



# SVHCD FINANCE COMMITTEE MEETING

## AGENDA

TUESDAY, NOVEMBER 28, 2023

6:00 p.m. Regular Session

**To Be Held in Person at  
 Sonoma Valley Hospital, 347 Andrieux Street  
 Administrative Conference Room  
 Sonoma, CA 95476  
 and Via Zoom Videoconference**

To Participate via Zoom Videoconferencing,  
 use the link below:

<https://sonomavalleyhospital-org.zoom.us/j/91815861369>

**Meeting ID:** 918 1586 1369

Dial by your location:

1 213-338-8477 or 1 669-219-2599

AGENDA ITEM	RECOMMENDATION	
<b>MISSION STATEMENT</b> <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>	<i>Lee</i>	
<b>2. PUBLIC COMMENT SECTION</b> <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>	<i>Lee</i>	
<b>3. CONSENT CALENDAR</b> a. Finance Committee Minutes 10.24.23	<i>Lee</i>	Action
<b>4. STRATEGIC PLAN TO CHFFA</b>	<i>Armfield</i>	Inform
<b>5. BANKING RELATIONSHIPS UPATE</b>	<i>Armfield</i>	Inform
<b>6. 2024 FINANCE COMMITTEE WORKPLAN</b>	<i>Lee</i>	Inform/Action
<b>7. ODC UPDATE</b>	<i>Hennelly</i>	Inform
<b>8. FINANCIAL REPORT FOR MONTH END OCTOBER 2023</b>	<i>Armfield</i>	Inform
<b>9. ADJOURN</b>	<i>Lee</i>	



**SVHCD**  
**FINANCE COMMITTEE MEETING**  
**MINUTES**  
**TUESDAY, OCTOBER 24, 2023**  
**In Person at Sonoma Valley Hospital**  
**347 Andrieux Street**  
**and Via Zoom Teleconference**

<b>Present</b>	<b>Not Present/Excused</b>	<b>Staff</b>	<b>Public</b>	
Bill Boerum in person Wendy Lee Myatt in person Bob Crane in person Ed Case via Zoom Subhash Mishra, MD, via Zoom Catherine Donahue, via Zoom	Carl Gerlach Peter Hohorst Graham Smith	John Hennelly, CEO, in person Ben Armfield, CFO, in person Dawn Kuwahara, via Zoom Kimberly Drummond, via Zoom	Dennis Bloch Judy Bjordal, MD Board Chair	
<b>AGENDA ITEM</b>	<b>DISCUSSION</b>		<b>ACTIONS</b>	<b>FOLLOW-UP</b>
<b>MISSION &amp; VISION STATEMENT</b> <i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.</i>				
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>	<i>Boerum</i>			
	Called to order at 6:05 p.m.			
<b>2. PUBLIC COMMENT SECTION</b>	None			
<b>3. CONSENT CALENDAR</b>	<i>Boerum</i>		Action	
a. Finance Committee Minutes 09.26.23			<b>MOTION:</b> by Mr. Crane to approve, 2 <sup>nd</sup> by Ms. Lee Myatt. All in favor	
<b>4. FY 2023 AUDIT UPDATE</b>	<i>Armfield</i>		Inform	
	Mr. Armfield reported that there are still outstanding items being worked through with the auditors. This is due to the complexities with the Epic transition as well as the significant changes year over year. In addition to that there are new audit standards in place the changed the way we treat our contracts. He said that he expects the details to be wrapped up by week-end with the goal of presenting them			

	to the Audit Committee in early November and the Board in December. The date agreed upon for the Audit Committee meeting was November 8 <sup>th</sup> at six p.m.		
<b>5. BANK CREDIT ARRANGEMENTS</b>	<i>Armfield</i>	Inform	
	Mr. Armfield reported that in light of the status of our credit line that is expiring in January he has engaged with multiple banks. This included engaging our current banking partner, US Bank. US Bank is interested in continuing the relationship. They are working on what it would look like to renew our current agreement at the current loan amount. The goal is that this will be presented at the December meeting. Mr. Armfield said that if US Bank terms are amenable to both parties it is likely best to continue the relationship. Other options will be explored until they come back with their terms.		
<b>6. DISTRESSED HOSPITAL LOAN PROGRAM AGREEMENT</b>	<i>Armfield</i>	Action	
	Mr. Boerum requested that in the future there is a cover memo that gives a summary of the key and salient points. Mr. Armfield noted that agreement has been betted by the attorneys with nothing to apply to it. He stated that this was a boiler plate template agreement that other district hospitals use the same template. He said that moving forward we will need to be prepared on how to operationalize this. Discussion regarding the appropriate signature should be on the agreement, the CEO or the Board Chair on behalf of the Health Care District. Request that Mr. Armfield review this with the attorneys. A request for the turnaround plan overview be presented as an inform item at the next meeting.	<b>MOTION:</b> to recommend the loan agreement as submitted to the Board by Case, 2 <sup>nd</sup> by Lee Myatt. All if favor.	
<b>7. 2024 FINANCE COMMITTEE WORK PLAN</b>	Boerum	Inform	
	Mr. Boerum presented the need for the 2024 work plan completion. He recommended that two committee members take this responsibility and have a draft for vote at the November meeting. He appointed Ms. Lee Myatt and Mr. Case for the subcommittee. Additionally, the committee discussed committee meeting frequency.		

<b>8. ODC UPDATE</b>	<i>Hennelly</i>	Inform	
	Mr. Hennelly reported that ground has been broken on the temporary MRI site and the project is currently running on schedule. He said that phase two in the old building is also underway. He reported that budgetarily we are still within the parameters.		
<b>9. EPIC UPDATE</b>	<i>Hennelly</i>	Inform	
	Mr. Hennelly proposed removing the EPIC update from the agenda. The Committee agreed with the removal.		
<b>10. UCSF AFFILIATION UPDATE</b>	<i>Hennelly</i>	Inform	
	Mr. Hennelly reported that Dr. Peter Carroll has begun the availability for Friday virtual clinics on site. The current focus is local awareness of his presence.		
<b>11. FINANCIAL REPORT FOR MONTH END SEPTEMBER 2023</b>	<i>Armfield</i>	Inform	
	Mr. Armfield stated that the financial performance from operations in September was a step back from the recent trend where there was a string of consecutive months that exceeded budget targets. September's operating margin of (\$1,117,735) was unfavorable to the budget of (\$841,931), missing the target by \$275,804. There was some reduction in elective volumes which caused net revenue to miss budget by 2%, but most of the variance to budget relates to operating expenses, particularly depreciation expenses. Mr. Armfield noted that September and October were the two weakest months of the last fiscal year but despite the unfavorable results for the month itself, the operating margin and operating EBDA are still positive to budget through the first quarter of fiscal year 2024, and both exceed prior year 1st quarter performance by over \$1 million. Mr. Armfield said that in totality, the first quarter was very positive and one that the hospital can build upon.		
<b>12. FUTURE MEETING DATES</b>	<i>Boerum</i>		
	Mr. Boerum noted that he will be out of town for the November 28 <sup>th</sup> meeting. Ms. Lee Myatt will chair the committee in his absence. The December meeting falls on December 26 <sup>th</sup> so Mr. Boerum proposed moving it to Dec. 19 <sup>th</sup> . The Committee agreed of the		

	schedule change.		
<b>13. ADJOURN</b>	<i>Boerum</i>		
	Meeting adjourned at 7:00 p.m.		



To: Sonoma Valley Health Care District Finance Committee  
From: Ben Armfield, Chief Financial Officer  
Date: November 28, 2023  
Subject: **Distressed Hospital Loan Program – Turnaround Plan**

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During October’s Finance Committee meeting when the Distressed Hospital Loan Program agreement was approved for recommendation to approve by the Board, there was a request to review the submitted ‘Turnaround Plan’ that was part of the program’s application. In order to be considered for approval for the loan, each applicant was required to provide a Turnaround Plan, which had to include projections detailing the uses of the proposed loan and strategies proposed by the hospital’s governing body to regain ‘financial viability’.

Honoring the request of the Finance Committee, management is providing the Turnaround Plan that was submitted with the program’s application.

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**Attachments:**

- CHFFA Distressed Hospital Loan Program (DHLP) “Turnaround Plan”

**Sonoma Valley Health Care District  
Distressed Hospital Loan Program Application  
Attachment C – Turnaround Plan**

***Part of the DHLP application, hospitals are required to submit a Turnaround Plan, which must include projections detailing the uses of the proposed loan and strategies proposed by the hospital's governing body to regain financial viability to continue to operate. The Turnaround Plan must include:***

- A) A 24-month cash-flow projection of current financial situation.***
  - B) Narrative describing actions being taken or to be taken by leadership including whether to cut or eliminate any services.***
  - C) A 24-month cash-flow projection of future financial situation that incorporates the actions taken by leadership and identifies how the loan proceeds will be utilized and repaid after the 18-month grace period.***
  - D) A description of how actions will affect various revenue and expense line items.***
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**Sonoma Valley Health Care District “Turnaround Plan”**

**A) A 24-month cash-flow projection of current financial situation.**

*See (A-1) on page 2 for current 24-month cash flow projection as budgeted for the FY24 fiscal year.*

Sonoma Valley Hospital has enjoyed some financial improvement this past fiscal year as operating income statement indicators are favorable when comparing our recent fiscal year to the prior year. Gross revenue, net revenue, and operating margin all improved in fiscal year 2023. Even with this improvement, the hospital still lost nearly \$6 million from operations this past year. Sonoma Valley Hospital has benefited greatly from financial support of the community. Parcel tax revenues, paid for by residents of the District, provides the hospital with nearly \$4 million (\$3.8M) in supplemental funding. This funding was designed to “fill the gap”, or cover the deficit in operational costs vs. reimbursements created due to systemic failures and shortfalls of other payment vehicles. That is no longer the case as the financial gap has widened, especially during the years post-COVID. This has put a strain on our cash reserves and has resulted in an over reliance on non-hospital funding sources.

One source of non-hospital funding that is particularly concerning to the District is its existing line of credit. The hospital has a LOC with US Bank (formally Union Bank) that carries a principal balance of \$4.97 million. This revolving loan matures January 31, 2024, and there is some concern that the District could be called to repay the full balance come maturity. This line has also significantly increased the hospital’s interest expense over this past fiscal as the increase in interest rates caused the hospital’s interest expense to more than double year over year.

While we don’t believe the entire balance will be called for repayment, if the District were to payoff the entirety of its line of credit balance, we estimate that our days cash on hand would drop to under 7.0 days and based on the hospital’s monthly burn-rate, would be at risk of having cash reserves depleted within 6 months.

*See (A-2) on page 3 for current 24-month cash flow projection that includes a full payoff of the District’s line of credit balance*

**Sonoma Valley Health Care District  
Attachment C - Turnaround Plan  
A) 24-Month Cash Flow Projection**

**A-1) Current Situation \***

	<b>FY 2024</b> <b>12 Months</b> <b>7/1/23 - 6/30/24</b>	<b>FY 2025</b> <b>12 Months</b> <b>7/1/24 - 6/30/25</b>
<b>Hospital Operating Sources</b>		
1 Patient Payments Collected	53,710,100	55,321,400
2 Patient Payments Collected : New Initaitves		2,214,600
3 Other Operating Revenue	1,113,700	1,124,840
4 Other Non-Operating Revenue	103,200	104,230
5 Unrestricted Contributions		
6 Other Funding :	-	-
<b>Sub-Total Hospital Sources</b>	<b>54,927,000</b>	<b>58,765,070</b>
<b>Hospital Uses of Cash</b>		
7 Operating Expenses	59,992,500	61,792,280
8 Operating Expenses : New Initaitves		1,945,000
9 Add: Bridge Loan Paybacks	608,500	750,000
10 Add: CHFFA Help II Loan Repayments	370,000	370,000
11 Capital Expenditures (net of foundation covered)	4,600,000	1,000,000
12 Line of Credit Repayment	<b>250,000</b>	-
13 Other:		
<b>Total Hospital Uses</b>	<b>65,821,000</b>	<b>65,857,280</b>
<b>Net Hospital Sources/Uses of Cash</b>	<b>(10,894,000)</b>	<b>(7,092,210)</b>
<b>Non-Hospital Sources</b>		
14 Restricted Cash/Capital Donations	-	-
15 Parcel Tax Revenue	3,800,000	3,800,000
16 Other:		
17 IGT /AB 915 IGT	6,489,800	6,165,310
18 Cyber Attack Insurance Claim Funds	1,500,000	-
<b>Sub-Total Non-Hospital Sources</b>	<b>11,789,800</b>	<b>9,965,310</b>
<b>Non-Hospital Uses of Cash</b>		
19 Matching Fees	2,219,900	2,108,910
<b>Sub-Total Non-Hospital Uses of Cash</b>	<b>2,219,900</b>	<b>2,108,910</b>
<b>Net Non-Hospital Sources/Uses of Cash</b>	<b>9,569,900</b>	<b>7,856,400</b>
<b>Net Sources/Uses</b>	<b>(1,324,100)</b>	<b>764,190</b>
Cash at beginning of period (Includes MM)	7,122,741	5,798,641
<b>Cash at end of period</b>	<b>5,798,641</b>	<b>6,562,831</b>
<b>Projected Days Cash on Hand - Beginning FY</b>	<b>42.3</b>	<b>35.4</b>
<b>Budgeted Days Cash on Hand - End FY</b>	<b>35.4</b>	<b>38.9</b>

\* As budgeted for FY24 with revised FY23 projected end of year cash balance



**Sonoma Valley Health Care District  
Attachment C - Turnaround Plan  
A) 24-Month Cash Flow Projection**

**A-2) Current Situation with Full Line of Credit Payback on Maturity Date\***

	<b>FY 2024 12 Months 7/1/23 - 6/30/24</b>	<b>FY 2025 12 Months 7/1/24 - 6/30/25</b>
<b>Hospital Operating Sources</b>		
1 Patient Payments Collected	53,710,100	55,321,400
2 Patient Payments Collected : New Initaitves		2,214,600
3 Other Operating Revenue	1,113,700	1,124,840
4 Other Non-Operating Revenue	103,200	104,230
5 Unrestricted Contributions		
6 Other Funding :	-	-
<b>Sub-Total Hospital Sources</b>	<b>54,927,000</b>	<b>58,765,070</b>
<b>Hospital Uses of Cash</b>		
7 Operating Expenses	59,992,500	61,792,280
8 Operating Expenses : New Initaitves		1,945,000
9 Add: Bridge Loan Paybacks	608,500	750,000
10 Add: CHFFA Help II Loan Repayments	370,000	370,000
11 Capital Expenditures (net of foundation covered)	4,600,000	1,000,000
12 <b>Line of Credit Repayment</b>	<b>4,973,734</b>	<b>-</b>
13 Other:		
<b>Total Hospital Uses</b>	<b>70,544,734</b>	<b>65,857,280</b>
<b>Net Hospital Sources/Uses of Cash</b>	<b>(15,617,734)</b>	<b>(7,092,210)</b>
<b>Non-Hospital Sources</b>		
14 Restricted Cash/Capital Donations	-	-
15 Parcel Tax Revenue	3,800,000	3,800,000
16 Other:		
17 IGT /AB 915 IGT	6,489,800	6,165,310
18 Cyber Attack Insurance Claim Funds	1,500,000	-
<b>Sub-Total Non-Hospital Sources</b>	<b>11,789,800</b>	<b>9,965,310</b>
<b>Non-Hospital Uses of Cash</b>		
19 Matching Fees	2,219,900	2,108,910
<b>Sub-Total Non-Hospital Uses of Cash</b>	<b>2,219,900</b>	<b>2,108,910</b>
<b>Net Non-Hospital Sources/Uses of Cash</b>	<b>9,569,900</b>	<b>7,856,400</b>
<b>Net Sources/Uses</b>	<b>(6,047,834)</b>	<b>764,190</b>
Cash at beginning of period (Includes MM)	7,122,741	1,074,907
<b>Cash at end of period</b>	<b>1,074,907</b>	<b>1,839,097</b>
<b>Projected Days Cash on Hand - Beginning FY</b>	<b>42.3</b>	<b>6.6</b>
<b>Budgeted Days Cash on Hand - End FY</b>	<b>6.6</b>	<b>10.9</b>

\* Current situation includes repayment of entire balance of LOC principal, maturing 1/31/24.

***B) Narrative describing how the funds will be used and actions being taken or to be taken by leadership including whether to cut or eliminate any services.***

This loan would be critical in allowing us the ability to resolve our line of credit vulnerability as well as freeing the hospital up to invest in some targeted initiatives we feel will put the hospital back on the right track to regain financial viability.

The primary use of these loan proceeds would be to a) paydown the majority, if not all, of the hospital's current outstanding principal Line of Credit balance, and b) secure working capital to fund specific investments to grow targeted service lines, solidify revenue streams, and increase operating margins and financial independence.

Management has put forth a turnaround plan to bring the hospital back to financial viability by the end of FY27, with a target of breaking even from operations excluding depreciation (Operating EBDA). Leadership is focusing on strategies that provide margin improvement through specific growth initiatives as well as internal strategies to bolster financial performance on existing services performed in the hospital. As such, the hospital's turnaround plan includes actions or initiatives that can be grouped into 3 distinct buckets: Strategic Growth, Revenue Cycle Enhancement, and Cost Reductions/Efficiencies.

**Strategic Growth**

Leadership of the hospital has spent the last number of months identifying targeted areas of growth. The backbone of the hospital's turnaround plan is focused on volume growth of targeted service lines and specialties. Since there is no other hospital in the area, priorities were identified based on the ability to improve the hospital's financial position as well as opportunities to improve access to care for residents of Sonoma Valley. We have identified the following areas as prioritized growth strategies that are either currently being implemented or are planned to be implemented within the next 24 months:

GI Physician Recruitment – Currently there are no GI providers in Sonoma. Some lower acuity work is performed by other specialists, but complex cases are leaving the market. We are working on recruiting a Gastroenterologist into Sonoma by the end of June 2024. This will not only provide much needed access to specialists in the Sonoma Valley but also provide significant financial returns for the hospital by being able to facilitate and perform these financially favorable cases directly at the hospital.

Orthopedic Physician Recruitment – We are taking action in Orthopedics, attempting to recruit an additional orthopedic physician into the Sonoma market to perform cases at Sonoma Valley Hospital. The current orthopods practicing at SVH do not have the bandwidth to take on more volume. Outmigration of elective case volumes have been steadily increasing, mainly due to lack of available providers. Orthopedics is a critical service line for the hospital and one that contributes greatly to the facility's bottom line. There is more than enough volume in Sonoma to keep an additional orthopedic busy, and capturing that volume would be a significant pick-up for the hospital financially.

Physical Therapy Optimization – There is currently a 6-8 week backlog for patients to receive outpatient therapy services, provided by the hospital in an off-site location. This backlog is driven by space and staffing constraints, and is a significant barrier in not only growing therapy volumes but also acts as a barrier in growing one of our core business service lines, Orthopedics. There is a shortage of therapists, making it very difficult to recruit and retain these needed positions. We have invested in our physical therapy staff after determining our salary and wage rates were under market. We also are taking action by supplementing this work with Physical Therapy Aides, creating more capacity for our therapists to treat other patients.

Our physical location is also a barrier for growth. We have identified a potential long-term solution to expand the department, but the cost investment is significant. We are in the process of developing a short-term solution that would provide the space for needed capacity to facilitate further growth and reduce the standing backlog.

Expand Outpatient Diagnostic Services – We are working on operationalizing a philanthropically funded outpatient diagnostic project that will expand service offerings and increase outpatient utilization. The hospital just recently operationalized a brand new CT-Scan suite to provide best in-class diagnostic testing, and plan to operationalize a newly acquired 3 Tesla MRI by January 2024, which would be the only 3 Tesla magnet in Sonoma County. This expansion will result in physicians no longer having to refer patients outside of Sonoma Valley for advanced diagnostic care.

### **Revenue Cycle Enhancement**

Hospital leadership is focused on improving financial performance on its existing book of business through enhancing the facility's revenue cycle. Specific actions of focus:

Renegotiation of Payor Contracts – Many of the hospital's third-party payor reimbursement contracts have not been renegotiated in quite some time. This has resulted in managed care rates that are well below other neighboring hospitals in the North Bay market. As a point of reference, SVH's net revenues (as a % of gross revenue) have been hovering around ~15% for some time. Leadership is currently renegotiating with specific payors with the goal of achieving more favorable rates and reimbursements that are much closer to market averages.

Electronic Medical Record Optimization - The hospital just completed a needed conversion of its Electronic Health Record. Now on Epic, leadership is working on connecting specialists with the hospital to facilitate additional volume growth. We have seen improvements in the hospital's revenue cycle performance post-transition, and are looking to further optimize performance through automated workflows and gained efficiencies. For example, the EHR transition has given us much more visibility into the denials the hospital receives from third-party payors. Since the Epic transition we have seen our denial rate drop by over 10%. We plan to see further improvements over the next 24 months, including additional patient referrals, decreased denials, decreased cost to collect on our claims, and enhanced payments per claim through documentation improvement.

Revenue Cycle Steering Committee – The hospital is in the process of launching a revenue cycle steering committee. This committee will be tasked with identifying hospital specific revenue cycle issues and opportunities and will have annual targets related to the identification and implementation of revenue enhancement opportunities.

### **Cost Reduction / Efficiencies**

The hospital is also taking specific actions to reduce operational costs and become more disciplined in cost management efforts:

Labor Management and Productivity – We are implementing a formal process and structure to manage departmental labor and productivity. This will result in more efficient operations and will reduce our staffing costs.

Staffing Requisitions / Approvals – Implementing a new process for reviewing all staffing requisitions and FTE approvals.

Supply Cost Optimization – We recently took action and invested in a new supply cost benchmarking tool that will allow us to reduce our per acquisition costs and obtain pricing consistent with our peers.

Third-Party Vendor / Contract Review – We will be looking to implement a ‘Contract Review Group’ in FY24 with the goal of reducing our reliance on third-party spend.

**Services Being Considered**

We are evaluating all service and business lines but at this point in time we are not planning on eliminating any services.

*See (A-3) on page 7 for current 24-month cash flow projection that estimates cash flow impact should District receive applied allotment of Distressed Hospital Loan Program funding*

Sonoma Valley Health Care District  
Attachment C - Turnaround Plan  
C) 24-Month Cash Flow Projection

3) Revised with CHFFA Distressed Hospital Loan Funding \*

	FY 2024 12 Months 7/1/23 - 6/30/24	FY 2025 12 Months 7/1/24 - 6/30/25
<b>Hospital Operating Sources</b>		
1 Patient Payments Collected	53,710,100	55,321,400
2 Patient Payments Collected : New Initaitves		2,214,600
3 Other Operating Revenue	1,113,700	1,124,840
4 Other Non-Operating Revenue	103,200	104,230
5 Unrestricted Contributions		
6 Other Funding : CHFFA Distressed Hospital Loan	<b>6,000,000</b>	-
<b>Sub-Total Hospital Sources</b>	<b>60,927,000</b>	<b>58,765,070</b>
<b>Hospital Uses of Cash</b>		
7 Operating Expenses	59,992,500	61,792,280
8 Operating Expenses : New Initaitves		1,945,000
9 Add: Bridge Loan Paybacks	608,500	750,000
10 Add: CHFFA Help II Loan Repayments	370,000	370,000
11 Capital Expenditures (net of foundation covered)	4,600,000	1,000,000
12 Line of Credit Repayment	<b>4,973,734</b>	-
13 CHFFA Distressed Hospital Loan Repayment		<b>2,000,000</b>
<b>Total Hospital Uses</b>	<b>70,544,734</b>	<b>65,857,280</b>
<b>Net Hospital Sources/Uses of Cash</b>	<b>(9,617,734)</b>	<b>(7,092,210)</b>
<b>Non-Hospital Sources</b>		
14 Restricted Cash/Capital Donations	-	-
15 Parcel Tax Revenue	3,800,000	3,800,000
16 Other:		
17 IGT /AB 915 IGT	6,489,800	6,165,310
18 Cyber Attack Insurance Claim Funds	1,500,000	-
<b>Sub-Total Non-Hospital Sources</b>	<b>11,789,800</b>	<b>9,965,310</b>
<b>Non-Hospital Uses of Cash</b>		
19 Matching Fees	2,219,900	2,108,910
<b>Sub-Total Non-Hospital Uses of Cash</b>	<b>2,219,900</b>	<b>2,108,910</b>
<b>Net Non-Hospital Sources/Uses of Cash</b>	<b>9,569,900</b>	<b>7,856,400</b>
<b>Net Sources/Uses</b>	<b>(47,834)</b>	<b>764,190</b>
Cash at beginning of period (Includes MM)	7,122,741	7,074,907
<b>Cash at end of period</b>	<b>7,074,907</b>	<b>7,839,097</b>
Projected Days Cash on Hand - Beginning FY	42.3	43.2
<b>Budgeted Days Cash on Hand - End FY</b>	<b>43.2</b>	<b>46.4</b>

\* Current situation includes repayment of entire balance of LOC principal, maturing 1/31/24.

**(D) A description of how actions will affect various revenue and expense line items**

The actions identified in this plan will most certainly contribute to an improvement in the financial outlook of the hospital. As has been discussed in earlier parts of this application, hospital leadership has set an ambitious goal of achieving a break-even in the hospital’s Operating EBDA by the end of fiscal year 2027. This would be a significant improvement compared to current state. We feel confident that these initiatives identified will get the hospital on-track to achieve that goal, as long as the facility’s cash/line of credit situation gets remedied.

Successfully implementing these actions and initiatives will impact financial operations in the following ways:

**Strategic Growth**

The strategic growth initiatives will deliver a much needed volume infusion into the hospital. With surgical suite utilization rates under 50%, a full-time GI provider and full-time orthopedist will significantly improve utilization. We project once fully ramped-up, an additional 600 surgical/procedural cases that would deliver an additional \$3M in net patient revenue to the hospital. These investments will require start-up recruitment costs that will increase our physician costs, as well as ongoing direct costs (OR personnel costs, implant/supply costs) to support the work in the operating rooms. We project, once ramped-up, a total incremental direct margin of over \$1 million between those 2 recruitments.

Expanding physical therapy and outpatient diagnostic services will also infuse the facility with additional volume. This will result in increased operational costs to support this growth (salaries/wages for staff, equipment costs such as supplies, utility usage, service contracts, depreciation once in-service), but will also provide tangible incremental gains in gross and net revenues in excess of additional costs.

**Revenue Enhancement**

The impact of our revenue enhancement efforts will be focused on services already being performed in the hospital and if successful, will improve our net patient revenue per encounter. We will see increased net revenue through enhanced reimbursement rates that we will end up negotiating with third party payors, and the continued efforts to optimize our new Electronic Health Record in addition to forming a revenue cycle steering committee charter will increase our ability to collect what is owed to us. These efficiencies will reduce denials and decrease our cost of collections, and increase cash collections.

**Cost Reduction / Efficiencies**

Current identified cost reduction strategies focus on efficiency and eliminating ‘waste’. The hospital runs lean, but we do expect to see reductions in FTE per APD and more granular salary line items such as overtime and agency and traveler costs.

We do expect to see significant movement in both our supply costs and purchased services. Through supply cost optimization initiatives backed by newly obtained benchmarking tools, we expect to see supply cost savings that could exceed \$100,000 on an annual basis. Additionally, through the work of the newly formed Contract Review Group, we expect to see a reduction in purchased service spend when compared to our existing run-rate.

### **Cash / Balance Sheet**

Long been weighting down the hospital's balance sheet, the current line of credit with a principal balance of \$4.9M is an albatross on operations and is the reason why Sonoma Valley Hospital could find itself in distress. The initiatives summarized in this turnaround plan should deliver incremental gains in the District's cash levels, and in conjunction with receiving a loan through this program, would significantly reduce the liability relating to its current line of credit.

## 2024 Finance Committee Work Plan (DRAFT)

January	February	March	April
<ul style="list-style-type: none"> <li>▪ December Financials</li> <li>▪ Participate in Board Strategic Planning (Meeting?) (Document?)</li> </ul>	<ul style="list-style-type: none"> <li>▪ January Financials</li> <li>▪ December Net AR Review</li> <li>▪ Updated Strategic Plan</li> <li>▪ SVHF Update</li> </ul>	<ul style="list-style-type: none"> <li>▪ February Financials</li> <li>▪ FY 2025 <b>Budget Assumptions</b></li> <li>▪ Revenue Analysis / Profitability</li>   <li>▪ Engage Auditors mid-year review <b>Recommend moving this item to the Audit Committee</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ March Financials</li> <li>▪ Review FY 2025 Budget &amp; Assumptions</li> <li>▪ <b>Long Range Financial Plan</b>, including <b>Capital Spending</b> and Sources of Funds</li> </ul>
May	June	July	August
<ul style="list-style-type: none"> <li>▪ April Financials</li> <li>▪ Review and Recommend for APPROVAL FY 2025 Budget</li> </ul>	No Meeting	<ul style="list-style-type: none"> <li>▪ May / June Financials</li> <li>▪ <b>Cash Flow Forecast</b></li> <li>▪ Update on Board Strategic Plan</li> </ul>	<ul style="list-style-type: none"> <li>▪ July Financials</li> <li>▪ FY 2024 <b>Audit Update</b> – <b>Recommend moving this item to the Audit Committee</b></li> <li>▪ <b>Risk Management Review</b></li> </ul>
September	October	November	December
<ul style="list-style-type: none"> <li>▪ August Financials</li> </ul>	<ul style="list-style-type: none"> <li>▪ September Financials</li> <li>▪ Preliminary Audit Results – – <b>Recommend moving this item to the Audit Committee</b></li> <li>▪ <b>Balance Sheet Review</b></li> <li>▪ <b>Debt Profile Review</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ October Financials</li> <li>▪ <b>Line of Business Profile including Market Share and Profitability</b></li> <li>▪ <b>Revenue Analysis including Payor Mix and major Managed Care Agreements</b></li> <li>▪ 2025 Finance Committee Work Plan</li> </ul>	No Meeting



## Meeting Topic Descriptions:

<b>Budget Assumptions</b>	followed by review of Budget - several months in advance of the Budget a review of key assumptions along with a comparison to the multiyear financial plan. This serves as an expectation setting for the budget process. The Budget would be submitted for review and recommendation to the Board in May.
<b>Financial Statement Review</b>	Routine periodic review of operations, as we do now, comparing current year with prior year and budget. This includes key financial indicators and ratios.
<b>Capital Spending</b>	and source of funds, i.e. Foundation - once a year an update on capital spending. Unless there are major changes - an annual review should suffice. If there are unique funding relationships, for example the Foundation or a dedicated debt issue, those should be included.
<b>Long Range Financial Plan</b>	Tied to Board Strategic Plan - continuation of this reporting is critical for planning and decision making
<b>Cash Flow Forecast</b>	Given our operating position a robust cash forecast with updates is critical. This may be good to do on a quarterly basis and based on Committee questions is of great interest.
<b>Audit Review</b>	
<b>Risk Management and Insurance</b>	A summary of our exposures along with a review of the adequacy of our insurance coverages. This is a schedule that once complete can be easily updated each year.
<b>Balance Sheet Review</b>	A Balance Sheet review describing the major categories and discussing variances and important aspects. This is the type of schedule that can be prepared once a year and somewhat easily updated each year. This can be done as either part of the Budget presentation or with the Audit.
<b>Debt Profile &amp; Review</b>	
<b>Line of Business Profile including Market Share and Profitability</b>	This is a critical analysis as we prioritize our spending. I am not sure if we have the systems to complete such a review, so some of this may not be possible. Just starting with Inpatient, Outpatient and SNF would be a great start. I understand the State of California has some data collection that would be critical in analyzing our market share and where our target market is receiving their health care. I would hope we could access this information through our UCSF affiliation.
<b>Revenue Analysis including Payor Mix and major Managed Care Agreements</b>	The SHV operates with an unusual net revenue yield - with a high deduction from revenue percentage. An in depth review of how SVH bills and the contractual considerations in the determination of Net Revenue would be helpful. Epic will give us better insight.



**To:** Sonoma Valley Health Care District Finance Committee  
**From:** Ben Armfield, Chief Financial Officer  
**Date:** November 28, 2023  
**Subject:** Financial Report for October 2023

**1. OVERALL PERFORMANCE | MONTH**

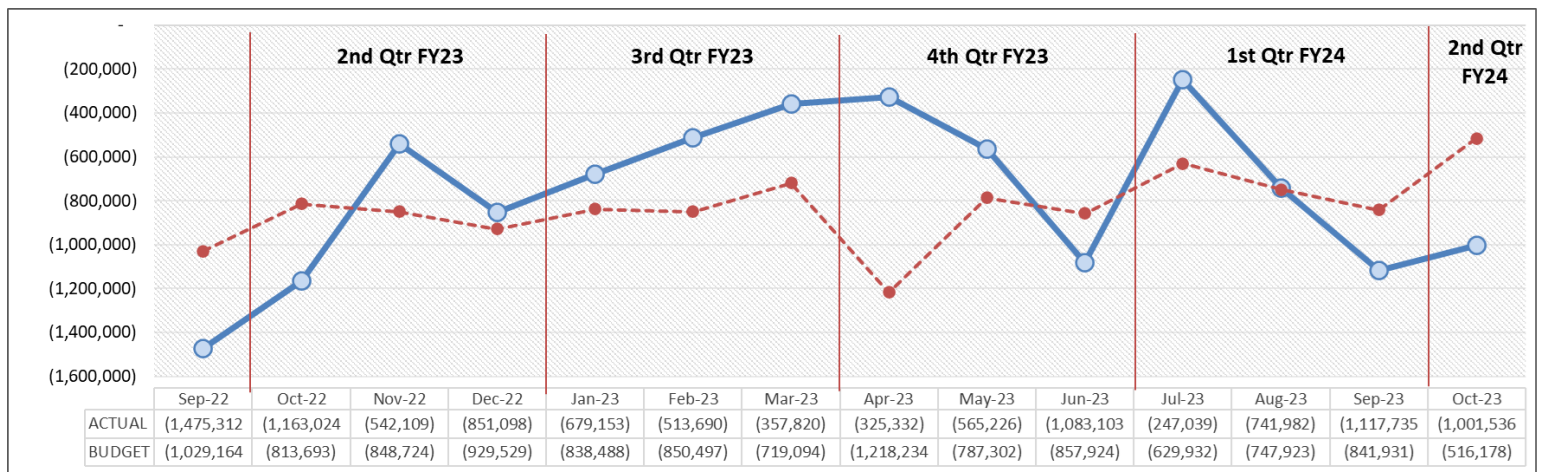
October’s performance delivered mixed results and followed a similar pattern of the past couple of months. October’s operating margin of (\$1,001,536) was unfavorable to our budget of (\$516,178), missing the target by \$485,358. We will get into more detail below but much of the results of the month were driven by lower surgical volumes, primarily due to some PTO taken by key surgeons that continued into October. On the expense side, our overall operating costs did end up over budget for the month, which was driven by continued increases in depreciation expense due to placing additional costs of projects in-service.

As mentioned and highlighted last month, September and October were two of the weakest months during last fiscal year. Last October we a posted an operating margin loss of \$ (1.2M) and an operating EBDA loss of \$ (860K). October’s performance did flip our year-to-date vs budget to unfavorable, but we still exceed prior year performance by a pretty significant margin.

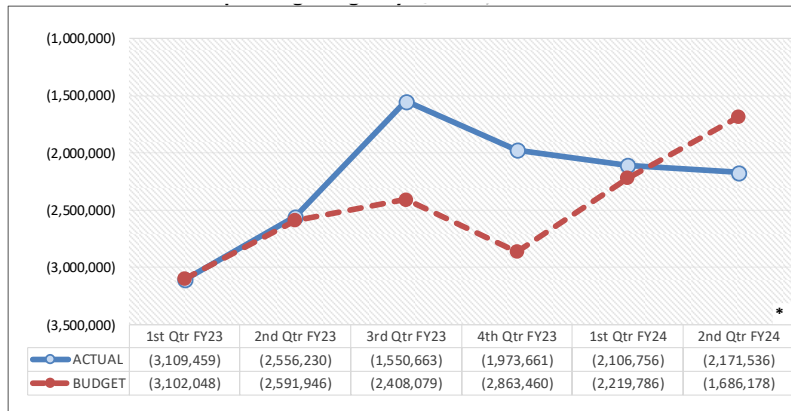
**Table 1 | Overall Performance - October 2023**

	Current Year - Month		Variance		Current Year - YTD		Variance		Prior YTD		Variance	
	Actual	Budget	\$	%	Actual	Budget	\$	%	Actual	\$	%	
Operating Margin	\$ (1,001,536)	\$ (516,178)	\$ (485,358)	-94%	\$ (3,108,292)	\$ (2,155,079)	\$ (953,212)	-44%	\$ (4,272,483)	\$ 1,164,191	27%	
Operating EBDA	\$ (305,149)	\$ (143,211)	\$ (161,938)	-113%	\$ (1,431,064)	\$ (883,211)	\$ (547,853)	-62%	\$ (3,237,136)	\$ 1,806,072	56%	
Net Income (Loss)	\$ (467,189)	\$ 202,592	\$ (669,781)	-331%	\$ (729,133)	\$ 719,945	\$ (1,449,078)	-201%	\$ (1,403,880)	\$ 674,747	48%	

**Graph 1.1 | SVH Trended Operating Margin – September 2022 – October 2023**



**Graph 1.2 | SVH Operating Margin by Quarter (excluding IGT funding) – FY23 & FY24**



\* Projected based on October23 Performance

**2. NET REVENUE SUMMARY:**

**Table 2 | Net Patient Revenue – Actual vs. Budget - October 2023 (Excluding IGT)**

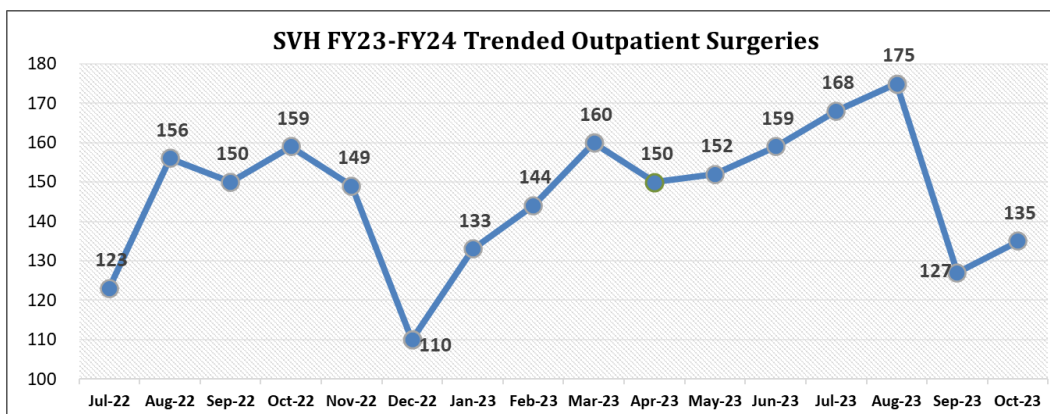
	Month of October 2023				Year To Date October 2023						
	Current Year - Month		Variance		Current Year - YTD		Variance		Prior YTD	Variance	
	Actual	Budget	Var	%	Actual	Budget	\$	%	Actual	\$	%
Gross Revenue	\$29,746,780	\$ 30,223,060	\$ (476,280)	-2%	\$ 114,650,853	\$ 113,017,815	\$ 1,633,038	1%	\$ 104,536,567	\$10,114,285	10%
Net Patient Revenue	\$ 4,057,198	\$ 4,553,985	\$ (496,787)	-11%	\$ 16,874,781	\$ 17,733,945	\$ (859,164)	-5%	\$ 15,449,962	\$ 1,424,819	9%
NPR as a % of Gross	13.6%	15.1%	-9.5%		14.7%	15.7%	-6.2%		14.8%	-0.4%	
Tot Operating Revenue	\$ 4,142,155	\$ 4,646,791	\$ (504,636)	-11%	\$ 17,216,755	\$ 18,105,169	\$ (888,414)	-5%	\$ 15,818,481	\$ 1,398,273	9%

Both gross and net revenue missed budget in October, although both were also improvements from September. As noted last month and above, some key surgeons had scheduled time off that impacted surgical volumes these last two months. Outpatient surgeries did begin to rebound from September’s low, but volumes still were more than 15% under budget. We anticipate volumes regaining their historical levels starting in November as we have already surpassed the totals from the previous two months.

Emergency room volumes continue to trail budget, although we are up compared to the prior year. As noted last month, marketing efforts for the new medical group will ramp up in January once they have completed their recruitment and get fully staffed.

We did see an increase in our inpatient volumes as both medical and surgical admits ticked up in October. Our average daily census of 9.4 was a fiscal year high.

We did book some IGT activity in October. This IGT fund relates to our HQAF (Hospital Quality Assurance Fee Program) program and will deliver a net benefit of \$511,849 to the hospital (\$211,693 of expense and \$723,542 of revenue). We made the matching fee payment at the end of October and both the revenue and expense was recognized during the month. This negatively impacted our cash in October as we didn’t receive the funding until mid-November.



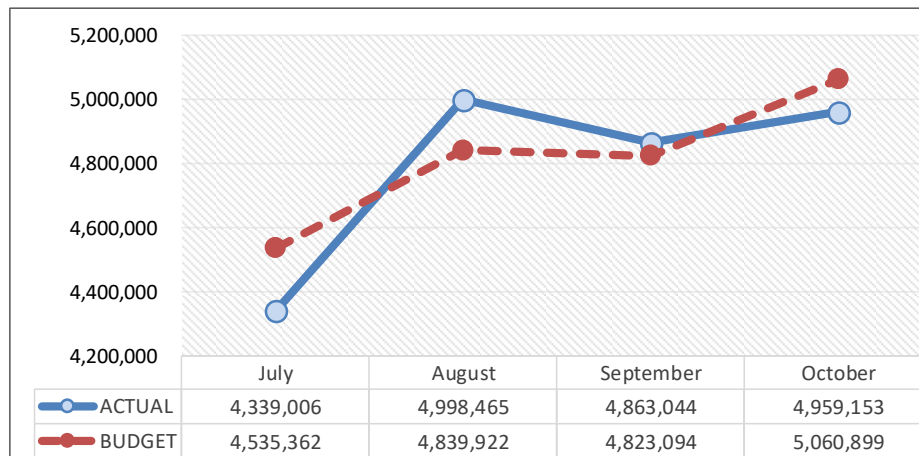
### 3. OPERATING EXPENSE SUMMARY:

**Table 3 | Operating Expenses – Actual vs. Budget – October 2023 (Excluding IGT)**

	Month of October 2023				Year To Date October 2023						
	Current Year - Month		Variance		Current Year - YTD		Variance		Prior YTD	Variance	
	Actual	Budget	Var	%	Actual	Budget	\$	%	Actual	\$	%
<b>Operating Expenses</b>	\$ 5,655,540	\$ 5,433,866	\$ (221,674)	-4%	\$ 20,836,895	\$ 20,531,145	\$ (305,750)	-1%	\$ 20,090,964	\$ (745,931)	-4%
<b>Worked FTEs</b>	224.3	219.7	(4.6)	-2%	217.2	214.4	(2.7)	-1%	208.8	(8.4)	-4%

We did run over budget in operating expenses for the month, coming in 4% over budget. Just like September the overage is directly attributed to two specific areas, depreciation and supplies. In fact, operating expenses were under budget if you exclude IGT and depreciation.

**SVHCD Operating Expenses FY24 Trended  
Expenses Excl. IGT Fees & Depreciation**



#### OPERATING EXPENSE DRIVERS:

- **Depreciation Expense** – October had additional increases to depreciation expense due to the GASB96 adjustment (that now includes the Epic project now being depreciated), as well as portions of the ODC project now being placed into service. We will continue to see incremental increases in depreciation as additional parts of the ODC project relating to the CT will be placed into service.

The FY23 audit and the GASB96 adjustment will create different treatment than initially planned as it relates to the Epic project. The entire cost of the Epic implementation will be depreciated over a 3-year period, which is not how the project was budgeted to be expensed in FY24. As such, we do anticipate running a variance to budget in depreciation expense throughout the remainder of the fiscal year.

As stated previously GASB96 has no impact on cash.

- **Supplies / Implant Costs** – We saw another month of increased supply and implant costs. Some of this is due to an increase in some volumes, particularly in some areas such as laboratory and pharmacy. We also had incremental expenses related to COVID-19, both for testing and treatment. COVID-19 treatments and flu testing also contributed to higher pharmaceutical costs in October, and we saw higher than normal spend in some high-cost drugs.

We’ve also seen increases in our implant costs. We’ve reviewed some benchmarking data that supports an opportunity to reduce some expense in this area and we plan to perform our due diligence to validate over the coming months.

**4. VOLUME SUMMARY:**

**Table 4 | Patient Volumes – October 2023**

	Month of October 2023				Year To Date October 2023						
	Current Year		Variance		Current Year		Variance		Prior Year		Variance
	Actual	Budget	Var	%	Actual	Budget	Var	%	Actual	Var	%
Acute Patient Days	291	268	23	9%	1,064	1,097	(33)	-3%	1,032	32	3%
Average Daily Census	9.4	8.6	0.7	9%	8.7	8.9	(0.3)	-3%	8.4	0.3	3%
Acute Discharges	72	57	15	26%	266	237	29	12%	243	23	9%
IP Surgeries	18	13	5	38%	61	56	5	9%	67	(6)	-9%
OP Surgeries/Spec Proc	135	177	(42)	-24%	605	640	(35)	-5%	588	17	3%
<b>Total Surgeries / Procedures</b>	<b>153</b>	<b>190</b>	<b>(37)</b>	<b>-19%</b>	<b>666</b>	<b>696</b>	<b>(30)</b>	<b>-4%</b>	<b>655</b>	<b>11</b>	<b>2%</b>
Total Outpatient Visits	5,203	4,647	556	12%	20,197	17,842	2,355	13%	18,385	1,812	10%
Total ER Visits	818	1,030	(212)	-21%	3,432	3,774	(342)	-9%	3,319	113	3%

**5. CASH ACTIVITY SUMMARY:**

**Table 5 | Cash / Revenue Cycle Indicators - October 2023**

	Oct-23	Sep-23	Var	%
Days Cash on Hand	24.3	25.6	(1.3)	-5%
A/R Days	61.0	65.1	(4.1)	-6%
A/P Days	42.9	37.4	5.5	15%

**Table 6 | Cash Collections Trended vs. Target - October 2023**

	Jul-23	Aug-23	Sep-23	Oct-23	YTD
Cash Collections	\$ 3,663,429	\$ 4,320,626	\$ 3,355,968	\$ 4,229,175	\$ 15,569,198
Cash Collections Target	\$ 3,637,072	\$ 4,175,875	\$ 4,242,329	\$ 3,857,556	\$ 15,912,832
Cash Collections as a % of Target	101%	103%	79%	110%	98%

Cash collections rebounded after a sub-par September. The \$4.2 million that was collected was 110% of the goal for the month and helped bring the YTD percentage closer to 100% after dropping from over 100% to 94% in September.

October’s activity included both a \$200,000 IGT matching fee payment as well as a \$450,000 payment to close out the Epic implementation project.

**ATTACHMENTS:**

- Attachment A is the Payer Mix Analysis
- 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 Cash Projection

**Sonoma Valley Hospital**  
**Payer Mix for the month of October, 2023**

**ATTACHMENT A**

	MONTH				YEAR TO DATE			
	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance
<b>Gross Revenue</b>								
Medicare	10,849,918	10,908,014	(58,096)	-0.2%	42,438,316	40,285,623	2,152,692	1.9%
Medicare Managed Care	5,583,990	5,180,304	403,685	1.3%	19,865,715	19,126,086	739,630	0.7%
Medi-Cal	4,500,251	5,801,634	(1,301,383)	-4.3%	17,902,958	21,305,852	(3,402,895)	-3.1%
Self Pay	481,829	167,154	314,675	1.0%	1,723,284	597,521	1,125,763	1.0%
Commercial & Other Government	7,317,926	7,023,837	294,089	1.0%	29,426,713	25,696,252	3,730,460	3.4%
Worker's Comp.	997,029	1,117,352	(120,324)	-0.4%	3,230,087	4,062,428	(832,341)	-0.7%
<b>Total</b>	<b>29,730,943</b>	<b>30,198,296</b>	<b>-467,354</b>	<b>-1.5%</b>	<b>114,587,072</b>	<b>111,073,762</b>	<b>3,513,310</b>	<b>3.2%</b>

	MONTH			YEAR TO DATE		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Payor Mix</b>						
Medicare	36.5%	36.1%	0.4%	37.0%	36.3%	0.8%
Medicare Managed Care	18.8%	17.2%	1.6%	17.3%	17.2%	0.1%
Medi-Cal	15.1%	19.2%	-4.1%	15.6%	19.2%	-3.6%
Self Pay	1.6%	0.6%	1.1%	1.5%	0.5%	1.0%
Commercial & Other Government	24.6%	23.3%	1.4%	25.7%	23.1%	2.5%
Worker's Comp.	3.4%	3.7%	-0.3%	2.8%	3.7%	-0.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>		<b>100.0%</b>	<b>100.0%</b>	

**SONOMA VALLEY HOSPITAL**  
**OPERATING INDICATORS**  
For the Period Ended October 31, 2023

**ATTACHMENT B**

<b>CURRENT MONTH</b>				<b>YEAR-TO-DATE</b>			<b>YTD</b>
<b>Actual</b>	<b>Budget</b>	<b>Favorable</b>		<b>Actual</b>	<b>Budget</b>	<b>Favorable</b>	<b>Prior</b>
<b>10/31/23</b>	<b>10/31/23</b>	<b>(Unfavorable)</b>		<b>10/31/23</b>	<b>10/31/23</b>	<b>(Unfavorable)</b>	<b>Year</b>
		<b>Variance</b>				<b>Variance</b>	<b>10/31/22</b>
<b>Inpatient Utilization</b>							
<b>Discharges</b>							
				200	190	10	173
<b>1</b>	54	46	8				
<b>2</b>	18	12	6	66	46	20	70
<b>3</b>	72	57	15	266	237	29	243
<b>Total Discharges</b>							
<b>Patient Days:</b>							
				725	718	7	632
<b>4</b>	197	172	25				
<b>5</b>	94	96	(2)	339	379	(40)	400
<b>6</b>	291	268	23	1,064	1,097	(33)	1,032
<b>Total Patient Days</b>							
<b>7</b>	20	-	20	74	-	74	54
<b>Observation days</b>							
<b>Average Length of Stay:</b>							
				3.63	3.77	(0.15)	3.7
<b>8</b>	3.6	3.8	(0.1)				
<b>9</b>	5.2	8.2	(3.0)	5.14	8.23	(3.09)	5.7
<b>10</b>	4.0	4.7	(0.6)	4.00	4.64	(0.64)	4.2
<b>Avg. Length of Stay</b>							
<b>Average Daily Census:</b>							
				5.9	5.8	0.1	5.1
<b>11</b>	6.4	5.5	0.8				
<b>12</b>	3.0	3.1	(0.1)	2.8	3.1	(0.3)	3.3
<b>13</b>	9.4	8.6	0.7	8.7	8.9	(0.3)	8.4
<b>Avg. Daily Census</b>							
<b>Other Utilization Statistics</b>							
<b>Emergency Room Statistics</b>							
<b>14</b>	818	1,030	(212)	3,432	3,774	(342)	3,319
<b>Total ER Visits</b>							
<b>Outpatient Statistics:</b>							
<b>15</b>	5,503	4,647	856	20,497	17,842	2,655	18,385
<b>16</b>	18	13	5	61	56	5	67
<b>17</b>	135	162	(27)	605	625	(20)	588
<b>18</b>	308	254	54	1,203	999	204	1,054
<b>19</b>	1,247	1,189	58	4,832	4,635	196	4,516
<b>20</b>	40.2	38.3	1.9	39.3	37.7	1.6	36.7
<b>21</b>	1.3358	1.4000	(0.064)	1.4144	1.4000	0.014	1.5640
<b>22</b>	1.3336	1.4000	(0.066)	1.3685	1.4000	(0.032)	1.4834
<b>Total Outpatients Visits</b>							
<b>OP Surgeries / Special Procedures</b>							
<b>Adjusted Discharges</b>							
<b>Adjusted Patient Days</b>							
<b>Adj. Avg. Daily Census</b>							
<b>Case Mix Index - Medicare</b>							
<b>Case Mix Index - All payers</b>							
<b>Labor Statistics</b>							
<b>23</b>	224	220	(5)	217	214	(2.7)	209
<b>24</b>	242	242	(0)	238	236	(2.1)	232
<b>25</b>	49.93	63.06	13.13	48.74	52.63	3.90	49.59
<b>26</b>	6.02	6.31	0.28	6.06	6.27	0.20	6.31
<b>27</b>	34.3	35.9	1.6	34.6	35.7	1.1	36.0
<b>28</b>	138.7	168.2	29.4	138.7	165.6	26.9	154.1
<b>29</b>	23.6%	23.6%	0.0%	24.6%	24.6%	0.0%	23.8%
<b>Benefits % of Salaries</b>							
<b>Non-Labor Statistics</b>							
<b>30</b>	16.7%	13.3%	-3.3%	15.8%	14.2%	-1.6%	17.6%
<b>31</b>	2,584	2,644	60	2,304	2,499	195	2,584
<b>32</b>	19,162	22,402	3,239	17,638	20,948	3,311	19,239
<b>Total Expense / Adj. Discharge</b>							
<b>Other Indicators</b>							
<b>33</b>	24.3						
<b>Days Cash - Operating Funds</b>							
<b>34</b>	60.7	50.0	10.7	63.4	50.0	13.4	38.2
<b>Days in Net AR</b>							
<b>35</b>	110%			98%			99.4%
<b>Collections % of Cash Goal</b>							
<b>36</b>	46.9	55.0	(8.1)	46.9	55.0	(8.1)	45.5
<b>Days in Accounts Payable</b>							
<b>37</b>	16.1%	16.7%	-0.6%	15.4%	15.6%	-0.3%	14.8%
<b>% Net revenue to Gross revenue</b>							
<b>38</b>	39.3%			39.3%			13.7%
<b>% Net AR to Gross AR</b>							

Sonoma Valley Health Care District

ATTACHMENT C

Balance Sheet  
As of October 31, 2023  
UNAUDITED

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
<b>Assets</b>			
Current Assets:			
1	\$ 996,299	\$ 365,964	\$ 1,759,104
2	2,607,527	3,356,852	2,846,229
3	10,664,349	10,825,277	6,334,821
4	(2,381,401)	(2,109,722)	(1,508,251)
5	8,282,948	8,715,555	4,826,570
6	2,148,958	2,003,276	1,365,016
7	3,800,000	3,800,000	3,800,000
8	2,401,190	2,617,464	2,601,816
9	701,470	150,975	119,841
10	1,006,348	1,005,748	1,048,916
11	1,085,074	1,091,455	969,056
12	\$ 23,029,813	\$ 23,107,290	\$ 19,336,547
13	\$ 56,867,997	\$ 58,284,481	\$ 54,364,995
14	3,490,070	3,259,368	3,519,210
15	-	-	1,000,000
16	<b>\$ 83,387,880</b>	<b>\$ 84,651,139</b>	<b>\$ 78,220,752</b>
<b>Liabilities &amp; Fund Balances</b>			
Current Liabilities:			
17	\$ 6,778,660	\$ 6,590,545	\$ 5,253,335
18	4,203,162	4,000,416	4,025,321
19	103,539	61,148	99,460
20	213,569	565,355	658,637
21	-	-	-
22	2,533,332	2,849,999	2,533,336
23	1,744,977	1,963,099	1,656,723
24	217,475	217,475	217,475
25	4,973,734	4,973,734	5,473,734
26	57,511	57,511	60,591
27	\$ 20,825,960	\$ 21,279,283	\$ 19,978,613
28	\$ 26,849,924	\$ 27,043,939	\$ 24,665,826
29	Fund Balances:		
30	\$ 21,038,642	\$ 21,187,374	\$ 16,828,539
31	14,673,353	15,140,542	16,747,773
32	\$ 35,711,995	\$ 36,327,917	\$ 33,576,312
33	<b>\$ 83,387,880</b>	<b>\$ 84,651,139</b>	<b>\$ 78,220,752</b>



**Sonoma Valley Health Care District  
Statement of Revenue and Expenses  
For the Period Ended October 31, 2023**

ATTACHMENT D

	Month					Year-To-Date				YTD	
	This Year		Variance			This Year		Variance			Prior Year
	Actual	Budget	\$	%		Actual	Budget	\$	%		
<b>Volume Information</b>											
1	72	57	15	26%	Acute Discharges	266	237	29	12%	243	
2	291	268	23	9%	Patient Days	1,064	1,097	(33)	-3%	1,032	
3	20	-	20	0%	Observation Days	74	-	74	*	54	
4	\$ 22,806	\$ 23,337	\$ (530)	-2%	Gross O/P Revenue (000's)	\$ 89,211	\$ 86,216	\$ 2,995	3%	\$ 80,243	
<b>Financial Results</b>											
<b>Gross Patient Revenue</b>											
5	\$ 6,940,541	\$ 6,785,977	\$ 154,564	2%	Inpatient	\$ 25,439,421	\$ 26,701,384	(1,261,963)	-5%	\$ 24,192,342	
6	14,061,243	13,836,475	224,768	2%	Outpatient	54,636,632	51,985,082	2,651,551	5%	46,202,638	
7	8,744,996	9,500,608	(755,612)	-8%	Emergency	34,574,799	34,231,349	343,450	1%	34,141,587	
8	\$ 29,746,780	\$ 30,123,060	(376,280)	-1%	<b>Total Gross Patient Revenue</b>	\$ 114,650,853	\$ 112,917,815	1,733,038	2%	\$ 104,536,567	
<b>Deductions from Revenue</b>											
9	(25,666,646)	(25,487,571)	(179,075)	-1%	Contractual Discounts	\$ (97,796,435)	\$ (95,236,294)	(2,560,141)	-3%	\$ (88,371,077)	
10	(150,000)	(150,714)	714	0%	Bad Debt	173,256	49,714	123,542	-249%	(506,647)	
11	127,064	(30,790)	157,854	513%	Charity Care Provision	(152,892)	(97,290)	(55,602)	-57%	(208,881)	
12	723,542	580,885	142,657	25%	Prior Period Adj/Government Program Revenue	723,542	580,885	142,657	25%	-	
13	\$ (24,966,040)	\$ (25,088,190)	122,150	0%	<b>Total Deductions from Revenue</b>	\$ (97,052,529)	\$ (94,702,985)	(2,349,544)	2%	\$ (89,086,605)	
<b>Net Patient Service Revenue</b>											
14	\$ 4,780,740	\$ 5,034,870	(254,130)	-5%	Other Op Rev & Electronic Health Records	\$ 341,974	\$ 371,224	(29,250)	-8%	\$ 368,519	
15	\$ 84,957	\$ 92,806	(7,849)	-8%	<b>Total Operating Revenue</b>	\$ 17,940,297	\$ 18,586,054	\$ (645,757)	-3%	\$ 15,818,481	
16	\$ 4,865,697	\$ 5,127,676	(261,979)	-5%	<b>Operating Expenses</b>						
17	\$ 2,136,304	\$ 2,123,123	(13,181)	-1%	Salary and Wages and Agency Fees	\$ 8,137,286	\$ 8,138,926	1,641	0%	\$ 8,054,879	
18	738,614	732,211	(6,403)	-1%	Employee Benefits	2,927,239	2,895,562	(31,677)	-1%	2,792,638	
19	\$ 2,874,918	\$ 2,855,334	(19,584)	-1%	Total People Cost	\$ 11,064,525	\$ 11,034,488	(30,037)	0%	\$ 10,847,517	
20	\$ 571,881	\$ 646,003	74,122	11%	Med and Prof Fees (excl'd Agency)	\$ 2,269,591	\$ 2,482,936	213,345	9%	\$ 2,294,650	
21	797,037	671,790	(125,247)	-19%	Supplies	2,772,806	2,497,197	(275,609)	-11%	2,724,247	
22	372,986	426,478	53,492	13%	Purchased Services	1,520,839	1,625,685	104,846	6%	1,756,820	
23	696,387	372,967	(323,420)	-87%	Depreciation	1,677,227	1,271,868	(405,359)	-32%	1,035,346	
24	101,670	199,119	97,449	49%	Utilities	617,430	721,477	104,047	14%	705,459	
25	68,488	76,758	8,270	11%	Insurance	282,928	282,031	(897)	0%	215,497	
26	56,224	32,094	(24,130)	-75%	Interest	213,635	158,376	(55,259)	-35%	136,420	
27	115,949	153,323	37,374	24%	Other	417,913	457,086	39,173	9%	375,007	
28	211,693	209,988	(1,705)	1%	Matching Fees (Government Programs)	211,693	209,988	(1,705)	1%	0	
29	\$ 5,867,233	\$ 5,643,854	(223,379)	-4%	<b>Operating expenses</b>	\$ 21,048,588	\$ 20,741,133	(307,455)	-1.5%	\$ 20,090,964	

**Sonoma Valley Health Care District  
Statement of Revenue and Expenses  
For the Period Ended October 31, 2023**

ATTACHMENT D

	Month					Year-To-Date				YTD	
	This Year		Variance			This Year		Variance			Prior Year
	Actual	Budget	\$	%		Actual	Budget	\$	%		
<b>30</b>	\$ (1,001,536)	\$ (516,178)	\$ (485,358)	-94%	<b>Operating Margin</b>	\$ (3,108,292)	\$ (2,155,079)	(953,212)	-44%	\$ (4,272,483)	
					<b>Non Operating Rev and Expense</b>						
<b>31</b>	\$ 42,493	\$ 4,744	\$ 37,749	*	Miscellaneous Revenue/(Expenses)	\$ 97,913	\$ 18,920	\$ 78,993	*	\$ 8,257	
<b>32</b>	-	-	-	0%	Donations	-	-	-	0%	-	
<b>33</b>	-	-	-	*	Physician Practice Support-Prima	-	-	-	*	-	
<b>34</b>	316,667	316,667	-	0%	Parcel Tax Assessment Rev	1,266,668	1,266,668	-	0%	1,266,668	
<b>35</b>	-	-	-	0%	Extraordinary Items	-	-	-	0%	-	
<b>36</b>	\$ 359,160	\$ 321,411	\$ 37,749	12%	<b>Total Non-Operating Rev/Exp</b>	\$ 1,364,581	\$ 1,285,588	\$ 78,993	6%	\$ 1,274,925	
<b>37</b>	\$ (642,376)	\$ (194,767)	\$ (447,609)	-230%	<b>Net Income / (Loss) prior to Restricted Contributions</b>	\$ (1,743,711)	\$ (869,491)	(874,220)	-101%	\$ (2,997,557)	
					Capital Campaign Contribution	\$ -	\$ -	-	0%	\$ -	
<b>38</b>	\$ -	\$ -	\$ -	0%	Restricted Foundation Contributions	\$ 318,598	\$ 954,120	(635,522)	100%	\$ 960,318	
<b>39</b>	\$ -	\$ 238,530	(238,530)	0%	<b>Net Income / (Loss) w/ Restricted Contributions</b>	\$ (1,425,113)	\$ 84,629	(1,509,742)	*	\$ (2,037,239)	
<b>40</b>	\$ (642,376)	\$ 43,763	(686,139)	*							
<b>41</b>	175,187	158,829	16,358	10%	GO Bond Activity, Net	695,980	635,316	60,664	10%	633,360	
<b>42</b>	\$ (467,189)	\$ 202,592	(669,781)	331%	<b>Net Income/(Loss) w GO Bond Activity</b>	\$ (729,133)	\$ 719,945	(1,449,078)	*	\$ (1,403,880)	
	\$ 54,011	\$ 178,200	(124,189)		EBDA - Not including Restricted Contributions	\$ (66,484)	\$ 402,377	(468,861)		\$ (1,962,211)	
	\$ (305,149)	\$ (143,211)	(161,938)	-113%	Operating EBDA - Not including Restricted Contributions	\$ (1,431,064)	\$ (883,211)	(547,853)	-62%	\$ (3,237,136)	

Sonoma Valley Hospital  
Cash Forecast  
FY 2024

ATTACHMENT E

	Actual July	Actual Aug	Actual Sept	Actual Oct	Forecast Nov	Forecast Dec	Forecast Jan	Forecast Feb	Forecast Mar	Forecast Apr	Forecast May	Forecast Jun	TOTAL
<b>Hospital Operating Sources</b>													
1 Patient Payments Collected	3,964,672	4,421,352	3,469,614	4,656,688	4,447,326	4,485,423	4,575,840	4,575,840	4,575,840	4,575,840	4,575,840	4,575,840	52,900,116
2 Other Operating Revenue	26,197	172,302	37,453	95,192	23,522	40,390	43,299	100,254	65,455	150,750	228,646	115,291	1,098,751
3 Other Non-Operating Revenue	42,960	4,386	10,108	43,877	7,800	7,800	7,800	7,800	7,800	7,800	7,800	7,800	163,731
4 Unrestricted Contributions		1,250	861	2,651									4,762
5 Line of Credit													-
<b>Sub-Total Hospital Sources</b>	<b>4,033,829</b>	<b>4,599,290</b>	<b>3,518,037</b>	<b>4,798,408</b>	<b>4,478,648</b>	<b>4,533,613</b>	<b>4,626,939</b>	<b>4,683,894</b>	<b>4,649,095</b>	<b>4,734,390</b>	<b>4,812,286</b>	<b>4,698,931</b>	<b>54,167,360</b>
<b>Hospital Uses of Cash</b>													
6 Operating Expenses	5,152,114	5,121,241	4,128,841	4,998,884	4,823,838	4,881,548	4,984,096	4,828,418	5,073,479	4,946,353	5,034,948	4,814,191	58,787,950
7 Add Capital Lease Payments	64,932	65,051	389,160	194,558									713,701
8 Add: Bridge Loan Paybacks									608,487				608,487
9 Add: CHFFA Help II Loan Repayments	30,833	30,833	30,833	30,833	30,833	30,833	30,833	30,833	30,833	30,833	30,833	30,833	369,996
10 Line of Credit Paydown							3,100,000						3,100,000
11 Capital Expenditures	157,689	152,213	177,157	27,616	520,430	-	1,795,430	425,000	1,370,430	-	1,370,430	452,527	6,448,922
<b>Total Hospital Uses</b>	<b>5,405,567</b>	<b>5,369,338</b>	<b>4,725,991</b>	<b>5,251,892</b>	<b>5,375,101</b>	<b>4,912,381</b>	<b>9,910,359</b>	<b>5,284,251</b>	<b>7,083,229</b>	<b>4,977,186</b>	<b>6,436,211</b>	<b>5,297,551</b>	<b>70,029,056</b>
<b>Net Hospital Sources/Uses of Cash</b>	<b>(1,371,738)</b>	<b>(770,048)</b>	<b>(1,207,954)</b>	<b>(453,483)</b>	<b>(896,452)</b>	<b>(378,768)</b>	<b>(5,283,420)</b>	<b>(600,357)</b>	<b>(2,434,135)</b>	<b>(242,796)</b>	<b>(1,623,926)</b>	<b>(598,620)</b>	<b>(15,861,695)</b>
<b>Non-Hospital Sources</b>													
12 Restricted Cash/Money Market	500,000	500,000	750,000	1,250,000			(3,000,000)						-
13 Restricted Capital Donations	1,638	101,826	213,023	6,249	520,430		520,430		520,430		520,430	258,577	2,663,033
14 Parcel Tax Revenue	179,984					2,134,000				1,486,016			3,800,000
15 Other Payments					1,100,000		400,000						1,500,000
16 Other:													-
17 IGT					684,280		4,716,000	820,933				41,568	6,262,781
18 IGT - AB915										227,253			227,253
19 QIP				39,262									39,262
20 Distressed Hospital Loan Program							3,100,000						
<b>Sub-Total Non-Hospital Sources</b>	<b>681,622</b>	<b>601,826</b>	<b>963,023</b>	<b>1,295,511</b>	<b>2,304,710</b>	<b>5,234,000</b>	<b>2,636,430</b>	<b>820,933</b>	<b>520,430</b>	<b>1,713,269</b>	<b>520,430</b>	<b>300,145</b>	<b>14,492,328</b>
<b>Non-Hospital Uses of Cash</b>													
21 Matching Fees				211,693	1,958,178	240,898	-	-	-	-	20,784		2,431,553
<b>Sub-Total Non-Hospital Uses of Cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>211,693</b>	<b>1,958,178</b>	<b>240,898</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,784</b>	<b>-</b>	<b>2,431,553</b>
<b>Net Non-Hospital Sources/Uses of Cash</b>	<b>681,622</b>	<b>601,826</b>	<b>963,023</b>	<b>1,083,818</b>	<b>346,532</b>	<b>4,993,102</b>	<b>2,636,430</b>	<b>820,933</b>	<b>520,430</b>	<b>1,713,269</b>	<b>499,646</b>	<b>300,145</b>	<b>12,060,775</b>
<b>Net Sources/Uses</b>	<b>(690,116)</b>	<b>(168,222)</b>	<b>(244,931)</b>	<b>630,334</b>	<b>(549,920)</b>	<b>4,614,334</b>	<b>(2,646,990)</b>	<b>220,576</b>	<b>(1,913,705)</b>	<b>1,470,473</b>	<b>(1,124,280)</b>	<b>(298,475)</b>	
Operating Cash at beginning of period	1,469,233	779,117	610,895	865,964	1,496,299	946,378	5,560,713	2,913,723	3,134,299	1,220,595	2,691,068	1,566,788	
<b>Operating Cash at End of Period</b>	<b>779,117</b>	<b>610,895</b>	<b>365,964</b>	<b>1,496,299</b>	<b>946,378</b>	<b>5,560,713</b>	<b>2,913,723</b>	<b>3,134,299</b>	<b>1,220,595</b>	<b>2,691,068</b>	<b>1,566,788</b>	<b>1,268,313</b>	
Money Market Account - Undesignated	4,604,866	4,105,982	3,356,852	2,106,852	2,106,852	2,106,852	5,106,852	5,106,852	5,106,852	5,106,852	5,106,852	5,106,852	
<b>Total Cash at End of Period</b>	<b>5,383,983</b>	<b>4,716,877</b>	<b>3,722,817</b>	<b>3,603,151</b>	<b>3,053,231</b>	<b>7,667,565</b>	<b>8,020,576</b>	<b>8,241,152</b>	<b>6,327,447</b>	<b>7,797,920</b>	<b>6,673,641</b>	<b>6,375,165</b>	
<b>Average Days of Cash on Hand</b>	<b>40.1</b>	<b>35.8</b>	<b>26.3</b>	<b>25.5</b>									
<b>Days of Cash on Hand at End of Month</b>	<b>39.7</b>	<b>33.3</b>	<b>25.6</b>	<b>24.3</b>	<b>21.6</b>	<b>54.2</b>	<b>56.7</b>	<b>58.2</b>	<b>44.7</b>	<b>55.1</b>	<b>47.2</b>	<b>45.1</b>	