SVHCD FINANCE COMMITTEE MEETING

AGENDA

TUESDAY, FEBRUARY 24, 2026

5:00 p.m. Regular Session

To Be Held in Person at
Sonoma Valley Hospital, 347 Andrieux Street
Administrative Conference Room
and via Zoom:

https://sonomavalleyhospital-org.zoom.us/j/93145185962?from=addon

Meeting ID: 931 4518 5962

One tap mobile
+16692192599,,93145185962#
+16699009128,,93145185962#

In compliance with the Americans with Disabilities Act, the District will provide reasonable accommodations to persons with disabilities. If you require special accommodations to participate in a District meeting, please contact Whitney Reese at wreese@sonomavalleyhospital.org or 707-935-5035, at least 48 hours prior to the meeting, when possible.

MISSION STATEMENT
The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.

1. CALL TO ORDER/ANNOUNCEMENTS	*Case*	
2. PUBLIC COMMENT SECTION	*Case*	

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.

3. CONSENT CALENDAR • Finance Committee Minutes 1.27.26	*Case*	Action *Pages 4 - 5*
4. DISTRICT HOSPITAL LEADERSHIP FORUM PRESENTATION	*Nathan Davis, SVP DHLF*	Inform *Pages 6 - 10*
5. AUDIT FIRM ENGAGEMENT LETTER FY26 AUDIT	*Armfield*	Action *Pages 11 - 23*
6. CAPITAL PLAN REVIEW	*Armfield*	Inform *Pages 24 - 28*
7. DETAILED A/R REVIEW	*Armfield*	Inform *Pages 29 - 32*
8. FINANCIAL REPORTS FOR MONTH END JANUARY 2026	*Armfield*	Inform *Pages 33 - 40*
9. ADJOURN	*Case*	

To: SVHCD Finance Committee
From: Ben Armfield, Chief Financial Officer
Date: February 24, 2026
Subject: February Agenda Overview & Key Considerations

As we head into our February meeting, this one-page overview is intended to orient the Committee to key discussion items, clarify where formal action is requested, and highlight important framing considerations as you review the packet materials.

This month's agenda centers on strategic context and forward-looking planning - particularly related to capital priorities - alongside routine financial oversight.

Guest Speaker / Presentation

District Hospital Leadership Forum

Nathan Davis, SVP of Finance Policy for the District Hospital Leadership Forum (DHLF), will join us to provide an overview of DHLF's work on behalf of district hospitals, including Sonoma Valley Health Care District.

Discussion topics will include:

- Education and advocacy related to the IGT program
- Emerging trends and potential structural changes in IGT for future years
- Seismic compliance requirements specific to district hospitals and the broader statewide landscape

This will be an opportunity for the Committee to better understand statewide policy dynamics that directly influence our financial glidepath - particularly around IGT sustainability and long-term capital obligations tied to seismic mandates.

Action Items for Committee Consideration:

Baker Tilly - FY26 Audit Engagement Letter

There is one action item this month: approval of the engagement letter with Baker Tilly for FY26 financial statement audit services. The proposed fees are consistent with the three-year fee schedule approved when the District selected Baker Tilly (formerly Moss Adams) to serve as auditors for fiscal years 2024 through 2026. FY26 represents the final year of that initial three-year engagement term.

Management has been very pleased with the quality, professionalism, and responsiveness of the Baker Tilly team, and we look forward to continuing the relationship through completion of this cycle.

Other Informational Items of Note:

Capital Plan Review - Critical Short-Term Priorities and Long-Term Planning

Capital will be the primary strategic discussion of the evening.

This review is intentionally structured to focus first on equipment-related needs - particularly immediate and critical clinical equipment priorities that directly impact operations, patient care, and risk mitigation.

We will aim to:

1. Clarify and prioritize short-term critical equipment investments

2. Establish a shared understanding of near-term funding capacity and sequencing

In addition, we will introduce - at a higher awareness level - longer-term facility and infrastructure considerations. These include building systems and structural needs that are not immediate action items, but require early discussion given the scale, timeline, and financial implications associated with them.

The goal is not to approve a comprehensive long-range capital program, but to begin organizing capital into clearer categories:

- Immediate clinical equipment priorities
- Near-term operational infrastructure needs
- Longer-term building and campus considerations

This framing is intended to help the Committee separate urgent operational equipment decisions from broader strategic infrastructure conversations.

Accounts Receivable Review - Through December 31, 2025

This report provides a high-level snapshot of A/R performance through the first six months of the fiscal year.

Included in the review:

- A/R aging balances by major payor category
- Trends in days in A/R by payor
- Hospital denial rate trends
- Key revenue cycle performance indicators, including timeliness of claims submission

Overall metrics remain within manageable ranges, though we will highlight a few trend areas for discussion.

January Finance Report

Management will provide an update on January financial performance.

January represented a temporary setback following six consecutive months of performance exceeding budget. The primary driver was volume softness during the month.

Encouragingly:

- Year-to-date performance remains strong
- Early February trends indicate that much of the January volume softness has rebounded

We will walk through the variance drivers and updated year-to-date outlook during the meeting.

Looking forward to seeing you all on Tuesday, 2/24 at 5:00. As always, please feel free to reach out in advance if you have questions or would like to flag topics for discussion.

SVHCD FINANCE & AUDIT COMMITTEE MEETING

MINUTES

TUESDAY, JANUARY 27, 2026
In Person at Sonoma Valley Hospital
347 Andrieux Street
and Via Zoom Teleconference

Present	Not Present/Excused	Staff/Public
Ed Case, in person Dennis Bloch, in person Paul Chakmak, in person Andrew Exner, in person Alexis Alexandridis, MD MBA FACS, via zoom Robert Crane, via zoom Graham Smith, via zoom Catherine Donahue, via zoom		Ben Armfield, SVH CFO, in person Kelley Kaiser, SVH CEO, via zoom Kimberly Drummond, SVH Chief of Support Services, in person Whitney Reese, SVH Board Clerk, via zoom Lois Fruzynski, SVH Accounting Manager, in person Dawn Kuwahara RN BSN, SVH Chief Ancillary Officer, in person Monique Jervan, SVH EA Wendy Lee Myatt, via zoom

MISSION & VISION STATEMENT
The mission of SVHCD is to maintain, improve, and restore the health of everyone in our community.

AGENDA ITEM	PRESENTER	ACTIONS
1. CALL TO ORDER/ANNOUNCEMENTS	*Ed Case*	Meeting called to order 5:20pm
A Closed Session was held prior to the start of this meeting at 5:00 p.m. (Calif. Government Code §37606 and 37624.3: TRADE SECRET)		
2. PUBLIC COMMENT SECTION	None	
3. CONSENT CALENDAR	*Ed Case*	Action
Finance Committee Minutes 11.26.25	**MOTION:** Motion to approve by Bloch, 2nd by Crane. All in favor.	
4. TELEMETRY SYSTEM REPLACEMENT	*Ben Armfield*	Action
Armfield requested approval from committee to request final approval from the BOD for management to proceed with the purchase and installation of a replacement hospital-wide telemetry and patient monitoring system from Mindray, at a total not-to-exceed cost of $620,252 (per final vendor proposal). **MOTION:** Motion to approve by Bloch, 2nd by Smith. All in favor.		
5. EAST AIR HANDLER REPLACEMENT	*Ben Armfield & Kimberly Drummond*	Action
Armfield and Drummond requested approval from committee to request final approval from the BOD to move forward with replacing the East Air Handler #3 (“EAH3”), which has been on the hospital’s Capital Plan since 2022. Th updated project budget is $2.012 million, up from the initial $1.5 million estimate due to inflation and design refinements. Once approved, the project will move to public bidding to select a contractor. **MOTION:** Motion to approve bidding, then return to the Finance Committee for recommending selection to the BOD for final approval, by Chakmak, 2nd by Bloch. All in favor.		

6. SERVICE LINE CONTRIBUTION MARGIN ANALYSIS & MARKET SHARE	*Ben Armfield*	Inform
Armfield presented a new profitability and market share report to help guide the hospital's strategic planning. He noted that contribution margins improved by over 10% in FY25, driven largely by rebounding patient volume and better contracts in strong areas like the ER and outpatient diagnostics. Moving forward, the team plans to refine their cost data and include more detailed outpatient metrics to help the hospital figure out how to keep more patients from seeking care elsewhere.		
7. SEISMIC COMPLIANCE UPDATE	*Ben Armfield*	Inform
No discussion.		
8. FINANCIAL REPORTS FOR MONTH END DECEMBER 2025	*Ben Armfield*	Inform
Armfield presented December financial report showing an operating loss of $153,000, yet it still exceeded budget expectations and maintained a positive operating margin for the fiscal year. While interest expenses rose due to line of credit usage, operating revenues remained strong at 6% above budget and patient volumes continued to increase. Significant cash inflows from Kaiser and parcel taxes have provided immediate working capital, and the hospital expects a major influx of IGT funds on January 31st to address outstanding accounts payable. Looking forward, the committee discussed the need to proactively request a $2 million working capital line from Summit Bank to ensure more flexible funding without restrictive repayment terms, noting that the hospital's consistent performance over the last two years makes SVH a strong candidate for such an arrangement.		
9. ADJOURN	*Ed Case*	Inform
Meeting adjourned at 6:25pm		

District Hospital Leadership Forum Overview

Sonoma Valley Health Care District – Finance Committee

Nathan Davis
Senior Vice President – Financial Policy

February 24, 2026

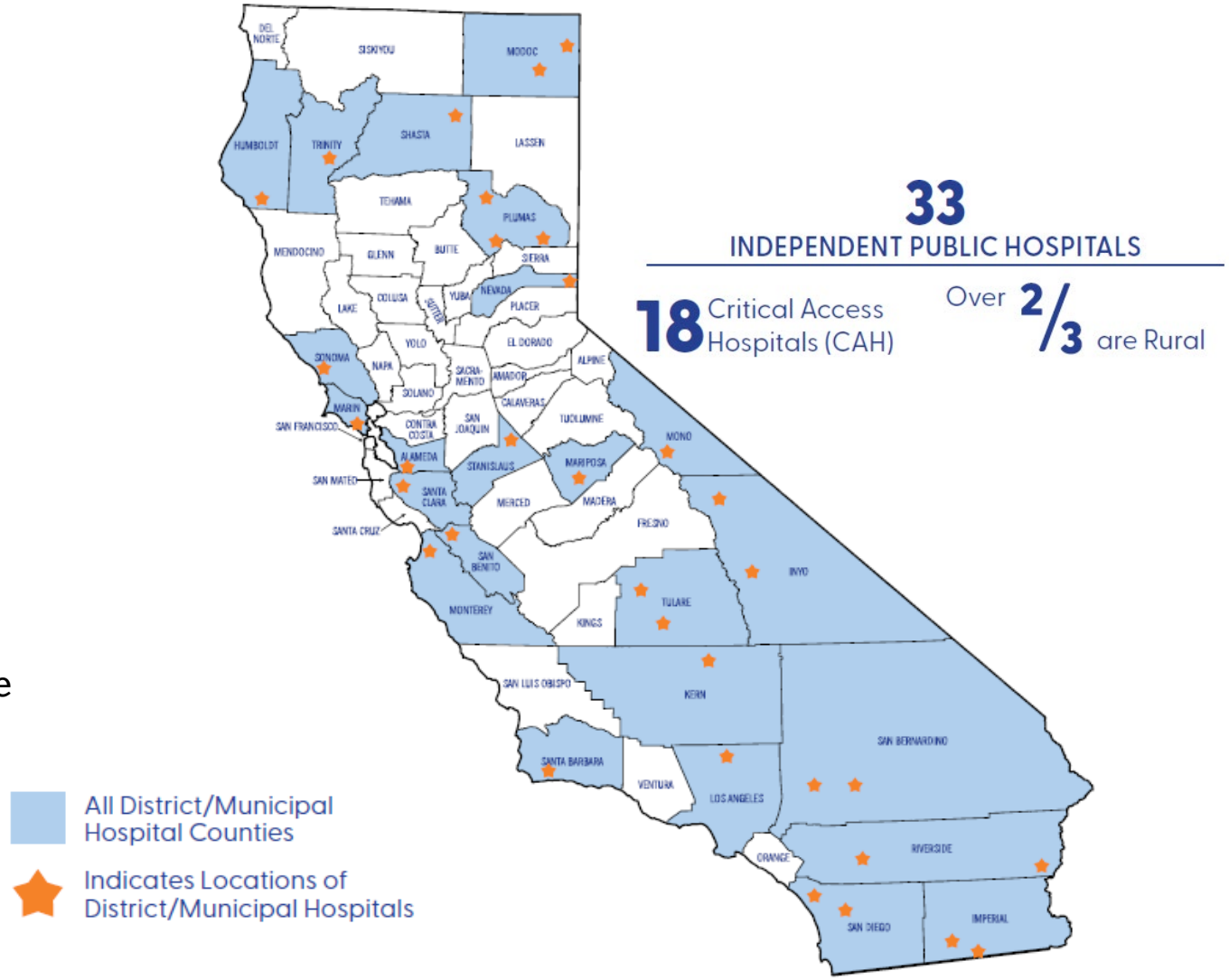
DISTRICT HOSPITAL LEADERSHIP FORUM

About DHLF

DISTRICT HOSPITAL LEADERSHIP FORUM

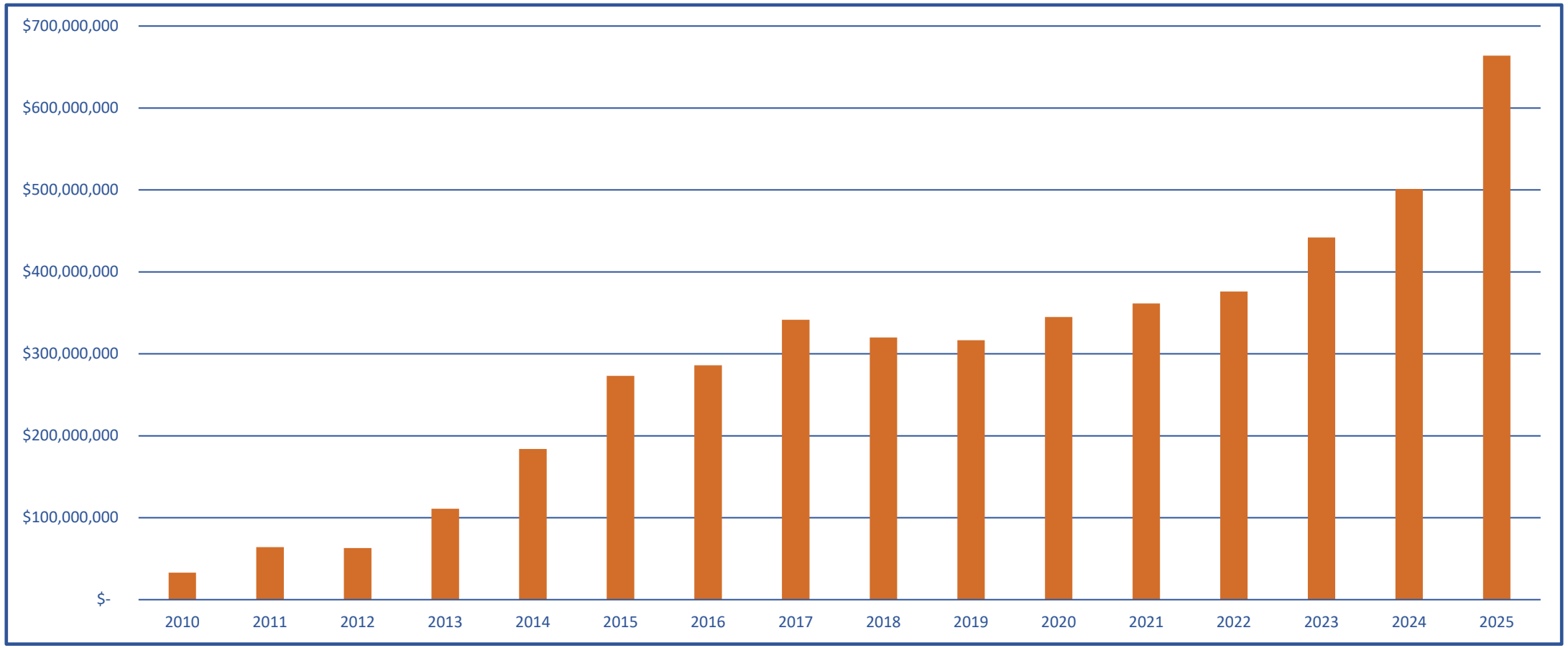
Established in 2011, the District Hospital Leadership Forum (DHLF) was created to advocate on behalf of district hospital's financial interests. Today, DHLF represents all 33 district and municipal hospitals across California.

District and municipal hospitals are proud to be local governments responsible for providing the health care needs of their communities. Over two-thirds are rural, and more than half have a critical access hospital (CAH) designation. In most communities they are the sole provider of health care services.



Association Added Value of Supplemental Payments

The graph below shows the net Supplemental Funding for District Hospitals from programs created by DHLF, on a cash basis (2026 amount should exceed $1 billion).

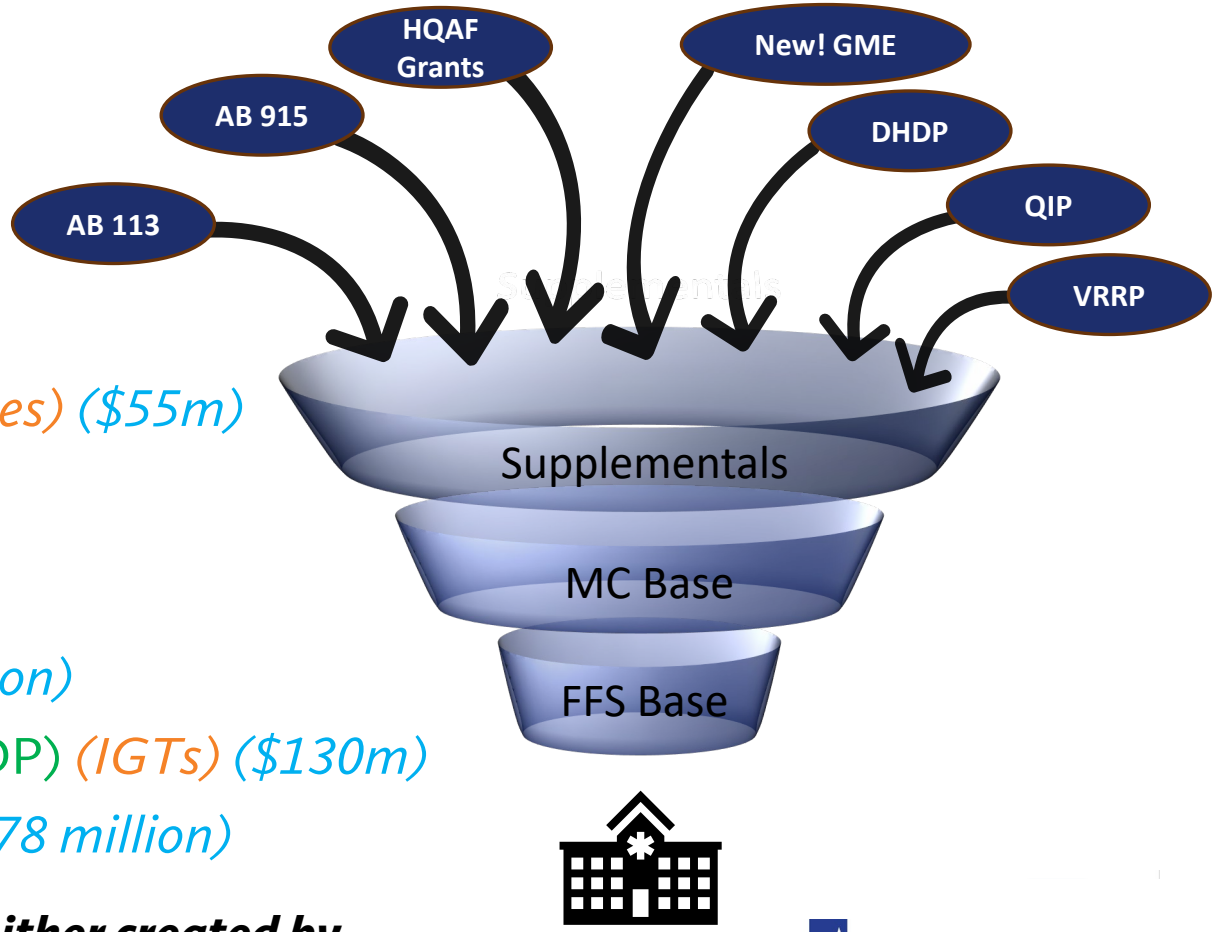


Medi-Cal Supplemental Payments — Snapshot

Fee-For-Service

Supplemental Payments *(Self-Financed) (net size)*

- Inpatient: AB 113 *(IGT's) ($30 million)*
- Outpatient: AB 915 *(CPE) ($25 million)*
- Graduate Medical Education *(IGTs) ($10 million)*
- Hospital Quality Assurance Fee Grants *(Private Fees) ($55m)*



Managed Care

Supplemental Payments *(Self-Financed) (net size)*

- Quality Incentive Program (QIP) *(IGTs) ($104 million)*
- District Hospital Directed Payment Program (DHDP) *(IGTs) ($130m)*
- Voluntary Rate Range Program (VRRP) *(IGTs) ($278 million)*

Supplemental programs highlighted in Green font were either created by DHLF or DHLF gained access to these programs for district hospitals.

DISTRICT HOSPITAL LEADERSHIP FORUM

Health Provisions of H.R. 1

2025

- State Directed Payment programs capped 100% Medicare (grandfathered gets delay) 5/1/2025 - CMS released clarifying letter
- DSH Cuts begin 10/1/2025 - Congress later delayed
- Rural Health Transformation application due by state 12/31/2025 – CA submitted on time
- Medicare sequestration 4% begins 10/1/2025 - Congress later removed

2026

- Expansion FMAP reduction for undocumented emergency care 10/1/2026
- Rural Health Transformation funds likely start to flow in Q3 or Q4

2027

- 1115 Waiver Budget Neutrality
- Retroactive Eligibility limitation by 1/1/2027
- Redeterminations by 12/31/2026; *$$ impact starts 2027 – will directly impact Rate Range Program*
- Work requirements by 12/31/2026; *$$ impact starts 2027 – will directly impact Rate Range Program*

2028

- 10% annual Phase-down of SDPs begins – will impact DHDP & QIP Programs
- Phase-down of Provider taxes begins – will likely eliminate HQAF direct grants
- $35 Copayments by 10/1/2028

DISTRICT HOSPITAL LEADERSHIP FORUM

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bakertilly.com

February 4, 2026

Wendy Lee Myatt
Board Chair
Sonoma Valley Health Care District
347 Andrieux Street
Sonoma, CA 95476

Re: Audit and Nonattest Services

Dear Wendy:

Thank you for the opportunity to provide services to Sonoma Valley Health Care District. This engagement letter ("Engagement Letter") and the attached Professional Services Agreement, which is incorporated by this reference (collectively, the "Agreement"), confirm our acceptance and understanding of the terms and objectives of our engagement, and limitations of the services that Baker Tilly US, LLP ("Firm," "we," "us," and "our") will provide to Sonoma Valley Health Care District ("you," "your," and "District").

Scope of Services – Audit

You have requested that we audit the District's financial statements, which comprise the statements of net position as of June 30, 2026, and the related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements. We have not been engaged to report on whether the supplemental schedule of community support, presented as supplementary information, are fairly stated, in all material respects, in relation to the financial statements as a whole.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information ("RSI"), such as management's discussion and analysis, to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to District's RSI in accordance with auditing standards generally accepted in the United States of America. We will not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Scope of Services and Limitations – Nonattest

We will provide the District with the following nonattest services:

1) Assist you in drafting the financial statements and related footnotes as of and for the year ended June 30, 2026.

Our professional standards require that we remain independent with respect to our attest clients, including those situations where we also provide nonattest services such as those identified in the preceding paragraphs. As a result, District management must accept the responsibilities set forth below related to this engagement:

- Assume all management responsibilities.
- Oversee the service, by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to oversee our nonattest services. The individual is not required to possess the expertise to perform or reperform the services.
- Evaluate the adequacy and results of the nonattest services performed.
- Accept responsibility for the results of the nonattest services performed.

It is our understanding that Benjamin Armfield, CFO, has been designated by the District to oversee the nonattest services and that in the opinion of the District you are qualified to oversee our nonattest services as outlined above. If any issues or concerns in this area arise during the course of our engagement, we will discuss them with you prior to continuing with the engagement.

Timing

Chris Pritchard is the engagement principal and Katherine Djiauw is responsible for supervising the engagement and authorizing the signing of the report. We expect to begin the audit fieldwork for this engagement in August 2026, and issue our report no later than November 30, 2026.

Our scheduling depends on your completion of the year-end closing and adjusting process prior to our arrival to begin the fieldwork. We may experience delays in completing our services due to your staff's unavailability or delays in your closing and adjusting process. You understand our fees are subject to adjustment if we experience these delays in completing our services.

Fees

We estimate that our fees for the services will be $79,000.

Payment Due	Expected Timing	Amount
Engagement Acceptance (20%)	Engagement Letter Date	$15,800
Interim Fieldwork Begins (20%)	August 2026	$15,800
Year-End Fieldwork Begins (50%)	September 2026	$39,500
Report Finalization (10%)	October 2026	$7,900
Total		**$79,000**

In addition to fees, we will charge you for expenses. Our invoices include a flat expense charge, calculated as five percent (5%) of fees, to cover expenses such as copying costs, postage, administrative billable time, report processing fees, filing fees, and technology expenses. Travel expenses and client meals/entertainment expenses will be billed separately and are not included in the 5% charge.

Our ability to provide services in accordance with our estimated fees depends on the quality, timeliness, and accuracy of the District's records, and, for example, the number of general ledger adjustments required as a result of our work. To assist you in this process, we will provide you with a Client Audit Preparation Schedule that identifies the key work you will need to perform in preparation for the audit. We will also need your accounting staff to be readily available during the engagement to respond in a timely manner to our requests. Lack of preparation, poor records, general ledger adjustments, and/or untimely assistance will result in an increase of our fees.

Reporting

We will issue a written report upon completion of our audit of the District's financial statements. Our report will be addressed to the Board of Directors of the District. 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, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. Our services will be concluded upon delivery to you of our report on your financial statements for the year ended June 30, 2026.

We appreciate the opportunity to be of service to you. If you agree with the terms of our engagement as set forth in the Agreement, please sign the enclosed copy of this letter and return it to us with the Professional Services Agreement.

Very truly yours,

Baker Tilly US, LLP

Enclosures

Accepted and Agreed:

This Engagement Letter and the attached Professional Services Agreement set forth the entire understanding of Sonoma Valley Health Care District with respect to this engagement and the services to be provided by the Firm:

Signature:_____

Print Name:_____

Title:_____

Date:_____

Client: #620823
v. 06/04/2025

PROFESSIONAL SERVICES AGREEMENT
Audit and Nonattest Services - Government Auditing Standards Version (no compliance audit)

This Professional Services Agreement (the "PSA") together with the Engagement Letter, which is hereby incorporated by reference, represents the entire agreement (the "Agreement") relating to services that the Firm will provide to the District. Any undefined terms in this PSA shall have the same meaning as set forth in the Engagement Letter.

Objectives of the Audit

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objectives also include reporting on the following:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards.

The report on internal control and compliance will include a statement that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance, that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance, and, accordingly, it is not suitable for any other purpose.

The objectives of our audit are also to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Auditor's Responsibility

We will conduct our audit in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. As part of an audit conducted in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control or to identify deficiencies in the design or operation of internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time

The supplementary information will be subject to 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.

If our opinion on the financial statements 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 to issue a report as a result of this engagement.

Procedures and Limitations

Our procedures may include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of certain receivables and certain other assets, liabilities and

transaction details by correspondence with selected customers, creditors, and financial institutions. We may also 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 management about the financial statements and supplementary information and related matters. Management's failure to provide representations to our satisfaction will preclude us from issuing our report.

An audit includes examining evidence, on a test basis, 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. Material misstatements may include errors, fraudulent financial reporting, misappropriation of assets, or noncompliance with the provisions of laws, regulations, contracts, and grant agreements that are attributable to the entity or to acts by management or employees acting on behalf of the entity that may have a direct financial statement impact. Pursuant to *Government Auditing Standards*, we will not provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements and noncompliance may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards*. An audit is not designed to detect immaterial misstatements or noncompliance with the provisions of laws, regulations, contracts, and grant agreements that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors, fraudulent financial reporting, misappropriation of assets, and noncompliance with the provisions of laws, regulations, contracts and grant agreements that come to our attention, unless clearly inconsequential. We will also inform you of any other conditions or other matters involving internal control, if any, as required by *Government Auditing Standards*. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any time period for which we are not engaged as auditors.

We may assist management in the preparation of the District's financial statements and supplementary information. Regardless of any assistance we may render, all information included in the financial statements and supplementary information remains the representation of management. We may issue a preliminary draft of the financial statements and supplementary information to you for your review. Any preliminary draft financial statements and supplementary information should not be relied upon, reproduced or otherwise distributed without the written permission of the Firm.

Management's Responsibility

As a condition of our engagement, management acknowledges and understands that management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. We may advise management about appropriate accounting principles and their application and may assist in the preparation of your financial statements, but management remains responsible for the financial statements. Management also acknowledges and understands that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. This responsibility includes the maintenance of adequate records, the selection and application of accounting principles, and the safeguarding of assets. You are responsible for informing us about all known or suspected fraud affecting the District involving: (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the District received in communications from employees, former employees, regulators or others.

Management is responsible for adjusting the financial statements to correct material misstatements and for 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 financial statements as a whole.

Management is responsible for establishing and maintaining internal control over compliance with the provisions of laws, regulations, contracts, and grant agreements, and for identifying and ensuring that you comply with such provisions. Management is also responsible for addressing the audit findings and recommendations, establishing and maintaining a process to track the status of such findings and recommendations, and taking timely and appropriate steps to remedy any fraud and noncompliance with the provisions of laws, regulations, contracts, and grant agreements or abuse that we may report.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management agrees that as a condition of our engagement, management will provide us with:

- access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, whether obtained from within or outside of the general and subsidiary ledgers (including all

information relevant to the preparation and fair presentation of disclosures), such as records, documentation, and other matters;

- additional information that we may request from management for the purpose of the audit; and
- unrestricted access to persons within the District from whom we determine it necessary to obtain audit evidence.

Management's Responsibility to Notify Us of Affiliates

Our professional standards require that we remain independent of the District as well as any "affiliate" of the District. Professional standards define an affiliate as follows:

- a fund, component unit, fiduciary activity or entity that the District is required to include or disclose, and is included or disclosed in its basic financial statements, in accordance with generally accepted accounting principles (U.S. GAAP);
- a fund, component unit, fiduciary activity or entity that the District is required to include or disclosed in its basic financial statements in accordance with U.S. GAAP, which is material to the District but which the District has elected to exclude, and for which the District has more than minimal influence over the entity's accounting or financial reporting process;
- an investment in an investee held by the District or an affiliate of the District, where the District or affiliate controls the investee, excluding equity interests in entities whose sole purpose is to directly enhance the District's ability to provide government services;
- an investment in an investee held by the District or an affiliate of the District, where the District or affiliate has significant influence over the investee and for which the investment is material to the District's financial statements, excluding equity interests in entities whose sole purpose is to directly enhance the District's ability to provide government services

In order to fulfill our mutual responsibility to maintain auditor independence, you agree to notify the Firm of any known affiliate relationships, to the best of your knowledge and belief. Additionally, you agree to inform the Firm of any known services provided or relationships between affiliates of the District and the Firm or any of its employees or personnel.

Management's Responsibility for Supplementary Information

Management is responsible for the preparation of the supplementary information in accordance with the applicable criteria. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. Management is responsible to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon. For purposes of this Agreement, audited financial statements are deemed to be readily available if a third party user can obtain the audited financial statements without any further action by management. For example, financial statements on your Web site may be considered readily available, but being available upon request is not considered readily available.

Other Information Included in an Annual Report

When financial or nonfinancial information, other than financial statements and the auditor's report thereon, is included in an entity's annual report, management is responsible for that other information. Management is also responsible for providing the document(s) that comprise the annual report to us as soon as it is available.

Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the audited financial statements. If we identify that a material inconsistency or misstatement of the other information exists, we will discuss it with you; if it is not resolved U.S. GAAS requires us to take appropriate action.

Key Audit Matters

U.S. GAAS does not require the communication of key audit matters in the audit report unless engaged to do so. You have not engaged us to report on key audit matters, and the Agreement does not contemplate the Firm providing any such services. You agree we are under no obligation to communicate key audit matters in the auditor's report.

If you request to engage the Firm to communicate key audit matters in the auditor's report, before accepting the engagement we would discuss with you the additional fees to provide any such services, and the impact to the timeline for completing the audit.

Dissemination of Financial Statements

Our report on the financial statements must be associated only with the financial statements that were the subject of our engagement. You may make copies of our report, but only if the entire financial statements (including related footnotes and supplementary information, as appropriate) are reproduced and distributed with our report. You agree not to reproduce or associate our report with any other financial statements, or portions thereof, that are not the subject of this engagement.

Offering of Securities

This Agreement does not contemplate the Firm providing any services in connection with the offering of securities, whether registered or exempt from registration, and the Firm will charge additional fees to provide any such services. You agree not to incorporate or reference our report in a private placement or other offering of your equity or debt securities without our express written permission. You further agree we are under no obligation to reissue our report or provide written permission for the use of our report at a later date in connection with an offering of securities, the issuance of debt instruments, or for any other circumstance. We will determine, at our sole discretion, whether we will reissue our report or provide written permission for the use of our report only after we have conducted any procedures we deem necessary in the circumstances. You agree to provide us with adequate time to review documents where (a) our report is requested to be reissued, (b) our report is included in the offering document or referred to therein, or (c) reference to our firm is expected to be made. If we decide to reissue our report or provide written permission to the use of our report, you agree that the Firm will be included on each distribution of draft offering materials and we will receive a complete set of final documents. If we decide not to reissue our report or withhold our written permission to use our report, you may be required to engage another firm to audit periods covered by our audit reports, and that firm will likely bill you for its services. While the successor auditor may request access to our engagement documentation for those periods, we are under no obligation to permit such access.

Changes in Professional or Accounting Standards

To the extent that future federal, state, or professional rule-making activities require modification of our audit approach, procedures, scope of work, etc., we will advise you of such changes and the impact on our fee estimate. If we are unable to agree on the additional fees, if any, that may be required to implement any new accounting and auditing standards that are required to be adopted and applied as part of our engagement, we may terminate this Agreement as provided herein, regardless of the stage of completion.

Representations of Management

During the course of our engagement, we may request information and explanations from management regarding, among other matters, the District's operations, internal control, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide us with a written representation letter confirming some or all of the representations made during the engagement. The procedures that we will perform in our engagement will be heavily influenced by the representations that we receive from management. Accordingly, false representations could cause us to expend unnecessary efforts or could cause a material error or fraud to go undetected by our procedures. In view of the foregoing, you agree that we will not be responsible for any misstatements in the District's financial statements and supplementary information that we fail to detect as a result of false or misleading representations, whether oral or written, that are made to us by the District's management. While we may assist management in the preparation of the representation letter, it is management's responsibility to carefully review and understand the representations made therein.

In addition, because our failure to detect material misstatements could cause others relying upon our audit report to incur damages, the District further agrees to indemnify and hold us harmless from any liability and all costs (including legal fees) that we may incur in connection with claims based upon our failure to detect material misstatements in the District's financial statements and supplementary information resulting in whole or in part from knowingly false or misleading representations made to us by any member of the District's management.

Fees and Expenses

The District acknowledges that the following circumstances will result in an increase of our fees:

- Failure to prepare for the audit as evidenced by accounts and records that have not been subject to normal year-end closing and reconciliation procedures;
- Failure to complete the audit preparation work by the applicable due dates;

- Significant unanticipated transactions, audit issues, or other such circumstances;
- Delays causing scheduling changes or disruption of fieldwork;
- After audit or post fieldwork circumstances requiring revisions to work previously completed or delays in resolution of issues that extend the period of time necessary to complete the audit;
- Issues with the prior audit firm, prior year account balances or report disclosures that impact the current year engagement; and
- An excessive number of audit adjustments.

We will endeavor to advise you in the event these circumstances occur, however we may be unable to determine the impact on the estimated fee until the conclusion of the engagement. We will bill any additional amounts based on the experience of the individuals involved and the amount of work performed.

Billings are due upon presentation and become delinquent if not paid within 30 days of the invoice date. Any past due fee under this Agreement shall bear interest at the highest rate allowed by law on any unpaid balance. In addition to fees, you may be billed for expenses and any applicable sales and gross receipts tax. Direct expenses may be charged based on out-of-pocket expenditures, per diem allotments, and mileage reimbursements, depending on the nature of the expense. Indirect expenses, such as processing time and technology expenses, may be passed through at our estimated cost and may be billed as a flat charge or a percentage of fees. If we elect to suspend our engagement for nonpayment, we may not resume our work until the account is paid in full. If we elect to terminate our services for nonpayment, or as otherwise provided in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our work. You will be obligated to compensate us for fees earned for services rendered and to reimburse us for expenses. You acknowledge and agree that in the event we stop work or terminate this Agreement as a result of your failure to pay on a timely basis for services rendered by the Firm as provided in this Agreement, or if we terminate this Agreement for any other reason, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

District Information

All information provided by you or on your behalf (“District Information”) will be accurate and complete. You represent the provision of District Information to us will not infringe any intellectual property, privacy, proprietary, or other third-party rights. You also represent that you have obtained all necessary consents and have provided all necessary notifications to the extent required by applicable law in connection with the provision of District Information to us. The Firm will use at least the same degree of care to protect the confidentiality of District Information as it employs in maintaining in confidence its own confidential information of a similar nature, but in no event less than a reasonable degree of care. The Firm will not disclose District Information to any third party without your consent, except we may disclose District Information: (1) as required by law or regulation, or to respond to governmental inquiries, or in accordance with applicable professional standards or rules, or in connection with litigation or arbitration pertaining hereto; (2) to the extent such information (i) is or becomes publicly available other than as the result of a disclosure in breach hereof, (ii) becomes available to the Firm on a nonconfidential basis from a source that the Firm believes is not prohibited from disclosing such information to the Firm, or (iii) is already known by the Firm without any obligation of confidentiality with respect thereto; (3) to contractors providing administrative, infrastructure, and other support services to the Firm and subcontractors providing services in connection with this engagement, in each case, whether located within or outside of the United States, provided that such contractors and subcontractors have agreed to be bound by confidentiality obligations related to District Information; or (4) as otherwise permitted under this Agreement. This paragraph replaces and supersedes any prior confidentiality or non-disclosure agreements entered into by the Firm or its affiliates with respect to District Information.

Data Privacy and Security

To the extent the Services require the Firm to receive personal data or personal information from District, the Firm may process, and engage subcontractors to assist with processing, any personal data or personal information, as those terms are defined in applicable privacy laws, and such processing shall be in accordance with the requirements of the applicable privacy laws relevant to the processing in providing Services hereunder, including Services performed to meet the business purposes of the District, such as the Firm’s tax, advisory, and other consulting services. Applicable privacy laws may include any local, state, federal or international laws, standards, guidelines, policies or regulations governing the collection, use, disclosure, sharing or other processing of personal data or personal information with which the Firm or its clients must comply. Such privacy laws may include (i) the EU General Data Protection Regulation 2016/679 (GDPR); (ii) the California Consumer Privacy Act of 2018 (CCPA); and/or (iii) other laws regulating marketing communications, requiring security breach notification, imposing minimum security requirements, requiring the secure disposal of records,

and other similar requirements applicable to the processing of personal data or personal information. The Firm is acting as a Service Provider/Data Processor, as those terms are defined respectively under the CCPA/GDPR, in relation to District personal data and personal information. As a Service Provider/Data Processor processing personal data or personal information on behalf of District, the Firm shall, unless otherwise permitted by applicable privacy law, (a) follow District instructions; (b) not sell personal data or personal information collected from the District or share the personal data or personal information for purposes of targeted advertising; (c) process personal data or personal information solely for purposes related to the District's engagement and not for the Firm's own commercial purposes; and (d) cooperate with and provide reasonable assistance to District to ensure compliance with applicable privacy laws. District is responsible for notifying the Firm of any applicable privacy laws the personal data or personal information provided to the Firm is subject to, and District represents and warrants it has all necessary authority (including any legally required consent from individuals) to transfer such information and authorize the Firm to process such information in connection with the Services described herein. District further understands the Firm, Baker Tilly Advisory Group, LP and Moss Adams Advisory Group, LP and their affiliated entities (collectively, the "Firm Entities") may coprocess District data as necessary to perform the Services, pursuant to the alternative practice structure in place among the entities, and by executing this Agreement, you hereby consent to the sharing of District data, District files, workpapers and work product with such Firm Entities. Baker Tilly Advisory Group, LP maintains custody of client files for the Firm. The Firm Entities are bound by the same confidentiality obligations as the Firm. The Firm is responsible for notifying District if the Firm becomes aware that it can no longer comply with any applicable privacy law and, upon such notice, shall permit District to take reasonable and appropriate steps to remediate personal data or personal information processing. District agrees that the Firm Entities have the right to utilize District data to improve internal processes and procedures and to generate aggregated/deidentified data from the data provided by District to be used for the Firm Entities' business purposes and with the outputs owned by the Firm Entities. For clarity, the Firm Entities will only disclose aggregated/deidentified data in a form that does not identify District, District employees, or any other individual or business entity and that is stripped of all persistent identifiers. District is not responsible for the Firm Entities' use of aggregated/deidentified data.

The Firm has established information security related operational requirements that support the achievement of our information security commitments, relevant information security related laws and regulations and other information security related system requirements. Such requirements are documented in the Firm's policies and procedures. Information security policies have been implemented that define our approach to how systems and data are protected. District is responsible for providing timely written notification to the Firm of any additions, changes or removals of access for District personnel to the Firm provided systems or applications. If District becomes aware of any known or suspected information security or privacy related incidents or breaches related to this Agreement, District should timely notify the Firm via email at dataprotectionofficer@bakertilly.com.

Subpoena or Other Release of Documents

As a result of our services to you, we may be required or requested to provide information or documents to you or a third-party in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding (including a grand jury investigation), in which we are not a party. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we will construe your inaction or failure as consent to comply with the request. Our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to additional compensation for our time and reimbursement for our out-of-pocket expenditures (including legal fees) in complying with such request or demand.

Pursuant to authority given by law or regulation, we may be requested to make certain engagement documentation available to an applicable entity with oversight responsibilities for the 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 engagement documentation will be provided under the supervision of the Firm personnel. Furthermore, upon request, we may provide photocopies of selected engagement documentation to the aforementioned parties. These parties may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

Document Retention Policy

At the conclusion of this engagement, we will return to you all original records you supplied to us. Your District records are the primary records for your operations and comprise the backup and support for the results of this engagement. Our records and files, including our engagement documentation whether kept on paper or electronic media, are our property and are not a substitute for your own records. Our firm policy calls for us to destroy our engagement files and all pertinent engagement documentation after a retention period of seven years (or longer, if required by law or regulation), after which

time these items will no longer be available. We are under no obligation to notify you regarding the destruction of our records. We reserve the right to modify the retention period without notifying you. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period.

Except as set forth above, you agree that the Firm may destroy paper originals and copies of any documents, including, without limitation, correspondence, agreements, and representation letters, and retain only digital images thereof.

Use of Electronic Communication

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential. We employ measures in the use of electronic communications designed to provide reasonable assurance that data security is maintained. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific instructions to do otherwise, we will assume you consent to our use of electronic communications to your representatives and other use of these electronic devices during the term of this Agreement as we deem appropriate.

Enforceability

In the event that any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this Agreement.

Entire Agreement

This Professional Services Agreement and Engagement Letter constitute the entire agreement and understanding between the Firm and the District. The District agrees that in entering into this Agreement it is not relying and has not relied upon any oral or other representations, promise or statement made by anyone which is not set forth herein.

In the event the parties fail to enter into a new Agreement for each subsequent calendar year in which the Firm provides services to the District, the terms and conditions of this PSA shall continue in force until such time as the parties execute a new written agreement or terminate their relationship, whichever occurs first.

Use of the Firm's Name

The District may not use any of the Firm's or its affiliates' names, trademarks, service marks or logos in connection with the services contemplated by this Agreement or otherwise without the prior written permission of the Firm, which permission may be withheld for any or no reason and may be subject to certain conditions.

Use of Nonlicensed Personnel

Certain engagement personnel who are not licensed as certified public accountants may provide services during this engagement.

Resolution of Disagreements

In the unlikely event that differences concerning services, fees, this Agreement or any services subsequently provided to District by the Firm should arise ("Dispute(s)") that are not resolved by mutual agreement, both parties agree to attempt in good faith to settle the Dispute by mediation administered by the American Arbitration Association (AAA) under its mediation rules for professional accounting and related services disputes before resorting to litigation or any other dispute resolution procedure. Each party shall bear their own expenses from mediation, and the parties shall share equally in the mediator's fees and expenses.

If mediation does not settle the Dispute, then the parties agree that the Dispute shall be settled by binding arbitration to be initiated by the party seeking damages or other permitted relief in any form (the "Claimant"). The arbitration proceeding shall take place in the city in which the Firm office providing the services in Dispute is located, unless the parties mutually agree to a different location. The proceeding shall be governed by the provisions of the Federal Arbitration Act (FAA) and will proceed in accordance with the Arbitration Rules for Professional Accounting and Related Disputes of the AAA (the "Rules") as amended and effective February 1, 2015, except that no prehearing discovery shall be permitted unless specifically authorized by the arbitrator. Any issue concerning the extent to which the Dispute is subject to arbitration, or concerning the applicability, interpretation, or enforceability of any of these procedures, shall be governed by the FAA and resolved by the arbitrators. The arbitration will be conducted before a panel of three (3) arbitrators, with experience in accounting and auditing matters or resolving accounting and auditing matters. In the thirty (30) days after the arbitration is initiated, the parties shall attempt to mutually agree on the three (3) arbitrators, including one arbitrator who will serve as chair of the panel, and all of whom may be selected from AAA, JAMS, the Center for Public Resources, or any other internationally or nationally-recognized organization mutually agreed upon by the parties. If the parties cannot agree on a panel of three (3) arbitrators within the thirty (30) day period, the three (3) arbitrators shall be selected according to Rules A-16(a) and (b) of the Rules except that the AAA shall send an identical list of fifteen (15) names to the parties to the

arbitration. The arbitrator shall have no authority to award nonmonetary or equitable relief and will not have the right to award punitive damages or statutory awards. Furthermore, in no event shall the arbitrator have power to make an award that would be inconsistent with this Agreement or any amount that could not be made or imposed by a court deciding the matter in the same jurisdiction. The award of the arbitration shall be in writing and shall be accompanied by a well reasoned opinion. The award issued by the arbitrator may be confirmed in a judgment by any federal or state court of competent jurisdiction. Discovery shall be permitted in arbitration only to the extent, if any, expressly authorized by the arbitrators upon a showing of substantial need. Each party shall be responsible for their own costs associated with the arbitration, except that the costs of the arbitrators shall be equally divided by the parties. Both parties agree and acknowledge that they are each giving up the right to have any Dispute heard in a court of law before a judge and a jury, as well as any appeal. The arbitration proceeding and all information disclosed during the arbitration shall be maintained as confidential, except as may be required for disclosure to professional or regulatory bodies or in a related confidential arbitration. The arbitrators shall apply the limitations period that would be applied by a court deciding the matter in the same jurisdiction, including the contractual limitations set forth in this Agreement, and shall have no power to decide the Dispute in any manner not consistent with such limitations period. The arbitrators shall be empowered to interpret the applicable statutes of limitations subject to the choice of law provision set forth herein.

However, in the event of a receivership or delinquency proceeding commenced against the District, the mediation or arbitration agreement may operate at the option of the Department of Justice or may be disavowed by the statutory receiver.

Limitations

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

THE LIABILITY (INCLUDING ATTORNEY'S FEES AND ALL OTHER COSTS) OF THE FIRM AND ITS PRESENT OR FORMER PARTNERS, PRINCIPALS, AGENTS OR EMPLOYEES RELATED TO ANY CLAIM FOR DAMAGES RELATING TO THE SERVICES PERFORMED UNDER THIS AGREEMENT SHALL NOT EXCEED THE FEES PAID TO THE FIRM FOR THE PORTION OF THE WORK TO WHICH THE CLAIM RELATES, EXCEPT TO THE EXTENT FINALLY DETERMINED TO HAVE RESULTED FROM THE WILLFUL MISCONDUCT OR FRAUDULENT BEHAVIOR OF THE FIRM RELATING TO SUCH SERVICES. THIS LIMITATION OF LIABILITY IS INTENDED TO APPLY TO THE FULL EXTENT ALLOWED BY LAW, REGARDLESS OF THE GROUNDS OR NATURE OF ANY CLAIM ASSERTED, INCLUDING THE NEGLIGENCE OF EITHER PARTY.

EACH PARTY FURTHER AGREES THAT ANY LEGAL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE COMMENCED WITHIN ONE (1) YEAR AFTER THE CAUSE OF ACTION ARISES.

Termination

This Agreement may be terminated by either party, with or without cause, upon ten (10) days' written notice. In such event, we will stop providing services hereunder except on work, mutually agreed upon in writing, necessary to carry out such termination. In the event of termination: (a) you shall pay us for services provided and expenses incurred through the effective date of termination, (b) we will provide you with all finished reports that we have prepared pursuant to this Agreement, (c) neither party shall be liable to the other for any damages that occur as a result of our ceasing to render services, and (d) we will require any new accounting firm that you may retain to execute access letters satisfactory to the Firm prior to reviewing our files.

Hiring of Employees

We have a significant investment in the training and development of our accountants, and they are valued employees of the Firm. If you should hire one of our accountants either during the audit or within one year after the completion of this engagement, you agree to pay a personnel placement fee to compensate the Firm. Any offer of employment to members of the audit team prior to issuance of our report may impair our independence, and as a result, may result in our inability to complete the engagement and issue a report.

No Legal Advice Provided

The services performed under this Agreement do not include the provision of legal advice and the Firm makes no representations regarding questions of legal interpretation. You should consult with your attorneys with respect to any legal matters or items that require legal interpretation under federal, state or other type of law or regulation.

Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the state of Illinois, without giving effect to the provisions relating to conflict of laws**.**

Alternative Practice Structure: Baker Tilly International

Baker Tilly US, LLP and Baker Tilly Advisory Group, LP and its subsidiary entities provide professional services through an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable laws, regulations and professional standards. Baker Tilly US, LLP is a licensed independent CPA firm that provides attest services to clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and business advisory services to their clients. Baker Tilly Advisory Group, LP and its subsidiary entities are not licensed CPA firms.

Baker Tilly Advisory Group, LP and its subsidiaries and Baker Tilly US, LLP, trading as Baker Tilly, are independent members of Baker Tilly International. Baker Tilly International Limited is an English company. Baker Tilly International provides no professional services to clients. Each member firm is a separate and independent legal entity and each describes itself as such. Baker Tilly Advisory Group, LP and Baker Tilly US, LLP are not Baker Tilly International's agents and do not have the authority to bind Baker Tilly International or act on Baker Tilly International's behalf. None of Baker Tilly International, Baker Tilly Advisory Group, LP, Baker Tilly US, LLP, nor any of the other member firms of Baker Tilly International has any liability for each other's acts or omissions. The name Baker Tilly and its associated logo is used under license from Baker Tilly International Limited.

To: SVHCD Finance Committee
From: Ben Armfield, Chief Financial Officer
Date: February 24th, 2026
Subject: Capital Plan Review -Short-Term Priorities and Long-Range Planning

Purpose of Discussion

As part of the Finance Committee work plan, management is presenting a consolidated review of the hospital's critical short-term capital needs and longer-term deferred maintenance and infrastructure requirements.

The attached schedule is organized into three categories:

1. **Capital Projects in Motion** – Projects already approved and underway.
2. **Defined Capital Needs (0–5 Years)** – Identified infrastructure and equipment needs requiring prioritization within the next five years.
3. **Long-Range Infrastructure & Capital Planning Items (10+ Years)** – Planning-level estimates for major infrastructure systems and broader campus considerations that will require longer-term strategic sequencing.

This framework is intended to provide clarity around near-term capital priorities while also giving the Committee visibility into longer-range infrastructure planning considerations. It is not a funding request or a finalized capital budget, but an initial planning structure to support discussion and sequencing.

We are at the beginning of the FY27 budget process. As part of that effort, the hospital is cataloging capital needs across departments. A more concise, prioritized capital plan will accompany the FY27 budget submission.

I. Capital Projects in Motion

The schedule reflects projects already approved and underway, including:

- East Wing Air Handler #3 (approval contingent upon Fin Cmte review of the capital plan and public bids)
- Telemetry system replacement
- AC-1 cooling unit replacement

These projects address the most immediate operational and patient-safety risks. Replacement of AH-3 restores mechanical redundancy in the East Wing and materially reduces risk exposure should AH-1 or AH-2 fail.

With these projects moving forward, the hospital has stabilized its most acute infrastructure vulnerabilities.

II. Defined Capital Needs (0-5 Years)

The schedule identifies defined capital needs within a five-year horizon. These include:

- ODC completion – Beautification work and canopy installation for 3T MRI
- East Wing air handler replacements
- Emergency power transfer switches
- Boiler replacements
- Nurse call modernization
- Paging and communication systems
- Security upgrades

- Targeted IT and clinical equipment replacements

These items are more defined in scope and timing and will require prioritization and sequencing as part of the FY27 and FY28 budget cycles.

As part of the FY27 budget development process, management is conducting a broader equipment inventory and replacement assessment across departments. The next iteration of this capital plan will include a more comprehensive equipment catalog and prioritization framework.

That said, management is confident that the schedule presented captures the most critical and immediate operational and patient-safety capital needs currently facing the hospital.

III. Long-Range Infrastructure & Capital Planning Items (10+ Years)

The schedule also identifies long-range infrastructure planning items projected over a 10+ year horizon, including:

- Chiller plant modernization
- Central Wing air handlers
- West Wing air handlers
- Electrical panel modernization
- Seismic compliance retrofitting
- Campus redevelopment considerations

These estimates are planning-level and will require future engineering validation and strategic alignment. They are not immediate funding requests but are presented to provide long-range visibility and ensure integration with broader strategic planning efforts.

Context – Infrastructure Age and Sequencing

Many of the systems listed - air handlers, electrical infrastructure, piping, boilers, and elevators, are 30 to 60 years old. The hospital campus is made up of multiple interconnected buildings constructed and expanded over several decades, and the infrastructure reflects that history.

Reinvestment in facilities of this age is ongoing and cyclical. Like many independent community hospitals, we have historically balanced infrastructure replacement with operational and liquidity priorities, extending certain systems through maintenance and phased upgrades.

Bringing these items together in one consolidated view reflects a more intentional effort to catalog and plan over time - not a sudden change in condition.

Over the past several years, capital decisions were made within the realities of liquidity stabilization. When margin and cash flow were constrained, priority was placed on sustaining daily operations and addressing the most critical patient-safety needs. As financial performance has improved over the past two years, the hospital now has greater capacity to more deliberately plan for broader infrastructure reinvestment.

FY27 Budget Process and Next Steps

We are just beginning the FY27 budget development process. Departments are currently working with management to validate and refine capital requests.

Between now and formal budget submission, management intends to:

- Further scrub and prioritize short-term critical needs
- Identify proposed funding sources (operations, financing, philanthropy)
- Continue engineering review of major mechanical systems
- Refine cost estimates where appropriate

The FY27 budget presentation will include a more defined short-term capital plan and recommended funding approach.

Closing Perspective

Hospitals of our age and scale will always face the balance between extending useful life and reinvesting in infrastructure. This capital framework reflects a transition from reactive stabilization toward more structured, forward-looking capital planning.

The schedule is intended to support discussion and sequencing - not to signal immediate funding requirements. Management will continue refining near-term priorities through the FY27 budget process and will present a prioritized funding strategy with the formal budget submission.

I look forward to discussing this framework with the Committee.

Attachments

- Sonoma Valley Hospital Capital Needs

Sonoma Valley Hospital
Identified Short-Term and Long-Range Capital Needs
Feb-26

I. Capital Projects in Motion

Item	Type	Projected Cost	Age	Timeline	REPLACEMENT TIMELINE: FY 2026 PROJECTED	FY 2027 PROJECTED	WITHIN 3 YEARS	WITHIN 5 YEARS	10+ YEARS	Project Description / Comments:
Air Handler & Exhaust Fan - East Wing AH #3	Physical Plant	$ 2,050,000	45 Yr	NOW	$ 1,250,000	$ 800,000				AH-3 has failed and requires replacement and upsizing to support SNF load. Project restores East Wing redundancy and reduces risk if AH-1 or AH-2 fail.
Telemetry Replacement	Equipment	$ 620,000	15 Yr	NOW	$ 620,000					Replacement of 15-year-old unsupported telemetry system to improve monitoring reliability, safety, and Epic integration.
AC-1 Replacement	Physical Plant	$ 250,000	30 Yr	NOW	$ 250,000					Replacement of 30-year-old cooling unit serving critical areas; prevents operational disruption from failure.
SubTotal | Capital Projects in Motion		**$ 2,920,000**			**$ 2,120,000**	**$ 800,000**	**$ -**	**$ -**	**$ -**	

II. Defined Capital Needs | (0-5 Years)

Item	Type	Projected Cost	Age	Timeline	REPLACEMENT TIMELINE: FY 2026 PROJECTED	FY 2027 PROJECTED	WITHIN 3 YEARS	WITHIN 5 YEARS	10+ YEARS	Project Description / Comments:
IT Infrastructure Upgrades	IT Infrastructure	$ 2,000,000	20-40 Yr	FY27-3YR		$ 1,000,000	$ 1,000,000			Multi-year upgrades to aging core IT systems to address vulnerabilities and improve resilience.
Family Practice IT Infrastructure	IT Infrastructure	$ 25,000	unknown	3 YR			$ 25,000			Targeted IT upgrades dependent on future clinic configuration.
Workstation on Wheels (WOW) Carts	Equipment	$ 400,000	10+ Yr	5 YR				$ 400,000		Replacement of aging mobile documentation carts to support bedside Epic access.
Kitchen - Cooking & Serving Table	Equipment	$ 250,000	20 Yr	3 YR			$ 250,000			Replacement of 20-year-old cooking and serving equipment to support safe, reliable food service.
C-Arm (OR Equipment)	Equipment	$ 250,000	10+ Yr	5 YR				$ 250,000		Replacement of 20+ year-old C-arm to maintain OR imaging capability.
PACS Reading Workstations	Equipment	$ 250,000	10+ Yr	3 YR			$ 250,000			Replacement of end-of-life radiology reading stations and diagnostic monitors.
Surgical Lights and Booms Replacement	Equipment	$ 200,000	10+ Yr	3 YR			$ 200,000			Replacement of aging OR lights and booms to improve reliability and workflow.
OR Equipment	Equipment	$ 200,000	n/a	3 YR			$ 200,000			Placeholder for emerging OR equipment needs as surgical volumes grow.
Portable X-Ray Machine #2	Equipment	$ 130,000	10+ Yr	3 YR			$ 130,000			Replacement of aging portable X-ray unit used in ED and inpatient care. (Replaced 1 in FY25)
Cepheid - Molecular Testing Equipment	Equipment	$ 120,000	10+ Yr	3 YR			$ 120,000			Replacement of molecular testing platform to maintain rapid in-house diagnostics.
Medivator / GI Suite Replacement	Equipment	$ 75,000	10+ Yr	**NEXT FY**		$ 75,000				Replacement of aging GI reprocessor to maintain infection prevention and procedural reliability.
Orthopedic Trauma Trays	Equipment	$ 75,000	n/a	3 YR			$ 75,000			Placeholder for additional instrument sets to support ortho growth.
Bed Replacement | MedSurg (x10)	Equipment	$ 50,000	15+ Yr	**NEXT FY**		$ 50,000				Replacement of 10, 15+ year-old Med-Surg beds to improve safety and reliability.
Patient Room Tables (Over the bed tables) Replacement	Equipment	$ 50,000	10+ Yr	3 YR			$ 50,000			Replacement of worn patient room tables to improve safety and experience.
Ventilator #2	Equipment	$ 35,000	15+ Yr	**NEXT FY**		$ 35,000				Replacement of end-of-life ventilator to maintain backup respiratory capacity. (Replaced 1 in 2024)
Bi Pap Machines (x2)	Equipment	$ 30,000	10+ Yr	3 YR			$ 30,000			Replacement of aging BiPAP units used in ED and inpatient care.
Exam Tables - 1206(b) Verducci/Campbell	Equipment	$ 18,000	15+ Yr	**NEXT FY**		$ 18,000				Replacement of aging exam tables pending final clinic assessment.
ODC Completion	Construction	$ 750,000	n/a	NOW	$ 750,000					Final ODC completion costs - specific to the 3T MRI. Beautification improvements that include outdoor canopy.
Air Handlers (x6) - East Wing	Physical Plant	$ 5,000,000	45 Yr	3 YR			$ 5,000,000			East Wing air handlers are among the most vulnerable mechanical systems on campus. Project will modernize capacity, improve energy efficiency, and reduce operational risk of unplanned outages or complete failure.
Electrical - Automatic Transfer Switches	Physical Plant	$ 2,500,000	40 Yr	5 YR				$ 2,500,000		Replacement of 40-year-old transfer switches to ensure reliable emergency power transition. HCAI project.
Boilers - Main Hospital	Physical Plant	$ 1,750,000	15 Yr	5 YR				$ 1,750,000		Replacement of five aging boilers serving heating and hot water systems. HCAI project.
Boilers - Steam for Sterilizer	Physical Plant	$ 1,500,000	15 Yr	5 YR				$ 1,500,000		Replacement of sterilizer steam boilers; critical to surgical services and instrument processing.
Nurse Call	Physical Plant	$ 1,500,000	15 Yr	3 YR			$ 1,500,000			Replacement of end-of-life nurse call system to improve patient communication and safety. Need to replace 5 units. Will be HCAI project.
Paging System - Main Hospital	Physical Plant	$ 750,000	30 Yr	3 YR			$ 750,000			Replacement of outdated 30-year-old hospital-wide paging and emergency communication system.
Exhaust Fans - 7 West Wing	Physical Plant	$ 500,000	45 Yr	5 YR				$ 500,000		Replacement of additional West Wing exhaust fans to support air quality and infection control. HCAI project.
Medical Air - New Wing (2 Units)	Physical Plant	$ 400,000	15 Yr	5 YR				$ 400,000		Planned replacement of medical air compressors to maintain life-support reliability. Will be HCAI project.
Vacuum Systems New Wing (2 Units)	Physical Plant	$ 400,000	15 Yr	5 YR				$ 400,000		Replacement of central vacuum systems to ensure reliable suction capacity. Will be HCAI project.
Elevators - Door Kit / Door Controls	Physical Plant	$ 300,000	40 Yr	3 YR			$ 300,000			Required modernization to comply with updated California elevator safety standards.
Security Access - Badge access, Panic, Metal Detection, Camera System	Physical Plant	$ 275,000	n/a	**NEXT FY**		$ 275,000				Campus-wide security upgrade to meet 2027 OSHA workplace violence standards (exterior access, interior metal detection) and improve safety.

Exhaust Fans - 6 West Wing	Physical Plant	$ 250,000	45 Yr	5 YR				$ 250,000		Replacement and upsizing of aging exhaust fans to improve ventilation and code compliance. HCAI project.
Chilled Water Pipes - EAST WING	Physical Plant	$ 60,000	45 Yr	3 YR			$ 60,000			Aging chilled water piping in East Wing requires replacement.
Sewer Pumps in Basement	Physical Plant	$ 30,000	45 Yr	3 YR			$ 30,000			Replacement of aging basement sewer pumps to prevent failure and mitigate flood risk.
New Enterprise Resource Planning (ERP) Platform	Software	$ 500,000	10+ Yr	5 YR				$ 500,000		Replacement of outdated ERP system to improve financial, HR, and supply workflows. Have deferred twice since 2022. Will need to address within 5 years
SubTotal | Defined Capital Needs (0-5 Years)		**$ 20,623,000**			**$ 750,000**	**$ 1,453,000**	**$ 9,970,000**	**$ 8,450,000**	**$ -**	

III. Long Range Infrastructure & Capital Planning Items (10+ Years)

					REPLACEMENT TIMELINE:					
Item	**Type**	**Projected Cost**	**Age**	**Timeline**	**FY 2026 PROJECTED**	**FY 2027 PROJECTED**	**WITHIN 3 YEARS**	**WITHIN 5 YEARS**	**10+ YEARS**	**Project Description / Comments:**
Chiller 1 & 2	Physical Plant	$ 20,000,000	15 Yr	10+ YR					$ 20,000,000	Planning-level estimate for major chiller plant modernization; scope to be engineered and validated.
Air Handler - Central Wing	Physical Plant	$ 20,000,000	60 Yr	10+ YR					$ 20,000,000	Planning-level estimate for replacement of 60-year-old Central Wing air handlers; multi-phase project. Oldest AHs in hospital, but protected indoors.
Air Handler - West Wing	Physical Plant	$ 15,000,000	45 Yr	10+ YR					$ 15,000,000	Planning-level estimate for replacement of West Wing air handlers. Requires long-term sequencing.
Electrical Panels	Physical Plant	TBD	45+ Yr	TBD					TBD	Many panels are 45+ years old; replacements expected as larger projects proceed.
Campus Redevelopment	Physical Plant	TBD	n/a	TBD					TBD	Placeholder for future campus modernization and infrastructure reconfiguration.
Seismic Compliance Retrofitting	Physical Plant	TBD	45+ Yr	TBD					TBD	Placeholder for required 2030 seismic compliance work; scope TBD.
SubTotal | Long Range Infrastructure & Capital Planning Item		**$ 55,000,000**			**$ -**	**$ -**	**$ -**	**$ -**	**$ 55,000,000**	
Grand Total - Capital Needs		**$ 78,543,000**			**$ 2,870,000**	**$ 2,253,000**	**$ 9,970,000**	**$ 8,450,000**	**$ 55,000,000**	

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
HEALING HERE AT HOME

To: SVHCD Finance Committee
From: Ben Armfield, Chief Financial Officer
Date: February 24th, 2026
Subject: Accounts Receivable Analysis

Overview and Orientation of the Report

Attached is an analysis of the hospital's accounts receivable as of December 31, 2025. This memo provides a walkthrough of the various components of the analysis as well as a summary of our current billing practices and key takeaways in respects to our overall A/R and revenue cycle performance.

The following sections provide a detailed analysis of the hospital's Accounts Receivable (A/R), breaking down financial class performance, payor mix, and key revenue cycle trends:

(I) Epic Gross A/R Aging by Financial Class

This section presents an aging of the hospital's gross A/R, segmented by financial class. It includes active accounts only, excluding those with zero balances. Additionally, it identifies the top three respective payors for each financial class, providing insight into which payors contribute most significantly to each category.

As of December 31, 2025, the hospital's total Accounts Receivable (A/R) stands at $18.7 million, with 55% classified as unbilled. This reflects accounts tied to patients who were either still in-house at 12/31 or have been discharged but whose claims have yet to be billed. Encouragingly, over 90% of the total A/R is aged less than 90 days, demonstrating a strong overall revenue cycle collections process.

- **Comparison to Prior Year** | Compared to the prior year (January 31, 2025), total gross A/R increased approximately $1.6 million; however, the overall aging profile remains stable. The percentage of receivables under 90 days old declined slightly (from 92% to 91%) but continues to reflect a predominantly current receivables base. Importantly, there has been no material shift into older aging buckets, and the proportion of unbilled A/R remains consistent year over year at 55%.

(II) Epic A/R Aging Percentages by Financial Class

This section reports the percentage of each aging bucket relative to its total A/R within that financial class. For example, 82% of total Medicare gross accounts receivable is currently unbilled, while 18% of Medicare A/R has been billed and remains aged at less than 90 days. This data helps assess the timeliness of claims processing and identify potential bottlenecks or problematic payors.

(III) Net A/R by Financial Class

This section breaks down the hospital's Gross A/R into Net A/R by applying contractual adjustments - these are performed both within the system and by our accounting team using a rolling 12-month Zero Balance Analysis (ZBA) for each payor. The table also includes Days in Net A/R by financial class, offering a critical measure of how long, on average, net receivables remain outstanding before collection and bringing the account to close.

- **Comparison to Prior Year** | Despite higher gross A/R compared to the prior year, days in net A/R improved by approximately 2–3 days year over year. This indicates improved collection velocity and overall revenue cycle effectiveness.
  Most major financial classes remain within acceptable ranges. Management will continue monitoring Commercial PPO, Worker's Compensation, and Capitation categories, which reflect comparatively higher net A/R days. Self-Pay days also improved materially compared to the prior reporting year.

(IV) Revenue Cycle Key Performance Indicators

This section summarizes the hospital's trended performance in two key revenue cycle metrics:

- **Discharged Not Yet Billed (DNYB) Days** – Measures the efficiency of claims submission post-discharge. The hospital maintains an outstanding performer status per Epic standards, with a year-to-date (YTD) average of 8.0 days, well below the cautionary threshold of 10 days. This reflects efficient claim submission turnaround times.
- **Overall Denial Rate** – Represents the percentage of submitted claims rejected or denied by payors. The hospital's current YTD denial rate is 8.5%, which is up from the 6.5% from the prior year, but still maintaining outstanding performance well below the 10% threshold.

Hospital Billing Practices

One of the drivers contributing to our strong performance, particularly with keeping our denial rate below our peers is due to strategic billing practices we employ. The hospital follows a 5-day operational bill hold policy, meaning that claims identified by Epic as "Candidate for Billing", or claims the system has identified as ready to bill, are automatically held for an additional 5 days before releasing. While this slightly increases our outstanding A/R days on the front-end, it is a strategic decision aimed at ensuring greater billing accuracy and reducing denials. This hold allows our revenue cycle team to conduct a final review of each claim, with a particular focus on registration accuracy, insurance verification, and coding compliance. This has helped minimize costly rework due to claim denials and/or corrections.

Bad Debt Policy & Collections

The hospital follows a bad debt policy that transfers unpaid accounts to collections after 180 days from the first statement. Patients will receive a bill at days 30/60/90/120/150, and again at 180 days with a notification that account is being sent to a collection agency. Each account is documented with credit notes in patients' accounts, and there must be a minimum of 180 calendar days elapsing between the first notice to the patient and the date the account is assigned to bad debt. Rash Curtis & Associates is the bad debt collection agency we use for bad debt collections, and they receive a 11.5% collection fee on regular collection amounts recovered.

Conclusion

The hospital's A/R performance remains strong, with effective claims processing and a high percentage of recent A/R (over 90% less than 90 days old). Discharged Not Yet Billed Days and Denial Rates both meet or exceed industry benchmarks, supporting a robust revenue cycle. Continued focus on timely claim submission, payer follow-up, and collections efficiency by payor will remain a focus to continue to drive efficiencies within our A/R processes.

ATTACHMENTS:

- Accounts Receivable Analysis | December 2025

Sonoma Valley Health Care District
Accounts Receivable Analysis
As of December 31, 2025

I. Epic Gross A/R Aging by Financial Class

* Gross A/R, includes only active accounts (excludes zero balance encounters)

	Unbilled A/R			Billed A/R									
Financial Class	In-House	Discharged Not Billed	Total Unbilled A/R	0 to 30	31 to 60	61 to 90	91 to 120	121 to 180	Over 180	Total Billed A/R	GRAND TOTAL	%	Top 3 Payors in Bucket (as a % of Gross A/R Bucket Total):
Medicare	963,018	3,748,175	**4,711,193**	951,122	-	54,619	-	1,827	-	**1,007,568**	**5,718,762**	**31%**	Gov't Medicare (100%)
Medicare HMO	250,272	1,826,899	**2,077,172**	435,449	570,130	125,230	37,070	51,294	64,045	**1,283,217**	**3,360,389**	**18%**	Imperial Health Plan (25%), Kaiser Medicare (18%), United Healthcare Medicare (16%)
Commercial PPO	236,269	675,153	**911,421**	1,118,240	337,631	187,777	151,975	328,676	146,431	**2,270,729**	**3,182,151**	**17%**	Blue Shield PPO(25%), Kaiser(15%), Anthem PPO (15%)
Medi-Cal HMO	237,386	996,528	**1,233,914**	570,197	166,418	5,138	149,612	150,885	-	**1,042,251**	**2,276,165**	**12%**	Partnership Health Plan (85%), Blue Shield Medi-Cal HMO (5%), Kaiser Medi-Cal HMO (5%)
Self-Pay	76,503	144,828	**221,331**	381,267	255,007	380,406	265,267	180,421	52,417	**1,514,785**	**1,736,116**	**9%**	n/a
Commercial HMO	27,270	229,233	**256,504**	249,735	320,616	157,625	14,124	17,967	16,726	**776,793**	**1,033,297**	**6%**	Western Health Adv. Mgd Care (35%), Blue Shield Mgd Care (20%), United Mgd Care (25%)
Other Government	56,244	411,573	**467,817**	78,659	20,683	19,116	(1,952)	-	999	**117,505**	**585,322**	**3%**	VA (50%), CDCR/Prison (35%), Tricare (10%)
Medi-Cal	37,334	261,890	**299,224**	37,000	10,683	974	-	-	-	**48,657**	**347,882**	**2%**	Gov't Medi-Cal (100%)
Worker's Comp	15,100	59,054	**74,154**	87,604	29,980	8,155	7,828	14,496	39,669	**187,732**	**261,886**	**1%**	n/a
Capitation	40,189	50,674	**90,863**	115,596	-	-	-	-	-	**115,596**	**206,459**	**1%**	n/a
Other	-	-	**-**	13	16,965	-	-	-	-	**16,979**	**16,979**	**0%**	
Active AR Totals	**1,939,585**	**8,404,009**	**10,343,593**	**4,024,883**	**1,728,113**	**939,040**	**623,925**	**745,566**	**320,286**	**8,381,812**	**18,725,406**	**100%**	
% of Total A/R	***10%***	***45%***	***55%***	***21%***	***9%***	***5%***	***3%***	***4%***	***2%***	***45%***	***100%***		
% of Active A/R Less Than 90 Days Old			***91%***										

II. Epic A/R Aging Percentages by Financial Class

	Unbilled A/R			Billed A/R									
Financial Class	In-House	Discharged Not Billed	Total Unbilled A/R	0 to 30	31 to 60	61 to 90	91 to 120	121 to 180	Over 180	Total Billed A/R	GRAND TOTAL	%	Top 3 Payors in Bucket (as a % of Gross A/R Bucket Total):
Medicare	17%	66%	**82%**	17%	0%	1%	0%	0%	0%	**18%**	**100%**		Gov't Medicare (100%)
Medicare HMO	7%	54%	**62%**	13%	17%	4%	1%	2%	2%	**38%**	**100%**		United Medicare (30%), Kaiser Medicare (15%), Aetna Medicare(14%)
Commercial PPO	7%	21%	**29%**	35%	11%	6%	5%	10%	5%	**71%**	**100%**		Anthem PPO(30%), Blue Shield PPO(25%), Kaiser(20%)
Medi-Cal HMO	10%	44%	**54%**	25%	7%	0%	7%	7%	0%	**46%**	**100%**		Partnership Health Plan (90%), Blue Shield Medicaid HMO (5%)
Self-Pay	4%	8%	**13%**	22%	15%	22%	15%	10%	3%	**87%**	**100%**		n/a
Commercial HMO	3%	22%	**25%**	24%	31%	15%	1%	2%	2%	**75%**	**100%**		Western Health Adv. Mgd Care (40%), Blue Shield Mgd Care (25%), United Mgd Care (20%)
Other Government	10%	70%	**80%**	13%	4%	3%	0%	0%	0%	**20%**	**100%**		Gov't Medi-Cal (100%)
Medi-Cal	11%	75%	**86%**	11%	3%	0%	0%	0%	0%	**14%**	**100%**		VA (50%), CDCR/Prison (35%), Tricare (10%)
Worker's Comp	6%	23%	**28%**	33%	11%	3%	3%	6%	15%	**72%**	**100%**		n/a
Capitation	19%	25%	**44%**	56%	0%	0%	0%	0%	0%	**56%**	**100%**		n/a
Other	0%	0%	**0%**	0%	100%	0%	0%	0%	0%	**100%**	**100%**		
Active AR Totals	**10%**	**45%**	**55%**	**21%**	**9%**	**5%**	**3%**	**4%**	**2%**	**45%**	**100%**		

Sonoma Valley Health Care District
Accounts Receivable Analysis
As of December 31, 2025

III. Net A/R by Financial Class

Financial Class	Gross A/R Balance	Contractual Adjustment	Net A/R	Days in Net A/R
Medicare	5,718,762	(4,069,620)	1,649,142	49.8
Medicare HMO	3,360,389	(2,140,045)	1,220,343	49.3
Commercial PPO	3,182,151	(625,118)	2,557,032	66.1
Medi-Cal HMO	2,276,165	(1,551,258)	724,907	46.4
Commercial HMO	1,033,297	(758,167)	275,130	40.9
Other Government	585,322	(409,751)	175,571	46.9
Medi-Cal	347,882	(266,977)	80,905	37.7
Worker's Comp	261,886	(103,612)	158,274	71.3
Capitation	206,459	(119,188)	87,272	84.3
Other	16,979	(5,473)	11,506	20.9
Total	**16,989,290**	**(10,049,208)**	**6,940,082**	**54.0**
Self-Pay	1,736,116	(1,392,005)	344,111	152.9
Grand Total with Self Pay	**18,725,406**	**(11,441,212)**	**7,284,193**	**55.7**
Other GL Activity				
1206(b) Clinic (Not on Epic)	206,398	(96,491)	109,907	26.6
Grand Total	**18,931,804**	**(11,537,703)**	**7,394,100**	**54.8**

IV. A/R Revenue Cycle Key Performance Indicators

	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Definition
Discharged Not Yet Billed Days	9.0	7.3	11.9	7.8	6.1	7.9	7.0	The amount of discharged but not billed claims, as expressed in days in A/R

Outstanding Performer <8.0
Within Range 8.0 - 10.0
Caution 10.1 - 12.00
Opportunity for Improvement > 12.0

Discharged Not Yet Billed Days - Measures how quickly claims are sent to respective payors. Metric calcuates the amount of discharged but not billed claims, as expressed in days in A/R

FY25 YTD Average = 7.7
FY24 Average = 9.6

FY26 YTD Average = 8.0
FY25 Average = 8.5
FY24 Average = 9.6

	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Definition
Overall Denial Rate	7.0%	6.9%	7.0%	7.3%	16.0%	8.1%	7.0%	

Outstanding Performer <10.0
Within Range 10.1 - 15.00
Caution 15.01-20.00
Opportunity for Improvement > 20.0

Denial Rate - Represents the percentage of total claims submitted that are rejected or denied by payors

FY25 YTD Average = 6.5%
FY24 Average = 7.4%

FY26 YTD Average = 8.5%
FY25 Average = 7.7%
FY24 Average = 7.4%

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
HEALING HERE AT HOME

To: SVHCD Finance Committee
From: Ben Armfield, Chief Financial Officer
Date: February 24th, 2026
Subject: Financial Report for January 2026

OVERALL PERFORMANCE SUMMARY | MONTH OF JANUARY 2026

- **Operating Performance** – January represented the first month this fiscal year in which the hospital did not meet its monthly budget target. For the month, the hospital posted an operating loss of **$(552,000)** compared to a budgeted operating loss of **$(238,000)**. Operating EBDA was **$(177,000)** versus a budgeted positive **$275,000**.

  While January fell short of budget, year-to-date performance remains strong. Through seven months of the fiscal year, the hospital continues to outperform budget by a meaningful margin, sustaining a significantly improved financial position compared to prior years.

  The primary drivers of January's variance were:

  - A decline in surgical volumes
  - Several one-time expense increases
  - Elevated interest expense associated with full utilization of the line of credit

	Current Month				Year-To- Date						
	Actual	Budget	Var	%	Actual	Budget	Var	%	PY Actual	Var	%
Operating Margin	$ (552.4)	$ (238.2)	$ (314.2)	-132%	$ (507.3)	$ (2,805.7)	$ 2,298.4	82%	$ (2,609.4)	$ 2,102.0	81%
Operating EBDA	$ (177.4)	$ 275.2	$ (452.6)	-164%	$ 2,894.3	$ 837.7	$ 2,056.6	246%	$ 1,084.4	$ 1,809.9	167%
Net Income (Loss)	$ (300.4)	$ (82.3)	$ (218.1)	-265%	$ 1,225.8	$ (1,714.6)	$ 2,940.4	171%	$ (1,298.9)	$ 2,524.7	194%

- **Operating Revenues** - **$6.74 Million,** which exceeded budget by **2%** or **$156,000**. While total operating revenue modestly exceeded budget, this was driven by IGT revenue. On a core operating basis, gross patient revenue fell short of expectations for the first time this fiscal year.

  Net Patient Revenue (excluding IGT proceeds) was **$3.95 million**, approximately **12% below budget**, driven primarily by reduced surgical volumes during the month. Notwithstanding the softness in surgical activity, key service areas - including the Emergency Department and MRI - continued to demonstrate strong performance.

  January also reflects an important positive development related to the Rate Range IGT program. As previously discussed, the hospital budgeted a $10 million net benefit for the FY26 program and ultimately realized a full $12 million net benefit. As a result, beginning in January, the hospital will accrue approximately $330,000 of additional net revenue per month through fiscal year-end to recognize this incremental benefit.

- **Operating Expenses** - **$7.29 Million**, which exceeded budget by **7%** or (**$471,000)**. Several expense increases during the month were either one-time in nature or timing-related:

  - **Benefits Expense** – Benefit expense increased by approximately $60,000 in January due to front-loaded funding of a couple components of our captive insurance program. Previously, these costs were spread and paid quarterly. Beginning in January 2026, the structure shifted,

concentrating more of the administrative cost in the early part of the year. Importantly, these dollars were budgeted for the fiscal year but were originally spread more evenly over 12 months. As a result, this variance should normalize over the coming months as the expense was budgeted for the year but shifted in timing.

- **Purchased Services** – January included certain one-time true-ups to actual expenses, contributing to the monthly variance.
- **Interest Expense** – Similar to December, January included approximately $70,000 of incremental interest expense associated with the line of credit being fully drawn during the liquidity-constrained period. With IGT proceeds now received, interest expense is expected to revert to more typical levels beginning in February.
- **FTEs** – Worked FTEs decreased from the prior month, reflecting management's efforts to flex staffing downward in response to lower volumes. This demonstrates appropriate operational discipline during softer revenue periods.

- **Year-To-Date** - Despite January's shortfall, the hospital remains in a strong year-to-date position:
  - **Operating Margin** stands at **$(507,000)** compared to a budgeted loss of **$(2.81 million).**
  - **Operating EBDA** totals **$2.89 million**, exceeding budget by more than **$2.0 million**.
- **Cash** – Cash levels improved during January, driven primarily by receipt of the Kaiser portion of the Rate Range IGT proceeds. During the month, the hospital received approximately $2.6 million in IGT funding, representing a net benefit of approximately $1.2 million after accounting for the matching fee pay-in made in November. January also reflected strong patient cash collections, further supporting liquidity.

  As a result of these inflows, cash increased from $1.57 million at December month-end to $1.86 million at January month-end, with Days Cash on Hand improving from 12.0 days to 13.4 days.

  Importantly, this improvement occurred despite deliberate efforts during the month to reduce elevated accounts payable balances that had accumulated during the prior cash-constrained period. Management began normalizing payables as liquidity strengthened, and that process will continue in the coming months, particularly with the remaining IGT-related proceeds received in February, as discussed below.

DRIVERS IN MONTHLY PERFORMANCE

- **Inpatient Activity** - Despite the overall revenue softness, inpatient activity remained strong. Average Daily Census was approximately **11.2** for the month, consistent with elevated utilization seen in prior months.
- **Emergency Department** - ER volumes remained strong at roughly 33 visits per day, continuing to reflect sustained demand.
- **Outpatient Activity** - Performance was mixed. MRI volumes remained strong despite lost business days. Other imaging areas experienced temporary declines but have already rebounded in February.
- **Surgical Volumes** - Surgical activity was the most significant driver of January's revenue performance. A total of 120 surgeries were performed during the month - the lowest monthly total this fiscal year and nearly 20% below budget. As noted above, holiday timing and physician availability were primary contributors. Encouragingly, surgical volumes have risen in February.

OTHER FINANCE UPDATES

IGT Update

We are excited to report that the hospital received the Rate Range IGT funds from Partnership Health Plan in mid February, and has now received all applicable Rate Range IGT funds for the CY24 (FY26) Program. Between Kaiser and Partnership, the hospital realized a full **$12 million net benefit**, exceeding the originally budgeted amount. Again, for perspective, the hospital netted just over $3 million just two fiscal years ago in FY24.

Management has now pivoted toward negotiations for the CY25 (FY27) program. Work on that process is underway, and we expect to have more clarity on projected funding levels by late March or early April.

District Hospital Directed Payment Program

In early February, the hospital made its matching fee pay-in for the District Hospital Directed Payment Program, another IGT program in which the hospital participates. This program provides incremental directed payments tied to managed Medi-Cal encounters.

The hospital made a matching fee pay-in of approximately **$350,000** and expects to receive approximately **$850,000 in gross proceeds**, resulting in an estimated **$500,000 net benefit**. Funds are anticipated in April or May.

FY27 Budget Process

Management has initiated the early phases of the FY27 budget process. Preliminary volume assumptions and high-level budget drivers are currently being developed, with the intent of sharing initial framing with the Committee next month. Formal department-level budget meetings are scheduled to begin in late March.

Capital Needs

As part of the FY27 budget process, management will be producing:

- A short-term assessment of critical capital needs, and
- A broader catalog of longer-term infrastructure and equipment priorities.

This effort is intended to better align capital requests with strategic priorities and realistic funding capacity, supporting a more deliberate, multi-year capital planning framework.

FINANCE REPORT ATTACHMENTS:

- Attachment A Income Statement
- Attachment B Balance Sheet
- Attachment C Cash Flow Forecast
- Attachment D Key Performance Indicators | Volumes & Statistics
- Attachment E Key Performance Indicators | Overall Performance

Sonoma Valley Health Care District
Income Statement (in 1000s)
For the Period Ended January 31, 2026

ATTACHMENT A

		Month				Year-To- Date						
Revenues		**CYM Actual**	**CYM Budget**	**Var**	**%**	**YTD Actual**	**YTD Budget**	**Var**	**%**	**PYTD Actual**	**Var**	**%**
1	Net Patient Revenue	$ 3,948.6	$ 4,510.6	(562.0)	-12%	$ 32,062.7	$ 28,784.2	3,278.4	11%	$ 29,331.5	2,731.2	9%
2	IGT Program Revenue	2,375.9	1,653.7	722.3	44%	12,313.1	11,575.8	737.3	6%	6,464.5	5,848.6	90%
3	Parcel Tax Revenue	316.7	316.7	(0.0)	0%	2,216.6	2,216.7	(0.0)	0%	2,216.7	(0.0)	0%
4	Other Operating Revenue	96.0	99.9	(3.8)	-4%	699.1	699.2	(0.0)	0%	696.3	2.8	0%
5	**Total Revenue**	**$ 6,737.2**	**$ 6,580.8**	**156.4**	**2%**	**$ 47,291.5**	**$ 43,275.9**	**4,015.6**	**9.3%**	**$ 38,708.9**	**8,582.6**	**22%**
Operating Expenses		**CYM Actual**	**CYM Budget**	**Var**	**%**	**YTD Actual**	**YTD Budget**	**Var**	**%**	**PYTD Actual**	**Var**	**%**
6	Labor / Total People Cost	$ 3,332.5	$ 3,177.4	155.1	5%	$ 22,466.5	$ 21,269.7	1,196.8	6%	$ 20,129.1	2,337.4	12%
7	Professional Fees	898.7	727.5	171.2	24%	4,886.5	4,785.8	100.7	2%	4,767.3	119.2	3%
8	Supplies	642.3	703.7	(61.4)	-9%	5,085.3	4,844.7	240.6	5%	4,290.2	795.1	19%
9	Purchased Services	461.6	434.0	27.6	6%	3,097.6	2,998.2	99.5	3%	2,757.2	340.4	12%
10	Depreciation	374.9	513.3	(138.4)	-27%	3,401.6	3,643.4	(241.8)	-7%	3,693.8	(292.2)	-8%
11	Interest	119.1	96.6	22.6	23%	369.8	387.7	(17.9)	-5%	271.9	97.9	36%
12	Other	400.2	401.8	(1.6)	0%	2,843.4	2,799.8	43.6	2%	2,623.1	220.3	8%
13	IGT Program Expense	1,060.2	764.6	295.6	39%	5,648.0	5,352.4	295.6	6%	2,785.6	2,862.4	103%
14	**Operating Expenses**	**$ 7,289.6**	**$ 6,819.0**	**470.6**	**6.9%**	**$ 47,798.9**	**$ 46,081.6**	**1,717.2**	**3.7%**	**$ 41,318.3**	**6,480.6**	**16%**
15	**Operating Margin**	**$ (552.4)**	**$ (238.2)**	**$ (314.2)**	**-132%**	**$ (507.3)**	**$ (2,805.7)**	**$ 2,298.4**	**82%**	**$ (2,609.4)**	**$ 2,102.0**	**81%**
Non Operating Income		**CYM Actual**	**CYM Budget**	**Var**	**%**	**YTD Actual**	**YTD Budget**	**Var**	**%**	**PYTD Actual**	**Var**	**%**
16	GO Bond Activity, Net	235.2	128.6	106.5	83%	1,477.1	900.4	576.7	64%	1,128.6	348.5	31%
17	Misc Revenue/(Expenses)	16.8	27.2	(10.5)	-38%	256.0	190.7	65.3	34%	181.9	74.1	41%
18	**Total Non-Op Income**	**$ 251.9**	**$ 155.9**	**96.1**	**62%**	**$ 1,733.2**	**$ 1,091.1**	**642.1**	**59%**	**$ 1,310.5**	**422.6**	**32%**
19	**Net Income (Loss)**	**$ (300.4)**	**$ (82.3)**	**(218.1)**	**-265%**	**$ 1,225.8**	**$ (1,714.6)**	**2,940.4**	**171%**	**$ (1,298.9)**	**2,524.7**	**194%**
20	Restricted Foundation Contr.	-	125.0	(125.0)	-100%	1,953.2	875.0	1,078.2	123%	1,985.9	(32.7)	-2%
21	**Change in Net Position**	**$ (300.4)**	**$ 42.7**	**(343.1)**	**804%**	**$ 3,179.0**	**$ (839.6)**	**4,018.7**	**479%**	**$ 687.0**	**2,492.0**	**363%**
22	**Operating EBDA**	**$ (177.4)**	**$ 275.2**	**(452.6)**	**-164%**	**$ 2,894.3**	**$ 837.7**	**2,056.6**	**246%**	**$ 1,084.4**	**1,809.9**	**167%**

Sonoma Valley Health Care District **ATTACHMENT B**

Balance Sheet
As of January 31, 2026
Expressed in 1,000s

		Current Month	Prior Month	FYE 2025 Prior Year
	Assets			
	Current Assets:			
1	Cash	$ 1,861.4	$ 1,565.6	$ 4,386.3
2	Net Patient Receivables	7,990.2	8,817.1	7,585.8
3	Allow Uncollect Accts	(1,496.5)	(1,423.0)	(1,256.1)
4	Net Accounts Receivable	$ 6,493.7	$ 7,394.1	$ 6,329.7
5	IGT Program Receivable	21,047.4	19,320.5	-
6	Parcel Tax Receivable	1,744.6	1,744.6	-
7	GO Bond Tax Receivable	1,626.5	3,115.2	-
8	Other Receivables	900.0	645.6	1,423.3
9	Inventory	992.5	962.8	841.0
10	Prepaid Expenses	1,328.6	1,191.0	788.1
11	Total Current Assets	$ 35,994.7	$ 35,939.3	$ 13,768.5
12	Property,Plant & Equip, Net	$ 60,570.3	$ 60,300.4	$ 60,342.6
13	Trustee Funds - GO Bonds	5,004.8	3,505.2	5,986.7
14	Other Assets - Deferred IGT Expense	5,421.1	4,734.4	-
15	**Total Assets**	**$ 106,990.9**	**$ 104,479.2**	**$ 80,097.8**
	Liabilities & Fund Balances			
	Current Liabilities:			
16	Accounts Payable	7,006.0	$ 7,831.8	$ 7,282.7
17	Accrued Compensation	4,525.4	4,260.9	4,059.9
18	IGT Program Payable	590.9	(1,182.5)	-
19	Interest Payable - GO Bonds	169.5	136.7	154.4
20	Accrued Expenses	808.6	416.2	166.1
21	Deferred IGT Revenue	11,929.4	9,938.7	-
22	Deferred Parcel Tax Revenue	1,583.4	1,900.0	-
23	Deferred GO Bond Tax Revenue	1,371.7	1,646.0	-
24	Current Maturities-LTD	740.0	740.0	740.0
25	Line of Credit - Summit Bank	10,500.0	10,500.0	-
26	Other Liabilities	-	-	-
27	Total Current Liabilities	$ 39,224.9	$ 36,187.8	$ 12,403.1
28	Long Term Debt, net current portion	$ 23,654.7	$ 23,879.7	$ 27,239.3
29	Total Fund Balance	$ 44,111.3	$ 44,411.8	$ 40,455.4
30	**Total Liabilities & Fund Balances**	**$ 106,990.9**	**$ 104,479.2**	**$ 80,097.8**

Cash Indicators	Current Month	Prior Month	Prior Year FYE
Days Cash	13.4	12.0	29.2
A/R Days	42.2	48.0	45.8
A/P Days	64.9	72.5	67.2

Sonoma Valley Health Care District

Projected Cash Forecast (In 1000s)

FY 2026

ATTACHMENT C

		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	$ 4,683.2	$ 4,292.8	$ 4,956.9	$ 4,513.5	$ 4,208.0	$ 4,353.9	$ 4,970.2	$ 4,100.0	$ 4,400.0	$ 4,300.0	$ 4,300.0	$ 4,357.0	$ 53,435.5
2	Other Revenue - Operating & Non-Op	182.5	104.0	101.6	94.6	101.0	129.0	91.8	130.0	105.0	105.0	105.0	105.0	1,354.4
3	IGT Program Revenue	-	-	-	523.7	31.5	-	2,639.8	20,155.6	0.9	-	850.0	161.5	24,363.0
4	Parcel Tax Revenue	110.9	-	-	-	-	2,055.4	-	-	-	1,608.7	-	-	3,775.0
5	Unrestricted Contributions	4.0	-	-	-	-	-	-	-	-	-	-	-	4.0
6	**Sub-Total Hospital Sources**	**$ 4,980.6**	**$ 4,396.8**	**$ 5,058.5**	**$ 4,608.1**	**$ 4,309.0**	**$ 7,112.5**	**$ 7,701.8**	**$ 24,385.6**	**$ 4,505.9**	**$ 6,013.7**	**$ 5,255.0**	**$ 4,623.5**	**$ 82,951.0**
	Hospital Uses of Cash													
7	Operating Expenses / AP Payments	$ 5,649.7	$ 4,948.5	$ 4,975.3	$ 6,009.0	$ 4,877.2	$ 5,616.9	$ 6,661.0	$ 7,800.0	$ 5,750.0	$ 5,500.0	$ 5,900.0	$ 5,200.0	$ 68,887.6
8	Term Loan Paydowns - Summit / CHFFA	73.6	73.6	73.6	73.6	73.6	73.6	131.0	73.6	73.6	73.6	73.6	73.6	940.3
9	IGT Financing Interest	-	-	-	-	106.0	77.1	74.2	-	-	-	-	-	257.3
10	IGT Matching Fee Payments	-	228.5	-	-	10,426.1	-	-	350.0	-	-	87.7	-	11,092.4
11	Capital Expenditures - SVH Funded	145.6	-	11.3	84.5	59.3	60.0	539.8	21.8	149.6	99.6	344.5	394.5	1,910.7
12	Capital Expenditures - Foundation Funded	876.5	468.8	133.8	205.4	94.3	69.6	-	-	-	-	-	-	1,848.4
13	**Total Hospital Uses**	**$ 6,745.4**	**$ 5,719.5**	**$ 5,194.0**	**$ 6,372.4**	**$ 15,636.6**	**$ 5,897.2**	**$ 7,406.0**	**$ 8,245.3**	**$ 5,973.2**	**$ 5,673.2**	**$ 6,405.8**	**$ 5,668.1**	**$ 84,936.7**
	Net Hospital Sources/Uses of Cash	**$ (1,764.7)**	**$ (1,322.7)**	**$ (135.5)**	**$ (1,764.3)**	**$ (11,327.6)**	**$ 1,215.3**	**$ 295.8**	**$ 16,140.3**	**$ (1,467.3)**	**$ 340.5**	**$ (1,150.8)**	**$ (1,044.6)**	**$ (1,985.7)**
	Non-Hospital Sources													
14	Restricted Donations (rec'd from Foundation)	806.7	538.6	214.6	124.5	94.3	-	-	-	-	-	-	-	1,778.8
15	Line of Credit - Draw	-	-	-	-	10,500.0	-	-	-	-	-	-	-	10,500.0
17	**Sub-Total Non-Hospital Sources**	**$ 806.7**	**$ 538.6**	**$ 214.6**	**$ 124.5**	**$ 10,594.3**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 12,278.8**
	Non-Hospital Uses of Cash													
18	Line of Credit - Payoff	-	-	-	-	-	-	-	10,500.0	-	-	-	-	10,500.0
20	**Sub-Total Non-Hospital Uses of Cash**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 10,500.0**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 10,500.0**
21	**Net Non-Hospital Sources/Uses of Cash**	**$ 806.7**	**$ 538.6**	**$ 214.6**	**$ 124.5**	**$ 10,594.3**	**$ -**	**$ -**	**$ (10,500.0)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,778.8**
22	**Net Sources/Uses**	**$ (958.0)**	**$ (784.1)**	**$ 79.1**	**$ (1,639.8)**	**$ (733.3)**	**$ 1,215.3**	**$ 295.8**	**$ 5,640.3**	**$ (1,467.3)**	**$ 340.5**	**$ (1,150.8)**	**$ (1,044.6)**	**$ (206.9)**
23	Total Cash at beginning of period	$ 4,386.3	$ 3,428.3	$ 2,644.2	$ 2,723.3	$ 1,083.5	$ 350.3	$ 1,565.6	$ 1,861.4	$ 7,501.7	$ 6,034.3	$ 6,374.9	$ 5,224.1	
24	**Total Cash at End of Period**	**$ 3,428.3**	**$ 2,644.2**	**$ 2,723.3**	**$ 1,083.5**	**$ 350.3**	**$ 1,565.6**	**$ 1,861.4**	**$ 7,501.7**	**$ 6,034.3**	**$ 6,374.9**	**$ 5,224.1**	**$ 4,179.4**	
25	**Days of Cash on Hand at End of Month**	**22.0**	**17.0**	**17.5**	**7.2**	**4.3**	**12.0**	**13.4**	**48.1**	**38.7**	**40.9**	**33.5**	**26.8**	

Sonoma Valley Health Care District **ATTACHMENT D**

Key Performance Indicators | Volumes & Statistics

For the Period Ended January 31, 2026

	Current Month				Year-To- Date						
	Actual	Budget	Var	%	YTD Actual	YTD Budget	Var	%	PYTD Actual	Var	%
Inpatient Volume											
Acute Patient Days	348	278	70	25%	2,061	1,803	258	14%	1,687	374	22%
Acute Discharges	90	76	14	19%	567	491	76	15%	448	119	27%
Average Length of Stay	3.9	3.7	0.2	5%	3.6	3.7	(0.0)	-1%	3.8	(0.1)	-3%
Average Daily Census	11.2	9.0	2.3	25%	9.6	8.4	1.2	14%	7.8	2	22%
Surgical Volume											
IP Surgeries	5	10	(5)	-52%	82	67	15	22%	59	23	39%
OP Surgeries	115	138	(23)	-17%	1,000	909	91	10%	903	97	11%
Total Surgeries	**120**	**149**	**(29)**	**-19%**	**1,082**	**976**	**106**	**11%**	**962**	**120**	**12%**
Other Outpatient Activity											
Total Outpatient Visits	5,784	5,812	(28)	0%	41,875	39,834	2,041	5%	39,725	2,150	5%
Emergency Room Visits	1,022	950	72	8%	7,020	6,222	798	13%	6,460	560	9%

Payor Mix	Actual	Budget	%	Actual	Budget	%
Medicare	39.8%	37.7%	2.1%	38.9%	37.9%	1.0%
Medicare Mgd Care	18.1%	18.2%	-0.1%	18.2%	18.3%	-0.1%
Medi-Cal	16.4%	16.2%	0.2%	17.9%	16.2%	1.7%
Commercial	22.1%	23.9%	-1.8%	21.2%	23.8%	-2.6%
Other	3.5%	3.9%	-0.4%	3.7%	3.8%	-0.1%
Total	**100.0%**	**100.0%**		**100.0%**	**100.0%**	

Payor Mix calculated based on gross revenues

Trended Outpatient Visits by Area

	Most Recent Six Months							YoY Monthly Averages			
Department	**Aug-25**	**Sep-25**	**Oct-25**	**Nov-25**	**Dec-25**	**Jan-26**	**Last 6 Months**	**FY26**	**FY25**	**Chg**	**% Chg**
Lab	1,403	1,481	1,535	1,217	1,355	1,420		1,409	1,348	60	4%
Medical Imaging	1,011	999	1,056	940	1,081	1,041		1,031	982	48	5%
Physical Therapy	1,465	1,502	1,600	1,270	1,337	1,439		1,419	1,424	(5)	0%
CT Scanner	458	482	545	465	508	454		489	449	39	9%
Occ. Health	256	285	313	282	310	279		275	267	8	3%
Mammography	230	250	295	254	301	238		257	245	13	5%
Occ. Therapy	208	195	236	248	285	256		245	203	42	21%
Ultrasound	251	247	281	289	295	244		272	218	54	25%
MRI	178	251	251	202	245	235		227	181	46	26%
ECHO	100	114	131	88	132	100		114	129	(14)	-11%
Speech Therapy	59	53	57	58	57	50		56	68	(12)	-17%
Other	28	19	17	18	33	28		24	23	1	5%
TOTAL	**5,925**	**6,203**	**6,601**	**5,331**	**5,938**	**5,784**		**5,986**	**5,789**	**197**	**3%**
Emergency Room	1,040	975	952	932	1,047	1,022		1,000	868	132	15%
ER Visits / Day	33.5	32.5	30.7	31.1	33.8	33.0		32.6	28.9	3.7	13%

Sonoma Valley Health Care District **ATTACHMENT E**

Overall Performace | Key Performance Indicators

For the Period Ended January 31, 2026

	Current Month				Year-To- Date						
	Actual	Budget	Var	%	Actual	Budget	Var	%	PY Actual	Var	%
Operating Margin	$ (552.4)	$ (238.2)	$ (314.2)	-132%	$ (507.3)	$ (2,805.7)	$ 2,298.4	82%	$ (2,609.4)	$ 2,102.0	81%
Operating EBDA	$ (177.4)	$ 275.2	$ (452.6)	-164%	$ 2,894.3	$ 837.7	$ 2,056.6	246%	$ 1,084.4	$ 1,809.9	167%
Net Income (Loss)	$ (300.4)	$ (82.3)	$ (218.1)	-265%	$ 1,225.8	$ (1,714.6)	$ 2,940.4	171%	$ (1,298.9)	$ 2,524.7	194%

Operating Revenue Summary (All Numbers in 1000s)

Net Patient Revenue	$ 6,325	$ 6,164	$ 160	3%	$ 44,376	$ 40,360	$ 4,016	10%	$ 35,796	$ 8,580	24%
NPR as a % of Gross	21.1%	19.6%	7.8%		19.1%	19.6%	-3.0%		17.4%	9.5%	
Operating Revenue	$ 6,737	$ 6,581	$ 156	2%	$ 47,292	$ 43,276	$ 4,016	9%	$ 38,708.9	$ 8,583	22%

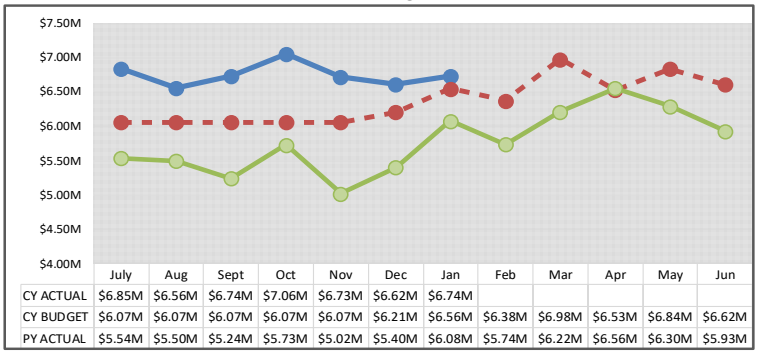
Operating Expense Summary (All Numbers in 1000s)

Operating Expenses	$ 7,290	$ 6,819	$ 471	7%	$ 47,799	$ 46,082	$ 1,717	4%	$ 41,318	$ 6,481	16%
Op Exp. Excl. Depr.	$ 6,915	$ 6,306	$ 609	10%	$ 44,397	$ 42,438	$ 1,959	5%	$ 37,624	$ 6,773	18%
Worked FTEs	229.91	232.10	(2.19)	-1%	231.80	227.10	4.71	2%	218.09	13.71	6%

Trended Operating Revenue & Operating Expense Graphs

Trended Operating Revenues

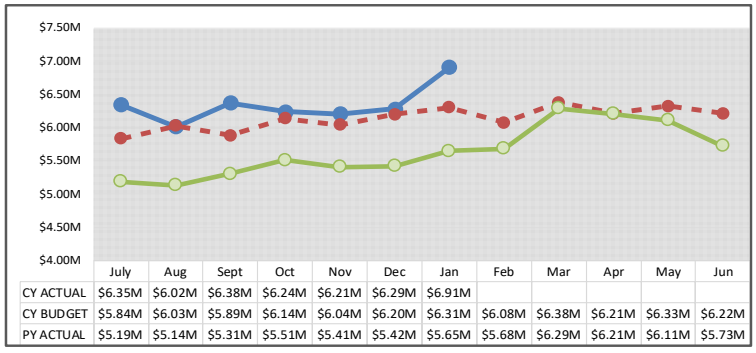
CY Actual vs CY Budget vs PY Actual



	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
CY ACTUAL	$6.85M	$6.56M	$6.74M	$7.06M	$6.73M	$6.62M	$6.74M					
CY BUDGET	$6.07M	$6.07M	$6.07M	$6.07M	$6.07M	$6.21M	$6.56M	$6.38M	$6.98M	$6.53M	$6.84M	$6.62M
PY ACTUAL	$5.54M	$5.50M	$5.24M	$5.73M	$5.02M	$5.40M	$6.08M	$5.74M	$6.22M	$6.56M	$6.30M	$5.93M

Trended Operating Expenses (excl Depreciation)

CY Actual vs CY Budget vs PY Actual



	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
CY ACTUAL	$6.35M	$6.02M	$6.38M	$6.24M	$6.21M	$6.29M	$6.91M					
CY BUDGET	$5.84M	$6.03M	$5.89M	$6.14M	$6.04M	$6.20M	$6.31M	$6.08M	$6.38M	$6.21M	$6.33M	$6.22M
PY ACTUAL	$5.19M	$5.14M	$5.31M	$5.51M	$5.41M	$5.42M	$5.65M	$5.68M	$6.29M	$6.21M	$6.11M	$5.73M

CY ACTUAL CY BUDGET PY ACTUAL

Cash Indicators

	Current Month	Prior Month	Var	% Var
Days Cash	13.4	12.0	1.4	12%
A/R Days	42.2	48.0	(5.8)	-12%
A/P Days	64.9	72.5	(7.6)	-11%