable risk exists that some material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the schedule or on the program. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a program-specific audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by U.S. generally accepted auditing standards.

Audit Procedures - Internal Controls

Our audit will include obtaining an understanding of the Organization and its environment, including internal control, sufficient to assess the risks of material misstatement of the schedule and to design the nature, timing, and extent of further audit procedures. As required by the Uniform Guidance, we will perform test of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to the federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures - Compliance

The Uniform Guidance requires that we plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable federal statutes, regulations, and the terms and conditions of federal awards. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on the federal program. The purpose of these procedures will be to express an opinion on Sonoma Valley Health Care District's compliance with requirements applicable to the program in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in preparing the schedule of expenditures of federal awards and related notes of Provider Relief Funds in conformity with U.S. generally accepted accounting principles and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the schedule of expenditures of federal awards, and related notes of services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

YOUR RESPONSIBILITIES

Management is responsible for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the schedule of the financial activities of Provider Relief Funds in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is also responsible for making all program financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the schedule, (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance, (3) additional information that we may request for the purpose of the audit, and (4) unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the schedule to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the schedule as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the schedule. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provision of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings should be available for our review on .

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the schedule and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the schedule of expenditures of federal awards and related notes and that you have reviewed and approved the schedule and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

NONATTEST SERVICES

As a part of our engagement, we will perform the following nonattest services (the "Nonattest Services"):

1. Assist with the preparation of the financial statements, including the related footnotes.

As noted in Section 2 of the Terms & Conditions for Professional Services, in order for us to remain independent, professional standards require us to maintain certain respective roles and relationships with you with respect to the Nonattest Services. Prior to performing the Nonattest Services in conjunction with our attest services, management must acknowledge its acceptance of certain responsibilities.

Therefore, you agree to perform the following functions in connection with our performance of the Nonattest Services:

- Make all management decisions and perform all management functions with respect to the Nonattest Services provided by us.
- Assign appropriate individual(s), possessing suitable skill, knowledge, and experience to oversee the Nonattest Services outlined above and evaluate the adequacy and results of these services. You will notify us of the individual(s) assigned and any subsequent changes in the individual(s) assigned.
- Accept responsibility for the results of the Nonattest Services.
- Establish and maintain internal controls related to the Nonattest Services.

The Nonattest Services are limited to those outlined above. We, in our professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as making management decisions or performing management functions. Your management must make all decisions with regard to our recommendations. By signing this agreement, you acknowledge acceptance of these responsibilities.

ENGAGEMENT ADMINISTRATION, PRICES, AND OTHER

We may, from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Organization; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to you; however, management is responsible for distribution of the reports and the schedule. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Armanino and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to Name of a Cognizant or oversight agency for audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Armanino personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the Name of a Cognizant or oversight agency for audit. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Bill Brause is the engagement partner and is responsible for supervising the Attest Services and signing the audit report. The engagement partner will assign work on the engagement to others at our firm, who may include CPAs and other staff and owners who are not CPAs.

Our price for the Attest Services will be: \$ 12,000

You will also be billed for administrative, travel and other out-of-pocket expenses which typically range between 5% - 7% of the total price for the Services.

The price estimate anticipates that we do not encounter any unexpected circumstances, such as inadequate or incomplete accounting records, unexpected accounting issues, or delayed responses by you to our requests for information or documents. For example, if our work is delayed because you do not complete requested schedules or provide other information as requested, we will need to spend additional time that will be billed to you separately at our standard hourly rates.

You may terminate the Services at any time by giving us 30 days written notice. If you terminate the Services, you will pay for the Services performed and expenses incurred through the effective date of termination.

* * *

We appreciate the opportunity to be of service to you and believe this Agreement accurately summarizes the terms applicable to the Services. If you have any questions, please let us know. If you agree with the terms of this Agreement, please sign the enclosed copy and return it to us.

Sincerely,



Bill Brause
Partner

THIS AGREEMENT, INCLUDING THE TERMS & CONDITIONS FOR PROFESSIONAL SERVICES LOCATED AT [HTTP://WWW.ARMANINOLLP.COM/PROFESSIONALSERVICES](http://www.armaninollp.com/professionalservices), IS HEREBY APPROVED AND ACCEPTED:

Sonoma Valley Health Care District

By: _____
Joshua Rymer, Chairman of the Board

Date: _____



To: SVHCD Finance Committee
From: Ken Jensen, CFO & Sarah Dungan, Controller
Date: February 23, 2021
Subject: Fiscal Year 2022 Budget Assumptions

It continues to be a challenge to predict volumes during the COVID-19 pandemic. In previous years' budget assumptions we have based the budget on a rolling 12-month trend. However, this method does not seem appropriate given the last 12-months of fluctuating volumes. Therefore, the following assumptions will be applied to the actual experience from July 2020 through January 2021 annualized. Other adjustments will be made as necessary to reflect the hospital's lower volumes and any other current trends in healthcare going forward. Before finalizing the budget in May the finance team will review current volumes and trends.

VOLUME

- Based upon the 7 months from July 2020 to January 2021 annualized and adjusted for a 10% increase at January 2022 through June 2022.

GROSS REVENUE

- Gross price increase of 6% - this is allowed by most SVH commercial contracts.

CONTRACTUAL ALLOWANCES

- Assume current collection rates and adjust allowance for 6% price increase.
- Payer Mix will be based upon the 12-month ending January 2021.
- Intergovernmental and supplemental payments will be based upon input from the District Hospital Leadership Group (will be conservative).

WAGES AND BENEFITS

- 2.0% increase for salaries for 6-months beginning January 2022 through June 2022.
- Employee benefits will be based upon actual experience and estimates from the providers.

PHYSICIAN FEES & PROFESSIONAL FEES

- Based upon current costs or final contract arrangements.

SUPPLIES/FOOD

- Based on current lower volumes.
- 2% increase for inflation for 12 months ending January 2021.



PURCHASED SERVICES

- Assume actual 12 months ending January 2021.
- Increase in IT security costs – mandated.
- Purchased services to be reviewed by department and adjusted as needed.

DEPRECIATION

- Current, plus any adjustments for any new equipment.

INSURANCE

- Will confirm with insurance agent; expect a 3-5% increase.

INTEREST

- Current, will adjust for expiring leases/loans.

UTILITIES

- Assume current rates at January 2021 for July 2021 through February 2022.
- Assume Unison (alternative energy onsite electricity) project to be completed by February 2022 with an estimated savings of \$10,300 for March 2022 through June 2022.
- No increase expected with oil prices.

OTHER EXPENSES

- Rent/leases- current, will adjust for any new expected leases and remove any expiring.
- All other, no increase.
- Will review by department.





To: SVHCD Board of Directors
From: Administrative Team
Date: 1/31/2021
Subject: Administrative Report

Summary: January focus was on vaccinations and finishing the recovery from the Cyberattack. The ODC project continues to progress and the new CT machine was delivered in late January. Cash is improving as billing and collection issues are resolved following the Cyberattack.

Update from 2025 Strategic Plan:

Strategic Priorities	Update
Enhance Quality and Services through the affiliation with UCSF Health	<ul style="list-style-type: none"> ➤ UCSF has led the final stages of the recovery efforts from the Cyberattack and will be continuing to assist with implementation of the Security Plan. ➤ UCSF is putting together a proposal for further IT services including EPIC. Cost and timeline are yet to be determined. ➤ Joint Operating Meetings begin in February for the SVH-UCSF Executives. ➤ Two excellent CEO candidates have interviewed and visited SVH. The board hopes to select and announce a new CEO in February.
Exceed Community Expectations especially in Emergency Services	<ul style="list-style-type: none"> ➤ The new CT scanner has arrived. It is expected to be CDPH ready in March. ➤ The ED continues to manage COVID patients well and in-house testing supplies have stabilized for the immediate future.
Ensure Patients receive Excellent, Safe care	<ul style="list-style-type: none"> ➤ The inpatient service including our staff and physicians are focusing on Palliative Care education over the next several months. ➤ Thanks to SVHF we now have a new bug-zapping robot. ➤ SVHF has raised over 300K that will be used for the refurbishment of the ICU. ➤ Satellite Dialysis is considering using part of the SVH 2nd floor for home dialysis education. ➤ Through funding from the Bridge Grant, we now have weekend support in the ED from a social worker who specializes in substance abuse and addiction.
Provide Access to Excellent Physicians	<ul style="list-style-type: none"> ➤ MarinHealth Medical Network (Prima) now hold the SVH general surgery call contract. This will expand our network of general surgeons. ➤ Meritage Medical Network is now in a Management Services Agreement with Sonoma Family Practice and this is going well. ➤ UCSF continues to assist with the search for a gastroenterology solution for SVH.
Be a Healthy Hospital	<ul style="list-style-type: none"> ➤ 100% of our medical staff and over 75% of our employees have now received the COVID-19 vaccine. As of 1/28/2021, SVH has administered 705 first doses and 318 second doses to Phase 1a individuals.

DECEMBER 2020

			National Benchmark
Patient Experience	Current Performance	FY 2021 Goal	
Would Recommend Hospital	80%	> 70 percent	50th percentile
Inpatient Overall Satisfaction	84%	>70 percent	50 th percentile
Outpatient Services	4.73	4.5	3.8
Emergency Department	4.52	4.5	3.8
Quality & Safety	YTD Performance	FY 2021 Goal	Benchmark
Central Line Infection	0	<1	<.51
Catheter Infection	0	<1	<1.04
Surgery Site Infection – Colon	0	<1	N/A
Surgery Site Infection – Joint	0	<1.5%	N/A
MRSA Bacteremia	0	<.13	<.13
C. Difficile	1	3.5	2.7/10,000 pt days
Patient Safety Indicator	.86	<1	<1
Heart Failure Mortality Rate	11.7%	12%	12.9%
Pneumonia Mortality Rate	17.5%	20%	15.6%
Stroke Mortality Rate	15.1%	15%	13.8%
Sepsis Mortality Rate	7.3%	<18%	25%
30 Day All- Cause Readmissions	14.1%	< 15.3 %	< 15%
Serious Safety Events	0	0	0
Falls	1.30	< 2.3	2.3
Pressure Ulcers	4.5	<3.7	3.7
Injuries to Staff	8	< 10	17
Adverse Drug Events with Harm	0	0	0
Reportable HIPAA Privacy Events	N/A	0	0
Case Mix Index	1.5	1.4	1.3
Hospital Star Rating	4	4	3
Staff Satisfaction	Performance	FY 2021 Goal	Benchmark
Staff Pulse Survey	4.05 out of 5	>3.8	75%
Turnover	7%	< 15%	< 20%
Financial Stability	YTD Performance	FY 2021 Goal	Benchmark
EBDA	-7.3	>3%	3%
Paid FTE's	227	<235	235
Days Cash on Hand	32.9	>30	30
Days in Accounts Receivable	66.1	<45	50
Length of Stay	4.2	<4.0	4.03
Funds raised by SVHF	\$21.1 million	\$21 million	\$1 million
Strategic Growth	YTD/Projected	FY 2021 Goal	FY 2020
Inpatient Discharges	386/439	850	862
Outpatient Visits	23073/25100	48,000	47,802
Emergency Visits	4155/5141	10,000	9784
Surgeries + Special Procedures	974/1289	2000	2226
Community Benefit Hours	100.5/402	400	1332

Note: Colors demonstrate comparison to National Benchmark



Healing Here at Home

TRENDED MONTHLY RESULTS

MEASUREMENT	Goal FY 2021	Jul 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020	Jun 2020
FY YTD Turnover	<15%	2.1	3.4	3.5	3.9	7	7	5.6	6	7.3	7.3	8.2	8.2
Leave of Absences	<12	6	8	10	13	13	13	13	9	11	13	13	9
EBDA	>3%	-8	-7	-18	-4.4	-27	9.8	16.1	10.5	25.7	-13.9	253	-8.9
Operating Revenue	>3.5m	3.58	3.52	3.19	3.7	3.0	5.1	5.4	4.1	8.3	2.8	1.3	3.4
Expense Management	<4.5m	4.4	4.3	4.4	4.4			5.1	4.4	6.8	3.7	3.8	4.5
Net Income	>50k	418	658	-576	-235	1.4	823	873	307	2351	-297	3600	-565
Days Cash on Hand	>30	73	68.6	63	60	35.4	32.9	20.4	15.7	15.6	43.1	87.1	81
Receivable Days	<50	40	39	39	53.2	69.6	66.1	38	42.5	36.9	35.5	44	49
Accounts Payable Days	>50	35	31.6	40	58.3	53.3	45.4	42	42.2	53.4	41.9	35.2	40.7
Accounts Payable	<\$3m	2.3	2.1	2.85	4.0	3.8	2.9	2.9	3.0	3.7	2.9	2.4	2.8
Total Paid FTE's	<235	230	229	226	204	230	227	230	231	236	190	205	225
Inpatient Discharges	>80	75	65	60	64	57	65	79	86	63	39	44	65
Patient Days	>300	324	314	214	230	230	294	321	286	218	156	179	238
Observation Days	<20	20	21	32	18	11	21	12	16	16	13	9	16
Average Daily Census	>10	10.5	10.1	7.1	3.6	10.6	9.5	10.4	9.9	7	5.2	5.8	7.9
Outpatient Revenue	>\$15m	16.1	14.9	14.6	9.4	12.6	8.6	17.3	16.3	12.3	7.1	10.5	14.6
Surgeries	>120	115	114	115	121	111	123	150	145	80	17	34	116
Special Procedures	>50	37	34	57	47	50	50	58	79	43	1	8	46
Emergency Visits	>800	735	723	653	696	674	674	953	972	745	529	645	695
MRI	>120	93	84	N/A	114	145	159	138	146	70	39	68	116
Cardiology (Echos)	>65	63	71	N/A	88	46	85	83	68	52	35	52	70
Laboratory	>11	12.6	12.1	N/A	4	9.9	15.9	11.6	10.9	8.7	5.5	8.5	11.1
Radiology	>900	883	806	N/A	241	778	1090	1113	934	684	420	572	797
Rehab	>2000	2206	1664	N/A	971	2207	3463	2422	2119	1626	566	1182	1984
CT	>350	382	426	N/A	117	356	525	429	388	335	263	367	401
Mammography	>200	213	179	N/A	75	129	158	172	243	243	15	87	228
Ultrasound	>250	228	253	N/A	76	189	248	234	238	198	110	163	272
Occupational Health	>550	580	426	N/A	534	331	458	517	572	544	392	380	462
Wound Care	>275	191	154	N/A	90	148	227	252	233	201	140	112	164



To: SVHCD Finance Committee
From: Ken Jensen, CFO
Date: February 23, 2021
Subject: Financial Report for the Month Ending January 31, 2021

For the month of January the hospital's actual operating margin of (\$1,401,890) was (\$768,032), unfavorable to the budgeted operating margin of (\$633,858). After accounting for all other activity, the net loss for January was (\$343,417) vs. the budgeted net income of \$165,926 with a monthly EBDA of (26.3%) vs. a budgeted (1.2%).

Gross patient revenue for January was \$18,841,164, or (\$4,956,652) under budget. Inpatient gross revenue was under budget by (\$1,572,005). Inpatient days were under budget by (86) days and inpatient surgeries were under budget by (12) cases. Outpatient gross revenue was under budget by (\$1,370,078). Outpatient visits were under budget by (1,112) cases; outpatient surgeries were under budget by (51) cases; and special procedures were under budget by (53) cases. The Emergency Room gross revenue was under budget by (\$2,014,569) with ER visits under budgeted expectations by (307) visits.

Deductions from revenue were favorable to budgeted expectations by \$4,071,339 due to the lower than budgeted gross revenue.

After accounting for all other operating revenue, the **total operating revenue** was unfavorable to budgeted expectations by (\$874,015).

Operating Expenses of \$4,600,997 were favorable to budget by \$105,983. Salaries and wages and agency fees were under budget by \$161,736 from flexing clinical staff due to lower than budgeted volumes and the CFO and CMO salary costs now in contracted labor. Employee benefits were over budget by (\$42,960) due to the PTO liability adjustment from the 2% salary increase. Contracted labor was over budget by (\$51,610) due to the UCSF contracted labor costs for the CFO and CMO which is offset by the savings in salaries and wages. Supplies were under budget by \$20,005 due to lower than budgeted volumes. Utilities were over budget by (\$20,094) due to an increase of PG&E (Electricity) costs over last year.

After accounting for all income and expenses, but not including Restricted Contributions and GO bond activity, the net loss for January was (\$1,093,346) vs. a budgeted net loss of (\$314,283). The hospital received \$563,895 in donations from the Sonoma Valley Hospital Foundation primarily for the



outpatient diagnostic center. The total net loss for January after all activity was (\$343,417) vs. a budgeted net income of \$165,926.

EBDA for the month of January was -26.3% vs. the budgeted -1.2%.

Patient Volumes – January

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	63	84	-21	79
Acute Patient Days	230	316	-86	321
Observation Days	15	0	15	12
OP Gross Revenue	\$13,618	\$17,003	(\$3,385)	\$17,269
Surgical Cases	102	165	-63	150

Gross Revenue Overall Payer Mix – January

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	40.7%	42.2%	-1.5%	40.6%	42.2%	-1.6%
Medicare Mgd Care	18.0%	13.3%	4.7%	15.4%	13.3%	2.1%
Medi-Cal	20.1%	17.8%	2.3%	18.9%	17.8%	1.1%
Self Pay	0.2%	1.9%	-1.7%	1.3%	1.9%	-0.6%
Commercial	18.4%	22.2%	-3.8%	21.3%	22.2%	-0.9%
Workers Comp	2.6%	2.6%	0.0%	2.5%	2.6%	-0.1%
Total	100.0%	100.0%		100.0%	100.0%	

Cash Activity for January:

For the month of January the cash collection goal was \$2,945,493 and the Hospital collected \$4,069,521 or over the goal by \$1,124,028. The year-to-date cash collection goal was \$21,339,177 and the Hospital has collected \$20,130,450 or under goal by (\$1,208,727). The year-to-date collections shortfall is due to the inability to bill claims from October 11th through mid-November. We expect to be caught up with collections by February or March.

	CURRENT MONTH	PRIOR MONTH	VARIANCE	PRIOR YEAR
Days of Cash on Hand – Avg.	30.6	28.3	2.3	20.4
Accounts Receivable Days	53.7	66.1	-12.4	38.0
Accounts Payable	\$3,391,691	\$3,229,066	\$162,625	\$2,969,820
Accounts Payable Days	47.4	45.4	2.0	42.4

ATTACHMENTS:

- Attachment A is the Payer Mix Analysis which includes the projected collection percentage by payer. -
- Attachment B is the Operating Indicators Report
- Attachment C is the Balance Sheet
- Attachment D (two pages) is the Statement of Revenue and Expense. The first page breaks out the hospital operations and page two includes all other activity.
- Attachment E is the Variance Analysis
- Attachment F is the Cash Projection



Sonoma Valley Hospital
Payer Mix for the month of January 31, 2021

ATTACHMENT A

YTD

Gross Revenue:	Actual	Budget	Variance	% Variance
Medicare	7,654,309	10,036,441	-2,382,132	-23.7%
Medicare Managed Care	3,389,580	3,166,160	223,420	7.1%
Medi-Cal	3,781,464	4,225,725	-444,261	-10.5%
Self Pay	40,503	447,627	-407,124	-91.0%
Commercial & Other Government	3,482,533	5,294,659	-1,812,126	-34.2%
Worker's Comp.	492,775	627,204	-134,429	-21.4%
Total	18,841,164	23,797,816	(4,956,652)	

Actual	Budget	Variance	% Variance
55,572,000	62,546,659	-6,974,659	-11.2%
21,022,539	19,737,990	1,284,549	6.5%
25,853,926	26,345,859	-491,933	-1.9%
1,789,758	2,793,396	-1,003,638	-35.9%
29,460,704	33,102,689	-3,641,985	-11.0%
3,473,657	3,910,931	-437,274	-11.2%
137,172,584	148,437,524	(11,264,940)	

Net Revenue:	Actual	Budget	Variance	% Variance
Medicare	915,855	1,180,529	-264,674	-22.4%
Medicare Managed Care	337,346	341,582	-4,236	-1.2%
Medi-Cal	410,456	447,667	-37,211	-8.3%
Self Pay	20,845	209,363	-188,518	-90.0%
Commercial & Other Government	991,899	1,698,832	-706,933	-41.6%
Worker's Comp.	92,592	114,068	-21,476	-18.8%
Prior Period Adj/IGT	337,735	-	337,735	*
Total	3,106,728	3,992,041	(885,313)	-22.2%

Actual	Budget	Variance	% Variance
6,559,369	7,479,738	-920,369	-12.3%
2,331,838	2,167,998	163,840	7.6%
2,695,817	2,819,455	-123,638	-4.4%
858,536	1,263,580	-405,044	-32.1%
8,934,999	10,468,577	-1,533,578	-14.6%
662,069	721,328	-59,259	-8.2%
2,708,950	1,100,000	1,608,950	*
24,751,578	26,020,676	(1,269,098)	-4.9%

Percent of Net Revenue:	Actual	Budget	Variance	% Variance
Medicare	29.5%	29.6%	-0.1%	-0.3%
Medicare Managed Care	10.9%	8.6%	2.3%	26.7%
Medi-Cal	13.2%	11.2%	2.0%	17.9%
Self Pay	0.7%	5.2%	-4.5%	-86.5%
Commercial & Other Government	31.8%	42.5%	-10.7%	-25.2%
Worker's Comp.	3.0%	2.9%	0.1%	3.4%
Prior Period Adj/IGT	10.9%	0.0%	10.9%	*
Total	100.0%	100.0%	0.0%	0.0%

Actual	Budget	Variance	% Variance
26.5%	28.7%	-2.3%	-8.0%
9.4%	8.3%	1.1%	13.3%
10.9%	10.8%	0.1%	0.9%
3.5%	4.9%	-1.4%	-28.6%
36.1%	40.3%	-4.2%	-10.4%
2.7%	2.8%	-0.1%	-3.6%
10.9%	4.2%	6.7%	160%
100.0%	100.0%	-0.1%	-0.1%

Projected Collection Percentage:	Actual	Budget	Variance	% Variance
Medicare	12.0%	11.8%	0.2%	1.7%
Medicare Managed Care	10.0%	10.8%	-0.8%	-7.4%
Medi-Cal	10.9%	10.6%	0.3%	2.8%
Self Pay	51.5%	46.8%	4.7%	10.0%
Commercial & Other Government	28.5%	32.1%	-3.6%	-11.2%
Worker's Comp.	18.8%	18.2%	0.6%	3.3%

Actual	Budget	Variance	% Variance
11.8%	12.0%	-0.2%	-1.7%
11.1%	11.0%	0.1%	0.9%
10.4%	10.7%	-0.3%	-2.8%
48.0%	45.2%	2.8%	6.2%
30.3%	31.6%	-1.3%	-4.1%
19.1%	18.4%	0.7%	3.8%

**SONOMA VALLEY HOSPITAL
OPERATING INDICATORS
For the Period Ended January 31, 2021**

ATTACHMENT B

	<u>CURRENT MONTH</u>				<u>YEAR-TO-DATE</u>			<u>YTD</u>
	<u>Actual</u> <u>01/31/21</u>	<u>Budget</u> <u>01/31/21</u>	<u>Favorable</u> <u>(Unfavorable)</u> <u>Variance</u>		<u>Actual</u> <u>01/31/21</u>	<u>Budget</u> <u>01/31/21</u>	<u>Favorable</u> <u>(Unfavorable)</u> <u>Variance</u>	<u>Prior</u> <u>Year</u> <u>01/31/20</u>
Inpatient Utilization								
Discharges								
1	47	67	(20)	Med/Surg	359	418	(59)	458
2	16	17	(1)	ICU	90	105	(15)	107
3	63	84	(21)	Total Discharges	449	523	(74)	565
Patient Days:								
4	151	229	(78)	Med/Surg	1,211	1,420	(209)	1,582
5	79	87	(8)	ICU	634	540	94	566
6	230	316	(86)	Total Patient Days	1,845	1,960	(115)	2,148
7	15	-	15	Observation days	138	-	138	127
Average Length of Stay:								
8	3.2	3.4	(0.2)	Med/Surg	3.4	3.4	(0.0)	3.5
9	4.9	5.1	(0.2)	ICU	7.0	5.1	1.9	5.3
10	3.7	3.8	(0.1)	Avg. Length of Stay	4.1	3.7	0.4	3.8
Average Daily Census:								
11	4.9	7.4	(2.5)	Med/Surg	5.6	6.6	(1.0)	7.4
12	2.5	2.8	(0.3)	ICU	2.9	2.5	0.4	2.6
13	7.4	10.2	(2.8)	Avg. Daily Census	8.6	9.1	(0.5)	10.0
Other Utilization Statistics								
Emergency Room Statistics								
14	673	980	(307)	Total ER Visits	4,828	6,121	(1,293)	6,257
Outpatient Statistics:								
15	3,747	4,859	(1,112)	Total Outpatients Visits	26,820	29,959	(3,139)	31,598
16	13	25	(12)	IP Surgeries	109	156	(47)	164
17	89	140	(51)	OP Surgeries	692	876	(184)	977
18	27	80	(53)	Special Procedures	302	502	(200)	501
19	227	294	(67)	Adjusted Discharges	1,633	1,837	(204)	2,090
20	829	1,105	(277)	Adjusted Patient Days	6,666	6,888	(222)	7,932
21	26.7	35.7	(8.9)	Adj. Avg. Daily Census	31.0	32.0	(1.0)	36.9
22	1.3457	1.4000	(0.054)	Case Mix Index - Medicare	1.6229	1.4000	0.223	1.3720
23	1.4414	1.4000	0.041	Case Mix Index - All payers	1.5107	1.4000	0.111	1.5162
Labor Statistics								
24	200	220	20	FTE's - Worked	205	215	9.5	206
25	225	246	21	FTE's - Paid	227	239	12.4	230
26	46.07	45.84	(0.24)	Average Hourly Rate	46.42	45.10	(1.32)	44.71
27	8.42	6.90	(1.51)	FTE / Adj. Pat Day	7.32	7.47	0.15	6.23
28	48.0	39.3	(8.6)	Manhours / Adj. Pat Day	41.7	42.6	0.9	35.5
29	175.1	148.0	(27.1)	Manhours / Adj. Discharge	170.2	159.6	(10.6)	134.6
30	23.7%	22.1%	-1.7%	Benefits % of Salaries	21.6%	22.4%	0.8%	22.8%
Non-Labor Statistics								
31	33.5%	14.8%	-18.8%	Supply Expense % Net Revenue	18.4%	14.8%	-3.6%	13.9%
32	2,507	2,005	(502)	Supply Exp. / Adj. Discharge	2,360	2,095	(265)	1,835
33	20,664	16,326	(4,339)	Total Expense / Adj. Discharge	19,874	17,713	(2,161)	15,099
Other Indicators								
34	30.3			Days Cash - Operating Funds				
35	53.7	50.0	3.7	Days in Net AR	51.6	50.0	1.6	43.6
36	141%			Collections % of Net Revenue	94%			100.9%
37	47.4	55.0	(7.6)	Days in Accounts Payable	47.4	55.0	(7.6)	45.7
38	9.0%	16.8%	-7.8%	% Net revenue to Gross revenue	15.3%	17.6%	-2.2%	17.6%
39	15.8%			% Net AR to Gross AR	15.8%			16.6%

Sonoma Valley Health Care District
Balance Sheet
As of January 31, 2021

ATTACHMENT C

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Assets			
Current Assets:			
1 Cash	\$ 2,494,590	\$ 2,861,564	\$ 796,491
2 Cash - Money Market	1,737,760	1,737,651	1,334,793
3 Net Patient Receivables	6,135,924	7,678,304	6,879,920
4 Allow Uncollect Accts	(817,681)	(1,013,225)	(1,219,109)
5 Net A/R	5,318,243	6,665,079	5,660,811
6 Other Accts/Notes Rec	1,258,821	610,501	156,233
7 Parcel Tax Receivable	1,753,089	1,753,089	1,691,803
8 GO Bond Tax Receivable	1,411,343	3,168,950	1,172,250
9 3rd Party Receivables, Net	2,204,474	1,871,339	2,665,272
10 Inventory	892,737	889,518	952,230
11 Prepaid Expenses	751,562	653,441	619,178
12 Total Current Assets	\$ 17,822,619	\$ 20,211,132	\$ 15,049,061
13 Property, Plant & Equip, Net	\$ 52,781,967	\$ 52,487,746	\$ 49,522,200
14 Trustee Funds - GO Bonds	5,111,640	3,353,994	4,749,788
15 Restricted Funds - Board Approved	1,000,000	1,000,000	-
16 Total Assets	\$ 76,716,226	\$ 77,052,872	\$ 69,321,049
Liabilities & Fund Balances			
Current Liabilities:			
17 Accounts Payable	\$ 3,391,691	\$ 3,229,066	\$ 2,969,820
18 Accrued Compensation	3,511,478	3,738,782	2,916,790
19 Interest Payable - GO Bonds	538,373	448,641	572,570
20 Accrued Expenses	1,620,609	1,639,114	1,542,200
21 Advances From 3rd Parties	-	-	-
22 Deferred Parcel Tax Revenue	1,583,319	1,899,986	1,583,323
23 Deferred GO Bond Tax Revenue	1,378,830	1,654,595	1,293,665
24 Current Maturities-LTD	300,918	308,922	383,942
25 Line of Credit - Union Bank	5,473,734	5,473,734	5,473,734
26 Other Liabilities	219,146	120,580	109,553
27 Total Current Liabilities	\$ 18,018,098	\$ 18,513,420	\$ 16,845,597
28 Long Term Debt, net current portion	\$ 27,223,657	\$ 26,721,564	\$ 28,717,517
Fund Balances:			
29 Unrestricted	\$ 17,081,227	\$ 17,988,539	\$ 15,649,549
30 Restricted	14,393,244	13,829,349	8,108,386
31 Total Fund Balances	\$ 31,474,471	\$ 31,817,888	\$ 23,757,935
32 Total Liabilities & Fund Balances	\$ 76,716,226	\$ 77,052,872	\$ 69,321,049

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended January 31, 2021**

ATTACHMENT D

	Month				Volume Information	Year-To-Date				YTD	
	This Year		Variance			This Year		Variance			Prior Year
	Actual		\$	%		Actual	Budget	\$	%		
1	63	84	(21)	-25%	Acute Discharges	449	523	(74)	-14%	565	
2	230	316	(86)	-27%	Patient Days	1,845	1,960	(115)	-6%	2,148	
3	15	-	15	0%	Observation Days	138	-	138	*	127	
4	13,618	17,003	(3,385)	-20%	Gross O/P Revenue (000's)	99,275	106,259	(6,984)	-7%	\$ 113,682	
Financial Results											
Gross Patient Revenue											
5	\$ 5,223,095	\$ 6,795,100	(1,572,005)	-23%	Inpatient	\$ 37,897,610	\$ 42,178,071	(4,280,461)	-10%	\$ 42,343,439	
6	8,600,636	9,970,714	(1,370,078)	-14%	Outpatient	59,819,190	62,342,440	(2,523,250)	-4%	66,318,748	
7	5,017,433	7,032,002	(2,014,569)	-29%	Emergency	39,455,784	43,917,013	(4,461,229)	-10%	47,611,293	
8	\$ 18,841,164	\$ 23,797,816	(4,956,652)	-21%	Total Gross Patient Revenue	\$ 137,172,584	\$ 148,437,524	(11,264,940)	-8%	\$ 156,273,480	
Deductions from Revenue											
9	(15,862,171)	(19,592,667)	3,730,496	19%	Contractual Discounts	\$ (114,126,956)	\$ (122,025,092)	7,898,136	6%	\$ (127,226,924)	
10	(100,000)	(200,000)	100,000	50%	Bad Debt	(810,000)	(1,400,000)	590,000	42%	(1,480,000)	
11	(110,000)	(13,108)	(96,892)	-739%	Charity Care Provision	(193,000)	(91,756)	(101,244)	*	(65,900)	
12	337,735	-	337,735	*	Prior Period Adj/Government Program Revenue	2,708,950	1,100,000	1,608,950	146%	-	
13	\$ (15,734,436)	\$ (19,805,775)	4,071,339	-21%	Total Deductions from Revenue	\$ (112,421,006)	\$ (122,416,848)	9,995,842	-8%	\$ (128,772,824)	
14	\$ 3,106,728	\$ 3,992,041	(885,313)	-22%	Net Patient Service Revenue	\$ 24,751,578	\$ 26,020,676	(1,269,098)	-5%	\$ 27,500,656	
15	\$ 92,379	\$ 81,081	11,298	14%	Other Op Rev & Electronic Health Records	\$ 588,202	\$ 567,567	20,635	4%	\$ 458,901	
16	\$ 3,199,107	\$ 4,073,122	(874,015)	-21%	Total Operating Revenue	\$ 25,339,780	\$ 26,588,243	\$ (1,248,463)	-5%	\$ 27,959,557	
Operating Expenses											
17	\$ 1,831,382	\$ 1,993,118	161,736	8%	Salary and Wages and Agency Fees	\$ 12,908,791	\$ 13,227,151	318,360	2%	\$ 12,583,239	
18	750,411	707,451	(42,960)	-6%	Employee Benefits	4,618,060	4,732,937	114,877	2%	4,592,485	
19	\$ 2,581,793	\$ 2,700,569	118,776	4%	Total People Cost	\$ 17,526,851	\$ 17,960,088	433,237	2%	\$ 17,175,724	
20	\$ 491,806	\$ 440,196	(51,610)	-12%	Med and Prof Fees (excl Agency)	\$ 2,980,434	\$ 3,000,843	20,409	1%	\$ 2,986,285	
21	569,034	589,039	20,005	3%	Supplies	3,855,369	3,848,492	(6,877)	0%	3,834,571	
22	421,542	426,750	5,208	1%	Purchased Services	3,039,761	2,870,166	(169,595)	-6%	2,612,063	
23	252,970	266,953	13,983	5%	Depreciation	1,791,560	1,868,671	77,111	4%	1,801,115	
24	107,293	87,199	(20,094)	-23%	Utilities	856,867	713,804	(143,063)	-20%	707,739	
25	43,196	42,599	(597)	-1%	Insurance	315,569	298,193	(17,376)	-6%	271,615	
26	16,456	23,821	7,365	31%	Interest	125,765	166,747	40,982	25%	246,676	
27	116,907	129,854	12,947	10%	Other	717,399	755,650	38,251	5%	702,746	
28	-	-	-	*	Matching Fees (Government Programs)	620,237	425,000	(195,237)	46%	451,221	
29	\$ 4,600,997	\$ 4,706,980	105,983	2%	Operating expenses	\$ 31,829,812	\$ 31,907,654	77,842	0%	\$ 30,789,755	
30	\$ (1,401,890)	\$ (633,858)	\$ (768,032)	-121%	Operating Margin	\$ (6,490,032)	\$ (5,319,411)	(1,170,621)	-22%	\$ (2,830,198)	

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended January 31, 2021**

ATTACHMENT D

	Month					Year-To-Date				YTD Prior Year
	This Year		Variance			This Year		Variance		
	Actual		\$	%		Actual	Budget	\$	%	
31	\$ (8,123)	\$ 2,908	(11,031)	-379%						
32	-	-	-	0%						
33	0	0	-	*						
34	316,667	316,667	-	0%						
35	0	0	-	0%						
36	<u>\$ 308,544</u>	<u>\$ 319,575</u>	<u>(11,031)</u>	<u>-3%</u>						
					Non Operating Rev and Expense					
					Miscellaneous Revenue/(Expenses)	\$ 35,514	\$ 21,164	14,350	68%	\$ 2,000,618
					Donations	498	-	498	0%	13,461
					Physician Practice Support-Prima	0	0	-	*	(93,912)
					Parcel Tax Assessment Rev	2,216,669	2,216,669	-	0%	2,216,669
					Extraordinary Items	36	0	36	0%	(5,444)
					Total Non-Operating Rev/Exp	<u>\$ 2,252,717</u>	<u>\$ 2,237,833</u>	<u>14,884</u>	<u>1%</u>	<u>\$ 4,131,392</u>
37	<u>\$ (1,093,346)</u>	<u>\$ (314,283)</u>	<u>(779,063)</u>	<u>248%</u>	Net Income / (Loss) prior to Restricted Contributions	<u>\$ (4,237,315)</u>	<u>\$ (3,081,578)</u>	<u>(1,155,737)</u>	<u>38%</u>	<u>\$ 1,301,194</u>
					Capital Campaign Contribution	\$ -	\$ -	-	0%	\$ -
38	\$ -	\$ -	-	0%	Restricted Foundation Contributions	\$ 5,098,311	\$ 2,059,225	3,039,086	100%	\$ 1,239,684
39	\$ 563,895	\$ 294,175	269,720	0%	Net Income / (Loss) w/ Restricted Contributions	<u>\$ 860,996</u>	<u>\$ (1,022,353)</u>	<u>1,883,349</u>	<u>-184%</u>	<u>\$ 2,540,878</u>
40	<u>\$ (529,451)</u>	<u>\$ (20,108)</u>	<u>(509,343)</u>	<u>2533%</u>						
					GO Bond Activity, Net	1,296,538	1,296,538	-	0%	1,137,770
41	186,034	186,034	-	0%	Net Income/(Loss) w GO Bond Activity	<u>\$ 2,157,534</u>	<u>\$ 274,185</u>	<u>1,883,349</u>	<u>687%</u>	<u>\$ 3,678,648</u>
42	<u>\$ (343,417)</u>	<u>\$ 165,926</u>	<u>(509,343)</u>	<u>-307%</u>						
					EBDA - Not including Restricted Contributions	\$ (2,445,755)	\$ (1,212,907)	(1,232,848)		\$ 3,102,309
						-9.7%	-4.6%			11.1%

* Operating Margin without Depreciation expense:

\$ (1,401,890)	\$ (633,858)	\$ (768,032)	-121%	Operating Margin	\$ (6,490,032)	\$ (5,319,411)	\$ (1,170,621)	-22%
252,970	266,953	13,983	5%	Add back Depreciation	1,791,560	1,868,671	77,111	4%
<u>\$ (1,148,920)</u>	<u>\$ (366,905)</u>	<u>\$ (754,049)</u>	<u>-213%</u>	Operating Margin without Depreciation expense	<u>\$ (4,698,472)</u>	<u>\$ (3,450,740)</u>	<u>\$ (1,093,510)</u>	<u>-36%</u>

**Sonoma Valley Health Care District
Variance Analysis
For the Period Ended January 31, 2021**

ATTACHMENT E

Operating Expenses	YTD Variance	Month Variance	
Salary and Wages and Agency Fees	318,360	161,736	Salaries and wages are under budget by \$178,825 and agency fees are over budget by (\$17,089). Nursing registry companies have increased their hourly costs due to COVID-19.
Employee Benefits	114,877	(42,960)	Employee health benefits over budget by (\$2,925) and PTO is over budget by (\$40,035) due to the annual true-up related to the 2% salary rate increase.
Total People Cost	433,237	118,776	
Med and Prof Fees (excl Agency)	20,409	(51,610)	Professional fees (contracted labor) is over budget due to CFO and CMO costs (UCSF). These costs are offset by their salary savings in Salaries and Wages.
Supplies	(6,877)	20,005	Supplies are under budget due to lower than budgeted clinical volumes.
Purchased Services	(169,595)	5,208	
Depreciation	77,111	13,983	
Utilities	(143,063)	(20,094)	Increase costs for PG&E electricity bills over last year.
Insurance	(17,376)	(597)	
Interest	40,982	7,365	
Other	38,251	12,947	
Matching Fees (Government Programs)	(195,237)	-	
Operating expenses	77,842	105,983	

Sonoma Valley Hospital
Cash Forecast
FY 2021

ATTACHMENT F

	Actual July	Actual Aug	Actual Sept	Actual Oct	Actual Nov	Actual Dec	Actual Jan	Forecast Feb	Forecast Mar	Forecast Apr	Forecast May	Forecast Jun	TOTAL
Hospital Operating Sources													
1 Patient Payments Collected	3,655,695	3,057,733	3,407,984	2,690,146	615,541	3,531,959	4,446,430	3,835,139	3,883,065	3,729,608	3,841,302	3,844,621	40,539,223
2 Other Operating Revenue	38,268	137,152	105,236	168,211	117,406	166,223	123,679	81,081	81,081	81,081	81,081	81,081	1,261,581
3 Other Non-Operating Revenue	73,172	15,194	22,125	4,004	12,969	16,141	22,280	23,796	23,796	23,796	23,796	23,796	284,865
4 Unrestricted Contributions	-	3,306	653	498	5,456		104,664						114,578
5 Line of Credit	-												-
Sub-Total Hospital Sources	3,767,135	3,213,385	3,535,999	2,862,859	751,372	3,714,323	4,697,054	3,940,016	3,987,942	3,834,485	3,946,179	3,949,498	42,200,246
Hospital Uses of Cash													
6 Operating Expenses	5,534,264	3,523,571	3,598,086	3,371,953	2,861,765	5,271,701	4,968,063	3,912,000	4,364,772	4,268,227	4,447,890	4,195,188	50,317,481
7 Add Capital Lease Payments	7,854	88,349	7,904	7,929	74,551	7,979	8,004						202,569
8 Additional Liabilities/LOC		-											-
9 Capital Expenditures	784,429	998,868	96,188	1,281,930	2,357,570	416,954	547,191	294,175	294,175	294,175	294,175	294,175	7,954,003
Total Hospital Uses	6,326,547	4,610,788	3,702,178	4,661,812	5,293,886	5,696,634	5,523,258	4,206,175	4,658,947	4,562,402	4,742,065	4,489,363	58,474,053
Net Hospital Sources/Uses of Cash	(2,559,412)	(1,397,403)	(166,179)	(1,798,952)	(4,542,514)	(1,982,311)	(826,205)	(266,159)	(671,005)	(727,917)	(795,886)	(539,865)	(16,273,807)
Non-Hospital Sources													
10 Restricted Cash/Money Market	1,000,000	1,000,000			4,500,000						(5,000,000)		1,500,000
11 Restricted Capital Donations	784,428	973,350	71,332	-	2,306,562	391,178	459,231	294,175	294,175	294,175	294,175	294,175	6,456,956
12 Parcel Tax Revenue	86,141					2,046,911				1,600,000			3,733,052
13 Other Payments - South Lot/Ins. Claims/HHS	340,068	49,150			10,839								400,057
14 Other:													-
15 IGT			108,320		(129,950)	30,856			1,984,768		4,470,424	120,000	6,584,417
16 IGT - AB915											337,735		337,735
17 PRIME		14,229	270,000			712,947							997,176
Sub-Total Non-Hospital Sources	2,210,637	2,036,729	449,652	-	6,687,451	3,181,892	459,231	294,175	2,278,943	1,894,175	102,334	414,175	20,009,394
Non-Hospital Uses of Cash													
18 Matching Fees		142,041			313,968	620,237			1,900,000	133,143			3,109,389
Sub-Total Non-Hospital Uses of Cash	-	142,041	-	-	313,968	620,237	-	-	1,900,000	133,143	-	-	3,109,389
Net Non-Hospital Sources/Uses of Cash	2,210,637	1,894,688	449,652	-	6,373,483	2,561,656	459,231	294,175	378,943	1,761,032	102,334	414,175	16,900,005
Net Sources/Uses	(348,775)	497,285	283,473	(1,798,952)	1,830,969	579,345	(366,974)	28,016	(292,062)	1,033,115	(693,552)	(125,690)	
Operating Cash at beginning of period	1,818,218	1,469,443	1,966,728	2,250,201	451,249	2,282,218	2,861,564	2,494,590	2,522,606	2,230,544	3,263,659	2,570,107	
Operating Cash at End of Period	1,469,443	1,966,728	2,250,201	451,249	2,282,218	2,861,564	2,494,590	2,522,606	2,230,544	3,263,659	2,570,107	2,444,417	
Money Market Account Balance - Unrestricted	8,236,372	7,236,714	6,237,010	6,237,307	1,737,535	1,737,651	1,737,760	1,737,760	1,737,760	1,737,760	6,737,760	6,737,760	
Total Cash at End of Period	9,705,815	9,203,442	8,487,211	6,688,556	4,019,754	4,599,215	4,232,350	4,260,366	3,968,304	5,001,419	9,307,867	9,182,177	
Average Days of Cash on Hand	73.00	68.60	63.00	60.10	35.35	28.30	30.56	30.60	28.51	35.93	66.86	65.96	