
PUBLIC NOTICE

Bloss Memorial Healthcare District, A Public Entity • 3605 Hospital Road, • Atwater, California 95301 •
(209) 381-2000 x 7002 • fax: (209) 722-9020

Date: April 21, 2017

Phone: (209) 724-4102

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Bloss Memorial Healthcare District will hold their Finance Committee meeting on Thursday, April 27, 2017 at 1:30 pm in the Board Room at 3605 Hospital Road, Atwater, CA 95301.

The next Bloss Memorial Healthcare District **Board of Directors** meeting will be held Thursday, April 27, 2017 at 2:00 pm in the Board Room at 3605 Hospital Road, Atwater, Ca 95301.

I, Fily Cale, posted a copy of the agenda of the Board of Directors of Bloss Memorial Healthcare District, said time being at least 72 hours in advance of the meeting of the Board of Directors.

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)
 BOARD OF DIRECTORS MEETING
 BOARD ROOM
 Thursday, April 27, 2017
 2:00 pm**

AGENDA FOR PUBLIC SESSION

I. CALL TO ORDER

II. ROLL CALL

	<u>ACTION</u>	<u>EXHIBIT</u>
III. APPROVAL OF AGENDA	*	

IV. PUBLIC COMMENTS

Comments can be made concerning any matter within the Board’s jurisdiction; but if the matter is not on the agenda, there will be no Board discussion of the issue. Anyone wishing to address the Board on any issue, please stand and approach the microphone.

V. APPROVAL OF MINUTES

- A. March 21, 2017 CCDSC Advisory Committee Meeting – **Informational**
- B. March 21, 2017 CDSC Advisory Committee Meeting – **Informational**
- C. March 27, 2017 Board of Directors Meeting * 1

VI. FINANCIAL REPORT

- A. March 27, 2017 Finance Committee Minutes * 2
- B. Chief Financial Officer Report 3
- C. March Payroll, Electronic Payments & Check Register * 4

VII. CHIEF EXECUTIVE OFFICER REPORT

VIII. OLD BUSINESS / REPORTS

- A. Castle Family Health Centers, Inc Report 5
- B. Bloss Board Member Report

IX. NEW BUSINESS

- A. Provider Credentialing / Privileging *
- B. Approval of CCDSC / CDSC Policies & Procedures *
- C. Reinvestment of Excess Monies *
- D. Approval of CDSC 2016 Draft Audit * 6

X. AGENDA FOR CLOSED SESSION

Closed Session Items Pursuant the Brown Act will be:
 Section 54954.5(h) Report Involving Trade Secrets – Regarding New Services.
 Estimated date of public disclosure will be in 2017.
 Section 54954.5 (c); 54956.9 Conference with Legal Counsel for Initiation of
 Litigation.

XI. NEXT MEETING DATE

XII. ADJOURNMENT

Assistance for those with disabilities: If you have a disability and need accommodation to participate in the meeting, please call Fily Cale at (209) 724-4102 or (209) 381-2000 extension 7000 for assistance so that any necessary arrangements may be made.

Any written materials relating to an agenda item to be discussed in open session of a regular meeting that is distributed within the 72 hours prior to the meeting is available for public inspection at the time the record is distributed to all, or a majority of all, members of the Board. These documents are available from the Executive Assistant in administration at 3605 Hospital Road, Suite F, Atwater, California 95301.

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)
CENTRAL CALIFORNIA DENTAL SURGERY CENTER (CCDSC)**

Advisory Committee Meeting

Executive Conference Room

Tuesday, March 21, 2017

9:30 am

CALL TO ORDER

Edward Lujano called the meeting to order at 9:45 a.m.

ROLL CALL

Present: Edward Lujano, Bloss CEO; Fily Cale, Executive Assistant;
Kory Billings, Committee Member and Lloyd Weaver, Committee
Member

Others Present: David Thompson, CCDSC Administrator and Dawnita Castle,
Interim CFO

Absent: None

APPROVAL OF AGENDA

**A motion was made / seconded, (Lloyd Weaver / Kory Billings) to approve the
March 21, 2017 agenda as presented. Motion carried.**

APPROVAL OF MINUTES

A. February 21, 2017 Meeting Minutes, Exhibit 1

**A motion was made /seconded, (Lloyd Weaver / Kory Billings) to approve the February
21, 2017 meeting minutes as presented, Exhibit 1. Motion carried.**

FINANCIAL REPORT

A. February 2017 Financials, Exhibit 2

Dawnita Castle reported that for the month of February 2017, CCDSC treated 216 patients and recorded a net profit in the amount of \$56,249 before overhead and a net profit of \$53,108 after allocation of overhead.

Patient revenue collections for the month of February 2017 was \$309,125 and net revenue per case was \$1,303 and expenses were \$1,043 per case.

A motion was made /seconded, (Kory Billings / Lloyd Weaver) to approve and accept the February 2016 Financials report, Exhibit 2. Motion carried.

ADMINISTRATOR REPORT

David Thompson reported on the highlights for February 2017. The final corrections were returned from the AAAHC audit that was held in January. The largest correction is the firewall that we will need to build along the back corridor.

The first bid for the firewall project has been received and is in the amount of \$59,000. A second bid should be received by tomorrow and both bids will be on the Board agenda next week for approval. The firewall must be completed by the end of April.

In regards to the Denti-Cal bill for increased rates for the top 15 dental procedures, David Thompson along with two other people have been asked to be on the panel to testify for the need of this rate bill. They will have 2 minutes apiece to present their information.

Another anesthesiologist provider will be presented next month for credentialing.

OLD BUSINESS

None

NEW BUSINESS

A. Policies & Procedures Recommendation, Exhibit 4

None.

B. Credentialing Privileging Recommendation

None.

AGENDA FOR CLOSED SESSION

Edward Lujano, stated that there will be discussion under Section 1461 Quality Management.

NEXT MEETING DATE

The next Governance meeting will be held Tuesday, April 25, 2017 at 10:00 am.

ADJOURNMENT

As there was no further business, the meeting adjourned into closed session at 9:52 am.

The meeting reconvened into public session at 9:54 am. No action taken.

Respectfully Submitted,

Fily Cale
Executive Assistant

Kory Billings
Committee Member

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)
U.S. DENTAL SURGERY
d/b/a CHILDREN'S DENTAL SURGERY CENTER (CDSC)
Advisory Committee Meeting
Executive Conference Room
Tuesday, March 21, 2017
10:00 a.m.**

PUBLIC COMMENTS

None.

CALL TO ORDER

Edward Lujano, Bloss CEO, called the meeting to order at 9:58 am.

ROLL CALL

Present: Edward Lujano, Bloss CEO; Fily Cale, Executive Assistant;
Alfonse Peterson, Committee Member and Kory Billings, Board
Member

Others Present: Dawnita Castle, Interim CFO and David Thompson, CDSC
Administrator

Absent: Rosalie Heppner, Committee Member

APPROVAL OF AGENDA

**A motion was made / seconded, (Kory Billings / Alfonse Peterson) to approve the
March 21, 2017 agenda as presented. Motion carried.**

APPROVAL OF MINUTES

A. February 21, 2017 Meeting Minutes, Exhibit 1

**A motion was made / seconded, (Alfonse Peterson / Kory Billings) to approve and
accept the February 21, 2017 Meeting minutes with correction. Exhibit 1. Motion
carried.**

FINANCIAL REPORT

A. February 2017 Financials, Exhibit 2

Dawnita Castle reported that for February 2017, CDSC had a loss in the amount of \$2,143 and treated 222 patients. The total patient revenue collections was \$259,207.

A motion was made / seconded, (Kory Billings / Alfonse Peterson) to approve and accept the January 2017 Financial Report as presented, Exhibit 2. Motion carried.

ADMINISTRATOR REPORT, EXHIBIT 3

David Thompson reported that during the month of February 2017 staff had focused on preparing for the upcoming state survey that was held last week.

They same life safety surveyor that that been at CCDSC was also the same one that they had at CDSC. The documentation surveyor has been a surveyor for many years and completes an average of 40 annual surveys. The survey went very well and David Thompson does not anticipate a large plan of corrections for CDSC.

Prefilled syringes with succinylcholine are now available and this is saving \$600 to \$800 per month. This will be of significant saving over the course of the year.

David Thompson will be traveling to Sacramento today to follow up on the bill that will increase rates for the top 15 dental procedures to commercial rates. This would be a 70% increase should it happen.

OLD BUSINESS

None.

NEW BUSINESS

A. Policies & Procedures Recommendation, Exhibit 4

None.

B. Credentialing / Privileging Recommendation

None.

AGENDA FOR CLOSED SESSION

Edward Lujano stated that there will be discussion under Section 1461 Quality Management.

NEXT MEETING DATE

The next Governance Meeting will be held Tuesday, April 25, 2017 at 11:00 a.m.

ADJOURNMENT

As there was no further business, the meeting adjourned into closed session at 10:04 am.

The meeting reconvened into public session at 10:22 am. No action taken.

Respectfully Submitted,

Alfonse Peterson
Committee Member

Edward Lujano
Chief Executive Officer

**BLOSS MEMORIAL HEALTHCARE DISTRICT (BMHD)
BOARD OF DIRECTORS MEETING
BOARD ROOM
Monday, March 27, 2017
2:00 pm**

CALL TO ORDER

Rosalie Heppner, Board Chair, called the meeting to order at 1:59 pm.

ROLL CALL

Board Members Present: Rosalie Heppner, Chair; Kory Billings, Vice Chair; Al Peterson, Secretary / Treasurer; Glenn Arnold, Board Member and Lloyd Weaver, Board Member

Others Present: Edward Lujano, CEO; Fily Cale, Executive Assistant; Dawnita Castle, Senior Accountant; Dorothy Bizzini, CFHC Board Chair; Ralph Temple, Jr., Legal Counsel @ 2:04 pm and David Thompson, CCDSC/CDSC Administrator @ 2:04 pm

Absent: Peter Mojarras, CFHC COO

APPROVAL OF AGENDA

A motion was made/seconded, (Kory Billings / Alfonse Peterson) to approve the March 27, 2017 agenda as presented. Motion carried.

PUBLIC COMMENTS

None.

APPROVAL OF MINUTES

- A. February 21, 2017 CDSC Advisory Committee Meeting – Informational
- B. February 21, 2017 CCDSC Advisory Committee Meeting – Informational
- C. February 23, 2017 Board of Directors Meeting, Exhibit 1

A correction was made to the February 23, 2017 minutes to reflect Kory Billings, Board Vice chair and not Rosalie Heppner, Board Chair called the meeting to order.

A motion was made / seconded, (Alfonse Peterson / Kory Billings) to approve and accept the January 26, 2017 Board of Directors Meeting with correction, Exhibit 1. Motion carried.

D. March 9, 2017 Special Board of Directors Meeting, Exhibit 1a

A motion was made / seconded, (Alfonse Peterson / Glenn Arnold) to approve and accept the March 9, 2017 Special Board of Directors Meeting as presented, Exhibit 1a. Motion carried.

FINANCIAL REPORT

A. February 23, 2017 Finance Committee Meeting Minutes, Exhibit 2

A motion was made / seconded, (Alfonse Peterson / Lloyd Weaver) to accept the February 23, 2017 Finance Committee Meeting Minutes as presented. Exhibit 2. Motion carried.

B. Chief Financial Officer Report, Exhibit 3

Dawnita Castle reported that the final annual payments for the Bloss Trust had come in, for a total amount of \$149,672.

BMHD had a net gain before depreciation in the amount of \$211,501 compared to a net gain of \$7,894 last year.

The operating cash balance for February 2017 was \$1,924,345 in cash and Days of Cash on Hand was at 152 days.

Dawnita Castle is preparing for the budget. There will be roof repairs needed at both the Castle and Bloss sites and this will be included in the budget capital portion.

Edward Lujano stated that the roof at the Castle site is leaking and the Bloss site roof in the radiology/surgical areas is caving in due to the heavy rains.

C. February 2017 Payroll, Electronic Payments and Check Register, Exhibit 4

A motion was made / seconded, (Kory Billings / Alfonse Peterson) to approve and accept the February 2017 Payroll in the amount \$144,253.10 and Accounts Payable in the amount of \$415,013.56 for a total Disbursement of \$559,266.66, Exhibit 4. Motion carried.

CHIEF EXECUTIVE OFFICER'S REPORT

Edward Lujano reported that there was discussion at both Advisory Committee meetings on the new bill to increase the rates for Denti-Cal's top 15 procedures.

David Thompson reported that the bill for the dental rate increase for the top 15 procedures had passed and will now go through appropriations. He along with 3 others were on a panel that testified. Should the bill be approved it will increase our dental fees by 70% for the dental portion of our services. This does not include facility fees. The CDA did come on board and is now supporting the bill. There is another bill that is competing for the same dollars.

Edward Lujano reported that AAAHC audited both centers, CCDSC/CDSC and we are waiting for their final report. Outside of the need to install a firewall at CCDSC, everything else went well and he expressed his appreciation to the entire staff.

In February, CCDSC had scheduled 284 patients and completed 216 cases compared to 150 last February. As of Friday, they were at 191 cases with 4 more days to go. We received 304 referrals and Sonny Vasquez visited 125 offices including revisiting all of the GVHC dental offices. The top referring offices for CCDSC are GVHC, Western Dental and Kids World.

In February CDSC had scheduled 328 and completed 222 cases. As of Friday we are at 182 cases for March 2017 with 4 days left in the month for potentially 60-70 additional cases. CDSC received 402 referrals and Sonny Vasquez visited 165 offices in the lower east bay area northern California. The generator lights came on at CDSC and the OR's had to be closed for the day to replace them.

OLD BUSINESS / REPORTS

A. Castle Family Health Centers, Inc Report, Exhibit 5

None

B. Bloss Board Member Report

Rosalie Heppner, Board Chair announced the 2017 BMHD Committees'. ByLaws: Rosalie Heppner, Chair and Alfonse Peterson. CDSC Partnership: Rosalie Heppner, Chair, Glenn Arnold, Ed Lujano and Dawnita Castle. Investment: Al Peterson, Chair, Kory Billings, Ed Lujano and Dawnita Castle; Performance Improvement: Al Peterson, Chair, Rosalie Heppner and Rohini Mehta. CCDSC Advisory: Kory Billings, Chair, Lloyd Weaver, Ed Lujano and Dawnita Castle. Finance: Alfonse Peterson, Chair, Glenn Arnold, Ed Lujano and Dawnita Castle. Joint Advisory w/ CFHC, Inc: Alfonse Peterson, Chair, Glenn Arnold, Lloyd Weaver, Alternate and Ed Lujano. Policy: Glenn Arnold, Chair, Rosalie Heppner and Rohini Mehta.

C. Approval of BMHD Investment Guidelines Policy, Exhibit 6

Kory Billings stated that based on the conversations that the board had in the previous meeting, they asked Fily Cale, Executive Assistant, to take the ideas, concepts and re-work them. She did an excellent job in getting most of the ideas that were worked at that meeting.

A motion was made / seconded, (Kory Billings / Alfonse Peterson) to approve the BMHD Investment Guidelines policy with changes, Exhibit 6. Motion carried.

NEW BUSINESS

A. Provider Credentialing / Privileging

None.

B. Approval of CCDSC / CDSC Policies & Procedures

None.

C. Selection and Approval of RFP for CCDSC Firewall, Exhibit 7

Edward Lujano presented two RFP's for the construction of the firewall at CCDSC. Commercial Construction at \$52,780 and Bret Briggs Construction at \$59,300. We were unable to locate a third RFP and timing is of the essence as the project must be completed by April 30, 2017.

Edward Lujano stated that there is an existing wall between CCDSC and materials management, but there is no firewall extending from the top of the ceiling point to the roof deck. This is the result of the life safety code audit.

The RFP's were reviewed discussed. We do not anticipate any down time for this project. Any additional fees would be to the City of Atwater, an architect was required for drawing plans or removal of asbestos.

David Thompson, CCDSC Administrator recommends that BMHD accept the RFP from Skip George of Commercial Construction at the estimated cost of \$52,780.

Kory Billings disclosed for the record that he has a working relationship with Skip George due to the fact that his family took care of his mother. It does not hamper the relationship that would have here.

A motion was made / seconded, (Glenn Arnold / Alfonse Peterson) to accept the recommendation of David Thompson, CCDSC Administrator, to use Commercial Construction for the construction of the firewall at CCDSC, Exhibit 7. Motion carried.

A motion was made / seconded, (Kory Billings / Alfonse Peterson) to take the money for the firewall project from the Funded Depreciation account. Motion carried.

AGENDA FOR CLOSED SESSION

Ralph Temple, Legal Counsel reported that there will be brief report under Section 54954 Involving Trade Secrets with Ms. Freeman to bring the Board up to date.

There will be discussion under 54954 Involving Trade Secrets.

There will be a Performance Improvement report under Section 1461 of the Health and Safety Code – Quality Management.

NEXT MEETING DATE

The next Board of Directors Meeting will be held on Thursday, April 27, 2017 at 2:00 p.m. in the Board Room.

The Finance Committee will also meet on Thursday, April 27, 2017 at 1:30 p.m. in the Board Room.

ADJOURNMENT

As there was no further business, the meeting adjourned into closed session at 2:37 pm.

The meeting reconvened into public session at 3:36 pm and adjourned. No action taken.

Respectfully Submitted,

Fily Cale
Executive Assistant

Alfonse Peterson
Board Secretary

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)
FINANCE COMMITTEE MEETING
BOARD ROOM
Monday, March 27, 2017
1:30 p.m.**

Committee: Edward Lujano, CEO; Dawnita Castle, Interim Chief Financial Officer; Fily Cale, Executive Assistant; Alfonse Peterson, Committee Chair; Kory Billings, Board Vice Chair and Glenn Arnold, Committee Member@ 1:35 pm

Others Present: Dorothy Bizzini, Castle Board Chair and Rosalie Heppner, Bloss Board Chair

Absent: None

CALL TO ORDER

Al Peterson, Committee Chair, called the meeting to order at 1:31 p.m. in the Board Room.

APPROVAL OF AGENDA

A motion was made/seconded, (Edward Lujano / Kory Billings) to approve the February 23, 2017 agenda as presented. Motion carried.

Kory Billings will sit on the committee until Glenn Arnold arrives.

PUBLIC COMMENTS

None.

APPROVAL OF FINANCE COMMITTEE MINUTES

A. February 23, 2017 Finance Committee Minutes, Exhibit 1

A motion was made / seconded, (Edward Lujano / Kory Billings) to approve and accept the February 23, 2017 Finance Committee Minutes as presented, Exhibit 1. Motion carried.

REVIEW OF DISTRICT FINANCIAL STATEMENTS, EXHIBIT 2

Dawnita Castle reported that BMHD had another good month in February 2017. The two final Bloss Trust payments were received for a total of \$149,672.

BMHD had a net gain before depreciation in the amount of \$211,501 compared to a net gain of \$7,894 last year.

Operating cash was at \$1,924,345 and the Days Cash On Hand was 152 days.

CCDSC FINANCIAL REPORT, EXHIBIT 3

Dawnita Castle reported that CCDSC had treated 216 patients for February 2017 and recorded a net profit in the amount of \$56,249 before overhead and a net profit of \$53,108 after allocation of overhead. This brings CCDSC's YTD income profit of \$249,000.

SKDSC FINANCIAL REPORT, EXHIBIT 4

Dawnita Castel reported that SKDSC total expenses for February 2017 were \$21,210.

CDSC FINANCIAL REPORT, EXHIBIT 5

Dawnita Castle reported that for the month of February 2017, CDSC treated 222 patients and recorded a profit loss in the amount of \$2,143.

DENTAL CENTERS' COMPARISON, EXHIBIT 6

The Dental Center's Comparison report was reviewed and discussed.

Dawnita Castle reported that CDSC did have a higher net per patient revenue, which also increased the expenses.

A motion was made / seconded, (Edward Lujano / Glenn Arnold) to approve and accept the Review of District Financial Statements, Exhibit 2; CCDSC Financial Report, Exhibit 3; SKDSC Financial Report, Exhibit 4; CDSC Financial Report, Exhibit 5 and Dental Centers' Comparison, Exhibit 6 as presented. Motion carried.

WARRANTS AND PAYROLL

A. February 2017 Payroll, Electronic Payments & Check Register, Exhibit 7

A motion was made/seconded, (Glenn Arnold / Edward Lujano) to approve and accept the February 2017 Total Payroll in the amount \$144,253.10 and Total Accounts Payable in the amount of \$415,013.56 for a total Grand Total Disbursement of \$559,266.66, Exhibit 7. Motion carried.

DISCUSSION

None

AGENDA FOR CLOSED SESSION

There was no Closed Session item(s) for discussion.

NEXT MEETING DATE/ADJOURNMENT

The next Finance Committee meeting will be held on Thursday, April 27, 2017 at 1:30 pm.

As there was no further business, the meeting adjourned at 1:38 p.m.

Respectfully Submitted,

Fily Cale
Executive Assistant

Alfonse Peterson
Committee Chair

CHIEF FINANCIAL OFFICER REPORT

Bloss Memorial HealthCare District
 Operations Summary Report
 Nine Months Ending March 31, 2017

BMHD had a total net gain before depreciation of \$51,112 for the month compared to a net gain of \$59,424 last year. Expenses include \$21,191 of SKDSC costs.

The March 31, Operating Cash Balance was \$1,855,958 and Days Cash On Hand was 152 Days*. In February the DCH was 152 Days.

* Days Cash on Hand (DCH) = Operating Cash / Average Daily Expense (excluding depreciation). DCH indicates Bloss's ability to cover operating expenses. The Benchmark for Health Centers is a minimum of 90 Days.

Dental Surgery Center Summary :

	CCDSC	SKDSC	CDSC	COMBINED
Net Operating Revenue and Non-Operating Operating Expenses	\$325,041	\$0	\$333,044	\$658,085
Net Income (Loss)	243,520	21,191	363,471	628,182
BMHCD % Share	81,521	(21,191)	(30,427)	29,903
Bloss Share of Net Income (Loss)	100.00%	100.00%	65.00%	N/A
	\$81,521	(\$21,191)	(\$19,778)	\$40,552

A summary comparison of operations for the month and the prior year is as follows :

	Mar-17	Mar-16	VARIANCE *	%	Y-T-D Mar-17	Y-T-D Mar-16	Y-T-D VARIANCE *	Y-T-D %
Net Patient Revenue	324,208	243,391	80,817	33.20%	2,296,186	2,025,907	270,279	13.34%
Other Operating Revenue	510	2,708	(2,198)	-81.17%	17,796	35,553	(17,757)	-49.95%
Total Net Operating Revenue	324,718	246,099	78,619	31.95%	2,313,982	2,061,460	252,522	12.25%
Operating Expenses Excluding Depreciation	379,059	343,930	(35,169)	-10.23%	3,253,842	3,229,220	(24,622)	-0.76%
Net Operating Income (Loss) Before Depreciation	(54,381)	(97,831)	43,450	44.41%	(939,860)	(1,167,760)	227,900	19.52%
Net Non Operating-Gains/Losses	(122)	3,289	(3,411)	N/A	15,595	(3,422)	19,017	-555.73%
Gain/Loss on Investments	(19,776)	22,436	42,214	188.15%	(109,267)	75,110	(184,377)	245.48%
CDSC Gain/Losses	125,393	131,530	6,137	4.67%	1,691,218	1,282,556	408,662	31.86%
All Other Non-Operating Gains/Losses	105,493	157,255	51,762	32.92%	1,597,546	1,354,244	243,302	17.97%
Total Net Non-Operating Income: Losses/Gains	51,112	59,424	(8,312)	-13.99%	657,686	186,484	471,202	252.68%
Total Net Income (Loss) Before Depreciation	59,208	60,185	(977)	-1.62%	541,263	536,226	5,037	0.94%
Depreciation Expense	(8,096)	(761)	(7,335)	963.86%	116,423	(349,742)	466,165	-133.29%
Net Income (Loss) After Depreciation								

* Note: unfavorable variances are indicated by parenthesis ().

Bloss Memorial HealthCare District
 Operations Summary Report
 Nine Months Ending March 31, 2017

Total CFHC Inc. encounters for the month are 12,746 compared to 10,997 last year, a 15.90% increase.
 CCDSC cases for the month are 29.32% more than last year.
 CDSC cases for the month are 23.70% less than last year.

Department	Mar-17	Mar-16	VARIANCE	%	Mar-17	Mar-16	VARIANCE *	%
Castle Clinic	4,335	4,087	248	6.07%	32,159	28,960	3,199	11.05%
Specialty Clinic	909	970	(61)	-6.29%	7,891	8,246	(355)	-4.31%
Bloss Clinic	1,311	946	365	38.58%	10,059	9,533	526	5.52%
Winton Clinic	982	720	262	36.39%	6,989	5,248	1,741	33.17%
Urgent Care	511	408	103	25.25%	4,493	3,927	566	14.41%
Lab	2,077	1,902	275	15.26%	15,572	15,071	501	3.32%
Radiology	760	571	189	33.10%	5,162	4,483	679	15.15%
Behavioral Health	238	255	(17)	-6.67%	1,964	2,110	(146)	-6.92%
Adult Day Health Care	580	506	74	14.62%	4,657	4,279	378	8.83%
Optometry	591	429	162	37.76%	4,725	3,111	1,614	51.88%
Ophthalmology	452	303	149	49.17%	2,951	2,580	371	14.38%
TOTAL ENCOUNTERS	12,746	10,997	1,749	15.90%	96,622	87,548	9,074	10.36%

Bloss Memorial Health Care District

	Mar-17	Mar-16	VARIANCE	%	Mar-17	Mar-16	VARIANCE *	%
Central California Dental Surgery Center	247	191	56	29.32%	1,770	1,575	195	12.38%
Childrens Surgery Center	235	308	(73)	-23.70%	1,992	2,389	(397)	-16.62%
Total Surgery Center Visits	482	499	(17)	-3.41%	3,762	3,964	(202)	-5.10%

March-17 Working Days 23
 March-16 Working Days 23

Bloss Memorial HealthCare District
 Operations Summary Report
 Nine Months Ending March 31, 2017

BMHD FULL TIME EQUIVALENTS SUMMARY :

(See FTE report included in Financial Reports for detail)

	Mar-17	Mar-16	VARIANCE	%	Y-T-D Mar-17	Y-T-D Mar-16	Y-T-D VARIANCE *	Y-T-D %
EMPLOYEE FTE'S	13.49	12.05	(1.44)	-11.95%	13.08	11.80	(1.28)	-10.85%
CONTRACT FTE'S	4.51	4.76	0.25	5.25%	5.06	5.44	0.38	6.99%
TOTAL FTE'S	18.00	16.81	(1.19)	-7.08%	18.14	17.24	(0.90)	-5.22%

* Note: unfavorable variances above are indicated by parenthesis ().

Full Time Equivalent - Employees for the month are 11.95% more than the prior year with 1.44 more FTE'S

The major (>1 fte) Total Employee FTE increases for the month are comprised primarily of the following :

Department	Cur. Mo. Increase (DECREASE)	YTD Increase (DECREASE)	Reason
CCDSC	1.45	1.26	Addtl RDA & Clerical
All other departments < 1 fte var	(0.01)	0.02	Various departments less than 1 fte variance.
	1.44	1.28	Brackets () indicate a decrease (favorable) variance

**MARCH PAYROLL, ELECTRONIC PAYMENTS
& CHECK REGISTER**

Bloss Memorial Healthcare District
 Payroll, Accounts Payable and Funds Disbursements - Summary
 Month of March-17

Payroll			\$137,936.92
Total Payroll			<u><u>\$137,936.92</u></u>

Accounts Payable:

A/P Checks	Bloss	\$189,029.17	\$189,029.17
Auto Debits		\$136.68	
Electronic Payments to Castle on Payable		\$52,366.78	
Total Auto Debits and Electronic Transfers		<u><u>\$52,503.46</u></u>	<u>\$52,503.46</u>
Profeses paid through Payroll system			
Total ACH Pro Fees 1099'S		<u>\$0.00</u>	<u>\$0.00</u>
Electronic Payments - ACH		<u><u>\$262,619.80</u></u>	<u>\$262,619.80</u>

Total Accounts Payable			<u><u>\$504,152.43</u></u>
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Grand Total Disbursements			<u><u>\$642,089.35</u></u>
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BLOSS	Payroll Disbursements for		March-17
	Payroll dated		
Earnings	03/05/17	03/05/17	Total
Regular			-
Overtime			-
Vacation			-
Sick			-
Holiday			-
Salary	4,125.00	4,125.00	8,250.00
Double Time			-
Call In			-
On Call			-
Other	-		-
			-
CCDSC Surgery Center	24,786.23	26,684.55	51,470.78
CDSC Surgery Center	31,062.66	35,157.82	66,220.48
			-
Total	59,973.89	65,967.37	125,941.26
			-
Deductions			-
FICA (+)	4,555.89	5,014.37	9,570.26
Insurance (-)	(1,243.10)	(1,243.10)	(2,486.20)
Emp Deduction(-)/Reimb(+)	4,954.98	449.40	5,404.38
Christmas Fund (-)	(945.00)	(945.00)	(1,890.00)
Process Fee (+)	674.34	722.88	1,397.22
			-
Total	7,997.11	3,998.55	11,995.66
			-
			-
Net Payroll	\$ 67,971.00	\$ 69,965.92	137,936.92

RUN DATE: 04/03/17
 RUN TIME: 1000
 RUN USER: COOKS

Castle Family Health Centers AP **LIVE**
 CHECK REGISTER BY DATE

C
 FROM 03/01/17 TO END

DATE	CHECK NUM	VENDOR NUM	VENDOR NAME	STATUS	STATUS DATE	AMOUNT	
						ISSUED/ CLEARED	VOIDED/ UNCLAIMED
03/03/17	037012	B0223	BEVERLY YI ZHANG HONG	ISSUED	03/03/17	2317.00	
03/09/17	037013	B0225	HOFFMAN SECURITY	ISSUED	03/09/17	34196.00	
03/09/17	037014	B0114	ALRENA JANACEK	ISSUED	03/09/17	377.42	
03/09/17	037015	B0189	BERLINER COHEN	ISSUED	03/09/17	2190.00	
03/09/17	037016	B0072	BETA HEALTHCARE GROUP	ISSUED	03/09/17	2655.21	
03/09/17	037017	K0035	CITY OF PARLIER	ISSUED	03/09/17	158.03	
03/09/17	037018	B0132	CLARK PEST CONTROL	ISSUED	03/09/17	299.00	
03/09/17	037019	B0116	DOROTHY BIZZINI	ISSUED	03/09/17	1320.97	
03/09/17	037020	B0120	ED ROSSI	ISSUED	03/09/17	188.71	
03/09/17	037021	B0153	GEIL ENTERPRISES INC.	ISSUED	03/09/17	2948.40	
03/09/17	037022	B0032	GRAINGER INDUSTRIAL SUPPLY	ISSUED	03/09/17	680.52	
03/09/17	037023	B0112	GREGORY FLOYD	ISSUED	03/09/17	377.42	
03/09/17	037024	B0016	GUARDCO SECURITY SERVICES	ISSUED	03/09/17	2160.00	
03/09/17	037025	B0030	HD SUPPLY FACILITIES MAINTENANCE	ISSUED	03/09/17	142.10	
03/09/17	037026	S0337	HEALTHSTREAM, INC.	ISSUED	03/09/17	1530.00	
03/09/17	037027	B0043	INSIGHT EMPLOYEE ASSISTANCE PRGRM	ISSUED	03/09/17	65.40	
03/09/17	037028	K0034	JOE S RODRIGUEZ	ISSUED	03/09/17	375.00	
03/09/17	037029	B0115	KAREN BIZZINI	ISSUED	03/09/17	377.42	
03/09/17	037030	K0003	M-D VENTURES	ISSUED	03/09/17	18912.55	
03/09/17	037031	B0017	MERCED COUNTY - CASTLE AIRPORT	ISSUED	03/09/17	6367.05	
03/09/17	037032	B0133	MERCED/MODESTO COMMERCIAL SWEEPERS	ISSUED	03/09/17	240.00	
03/09/17	037033	B0226	NONSTOP ADMIN. & INS. SRVCS, INC.	ISSUED	03/09/17	20720.00	
03/09/17	037034	B0014	PG&E (4705482162-5)	ISSUED	03/09/17	5571.89	
03/09/17	037035	B0042	RALPH TEMPLE	ISSUED	03/09/17	1800.00	
03/09/17	037036	B0003	SIMPLEXGRINNELL	ISSUED	03/09/17	564.00	
03/09/17	037037	B0083	DAVID WAYNE TAYLOR	ISSUED	03/09/17	2631.60	
			REMITTED TO: TAYLOR TOPS				
03/09/17	037038	B0102	THE HARTFORD	ISSUED	03/09/17	236.40	
03/09/17	037039	B0044	TRIPP SECURITY SYSTEMS	ISSUED	03/09/17	20.00	
03/09/17	037040	B0113	UNITED METHODIST CHURCH OF ATWATER	ISSUED	03/09/17	188.71	
03/09/17	037041	B0013	WEST COAST GAS CO, INC.	ISSUED	03/09/17	6974.26	
03/09/17	037042	B0056	CARDMEMBER SERVICE-4798510044719140	ISSUED	03/09/17	18.00	
			REMITTED TO: CARDMEMBER SERVICE-479851004479140				
03/09/17	037043	B0015	WINTON, WATER & SANITARY DISTRICT	ISSUED	03/09/17	72.80	
03/15/17	037044	B0227	HART PAVING & GRADING, INC.	ISSUED	03/15/17	2646.00	
03/15/17	037045	B0144	BLUELINE RENTAL, LLC	ISSUED	03/15/17	237.01	
03/15/17	037046	B0132	CLARK PEST CONTROL	ISSUED	03/15/17	20.00	
03/15/17	037047	B0218	JOHN P. NIEMOTKA	ISSUED	03/15/17	400.00	
			REMITTED TO: OCTANE ADVERTISING & DESIGN				
03/15/17	037048	B0003	SIMPLEXGRINNELL	ISSUED	03/15/17	2139.00	
03/17/17	037049	B0223	BEVERLY YI ZHANG HONG	ISSUED	03/17/17	2076.60	
03/17/17	037050	B0037	CARDMEMBER SERVICE-4798510044371793	ISSUED	03/17/17	1888.65	
03/17/17	037051	B0225	HOFFMAN SECURITY	ISSUED	03/17/17	22619.00	
03/17/17	037052	B0226	NONSTOP ADMIN. & INS. SRVCS, INC.	ISSUED	03/17/17	10360.00	
03/17/17	037053	B0039	VALERO MARKETING AND SUPPLY CO.	ISSUED	03/17/17	312.71	
03/21/17	037054	B0005	A-1-A/PRESTON'S LOCK SHOP	ISSUED	03/21/17	27.51	
			REMITTED TO: A-1-A PRESTON'S LOCK SHOP				

RUN DATE: 04/03/17
 RUN TIME: 1000
 RUN USER: COOKS

Castle Family Health Centers AP ****LIVE****
 CHECK REGISTER BY DATE

C
 FROM 03/01/17 TO END

DATE	CHECK NUM	VENDOR NUM	VENDOR NAME	STATUS	STATUS DATE	AMOUNT	
						ISSUED/ CLEARED	VOIDED/ UNCLAIMED
03/21/17	037055	B0107	BAKER MANOCK & JENSEN	ISSUED	03/21/17	586.30	
03/21/17	037056	B0027	CITY OF ATWATER (010448-000)	ISSUED	03/21/17	594.72	
03/21/17	037057	B0134	CITY OF ATWATER (020161-000)	ISSUED	03/21/17	617.30	
03/21/17	037058	B0132	CLARK PEST CONTROL	ISSUED	03/21/17	156.00	
03/21/17	037059	B0016	GUARDCO SECURITY SERVICES	ISSUED	03/21/17	2970.00	
03/21/17	037060	B0025	MERCED IRRIGATION DISTRICT	ISSUED	03/21/17	265.13	
03/21/17	037061	B0026	MERCED IRRIGATION DISTRICT	ISSUED	03/21/17	14276.02	
03/21/17	037062	K0057	THE GAS COMPANY	ISSUED	03/21/17	29.59	
03/27/17	037063	B0005	A-1-A/PRESTON'S LOCK SHOP	ISSUED	03/27/17	12.93	
			REMITTED TO: A-1-A PRESTON'S LOCK SHOP				
03/27/17	037064	B0132	CLARK PEST CONTROL	ISSUED	03/27/17	299.00	
03/27/17	037065	K0003	M-D VENTURES	ISSUED	03/27/17	7150.55	
03/27/17	037066	B0212	JAVIER MENDOZA	ISSUED	03/27/17	105.00	
			REMITTED TO: NATURAL GARDENS				
03/27/17	037067	B0018	PG&E (0665563335-9)	ISSUED	03/27/17	103.44	
03/27/17	037068	B0021	PG&E (1384254881-3)	ISSUED	03/27/17	304.68	
03/27/17	037069	B0019	PG&E (1832229927-4)	ISSUED	03/27/17	14.44	
03/27/17	037070	B0020	PG&E (1873896591-4)	ISSUED	03/27/17	285.25	
03/27/17	037071	B0173	THE SIGN GUYS	ISSUED	03/27/17	1856.48	
TOTAL \$						189029.17	

Bloss Memorial Healthcare District
March-17

Bloss Electronic Transfers

Bloss Auto Debits

Bank Fees	136.68
Total	<u><u>136.68</u></u>

Electronic Payments to Castle on Payabl	<u>52,366.78</u>
Total	<u><u>52,366.78</u></u>

Grand Total	<u><u>52,503.46</u></u>
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RUN DATE: 03/31/17
 RUN TIME: 1022
 RUN USER: COOKS

Castle Family Health Centers AP **LIVE**
 ELECTRONIC PAYMENT NUMBER LIST

C
 FROM D107512 TO D108334

PMT NUM	DATE	VENDOR NUM	VENDOR NAME	STATUS	STATUS DATE	AMOUNT	
						ISSUED	VOIDED
D107788	03/03/17	B0079	ALEJANDRO R. MARQUEZ, DDS INC.	DIRECTD	03/03/17	9450.00	
D107789	03/03/17	B0149	SUNG Y. CHO DDS, INC.	DIRECTD	03/03/17	21232.25	
D107790	03/03/17	B0152	SO YOUNG PARK, DDS INC.	DIRECTD	03/03/17	10507.00	
D107791	03/03/17	B0178	CHRISTOPHER CHIU, D.D.S., INC.	DIRECTD	03/03/17	13287.80	
D107792	03/03/17	B0213	WONIL EDWARD JUNG DDS, INC.	DIRECTD	03/03/17	14100.00	
D107793	03/03/17	B0215	JANICE JAI-YING HUANG, DDS, INC.	DIRECTD	03/03/17	3600.00	
D107794	03/03/17	B0219	KAREN ANN DROSDIK	DIRECTD	03/03/17	8766.80	
D107795	03/03/17	B0220	JOSEPH S. KIM, D.D.S. INC.	DIRECTD	03/03/17	7049.50	
D107796	03/03/17	B0221	CHRISTINA BAEK, DDS, PC	DIRECTD	03/03/17	8800.00	
D107797	03/03/17	B0222	FUTURE HEALTH SERVICES, LLC	DIRECTD	03/03/17	7500.00	
D107799	03/03/17	B0224	PERRY SOLOMON	DIRECTD	03/03/17	5000.00	
D107800	03/03/17	C0001	OMNI MEDICAL PROPERTIES	DIRECTD	03/03/17	2111.30	
D108031	03/17/17	B0079	ALEJANDRO R. MARQUEZ, DDS INC.	DIRECTD	03/17/17	11640.00	
D108032	03/17/17	B0149	SUNG Y. CHO DDS, INC.	DIRECTD	03/17/17	19836.00	
D108033	03/17/17	B0152	SO YOUNG PARK, DDS INC.	DIRECTD	03/17/17	12607.75	
D108034	03/17/17	B0178	CHRISTOPHER CHIU, D.D.S., INC.	DIRECTD	03/17/17	12786.40	
D108035	03/17/17	B0213	WONIL EDWARD JUNG DDS, INC.	DIRECTD	03/17/17	17600.00	
D108036	03/17/17	B0215	JANICE JAI-YING HUANG, DDS, INC.	DIRECTD	03/17/17	6700.00	
D108037	03/17/17	B0219	KAREN ANN DROSDIK	DIRECTD	03/17/17	6998.60	
D108038	03/17/17	B0220	JOSEPH S. KIM, D.D.S. INC.	DIRECTD	03/17/17	10475.50	
D108039	03/17/17	B0221	CHRISTINA BAEK, DDS, PC	DIRECTD	03/17/17	11000.00	
D108040	03/17/17	B0222	FUTURE HEALTH SERVICES, LLC	DIRECTD	03/17/17	7500.00	
D108334	03/31/17	C0001	OMNI MEDICAL PROPERTIES	DIRECTD	03/31/17	34070.90	
TOTAL \$							262619.80

CASTLE FAMILY HEALTH CENTERS, INC REPORT

Castle Family Health Centers Inc
 Operations Summary Report
 Nine Months Ending March 31, 2017

Total encounters for the month are 12,746 compared to 10,997 last year, a 15.90% increase.

Department	Mar-17	Mar-16	VARIANCE	%	Y-T-D Mar-17	Y-T-D Mar-16	Y-T-D VARIANCE *	Y-T-D %
Castle Clinic	4,335	4,087	248	6.07%	32,159	28,960	3,199	11.05%
Specialty Clinic	909	970	(61)	-6.29%	7,891	8,246	(355)	-4.31%
Bloss Clinic	1,311	946	365	38.58%	10,059	9,533	526	5.52%
Winton Clinic	982	720	262	36.39%	6,989	5,248	1,741	33.17%
Urgent Care	511	408	103	25.25%	4,493	3,927	566	14.41%
Lab	2,077	1,802	275	15.26%	15,572	15,071	501	3.32%
Radiology	760	571	189	33.10%	5,162	4,483	679	15.15%
Behavioral Health	238	255	(17)	-6.67%	1,964	2,110	(146)	-6.92%
Adult Day Health Care	580	506	74	14.62%	4,657	4,279	378	8.83%
Optometry	591	429	162	37.76%	4,725	3,111	1,614	51.88%
Ophthalmology	452	303	149	49.17%	2,951	2,580	371	14.38%
TOTAL ENCOUNTERS	12,746	10,997	1,749	15.90%	96,622	87,548	9,074	10.36%

March-17 Working Days 23
 March-16 Working Days 23

APPROVAL OF CDSC 2016 DRAFT AUDIT

Audited Financial Statements

Children's Dental Surgery Center
(A General Partnership)

December 31, 2016

DRAFT

Children’s Dental Surgery Center

Audited Financial Statements

December 31, 2016

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Statements of Operations	4
Statements of Changes in Partners’ Equity.....	5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7

DRAFT

JWT & Associates, LLP

Advisory Assurance Tax

1111 E. Herndon Avenue, Suite 211, Fresno, CA 93720

Voice: (559) 431-7708 Fax: (559) 431-7685

Report of Independent Auditors

To The Partners
Children's Dental Surgery Center
Atwater, California

Report on the Financial Statements

We have audited the accompanying balance sheets of Children's Dental Surgery Center (the Center) as of December 31, 2016 and 2015, which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of operations and changes in partners' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children's Dental Surgery Center at December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

JWT & Associates, LLP

Fresno, California

April 27, 2017

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Children's Dental Surgery Center
(a General Partnership)

Balance Sheets

December 31, 2016 and 2015

Assets	<u>2016</u>	<u>2015</u>
Current assets		
Cash and cash equivalents	\$ 232,246	\$ 165,875
Patient accounts receivable, net	306,876	469,679
Other receivables	-	39,607
Supplies	53,717	43,762
Prepaid expenses	68,014	67,521
Total current assets	<u>660,853</u>	<u>786,444</u>
Property and equipment, net	154,674	200,178
Total assets	<u><u>\$ 815,527</u></u>	<u><u>\$ 986,622</u></u>
 Liabilities and partners' equity		
Current liabilities		
Accounts payable and accrued expenses	\$ 72,682	\$ 102,456
Due to Bloss Memorial Healthcare District	3,017,856	3,073,485
Accrued payroll and related liabilities	38,925	36,153
Total current liabilities	<u>3,129,463</u>	<u>3,212,094</u>
 Total liabilities	 <u>3,129,463</u>	 <u>3,212,094</u>
Partners' accumulated deficit	(2,313,936)	(2,225,472)
Total liabilities and partners' equity	<u><u>\$ 815,527</u></u>	<u><u>\$ 986,622</u></u>

See Accompanying Notes to Financial Statements

Children's Dental Surgery Center
(a General Partnership)

Statements of Operations

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenue		
Patient service revenue, net	\$ 3,759,641	\$ 3,684,955
Total revenue	3,759,641	3,684,955
Expenses		
Salaries and employee benefits	829,473	735,338
Professional fees	1,598,306	1,556,920
Purchased services	345,087	249,084
Supplies	484,580	644,956
Repairs and maintenance	-	38,802
Utilities	60,906	71,046
Lease and rent	368,805	359,429
Depreciation	45,504	43,875
Insurance	20,375	19,693
Other	95,069	81,861
Total expenses	3,848,105	3,801,004
Net income (loss)	\$ (88,464)	\$ (116,049)

See Accompanying Notes to Financial Statements

Children's Dental Surgery Center
(a General Partnership)

Statements of Changes In Partners' Capital

Years Ended December 31, 2016 and 2015

	Bloss Memorial Healthcare District	U.S. Dental Surgery Centers, Inc.	Total
Partners' deficit, December 31, 2014	\$ (1,371,124)	\$ (738,299)	\$ (2,109,423)
Partners' distribution	-	-	-
Net income	(75,432)	(40,617)	(116,049)
Partners' deficit, December 31, 2015	(1,446,556)	(778,916)	(2,225,472)
Partners' distribution	-	-	-
Net loss	(57,502)	(30,962)	(88,464)
Partners' deficit, December 31, 2016	<u>\$ (1,504,058)</u>	<u>\$ (809,878)</u>	<u>\$ (2,313,936)</u>

See Accompanying Notes to Financial Statements

Children's Dental Surgery Center
(a General Partnership)

Statement of Cash Flows

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Net income (loss)	\$ (88,464)	\$ (116,049)
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	45,504	43,875
Changes in		
Accounts receivable	162,803	(302,059)
Other receivables	39,607	(39,607)
Supplies	(9,955)	91,466
Prepaid expenses	(493)	2,320
Accounts payable	(29,774)	27,258
Due to Bloss Memorial Healthcare District	(55,629)	374,575
Accrued payroll	2,772	(2,491)
Net cash provided by operating activities	66,371	79,288
Cash flows from investing activities		
Purchase of property and equipment	-	(32,093)
Net cash used in investing activities	-	(32,093)
Net increase in cash and cash equivalents	66,371	47,195
Cash and cash equivalents, beginning of year	165,875	118,680
Cash and cash equivalents, end of year	\$ 232,246	\$ 165,875

See Accompanying Notes to Financial Statements

Children's Dental Surgery Center

Notes to Financial Statements

December 31, 2016 and 2015

Note 1 - Description of Organization and Summary of Significant Accounting Policies

Organization - Children's Dental Surgery Center (the Center) is a general partnership, pursuant to the provisions of the California Corporation Law. The Center provides dental services to diverse patients in and around San Joaquin County. The partners of the Center are the Bloss Memorial Healthcare District (the District) (65%) and the U.S. Dental Surgery Centers, Inc. (35%). The Center is operated by a governing board comprised of members from the board of the District and its staff and the members and staff of U.S. Dental Surgery Centers, Inc.

Basis of Financial Statements Preparation - The accounting policies and financial statements of the Center generally conform to the recommendations of the audit and accounting guide, Health Care Organizations, published by the American Institute of Certified Public Accountants. The financial statements are presented in accordance with the pronouncements of the Financial Accounting Standards Board.

Use of Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - Cash and cash equivalents include all deposits and investments in highly liquid debt instruments with a maturity of three months or less.

Patient Accounts Receivable - The Center reports patient accounts receivable for services rendered at net realizable amounts from third-party payers, patients and others. The Center provides an allowance for doubtful accounts based upon a review of outstanding receivables, historical collection information and existing economic conditions. As a service to the patient, the Center bills third-party payers directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. Accounts are considered delinquent and subsequently written off as bad debts based on individual credit evaluation and specific circumstances of the account.

Children's Dental Surgery Center

Notes to Financial Statements

December 31, 2016

Note 1 - Description of Organization and Summary of Significant Accounting Policies (continued)

Allowance for doubtful accounts - Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Center analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with services provided to patients who have third-party coverage, the Center analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely). For receivables associated with self-pay patients and non-contracted insurance (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Center records a provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts. At December 31, 2016 and 2015, the allowance for doubtful accounts and contractual adjustments was \$827,237 and \$725,863, respectively.

During the year ended December 31, 2014, the Center was notified by one of its third-party payers, Health Plan of San Joaquin (HPSJ), that it would no longer honor certain patient/insured billing submitted by the Center related to certain facility fees charges. HPSJ had historically reimbursed the Center for these facility fees until September 2014 when such payments were discontinued. These facility fees were denied until December 2015, when they began to pay again. As a result of this dispute the Center has increased the allowance for doubtful accounts by approximately \$665,000 at December 31, 2016 based on the significant uncertainty on their ability to collect these charges. Center management, along with a coalition of other California dental surgery providers, dispute this action and are pursuing the matter with State Officials. Although favorable progress on this matter has been made, as of this date there has been no resolution.

Supplies - Supply inventories are stated at cost, which is determined using the first-in, first-out method.

Property and Equipment - Property and equipment are recorded at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of depreciable assets.

Impairment - Impairment of long-lived assets is recognized whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Measurement of the amount of impairment may be based on market values of similar assets or estimates of future discounted cash flows resulting from use and ultimate disposition of the assets.

Children's Dental Surgery Center

Notes to Financial Statements

December 31, 2016

Note 1 - Description of Organization and Summary of Significant Accounting Policies (continued)

Compensated absences - The Center employees earn vacation benefits at varying rates depending on years of service. Employees also earn sick leave benefits based on varying rates depending on years of service. Both benefits can accumulate up to specified maximum levels. Employees are not paid for accumulated sick leave benefits if they leave either upon termination or before retirement. However, accumulated vacation benefits are paid to an employee upon either termination or retirement. Accrued vacation and sick leave liabilities as of December 31, 2016 and 2015 are \$9,396 and \$15,821, respectively.

Fair value of financial instruments - The financial statements include financial instruments for which the fair market value may differ from amounts reflected on a historical basis. Financial instruments of the Center consists of cash deposits, accounts receivable, accounts payable and certain accrued liabilities. The Center's other financial instruments generally approximate fair market value based on the short-term nature of these instruments.

Net patient service revenue - The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. Payment arrangements include prospectively determined rates per procedure, reimbursement costs and discounted charges. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Charity care - The Center provides care to patients who meet certain criterion under its charity care policy. The Center provides medical care to patients regardless of their ability to pay. The evaluation of the necessity for medical treatment of any patient is based upon clinical judgment, irrespective of the financial status of the patient. Because the Center does not pursue collection of amounts determined to qualify as charity care, they are not included in net patient service revenue. The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) No. 2010-23, *The Basis for Measuring the Amount of Charity Care Provided by Health Care Entities*. The ASU requires all health care entities to measure the amount of charity care provided based on direct and indirect costs incurred in providing such care; no other measurement basis is considered acceptable.

Grants and contributions - From time to time, the Center receives grants from various governmental agencies and private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met.

Income Taxes - The Center is a general partnership and as such is not subject to taxation. Each year any net income or loss is passed through to ownership partners based on ownership percentage.

Children's Dental Surgery Center

Notes to Financial Statements

December 31, 2016

Note 1 - Description of Organization and Summary of Significant Accounting Policies (continued)

Reclassifications - Certain reclassifications have been made to the 2015 financial statements to conform to the 2016 financial statement presentation. These reclassifications had no effect on the change in partners' equity.

Subsequent events - Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are available to be issued. The Center recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Center's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements were available to be issued. The Center has evaluated subsequent events through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Note 2 - Cash and cash equivalents

As of December 31, 2016 and 2015, the Center had deposits invested in various financial institutions in the form of cash amounting to \$232,246 and \$165,875, respectively.

Note 3 - Concentration of Credit Risk

The Center grants credit without collateral to its patients and third party payors. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the Center and management does not believe that there is any credit risk associated with these governmental agencies. Concentration of patient accounts receivable at December 31, 2016 and 2015 was as follows:

	<u>2016</u>	<u>2015</u>
Medi-Cal	91%	91%
Other third-party payors	9%	9%
	<u>100%</u>	<u>100%</u>

Children's Dental Surgery Center

Notes to Financial Statements

December 31, 2016

Note 4 - Property and Equipment

Property and equipment at December 31, 2016 and 2015 consists of the following:

	<u>2016</u>	<u>2015</u>
Buildings and improvements	\$ 94,666	\$ 94,666
Equipment	<u>495,430</u>	<u>495,430</u>
	590,096	590,096
Less accumulated depreciation	<u>(435,422)</u>	<u>(389,918)</u>
	<u>\$ 154,674</u>	<u>\$ 200,178</u>

Note 5 - Contingencies

The Center is party to legal proceedings and claims, which arise during the ordinary course of business. In the opinion of management, the ultimate outcome of any claims and litigation will not have a material adverse effect on the center's financial position.

The Center insures its medical malpractice risks under an occurrence basis policy with limit up to \$5,000,000 and with a \$1,000 deductible per occurrence. Management is unaware of any claims against the Center that would cause expenses for medical malpractice risks to materially exceed the amounts provided. There were no malpractice expenditures for the year ended December 31, 2016 and 2015.

The Center has operating leases for certain facilities. Rental expense under operating leases was \$368,805 and \$359,429 for the years ended December 31, 2016 and 2015, respectively. Estimated future minimum lease payments for the succeeding years under operating leases with a remaining term in excess of one year as of December 31, 2016 are as follows: \$355,858 in 2017; and \$150,095 in 2018.

Note 6 – Related Party Transactions

The Center has an amount payable to Bloss Memorial Healthcare District, a related party, at December 31, 2016 and 2015 of 3,017,856 and 3,073,485, respectively. During 2016, the net amount paid by the Center was \$55,629. The payable amount represents support to the Center for payroll and other various expense items.