
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: January 25, 2018

Phone: (209) 724-4102

Fax: (209) 722-9020

Bloss Memorial Healthcare District will hold their Finance Committee meeting on Wednesday, January 31, 2018 at 1:30 pm in the Board Room at 3605 Hospital Road, Atwater, CA 95301.

Bloss Memorial Healthcare District will hold their **Board of Directors** meeting on Wednesday, January 31, 2018 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 24 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
Wednesday, January 31, 2018
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. December 18, 2017 Special Board of Directors Meeting | * | 1 |
| B. December 28, 2017 CCDSC/CDSC Advisory Committees’ Meeting – Informational | | |
| C. December 28, 2017 Board of Directors Meeting | * | 1a |

VI. FINANCIAL REPORT

- | | | |
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| A. December 28, 2017 Finance Committee Minutes | * | 2 |
| B. Chief Financial Officer Report | | 3 |
| C. December 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. RFP Selection and Approval for CDSC 2017 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.
 Section 1461 of the Health and Safety Code – Quality Management.
 Section 54957 Personnel Actions.

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 (BMHD)
SPECIAL BOARD OF DIRECTORS MEETING
Executive Conference Room
Monday, December 18, 2017
1:00 pm**

CALL TO ORDER

Kory Billings, Vice Chair, called the meeting to order at 1:02 pm.

ROLL CALL

Board Members Present: Kory Billings, Vice Chair; Al Peterson, Secretary / Treasurer; Glenn Arnold, Board Member; Lloyd Weaver, Board Member and Rosalie Heppner, Chair @ 1:04 pm

Others Present: Edward Lujano, Chief Executive Office; Fily Cale, Executive Assistant and Ralph Temple, Legal Counsel

Absent: None

APPROVAL OF AGENDA

A motion was made / seconded, (Glenn Arnold / Alfonse Peterson) to approve the December 18, 2017 Board Agenda as presented. Motion carried.

PUBLIC COMMENTS

None

AGENDA FOR CLOSED SESSION

Ralph Temple, Legal Counsel stated that there will be a brief report on litigation in Stockton and the Board has received contract proposals regarding both dental surgery centers and those terms and conditions will be under discussion under Section 54954.5(h) Report Involving Trade Secrets. He does not expect the Board to take any action following Executive Session.

The meeting adjourned into Closed Session at 1:02 pm.

NEXT MEETING DATE

The next Board of Directors Meeting will be held Thursday, November 30, 2017 at 2:30 p.m. in the Board Room.

ADJOURNMENT

Kory Billings, Vice Chair reported that Rosalie Heppner, Board Chair arrived at 1:05 pm.
The meeting adjourned into Public Session at 2:20 pm and adjourned. No action taken.

Respectfully Submitted,

Fily Cale
Executive Assistant

Rosalie Heppner
Board Chair

**BLOSS MEMORIAL HEALTHCARE DISTRICT (BMHD)
BOARD OF DIRECTORS MEETING
BOARD ROOM
Thursday, December 28, 2017
2:30 pm**

CALL TO ORDER

Rosalie Heppner, Board Chair, called the meeting to order at 1:55 pm.

ROLL CALL

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

Others Present: Edward Lujano, CEO; Fily Cale, Executive Assistant; Dawnita Castle, CFO; Ralph Temple, Jr., Legal Counsel; David Thompson, CCDSC/CDSC and Kylene Powell, CCDSC / CDSC Administrator

Absent: Lloyd Weaver, Board Member

APPROVAL OF AGENDA

A motion was made / seconded, (Alfonse Peterson / Glenn Arnold) to approve the December 28, 2017 agenda as presented. Motion carried.

PUBLIC COMMENTS

None.

Ralph Temple, Legal Counsel, commented that in the event someone was to arrive and want to address the Board since we started early we should recognize that and be prepared to entertain anything.

APPROVAL OF MINUTES

- A. November 16, 2017 CCDSC/CDSC Advisory Committees' Meeting - Informational
- B. November 16, 2017 Special Board of Directors Meeting, Exhibit 1

A motion was made / seconded, (Kory Billings / Glenn Arnold) to approve and accept the November 16, 2017 Special Board of Directors Meeting minutes as presented, Exhibit 1. Motion carried.

C. November 30, 2017 Board of Directors Meeting, Exhibit 1a

A motion was made / seconded, (Kory Billings / Alfonse Peterson) to approve and accept the November 30, 2017 Board of Directors Meeting minutes as presented, Exhibit 1. Motion carried.

Ralph Temple, Legal Counsel, reported that the Board of Directors intends to go into Closed Session, the subject of that discussion would be continuing potential negotiations with regard to both Children's Dental Surgery Center and Central California Dental Surgery Center. Joining during the Closed Session would be attorney Eric Techtrat, who has been working with our partner Carol Freeman and her attorney with regard to some negotiations as indicated, particularly Children's Dental Surgery Center.

The Board adjourned into Closed Session at 1:55 pm.

Closed Session ended at 2:55 pm and is now back into Open Session. No Action Taken.

Ralph Temple, Legal Counsel stated that David Thompson did make a short appearance before the Board of Directors to answer some questions.

FINANCIAL REPORT

A. November 30, 2017 Finance Committee Meeting Minutes, Exhibit 2

A motion was made / seconded, (Alfonse Peterson / Kory Billings) to accept the November 30, 2017 Finance Committee Meeting Minutes as presented. Exhibit 2. Motion carried.

B. Chief Financial Officer Report, Exhibit 3

Dawnita Castle, CFO, reported that Finance is working on the State Controller's report, which is due January 31, 2018. The format has been changed and they actually go online and enter the financials.

RFP's have gone out for CDSC's 2017 audit.

On the CDSC Partnership return, in the past BMHD has had from Berger & Company, Carol Freeman's CPA compile the return and file. The only other option we have is David Bruner, CPA.

For the month of November 2017, BMDH recorded a net loss before depreciation in the amount of \$3,122 and \$62,300 after depreciation. The loss includes the SKDSC expense of \$21,418 and BMHD's 65% portion of CDSC's net loss in the amount \$27,944.

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

A motion was made / seconded, (Alfonse Peterson / Kory Billings) to approve and accept the November 2017 Payroll in the amount \$135,417.60 and Accounts Payable in the amount of \$353,535.33 for a total Disbursement of \$488,952.93, Exhibit 4. Motion carried.

CHIEF EXECUTIVE OFFICER'S REPORT

Edward Lujano, CFO, thanked Kory Billings and Al Peterson for attending the Surgery Centers' Christmas Party.

Edward Lujano has spoken to MFA last week and notice has been received from them and they will be vacating the entire premises that they are currently occupying. They required an additional month and will be moving out in March 2018. It will also take a couple of months to renovate the area.

Next month he will be presenting to the CFHC the opportunity to take this space as they had requested in their letter to BMHD.

For November 2017, CDSC had scheduled 169 and completed 115 cases, last November they had completed 264 for the same month. As of last Friday, they had seen 71 patients and have been closed for this past week. They did receive 204 referrals for November compared to 226 in October. Sonny Vasquez visited 155 offices in the area.

For November 2017, CCDSC had scheduled 259 and completed 181 cases, last November at this time they completed 181. As of last Friday they had completed 108 cases and received 291 referrals compared to 248 in October. Sonny Vasquez visited 122 offices.

OLD BUSINESS / REPORTS

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

Edward Lujano reported on CFHC behalf that through the Goodwin Fund CFHC completed the following services: 81 patients had flu shots or primary care services; 23 patients at the Bloss site were served for flu shots or primary care services; 17 from the Winton site were served for both flu shots and primary care services; 14 came through Urgent Care and 57 patients had eye exams and glasses provided. They served 192 patients for the Goodwin Grant in the amount of \$56,200 averaging \$32.30 per patient.

B. Bloss Board Member Report

Alfonse Peterson reported that the Nominating Committee had met last week.

NEW BUSINESS

A. Provider Credentialing / Privileging

None.

B. Approval of CCDSC / CDSC Policies & Procedures

None.

C. Nomination of 2018 Slate of Officers

Alfonse Peterson reported that the Nomination Committee had met in December 2017 and made the following recommendation for the 2018 Slate of Officers. Kory Billings, Board Chair, Glenn Arnold, Board Vice Chair and Alfonse Peterson, Board Secretary / Treasurer. There were no other nominations from the Board.

A motion was made / seconded, (Alfonse Peterson / Glenn Arnold) to approve the recommendation of the Nomination Committee for the 2018 Slate of Officers. Kory Billings, Board Chair, Glenn Arnold, Board Vice Chair and Alfonse Peterson, Board Secretary / Treasurer. They will assume the new positions at the next Board of Directors meeting. Motion carried.

NEXT MEETING DATE

The next Board of Directors Meeting will be held on Wednesday, January 31, 2018 at 2:00 p.m. in the Board Room.

The Finance Committee will also meet on Wednesday, January 31, 2018 at 1:30 p.m. in the Board Room.

Edward Lujano stated that he will be on vacation in Cuba from January 5, 2018 through January 17, 2018.

ADJOURNMENT

As there was no further business, the meeting adjourned at 3:07 pm.

Respectfully Submitted,

Fily Cale
Executive Assistant

Alfonse Peterson
Board Secretary

**BLOSS MEMORIAL HEALTHCARE DISTRICT, A Public Entity (BMHD)
FINANCE COMMITTEE MEETING
BOARD ROOM
Thursday, December 28, 2017
1:30 p.m.**

Committee: Edward Lujano, CEO; Dawnita Castle, Chief Financial Officer; Fily Cale, Executive Assistant; Alfonse Peterson, Committee Chair and Glenn Arnold, Committee Member

Others Present: Rosalie Heppner, Board Chair; Kory Billings, Board Vice Chair; Kyleen Powell, CCDSC/CDSC Administrator; David Thompson, CCDSC/CDSC and Dorothy Bizzini, CFHC Board Chair

Absent: None

CALL TO ORDER

Al Peterson, Committee Chair, called the meeting to order at 1:30 p.m. in the Board Room.

APPROVAL OF AGENDA

A motion was made/seconded, (Edward Lujano / Glenn Arnold) to approve the December 28, 2017 agenda as presented. Motion carried.

PUBLIC COMMENTS

None.

APPROVAL OF FINANCE COMMITTEE MINUTES

A. November 30, 2017 Finance Committee Minutes, Exhibit 1

A motion was made / seconded, (Edward Lujano / Glenn Arnold) to approve and accept the November 30, 2017 Finance Committee Minutes as presented, Exhibit 1. Motion carried.

REVIEW OF DISTRICT FINANCIAL STATEMENTS, EXHIBIT 2

Dawnita Castle, CFO, reported that the operating cash in November 2017 did decrease slightly to \$1,484,089 and Days Cash on Hand decreased from the prior month to 132 days in November 2017.

BMHD recorded a net loss before depreciation in the amount of \$3,122 and \$62,300 after depreciation.

CCDSC FINANCIAL REPORT, EXHIBIT 3

Dawnita Castle reported that CCDSC had treated 181 patients and had a net profit before expenses in the amount of \$30,987 and a net profit in the amount of \$25,799 after overhead expense.

SKDSC FINANCIAL REPORT, EXHIBIT 4

Dawnita Castel reported that SKDSC total expenses for November 2017 was \$21,418.

CDSC FINANCIAL REPORT, EXHIBIT 5

Dawnita Castle reported that for the month November 2017, CDSC treated 115 patients and recorded a net loss in the amount of \$57,712. BMHD's share of the profit loss was \$27,944.

DENTAL CENTERS' COMPARISON, EXHIBIT 6

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

Dawnita Castle reported that on the cases, YTD 12-month comparison, CCDSC treated 2,293 and CDSC treated 2,061.

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. October 2017 Payroll, Electronic Payments & Check Register, Exhibit 7

A motion was made/seconded, (Glenn Arnold / Edward Lujano) to approve and accept the November 2017 Total Payroll in the amount \$135,417.60 and Total Accounts Payable in the amount of \$353,535.33 for a total Grand Total Disbursement of \$488,952.93, 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 Wednesday, January 31, 2018 at 1:30 pm.

As there was no further business, the meeting adjourned at 1:36 p.m.

Respectfully Submitted,

Fily Cale
Executive Assistant

Alfonse Peterson
Committee Chair

CHIEF FINANCIAL OFFICER REPORT

BMHD had a total net loss before depreciation of \$25,676 for the month compared to a net loss of \$45,220 last year. Expenses include \$21,380 of SKDSC costs.

The December 31, Operating Cash Balance was \$1,641,978 and Days Cash On Hand was 132 Days*. In November the DCH was 131 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	\$179,705	\$0	\$127,672	\$307,377
Net Income (Loss)	157,367	21,380	213,748	392,495
BMHCD % Share	22,338	(21,380)	(86,076)	(85,118)
Bloss Share of Net Income (Loss)	100.00%	100.00%	65.00%	N/A
	\$22,338	(\$21,380)	(\$55,949)	(\$54,991)

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

	Dec-17	Dec-16	VARIANCE *	%	Y-T-D Dec-17	Y-T-D Dec-16	Y-T-D VARIANCE *	Y-T-D %
Net Patient Revenue	178,872	177,613	1,259	0.71%	1,234,147	1,404,712	(170,565)	-12.14%
Other Operating Revenue	1,204	602	602	100.00%	11,992	9,572	2,420	25.28%
Total Net Operating Revenue	180,076	178,215	1,861	1.04%	1,246,139	1,414,284	(168,145)	-11.89%
Operating Expenses Excluding Depreciation	281,748	313,818	32,070	10.22%	1,957,272	2,143,854	186,582	8.70%
Net Operating Income (Loss) Before Depreciation	(101,672)	(135,603)	33,931	25.02%	(711,133)	(729,570)	18,437	2.53%
Net Non Operating-Gains/Losses	3,027	2,712	315	N/A	17,945	8,282	9,663	116.67%
Gain/Loss on Investments	(55,949)	(43,375)	12,574	-28.99%	(294,923)	(85,021)	(209,902)	-246.88%
CDSC Gain/Losses	128,918	131,046	2,128	1.62%	770,093	852,331	(82,238)	-9.65%
All Other Non-Operating Gains/Losses	75,996	90,383	14,387	15.92%	493,115	775,592	(282,477)	-36.42%
Total Net Non-Operating Income: Losses/Gains	(25,676)	(45,220)	19,544	-43.22%	(218,018)	45,022	(264,040)	-573.73%
Total Net Income (Loss) Before Depreciation	59,039	59,283	(244)	-0.41%	357,334	364,768	(7,434)	-2.04%
Depreciation Expense	(84,715)	(104,503)	19,788	-18.94%	(575,352)	(318,746)	(256,606)	80.50%
Net Income (Loss) After Depreciation								

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

Bloss Memorial HealthCare District
 Operations Summary Report
 Six Months Ending December 31, 2017

Total CFHC Inc. encounters for the month are 9,872 compared to 9,743 last year, a 1.32% increase.
 CCDSC cases for the month are 20.00 % less than last year.
 CDSC cases for the month are 55.90% less than last year.

Department	Dec-17	Dec-16	VARIANCE	%	Dec-17	Dec-16	VARIANCE *	%	Y-T-D	Y-T-D	VARIANCE *	%
Castle Clinic	3,831	3,192	639	20.02%	23,034	20,337	2,697					13.26%
Specialty Clinic	577	800	(223)	-27.88%	3,734	5,365	(1,631)					-30.40%
Bloss Clinic	1,037	1,158	(121)	-10.45%	5,222	6,312	(1,090)					-17.27%
Winton Clinic	606	768	(162)	-21.09%	4,347	4,389	(42)					-0.96%
Urgent Care	417	352	65	18.47%	1,794	3,060	(1,266)					-41.37%
Lab	1,643	1,586	57	3.59%	10,776	9,943	833					8.38%
Radiology	486	539	(53)	-9.83%	3,179	3,250	(71)					-2.18%
Behavioral Health	190	166	24	14.46%	1,249	1,273	(24)					-1.89%
Adult Day Health Care	404	523	(119)	-22.75%	3,132	3,062	70					2.29%
Optometry	368	423	(55)	-13.00%	2,685	3,086	(401)					-12.99%
Ophthalmology	313	236	77	32.63%	2,054	1,811	243					13.42%
TOTAL ENCOUNTERS	9,872	9,743	129	1.32%	61,206	61,888	(682)					-1.10%

CASTLE NEW PATIENTS

Bloss Memorial Health Care District

	Dec-17	Dec-16	VARIANCE	%	Dec-17	Dec-16	VARIANCE *	%	Y-T-D	Y-T-D	VARIANCE *	%
Central California Dental Surgery Center	108	135	(27)	-20.00%	930	1,085	(155)					-14.29%
Childrens Surgery Center	71	161	(90)	-55.90%	627	1,307	(680)					-52.03%
Total Surgery Center Visits	179	296	(117)	-39.53%	1,557	2,392	(835)					-34.91%

December-17 Working Days 20 and 1 Holiday
 December-16 Working Days 21 and 1 Holiday

Bloss Memorial HealthCare District
 Operations Summary Report
 Six Months Ending December 31, 2017

BMHD FULL TIME EQUIVALENTS SUMMARY :

(See FTE report included in Financial Reports for detail)

	Dec-17	Dec-16	VARIANCE	%	Y-T-D Dec-17	Y-T-D Dec-16	Y-T-D VARIANCE *	Y-T-D %
EMPLOYEE FTE'S	11.39	12.98	1.59	12.25%	13.06	12.77	(0.29)	-2.27%
CONTRACT FTE'S	3.94	4.85	0.91	18.76%	4.06	5.33	1.27	23.83%
TOTAL FTE'S	15.33	17.83	2.50	14.02%	17.12	18.10	0.98	5.41%

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

Full Time Equivalent - Employees for the month are 12.25% less than the prior year with 1.59 less 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	(1.59)	0.42	Less RN & Part Time Clerical
All other departments < 1 fte var	0.00	(0.13)	Various departments less than 1 fte variance.
	(1.59)	0.29	Brackets () indicate a decrease (favorable) variance

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

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

Payroll			\$134,162.25
Total Payroll			<u><u>\$134,162.25</u></u>

Accounts Payable:

A/P Checks	Bloss	<u>\$110,108.62</u>	<u>\$110,108.62</u>
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Auto Debits		\$144.34	
Electronic Payments to Payroll for Payroll People Adj		\$300.00	
Electronic Payments to Castle on Payable		\$0.00	
Total Auto Debits and Electronic Transfers		<u>\$444.34</u>	<u>\$444.34</u>

Electronic Payments - ACH		<u>\$177,199.40</u>	<u>\$177,199.40</u>
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Total Accounts Payable			<u><u>\$287,752.36</u></u>
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Grand Total Disbursements			<u><u>\$421,914.61</u></u>
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BLOSS	Payroll Disbursements for		December-17
	Payroll dated		
Earnings	12/05/17	12/20/17	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	29,240.39	24,168.35	53,408.74
CDSC Surgery Center	28,993.72	30,704.37	59,698.09
			-
Total	62,359.11	58,997.72	121,356.83
			-
Deductions			-
FICA (+)	4,751.58	4,494.35	9,245.93
Insurance (-)	(930.28)	(872.78)	(1,803.06)
Emp Deduction(-)/Reimb(+)	3,220.70	1,242.63	4,463.33
Christmas Fund (-)	(20.00)	-	(20.00)
Process Fee (+)	421.84	497.38	919.22
			-
Total	7,443.84	5,361.58	12,805.42
			-
			-
Net Payroll	\$ 69,802.95	\$ 64,359.30	134,162.25

RUN DATE: 12/29/17
 RUN TIME: 1506
 RUN USER: COOKS

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

C
 FROM 12/01/17 TO 12/31/17

DATE	CHECK NUM	VENDOR NUM	VENDOR NAME	STATUS	STATUS DATE	AMOUNT	
						ISSUED/ CLEARED	VOIDED/ UNCLAIMED
12/04/17	037561	B0223	BEVERLY YI ZHANG HONG	ISSUED	12/04/17	6992.20	
12/04/17	037562	B0060	GLENN ARNOLD	ISSUED	12/04/17	300.00	
			REMITTED TO: ARNOLD, GLENN				
12/04/17	037563	B0109	KORY BILLINGS	ISSUED	12/04/17	300.00	
12/04/17	037564	B0132	CLARK PEST CONTROL	ISSUED	12/04/17	558.00	
12/04/17	037565	B0153	GEIL ENTERPRISES INC.	ISSUED	12/04/17	2948.40	
12/04/17	037566	B0032	GRAINGER INDUSTRIAL SUPPLY	ISSUED	12/04/17	156.59	
12/04/17	037567	B0016	GUARDCO SECURITY SERVICES	ISSUED	12/04/17	9225.00	
12/04/17	037568	B0225	HOFFMAN SECURITY	ISSUED	12/04/17	558.00	
12/04/17	037569	B0038	KINGS VIEW WEC	ISSUED	12/04/17	460.00	
12/04/17	037570	B0059	LLOYD WEAVER	ISSUED	12/04/17	300.00	
12/04/17	037571	K0003	M-D VENTURES	ISSUED	12/04/17	19007.11	
12/04/17	037572	B0017	MERCED COUNTY - CASTLE AIRPORT	ISSUED	12/04/17	3191.13	
12/04/17	037573	B0091	OFFICE DEPOT	ISSUED	12/04/17	5702.17	
			REMITTED TO: OFFICE DEPOT (32544746)				
12/04/17	037574	B0064	PETERSON, ALFONSE	ISSUED	12/04/17	200.00	
12/04/17	037575	B0061	ROSALIE HEPPNER	ISSUED	12/04/17	300.00	
12/11/17	037576	B0072	BETA HEALTHCARE GROUP	ISSUED	12/11/17	2846.42	
12/11/17	037577	K0035	CITY OF PARLIER	ISSUED	12/11/17	214.86	
12/11/17	037578	B0132	CLARK PEST CONTROL	ISSUED	12/11/17	299.00	
12/11/17	037579	B0043	INSIGHT EMPLOYEE ASSISTANCE PRGRM	ISSUED	12/11/17	58.86	
12/11/17	037580	K0034	JOE S RODRIGUEZ	ISSUED	12/11/17	375.00	
12/11/17	037581	B0133	MERCED/MODESTO COMMERCIAL SWEEPERS	ISSUED	12/11/17	240.00	
12/11/17	037582	B0014	PG&E (4705482162-5)	ISSUED	12/11/17	3715.30	
12/11/17	037583	B0042	RALPH TEMPLE	ISSUED	12/11/17	2925.00	
12/11/17	037584	K0057	SOCAL GAS (090 828 6930 7)	ISSUED	12/11/17	16.27	
12/11/17	037585	B0102	THE HARTFORD	ISSUED	12/11/17	211.40	
12/11/17	037586	B0013	WEST COAST GAS CO, INC.	ISSUED	12/11/17	3778.19	
12/11/17	037587	B0015	WINTON, WATER & SANITARY DISTRICT	ISSUED	12/11/17	72.80	
12/18/17	037588	B0131	AAA NORTHERN CALIFORNIA,NEVADA	ISSUED	12/18/17	119.00	
12/18/17	037589	B0037	CARDMEMBER SERVICE-4798510044371793	ISSUED	12/18/17	1794.41	
12/18/17	037590	B0027	CITY OF ATWATER (010448-000)	ISSUED	12/18/17	766.56	
12/18/17	037591	B0134	CITY OF ATWATER (020161-000)	ISSUED	12/18/17	654.34	
12/18/17	037592	B0132	CLARK PEST CONTROL	ISSUED	12/18/17	299.00	
12/18/17	037593	B0100	FEDEX	ISSUED	12/18/17	11.70	
12/18/17	037594	B0241	HIGGS, FLETCHER & MACK LLP	ISSUED	12/18/17	330.00	
12/18/17	037595	B0025	MERCED IRRIGATION DISTRICT	ISSUED	12/18/17	246.04	
12/18/17	037596	B0026	MERCED IRRIGATION DISTRICT	ISSUED	12/18/17	19028.40	
12/18/17	037597	B0226	NONSTOP ADMIN. & INS. SRVCS, INC.	ISSUED	12/18/17	8140.00	
12/18/17	037598	B0039	VALERO MARKETING AND SUPPLY CO.	ISSUED	12/18/17	281.87	
12/19/17	037599	B0223	BEVERLY YI ZHANG HONG	ISSUED	12/19/17	4208.60	
12/22/17	037600	B0144	BLUELINE RENTAL, LLC	ISSUED	12/22/17	278.63	
12/22/17	037601	B0148	DMV RENEWAL	ISSUED	12/22/17	209.00	
12/22/17	037602	B0032	GRAINGER INDUSTRIAL SUPPLY	ISSUED	12/22/17	360.83	
12/22/17	037603	B0038	KINGS VIEW WEC	ISSUED	12/22/17	2018.00	
12/22/17	037604	B0218	JOHN P. NIEMOTKA	ISSUED	12/22/17	400.00	
			REMITTED TO: OCTANE ADVERTISING & DESIGN				

RUN DATE: 12/29/17
 RUN TIME: 1506
 RUN USER: COOKS

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

C
 FROM 12/01/17 TO 12/31/17

DATE	CHECK NUM	VENDOR NUM	VENDOR NAME	STATUS	STATUS DATE	AMOUNT	
						ISSUED/ CLEARED	VOIDED/ UNCLAIMED
12/28/17	037605	B0240	GUZMAN CUSTOM WELDING	ISSUED	12/28/17	800.00	
12/29/17	037606	B0199	ANTHEM BLUE CROSS L AND H	ISSUED	12/29/17	1687.56	
12/29/17	037607	B0060	GLENN ARNOLD	ISSUED	12/29/17	400.00	
			REMITTED TO: ARNOLD, GLENN				
12/29/17	037608	B0109	KORY BILLINGS	ISSUED	12/29/17	300.00	
12/29/17	037609	B0052	BLUE SHIELD OF CALIFORNIA	ISSUED	12/29/17	195.30	
12/29/17	037610	B0100	FEDEX	ISSUED	12/29/17	25.70	
12/29/17	037611	B0030	HD SUPPLY FACILITIES MAINTENANCE	ISSUED	12/29/17	311.58	
12/29/17	037612	B0225	HOFFMAN SECURITY	ISSUED	12/29/17	558.00	
12/29/17	037613	B0059	LLOYD WEAVER	ISSUED	12/29/17	100.00	
12/29/17	037614	B0212	JAVIER MENDOZA	ISSUED	12/29/17	105.00	
			REMITTED TO: NATURAL GARDENS				
12/29/17	037615	B0064	PETERSON, ALFONSE	ISSUED	12/29/17	200.00	
12/29/17	037616	B0018	PG&E (0665563335-9)	ISSUED	12/29/17	212.70	
12/29/17	037617	B0021	PG&E (1384254881-3)	ISSUED	12/29/17	396.44	
12/29/17	037618	B0019	PG&E (1832229927-4)	ISSUED	12/29/17	9.74	
12/29/17	037619	B0020	PG&E (1873896591-4)	ISSUED	12/29/17	202.45	
12/29/17	037620	K0044	PG&E (8300477674-2)	ISSUED	12/29/17	167.80	
12/29/17	037621	B0061	ROSALIE HEPPNER	ISSUED	12/29/17	300.00	
12/29/17	037622	B0200	UPS	ISSUED	12/29/17	38.27	
TOTAL \$						110108.62	

Bloss Memorial Healthcare District
December-17

Bloss Electronic Transfers

Bloss Auto Debits

Bank Fees	144.34
Total	<u>144.34</u>

Electronic Payments to Castle on Payable	0.00
Electronic Payments to Payroll for Payroll People Adj	300.00
Total	<u>300.00</u>

Grand Total	<u>444.34</u>
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RUN DATE: 12/29/17
RUN TIME: 1457
RUN USER: COOKS

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

PAGE 1

C
FROM D113099 TO D113595

PMT NUM	DATE	VENDOR NUM	VENDOR NAME	STATUS	STATUS DATE	AMOUNT	
						ISSUED	VOIDED
D113105	12/04/17	B0149	SUNG Y. CHO DDS, INC.	DIRECTD	12/04/17	19561.50	
D113106	12/04/17	B0178	CHRISTOPHER CHIU, D.D.S., INC.	DIRECTD	12/04/17	15520.00	
D113107	12/04/17	B0213	WONIL EDWARD JUNG DDS, INC.	DIRECTD	12/04/17	9000.00	
D113108	12/04/17	B0219	KAREN ANN DROSDIK	DIRECTD	12/04/17	10074.40	
D113109	12/04/17	B0221	CHRISTINA BAEK, DDS, PC	DIRECTD	12/04/17	12100.00	
D113110	12/04/17	B0222	FUTURE HEALTH SERVICES, LLC	DIRECTD	12/04/17	7500.00	
D113112	12/04/17	B0224	PERRY SOLOMON	DIRECTD	12/04/17	5000.00	
D113504	12/19/17	B0149	SUNG Y. CHO DDS, INC.	DIRECTD	12/19/17	13330.00	
D113505	12/19/17	B0178	CHRISTOPHER CHIU, D.D.S., INC.	DIRECTD	12/19/17	17080.00	
D113506	12/19/17	B0213	WONIL EDWARD JUNG DDS, INC.	DIRECTD	12/19/17	12000.00	
D113507	12/19/17	B0219	KAREN ANN DROSDIK	DIRECTD	12/19/17	9088.60	
D113508	12/19/17	B0221	CHRISTINA BAEK, DDS, PC	DIRECTD	12/19/17	4500.00	
D113509	12/19/17	B0222	FUTURE HEALTH SERVICES, LLC	DIRECTD	12/19/17	7500.00	
D113595	12/29/17	C0001	OMNI MEDICAL PROPERTIES	DIRECTD	12/29/17	34944.90	
TOTAL \$						177199.40	

CASTLE FAMILY HEALTH CENTERS, INC REPORT

Castle Family Health Centers Inc
 Operations Summary Report
 Six Months Ending December 31, 2017

Total encounters for the month are 9,872 compared to 9,743 last year, a 1.32% increase.

Department	Dec-17	Dec-16	VARIANCE	%	Y-T-D Dec-17	Y-T-D Dec-16	Y-T-D VARIANCE *	Y-T-D %
Castle Clinic	3,831	3,192	639	20.02%	23,034	20,337	2,697	13.28%
Specialty Clinic	577	800	(223)	-27.88%	3,734	5,365	(1,631)	-30.40%
Bloss Clinic	1,037	1,158	(121)	-10.45%	5,222	6,312	(1,090)	-17.27%
Winton Clinic	606	768	(162)	-21.09%	4,347	4,389	(42)	-0.96%
Urgent Care	417	352	65	18.47%	1,794	3,060	(1,266)	-41.37%
Lab	1,643	1,586	57	3.59%	10,776	9,943	833	8.38%
Radiology	486	539	(53)	-9.83%	3,179	3,250	(71)	-2.18%
Behavioral Health	190	166	24	14.46%	1,249	1,273	(24)	-1.89%
Adult Day Health Care	404	523	(119)	-22.75%	3,132	3,062	70	2.29%
Optometry	368	423	(55)	-13.00%	2,685	3,086	(401)	-12.99%
Ophthalmology	313	236	77	32.63%	2,054	1,811	243	13.42%
TOTAL ENCOUNTERS	9,872	9,743	129	1.32%	61,206	61,888	(682)	-1.10%

December-17 Working Days 20 and 1 Holiday
 December-16 Working Days 21 and 1 Holiday

NEW PATIENTS	Dec-17	Dec-16	VARIANCE *	%	Y-T-D Dec-17	Y-T-D Dec-16	Y-T-D VARIANCE *	Y-T-D %
	344	295	49	16.61%	2,638	1,839	799	43.45%

RFP SELECTION AND APPROVAL FOR CDSC 2017 AUDIT

Name of the Proposer	Address	Amount	Year
David D Bruner CPA, Inc.	3183 Collins Drive, Suite A Merced, Ca. 95340 209-384-3343	\$5,950	2017
Blomberg & Griffin Accountancy Corporation Certified Public Accountant	1013 North California Street Stockton, Ca 95202 209-466-3894	\$4,975	2017
JWT & Associates, LLP Certified Public Accountant	1111 East Herndon Ave, Suite 211 Fresno, Ca 93720 559-431-7708	\$7,500	2017

Proposal for Independent Audit Services
and
Comprehensive Cost Bid

Childrens Dental Surgery Center

Fiscal year ended December 31, 2017

TITLE PAGE

RFP Subject..... Independent Audit Services for the
Childrens Dental Surgery Center

Name of Proposer David D. Bruner CPA, Inc.

Address..... 3183 Collins Drive, Suite A
Merced, CA 95340

Telephone Number..... (209) 384-3343

Name of Contact Person..... Mr. David D. Bruner

Date January 19, 2018

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DAVID D. BRUNER, CPA
ACCOUNTANCY CORPORATION

3183 COLLINS DR STE A
MERCED, CA 95348

PHONE: (209) 384-3343
FAX: (209) 384-3353
DAVIDBRUNERCPA@YAHOO.COM

January 19, 2018

Ms. Dawnita Castle
Chief Financial Officer
Childrens Dental Surgery Center

Dear Ms. Castle:

David D. Bruner CPA, Inc. is pleased to respond to your request for a proposal to provide auditing services for the Childrens Dental Surgery Center (CDSC) for the year ending December 31, 2017. In this proposal, I present the auditing services proposed and the members of my engagement team.

To fully appreciate my qualification to serve CDSC I encourage a thorough reading of my proposal. I am genuinely interested in serving you and I am confident you will find my services to be of the highest professional standards in terms of quality, competence, and effectiveness.

Understanding of the Work to be Done

The purpose of my examination will be to express an opinion on the fair presentation of the financial statements of CDSC activities.

My examination will be conducted in accordance with generally accepted auditing standards, which will include reviews of the system of internal control, and tests of transactions to the extent I believe necessary. Accordingly, I will not include a detailed audit of transactions to the extent which would be required if intended to disclose defalcations or other irregularities, although their discovery may result.

The audit examination will be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's Government Auditing Standards.

I will issue the following reports in connection with my audit:

- 1) A report on the fair presentation of the financial statements in conformity with generally accepted accounting principles.
- 2) A report on the internal control structure based on the auditor's understanding of the control structure and assessment of control risk.
- 3) A report on compliance with applicable laws and regulations.

My company has the qualifications, experience and training to perform the services requested in a timely manner, no later than the dates specified in the request for proposal.

This proposal is firm and irrevocable for 30 days from the date of this letter.

Sincerely,

A handwritten signature in cursive script that reads "David D. Bruner CPA, Inc.".

David D. Bruner CPA, Inc.
Merced, California

TECHNICAL PROPOSAL

Affirmation of Independence

In all matters relating to the audit work, David D. Bruner CPA, Inc. and its individual auditors are free from personal or external impairments to independence. David D. Bruner CPA, Inc. shall be organizationally independent, and will maintain an independent attitude and appearance, in accordance with generally accepted auditing standards as defined by the U.S. General Accounting Office. I am independent of all of the component units of the Children Dental Surgery Center (CDSC).

Affirmation of Licensing

David D. Bruner is a licensed Certified Public Accountant in good standing with the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants.

Description of David D. Bruner CPA, Inc.

David D. Bruner CPA, Inc. is a regional public accounting and management-consulting company located in Merced, California. The services I provide include a wide range of auditing, accounting, tax, and consulting services to clients throughout California.

My company was founded on the principle of providing excellent service and going the extra mile for my clients. I am active in civic affairs and the local business and professional community. I have a wide range of experience in tax, accounting, auditing, and management consulting. My clients range from small sole proprietorships to large companies. My firm has established a niche in several key industries:

Construction / Real Estate

Health Care

Non-Profit

Service Industry

My firm's services can be grouped into four areas:

- Audit Services
- Accounting and Reporting
 - Compilation Services
 - Review Services
- Tax Planning and Compliance
- Management Consulting Services

Understanding of the Scope of the Services Provided Financial Audit

The examination of the financial statements of CDSC for the fiscal year ending December 31, 2010 will be for the primary purpose of expressing an opinion on its financial statements.

The examination will be performed in accordance with generally accepted governmental auditing standards as stated in Statement on Auditing Standards published by the American Institute of Certified Public Accountants. Accordingly, I will test the accounting records of CDSC and perform other auditing procedures by methods and to the extent I deem appropriate for the purpose of expressing an opinion on the financial statements. An examination based on selective testing is subject to the inherent risk that material errors or irregularities if they exist may not be detected. If conditions are discovered which lead to the belief that material errors, defalcations or other irregularities may exist, or if any other circumstances are encountered that require extended services, I will promptly advise the appropriate CDSC officials. No extended services will be performed unless they are authorized in the contractual agreement or in an amendment to the agreement.

Compliance Audit

My compliance audit examinations will be performed in accordance with generally accepted auditing standards, I will select necessary procedures to test compliance and enable me to comment regarding compliance with the provisions of any and all Federal and State Statutes, Ordinances, Charter, Administrative Code, rule and regulations.

Qualifications of Audit Team

The audit team assembled by my company is very qualified to perform this engagement.

David D. Bruner, Engagement Leader

David D. Bruner, founding member and president of the company, has twenty-seven years of public accounting experience. He has an extensive background in the audits of local governments, special districts and nonprofit organizations. He graduated from California State University, Stanislaus with a Bachelor of Science in Business Administration / Accounting and Finance. He graduated from Golden Gate University with a Masters in Taxation and Graduate Certificate in Estate Planning. He has been involved in the audits of the Cities of Biggs, Chowchilla, Biggs, Dos Palos, Gustine, and Merced, and the audits of other governmental agencies such as Planada Community Services District, Le Grand High School District, and Bloss Memorial Health Care District. He has also been involved in the HUD audits of numerous apartment complexes in Stanislaus and San Joaquin counties. He has been involved in the audits of the American Red Cross of Merced and Mariposa Counties, Elks Lodge BPOE 1240, Merced Chamber of Commerce, Atwater Chamber of Commerce, Independent Construction Contractors of America, California Chapter, and Turlock Christian School.

Mr. Bruner is a member of the American Institute of Certified Public Accountants and the California Society of Certified Public Accountants. Recent continuing professional education courses include Internal Control for Governments and Nonprofits.

Christa L. Bruner, Staff Accountant

Ms. Bruner, a staff accountant has three year of public accounting experience. She has a degree in Interdisciplinary Studies with a Concentration in Mathematics from Texas A&M University. She has also completed 10 classes of a 16-class MBA program at the University of Houston in Houston, Texas. Ms. Bruner has been involved in previous audits of Bloss Memorial Healthcare District and Central California Dental Surgi-Center.

Continuing Education Program

The firm maintains a continuing education program to make sure the staff meets all continuing education requirements. It is expected that each year, each staff person's accounting experience and expertise increases.

Staffing Commitment

The firm is committed to committing and maintaining the staffing necessary to successfully complete the engagement in the time specified in this proposal.

Specific Audit Approach

My audit approach will include an audit work plan that breaks the audit process into segments that include the following:

- 1) Planning
- 2) Preliminary review of internal control
- 3) Tests of internal control
- 4) Performance of audit field work
- 5) Preparation of audit reports

A comprehensive audit work plan below identifies the level of staff and hours assigned to each segment of the engagement. I will use both statistical and non-statistical sampling and I will use my professional judgment to determine which method of sampling will be used. I anticipate the possible use of EDP software in the engagement.

Analytical review will be used in the planning stage of the audit process to determine the nature and extent of the audit tests and procedures and analytical review procedures will be used as audit tests to evaluate the reasonableness of information on the financial reports. There are various methods of analytical review including:

- 1) Comparison with prior year information
- 2) Comparison with budget information
- 3) Ratio analysis
- 4) Relationship analysis
- 5) Comparison to expected results

Any significant variances will be documented and discussed with the appropriate personnel for explanation. Additional audit procedures may be required as a result of analytical review.

My approach to understanding the internal control structure will begin with a review of the organizational structure as identified in organizational charts and similar documents. I will identify

management information systems, computer programs, accounting systems and other related information

Interviews will be conducted with individuals identified in the preliminary analysis of the internal control structure. From the information obtained through this approach, tests of internal controls will be developed.

The audit approach to determine laws and regulations will be obtained from various sources that I will review to determine the nature and scope of my audit tests including the minutes of CDSC meetings.

My approach to audit sampling will depend on the purpose of the testing. In test of controls, the size of the sample will depend on the risk assessment and will range from 25 to 60. I will define the population to be tested, and select a representative sample using several methods including random, haphazard and systematic selection. I will use my professional judgment in determining the appropriate method.

CHILDRENS DENTAL SURGERY CENTER
AUDIT WORK PLAN

<u>Task</u>	<u>Assign To / Hours</u>	<u>Timing</u>
Appointment as auditors		January 31
Preparation of Audit Plan	Leader / 20	February 1 to February 11
Petty Cash Counts	Leader / 8	Completed
Review authoritative literature	Audit Team / 15	Throughout the audit
Meetings with CCDS representatives and staff	Leader / 20	February to April
Preliminary review and assessment of accounting and administrative internal controls to determine nature, timing, and extent of audit tests and procedures	Leader, staff / 25	February 1 to February 28
Tests of transaction for compliance with controls	Leader, staff / 30	March 1 to March 15
Preparation of detailed audit programs	Leader / 20	March 16 to March 25
Perform audit tests:		
Verification tests		
Test of transactions		
Confirmations		
Compliance tests for federal and state grants	Leader, staff / 100	March 1 to March 31
Preparation of audit report	Leader / 25	April 1 to April 13

This proposed audit work plan timetable is dependent on the trial balance, general ledger, financial statements and other related accounting records being available to me by February 16, 2018.

AUDIT AGREEMENT UNDERSTANDING

David D. Bruner CPA, Inc. clearly understands that the term of the audit agreement will be for a one (1) year period with the option of a three year renewal

Follow-up Proposal

David D. Bruner CPA, Inc. will review prior years management comments that were presented to the Board to see whether they have been effectively implemented into the accounting and administrative systems of the Childrens Dental Surgery Center.

Peer Review Report

I had a follow up peer review but have not received the papers. Will forward to you as soon as I receive them.

Prior Engagement

Bloss Memorial Healthcare District

Audit of General-Purpose Financial Statements for the year ended June 30, 2003, 2004, 2005, and 2010.

\$13,500

120 hours – 90 hours David D. Bruner
30 hours Christa L. Bruner

Contact – Dawnita Castle, CFO (209) 381-2000 extension 607

COMPREHENSIVE COST BID

Name of Firm: David D. Bruner CPA, Inc.

Certification: David D. Bruner is president of the firm and is authorized to represent the company, submit a bid, and sign a contract with the Childrens Dental Surgery Center.

Total all-inclusive costs for the fiscal year 2017 engagement	\$5,950
Total all-inclusive costs for the fiscal year 2018 engagement	\$5,950
Total all-inclusive costs for the fiscal year 2019 engagement	\$5,950
Total all-inclusive costs for the fiscal year 2020 engagement	\$5,950

DAVID D. BRUNER, CPA
ACCOUNTANCY CORPORATION

3183 COLLINS DR STE A
MERCED, CA 95348

PHONE: (209) 384-3343
FAX: (209) 384-3353
DAVIDBRUNERCPA@YAHOO.COM

January 19, 2018

Childrens Dental Surgery Center
Stockton, CA

We are pleased to confirm our understanding of the services we are to provide for the Children's Dental Surgery Center for the period ended December 31, 2017.

We have an extensive background working with healthcare organizations. The firm has one partner, two accountants, and two administrative staff. We work with physicians, dentists, chiropractors, medical related companies, and healthcare organizations. The healthcare part of our practice is one of our fastest growing sections.

We will audit the statement of financial position of the Childrens Dental Surgery Center as of December 31, 2017 and the related statements of activities, functional expenses, and cash flows for the period then ended.

Audit Objectives

The objective of our audit is the expression of an opinion about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. The objective also includes reporting on:

- ❖ Internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

The reports on internal control and compliance will each include a statement that the report is intended for the information and use of the audit committee, management, specific legislative or regulatory bodies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Our audit will be conducted in accordance with U.S. generally accepted auditing standards; the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. If our opinion on the financial statements is other than unqualified, we will discuss the reasons with management 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.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal control and for compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of the controls. The objectives of internal control are to

provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorizations and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal award programs are managed in compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making all financial records and related information available to us, including any significant vendor relationships in which the vendor has responsibility for program compliance. We understand that you will provide us with such information required for our audit and that you are responsible for the accuracy and completeness of that information. Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities; for the selection and application of accounting principles, and for the fair presentation in the financial statements of financial position, changes in net assets, and cash flows in conformity with U.S. generally accepted accounting principles. You are also responsible for management decisions and functions; for designating a management-level individual with suitable skill, knowledge, or experience to oversee the tax services and any other nonattest services we provide; and for evaluating the adequacy and results of those services and accepting responsibility for them.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. You responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws and regulations and for taking timely and appropriate steps to remedy any fraud, illegal acts, or violations of contracts or grant agreements, or abuse that we may report.

As part of the audit, we will prepare a draft of your financial statements. In accordance with *Government Auditing Standards*, you will be required to review and approve those financial statements prior to their issuance and have responsibility to be in a position in fact and appearance to make an informed judgment on those financial statements. Further, you are required to designate a qualified management-level individual to be responsible and accountable for overseeing our services.

Audit Procedures – General

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

Because an audit is designed to provide reasonable, but not absolute, assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors are limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

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

Audit Procedures – Internal Control

In planning and performing our audit, we will consider the internal control sufficient to plan the audit in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing our opinions on Children Dental Surgery Center's financial statements.

We will obtain an understanding of the design of the relevant controls and whether they have been placed in operation, and we will assess control risk. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements. Tests of controls relative to the financial statements are required only if control risk is assessed below the maximum level. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

Audit Procedures – Compliance

Our audit will be conducted in accordance with the standards referred to in the section titled Audit Objectives. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Children Dental Surgery Center's compliance with applicable laws and regulations and the provisions of contracts and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Audit Administrations, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality of your personal information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent

the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

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

The audit documentation for this engagement is the property of David Bruner CPA, Inc. and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the Oversight Agency for Auditor, 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 requests. If requested, access to such audit will be provided under the supervision of David Bruner CPA, Inc. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies of information contained therein to others, including other governmental agencies.

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

We expect to begin our audit on approximately February 1, 2018, and to issue our reports no later than April 13, 2018.

We estimate that our fees for these services will be \$5,950 for the audit. The fee estimate is based on anticipated cooperation from your personnel during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. We will work out with you a payment plan that will fit your needs and cash flow.

The due date is April 13, 2018. Each day pass the due date a penalty of \$100 per day is applied. We will provide you with a copy of our errors and omissions insurance policy.

Government Auditing Standards requires that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. We are waiting on the papers to forward them to you.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

A handwritten signature in cursive script that reads "David D. Bruner CPA, Inc." is written over a horizontal line.

David D. Bruner CPA, Inc.

RESPONSE

This letter correctly sets forth the understanding of Children's Dental Surgery Center:

Officer Signature: _____

Title: _____

Date: _____



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

**INDEPENDENT AUDIT PROPOSAL
(Single Year Engagement)**

Dawnita Castle
Bloss Memorial Healthcare District
3605 Hospital Road,
Atwater CA 95301

January 8, 2018

Dear Mrs. Castle:

Thank you for the opportunity to submit the following proposal to serve as independent auditor for the Bloss/US Dental Partnership dba Childrens Dental Surgery Center (CDSC).

We propose to conduct an audit of the financial statements of the CDSC for the year ended December 31, 2017.

We will plan and perform the audit in accordance with generally accepted auditing standards and will include tests of the accounting records and other procedures considered necessary under the circumstances. If our audit report is other than unqualified, we will fully discuss the reason with CDSC CFO prior to presentation of the report. If during the audit we become aware of significant deficiencies in the design or operation of internal controls or of ways management practices can be improved, we will communicate such information to the CDSC Board of Directors in a separate letter.

We propose to begin the audit for the year ended December 31, 2017 as soon as the CDSC records are available. Setup, pre-list and certain other procedures would begin on notification of the contract. Fieldwork would begin soon after award notification. Our anticipated Audit report completion date is on or before April 13, 2018.

Our fee for the above services is based on hourly rates ranging from \$45 to \$110 per hour with maximum fee not to exceed \$4,975 for the audit year ended December 31, 2017.

**Bloss/US Dental Partnership dba Childrens Dental Surgery Center-Audit Proposal
(Single year engagement)-Page 2**

Our main office is located in Stockton, California since 1974 providing accounting, tax and audit services for over 40 years. Experienced staff includes 2 CPA's, 2 support staff and 2 clerical personnel. Audit experience includes over 40 years of primarily various governmental agencies and health care organizations.

This audit proposal is for a financial audit and the above fees include our entire out of pocket expenses including up to 8 bound copies of the audit report. Additional copies are available at \$5 each.

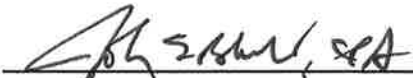
We will need the cooperation and assistance of CDSC personnel to successfully complete the audit. Such assistance will include obtaining copies of documents, contracts, invoices, etc., various audit inquiries and assistance with preparation of the audit confirmations and other standard auditing procedures.

We agree to respond promptly to successor auditor inquiries, and the audit report shall be delivered on or before April 14, 2018.

Should the District need additional services, our fee assisting will be billed at the rate of \$110 per hour in addition to the audit fee discussed above. Such additional fees, if any, shall be discussed with the District in advance of providing such services.

Should you need any additional information regarding this proposal please call John direct at (209) 466-3894.

Respectfully Submitted,



John E. Blomberg, CPA
Blomberg & Griffin Accountancy Corporation

Approved By:

Signature

Dated



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

**INDEPENDENT AUDIT PROPOSAL
(Three Year Engagement)**

Dawnita Castle
Bloss Memorial Healthcare District
3605 Hospital Road,
Atwater CA 95301

January 8, 2018

Dear Mrs. Castle:

Thank you for the opportunity to submit the following proposal to serve as independent auditor for the Bloss/US Dental Partnership dba Children's Dental Surgery Center (CDSC).

We propose to conduct an audit of the financial statements of the CDSC for the year ended December 31, 2017 and the years ending December 31, 2018 and 2019.

We will plan and perform the audit in accordance with generally accepted auditing standards and will include tests of the accounting records and other procedures considered necessary under the circumstances. If our audit report is other than unqualified, we will fully discuss the reason with CDSC CFO prior to presentation of the report. If during the audit we become aware of significant deficiencies in the design or operation of internal controls or of ways management practices can be improved, we will communicate such information to the CDSC Board of Directors in a separate letter.

We propose to begin the audit for the year ended December 31, 2017 as soon as the CDSC records are available. Setup, pre-list and certain other procedures would begin on notification of the contract. Fieldwork would begin soon after award notification. Our anticipated Audit report completion date is on or before April 14, 2018.

Our fee for the above services is based on hourly rates ranging from \$45 to \$110 per hour with maximum fee not to exceed \$4,975 for the audit year ended December 31, 2017, \$4,975 for the audit year ended December 31, 2018 and \$4,975 for the audit year ended December 31, 2019.

**Bloss/US Dental Partnership dba Children's Dental Surgery Center- Audit Proposal
(Three year engagement)-Page 2**

Our main office is located in Stockton, California since 1974 providing accounting, tax and audit services for over 40 years. Experienced staff includes 2 CPA, 2 support staff and 2 clerical personnel. Audit experience includes over 40 years of primarily various governmental agencies and health care organizations.

This audit proposal is for a financial audit and the above fees include our entire out of pocket expenses including up to 8 bound copies of the audit report. Additional copies are available at \$5 each.

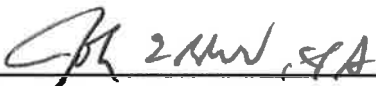
We will need the cooperation and assistance of CDSC personnel to successfully complete the audit. Such assistance will include obtaining copies of documents, contracts, invoices, etc., various audit inquiries and assistance with preparation of the audit confirmations and other standard auditing procedures.

We agree to respond promptly to successor auditor inquiries, and the audit report shall be delivered on or before April 13, 2018.

Should the District need additional services, our fee assisting will be billed at the rate of \$95 per hour in addition to the audit fee discussed above. Such additional fees, if any, shall be discussed with the District in advance of providing such services.

Should you need any additional information regarding this proposal please call John direct at (209) 466-3894.

Respectfully Submitted,



John E. Blomberg, CPA
Blomberg & Griffin Accountancy Corporation

Approved By:

Signature

Dated

JWT & Associates, LLP

Advisory Assurance Tax

1111 East Herndon Avenue, Suite 211, Fresno, California 93720
Voice: (559) 431-7708 Fax: (559) 431-7685

January 17, 2018

Childrens Dental Surgery Center
3605 Hospital Road
Atwater, CA 95301

To the Board of Directors:

This engagement letter confirms our acceptance and understanding of the terms and objectives of our engagement and the nature and limitations of the services that JWT & Associates, LLP will provide to Childrens Dental Surgery Center (hereafter, "CDSC").

Scope and Objective of the Audit

You have requested that we audit the financial statements of CDSC, which comprise the balance sheet of CDSC as of December 31, 2016 and the related statements of revenues, expenses and changes in partners' capital, and cash flows for the years then ended, and the related notes to the financial statements.

The objective of our audits is the expression of any opinion about whether CDSC's financial statements are fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles.

Responsibilities of the Auditor

We will conduct our audits in accordance with U.S. generally accepted auditing standards (GAAS). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by CDSC's management, as well as evaluating the overall presentation of the financial statements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audits will involve judgment about the number of transactions to be examined and the areas to be tested. Our audit procedures may include tests of documentary evidence supporting the transactions recorded in the accounts, test of the physical existence of inventories, and direct confirmation of certain assets and liabilities 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.

An audit includes obtaining an understanding of the entity and its environment, including its internal control sufficient to assess the risks of material misstatement of the financial statements whether due to error or fraud and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, we are responsible for communicating to you and those charged with governance internal control related matters that are required to be communicated under Statements on Auditing Standards.

Our scheduling is contingent on the completion of the year-end closing and adjusting process prior to our arrival to begin the fieldwork. We may experience delays in completing our audit procedures as a result of your staff's availability or delays in your financial closing process.

Limitation of the Audits

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audits are properly planned and performed in accordance with GAAS.

In making our risk assessments, we consider internal control relevant to CDSC'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 CDSC's 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.

Our audits cannot be relied upon to disclose all errors, fraud, or illegal acts that may exist. However, we will inform CDSC of any material errors, fraud, or illegal acts that come to our attention, unless they are clearly inconsequential.

Management's Responsibilities

Our audits will be conducted on the basis that CDSC's management and those charged with governance acknowledge and understand that they have the following responsibilities:

- a.* The preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the establishment and maintenance of adequate records and effective internal controls over financial reporting, the selection and application of accounting principles, and the safeguarding of assets.
- b.* The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; and
- c.* To provide us with:
 - i.* Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
 - ii.* Additional information that we may request from management for the purpose of the audit; and
 - iii.* Unrestricted access to persons within CDSC from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and those charged with governance written confirmation concerning representations made to us in connection with the audit. Management's and those charged with governance failure to provide representations to our satisfaction will preclude us from issuing our audit report. This management representation letter will confirm to us that the effects of any uncorrected misstatements aggregated by us during the audit engagement are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Distribution of the Auditor's Report

Our reports on the financial statements must be associated only with the financial statements that were the subject of our audit engagements. You may make copies of our report but only if the entire financial statements are reproduced and distributed with our report. You may not use our reports with any other financial statements that are not the subject of these audit engagements.

As a result of our audit engagements, we may be required or requested to provide information or documents to you or a third party in connection with governmental regulations or a legal proceeding. If it is ultimately determined that we must comply with such requirements or requests, our efforts in complying with such requests or demands will be deemed a part of these audit engagements, 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.

Dispute Resolution

This agreement shall be governed by the laws of the state of California. If a dispute arises out of the audit engagement described herein and if the dispute cannot be settled through negotiations, the parties agree first to try in good faith to settle the dispute by mediation using an agreed upon mediator. If the parties are unable to agree on a mediator, the parties shall petition the state court that would have jurisdiction over this matter and request the appointment of a mediator, and such appointment shall be binding on the parties. Each party shall be responsible for its own mediation expenses and shall share equally in the mediator's fees and expenses.

Termination

This agreement may be terminated by either party upon 90 days' written notice. In the event of termination: (a) you shall pay us for services rendered and expenses incurred through the effective date of termination, (b) neither party shall be liable to the other for any damages that occur as a result of our ceasing to render services, and (c) we will require any new accounting firm that you may retain to execute access letters satisfactory to us prior to reviewing our files.

Fees

We estimate that our fees for the audit will be \$7,500 for the year ended December 31, 2017. You will also be billed for out-of-pocket costs such as postage, travel, etc.

This fee estimate is based on anticipated cooperation from, and availability of, your personnel, the expectation that CDSC's records will be in good condition, and the assumption that unexpected circumstances will not be encountered during the audit. If we believe that significant additional time is likely to be necessary in order to complete our audit procedures, we will attempt to discuss it with you and arrive at a new fee estimate before we incur significant additional fees or costs.

If you request us to perform additional services not contemplated or described in this engagement letter, we will provide you with a separate agreement describing those additional services and related fees. However, unless otherwise stated in that separate agreement, the terms of the engagement letter shall also apply to the additional services and fees described in that separate agreement.

Reporting

We will issue a written report upon the completion of our audits of CDSC's financial statements. Our report will be addressed to the board of directors of CDSC. 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 audit engagement. If our opinion is modified, then we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audits of your financial statements, we will not issue a report on such statements as a result of this engagement.

Our audits will be conducted for the purpose of forming an opinion on the financial statements as a whole. Any supplementary information will be presented for purposes of additional analysis and not as a required part of the basic financial statements. Such information is the responsibility of management and will be derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information will be subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. We will express an opinion about whether any supplementary information is fairly stated in all material respects to the financial statements as a whole.

Regardless of the level of any assistance we provide in connection with the preparation of the financial statements, whether in the normal course of the engagement or as part of a nonattest service, any preliminary draft financial statements (including supplementary information) available prior to the release date of the auditor's report should not be relied upon without our written consent.

If the above terms are acceptable to CDSC and the services outlined are in accordance with your understanding, then please sign the enclosed copy of this letter in the space provided and return it to us.

Regards,

JWT & Associates, LLP

ACCEPTED AND AGREED:

This engagement letter sets forth the entire understanding of Childrens Dental Surgery Center with respect to the services to be provided by JWT & Associates, LLP:

Authorized
signature: _____

Print name: _____

Title: _____

Date: _____